

EDGE NEWS

Monthly Energy Newsletter



HEADING INTO FINANCIAL YEAR 2022. WHAT YOU SHOULD EXPECT TO SEE & WHAT YOU SHOULD AVOID.

Managing Director and Senior Energy Advisory - Stacey Vacher

As we head into a new financial year consider the usual activities at this time of year. Consumers on financial year contracts would (should!) be re-contracted by now, leading to a temporary decrease in demand for forward contracts from a consumer perspective. Wholesale contract traders will be squaring away positions for financial year end, so we should expect some profit taking from those in long positions and vice versa!

If you're a consumer looking to enter into contracts between now and the end of the calendar year, I'd suggest you give the market a couple of weeks to settle into the new financial year. Our analysts should be able to set the scene for Q321 and the more prompt quarters beyond this as bid stacks start to take shape in the new quarter. Reach out early so we can move to contract you as soon as the team think the time is right. One thing we all know with contracting energy... timing is everything!

I'd like to mention that we've been working with some amazing clients these past couple of months, and we'd like to highlight one in particular who was an absolute pleasure to work with. The team from SBS secured an amazing result at what may very well be the near bottom of the market. Congratulations!

Have an amazing weekend. Family and friends are what it's all about! :)



Want to get the Edge on your utilities requirements?

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Alternatively, call us on 1800 334 336

WHAT'S INSIDE THIS ISSUE:

Who did we save nearly half a million dollars for?!

Top 3 tips from Edge2020 clients

Stacey Vacher - BRC Advisory Panelist.

Callide - What happened?

Q2 Review. Callide happened, what now?

Shared Solar Systems



THIS IS WHY WE DO WHAT WE DO!

Edge was fortunate enough to work with the lovely team at Special Broadcasting Services last month.

Saving them \$145,000 per annum across a 3 year deal.

That's a massive 25% reduction in their energy costs!

We couldn't be happier with the outcome, and the feedback provided by the client in terms of their experience with our team and our services.

Edge exists to provide you, as an energy consumer, confidence that energy contracts are being managed by energy professionals and saving you money.

We aim to raise standards of practice within our industry, strengthen trust and confidence, and deliver better outcomes for you.

As with all Edge clients, this portfolio will now be proactively managed by our team utilising our bespoke energy management platform, ensuring bills are accurate and future contracting is conducted in a timely manner.



BRC Advisory Panel

Congratulations to Stacey Vacher, Managing Director, Edge2020 & Edge Utilities who will be on the Advisory Panel of Business Renewables Centre Australia.

"This is why I'm still here after 16 years. The energy transition is the one outcome I can influence that isn't only linked to the bottom line. Solving complex commercial problems has always been my strength. Helping save the planet in the process is the one gift I want to leave my children and their children."



**BUSINESS
RENEWABLES
CENTRE
AUSTRALIA**

**BRC-A AIM TO HELP AUSTRALIAN
ORGANISATIONS TO PROCURE FIVE
GIGAWATTS OF RENEWABLE ENERGY BY
2030**



We've said it before, and we will say it again. Timing really is everything.

Our Edge2020 clients have the benefit of not only knowing this, but knowing how best to reduce their costs.

The same cannot always be said for our prospective Edge Utilities client base. And we desperately want this to change. We created Edge Utilities to bring the tools and know-how utilised by the largest consumers in the market to smaller commercial and industrial users. We have loved educating and showing our Edge Utilities clients how to contract better.

Three quick tips from our Edge2020 clients:

Know when to contract, and the ideal term.

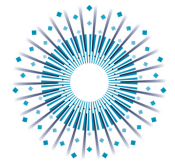
Know the key terms and conditions of the contract.

Know the retailer's after sales services.

We guarantee these stand to impact you much more than you know.

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CALLIDE - WHAT HAPPENED?



Multiple unit trips caused blackouts and high electricity prices.

As a result of a failure at a power station in central Queensland on May 25, 2021 around 375,000 homes were blacked out and the price of wholesale electricity increased substantially.

AEMO published a market notice at 2:21pm that day, informing the market that there was a power event.



Article by Alex Driscoll, Senior Manager - Markets, Trading and Advisory. Photo by CS Energy (Callide).

