



ENERGY MARKET FAILURE: WHAT DOES IT MEAN WITH KATHARINE MCKENZIE?

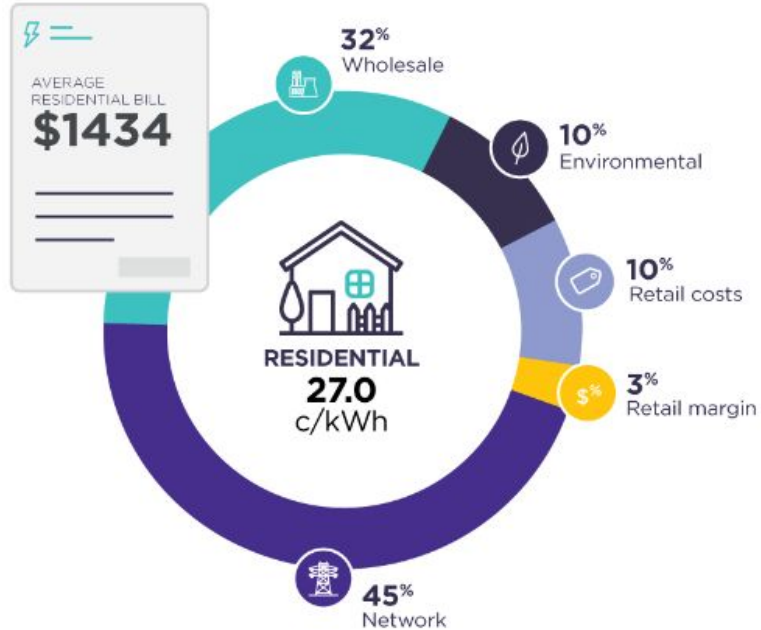
Agenda: Energy Market Failure: What does it mean

- Differences between West Coast and East Coast Australia
- Similarities between West Coast and East Coast Australia
- Coal & Gas prices
- Microgrids
- Renewables
- Vested Interests
- Is the National Energy Market broken?
- Investment implications