In the market notice AEMO mentioned H24. This is the substation adjacent to the Callide Power Stations. The substation connects to the 275KV transmission line which links Callide in Central Queensland via Tarong into South East Queensland. AEMO removed the 275kV transmission line out of service to isolate Callide from the grid. As a result of this transmission line outage all the power from central Queensland was redirected down the remaining transmission lines located closer to the coast. Following the failure at Callide C4, which is jointly owned by CS Energy and InterGen, the remaining Callide units tripped along with Stanwell and Gladstone Power Stations. This was most likely due to under frequency protection.

Initially there were various rumours regarding the cause of the failure including explosions at Callide, a fire in the turbine hall and a fire at the substation. The cause of the failure has still not been confirmed but it is likely to be a mechanical failure within the turbine or the generator. As a result of the failure a fire occurred in the turbine hall, most likely the result of the combustion of lubricating oil or hydrogen which are used for cooling. We understand that Queensland fire and rescue did not fight the fire for some hours and implemented a 500M exclusion zone, so it is likely the fire was ultimately caused by hydrogen. CS have engaged a forensic engineer to investigate.

Stanwell and Gladstone gradually returned their units to service over the evening peak period. As demand increased over the evening peak, AEMO flagged their intention to negotiate with RERT panel members for additional generation between 17:30 and 20:00. AEMO also asked for consumers to conserve electricity during the evening.

As solar generation wound down the thermal generation slowly increased to cover the demand. Coal fired generators ramped up slowly so the shortfall in demand was taken up with gas powered generation and hydro generation. As a result of the tight supply / demand balance and the more expensive generation mix, several price spikes occurred resulting in a daily average price of \$1,637/MWh.

On Friday CS Energy announced that Callide B1 would return 15/6, B2 20/6, C3 2/7, with C4 in 12 months. Late yesterday CS updated the media release with Callide B1 returning to service on 16/6 and B2 remaining unchanged at 20/06.

Missed our Webinar and want to be sent the presentation slides?

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Q2 2021 & POST CALLIDE EXPLAINED

Article by Stacey Vacher, Senior Energy Advisor

Forward prices have been declining since late 2019, with most noteworthy reductions seen in the first half of 2020 (see QLD chart below that commences from 01 January 2020).

From July / August 2020 the market stabilised and started to show support. However, with soft summer demand came even softer summer spot prices. From the start of 2021 we saw further declines in forward prices, reaching new lows by the end of the quarter.

At the start of April, following the Easter break, Edge2020's Senior Manager - Markets, Trading, and Advisory Alex Driscoll noted dramatic changes in bidding behaviour over the evening ramp up period in Queensland. Alex identified that even a small increase in demand was met with a significant increase in spot price - from \$35/MWh to \$185/MWh over the evening peak. A clear result of the changes that were identified in the generator bid stacks.

This resulted in an immediate and firm response in the forward contract market, with 2021 declines unwound by mid May.

On the 25th of May the Callide catastrophe struck. As outlined in the adjacent table, spot prices increased significantly in Queensland and New South Wales. Victoria and South Australia remain relatively immune to these events.

Since this event Queensland forward prices are currently priced 16%, 5%, and 3% higher for 2022, 2023 and 2024 respectively. The question is how will forward contract prices perform for the remainder of 2021?

The key to answering this remains in the bid stacks. As the Callide units return to service, we will be monitoring the spot markets response to this. Dissecting the higher priced morning and late afternoon / early evening periods are critical to predicting future forward contract price movements.

We triggered some repricing for Edge Utilities tenders following softening with the return of the first Callide unit. With the team eager to deliver any saving we can.

If you would like to better understand the spot and forward markets, reach out to discuss with our team.

Quarter Two Electricity Prices



Data by Rob Yang, Manager Pricing & Analytics

Spot Price

Q2 2021 Average Price Movement	QLD	NSW	VIC	SA
vs. Q2 2020 Average	300%	161%	55%	60%
vs. 5 Yr Q2 Average	100%	49%	-19%	-24%

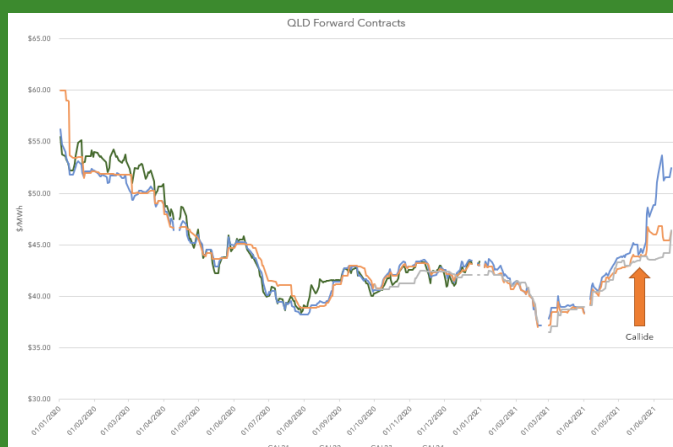
Operational Demand

Q2 2021 Average Demand Movement	QLD	NSW	VIC	SA
vs. Q2 2020 Average	1%	1%	0%	-5%
vs. 5 Yr Q2 Average	-2%	-2%	-2%	-5%

Callide Impact on Spot

	QLD	NSW	VIC	SA
Q2021 Prior to 25th May	\$ 55.44	\$ 73.42	\$ 61.41	\$ 62.89
Q2021 Quarter (to date)	\$ 135.86	\$ 113.46	\$ 62.81	\$ 64.68
Delta	\$ 80.41	\$ 40.04	\$ 1.41	\$ 1.79

Callide Impact on QLD Forward Contract Prices



	CAL 22	CAL 23	CAL 24
QLD	16%	5%	3%

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SHARED SOLAR 'SPLITTER' SYSTEMS

Edge have recently jumped at the opportunity to install devices that share the output of one large solar system among the units of multi-unit buildings, billing residents for the solar energy they use—this is called shared solar.

Depending on what option the Body Corporate decides to take, will depend on whether the installation of the system is funded and managed by Edge and not by the Body Corporate or the individual apartment owners.

The advantages of Edge installing this for the scheme are:

- they have low barriers to entry for the apartment owner or resident, as they are not paying for the capital cost of the system
- unlike an embedded network residents can opt in or out as they desire.

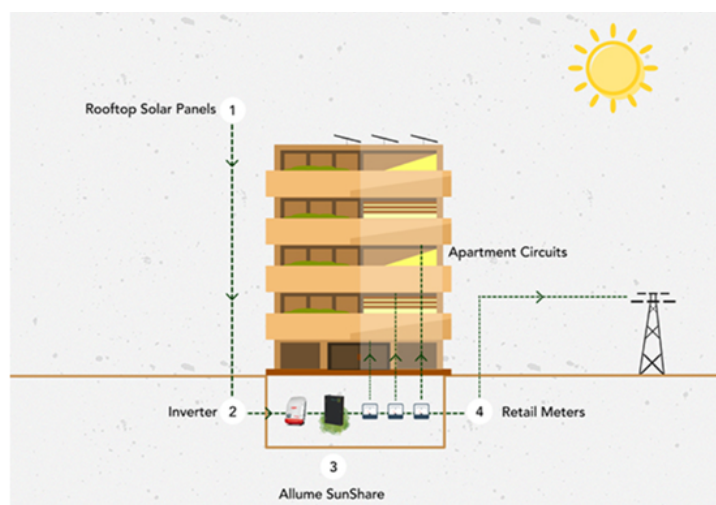
A shared solar setup is also likely to increase the total amount of generated solar used within a building, reducing the building's total grid-import requirement, by sharing the output of the solar system based on each unit's demand.

This model can require a certain amount of "goodwill" on the part of residents, as those who are home less during peak solar generation hours (6am to 6pm, depending on season and location) receive less benefit for any signup fee and/or monthly service fee they are required to pay, unless a battery is installed to store the energy during these times so that it can be used at the end of the day when most people are home.

At Edge, we are working on a model which involves a small joining fee per apartment to access the energy generated by the communal solar system installed and owned by the us.

The resident can choose to retain their agreement with their choice of retailer for grid energy supply, or benefit by opting in to an "Umbrella Agreement" and is also billed by Edge (at a lower rate) for solar energy used.

Residents will not receive a feed-in tariff for excess solar exported to the grid—this is collected by Edge, as the owner of the system—but as the system is sized to cover the average daily usage of the units signed up, any exported amount will be minimal.



Article by
Lolita Sillars,
National Sales
Manager.

Photo by
Allume Energy.

If your Body Corporate/Strata Scheme is not configured as an embedded network we can help you install the best option for the roof space you have.

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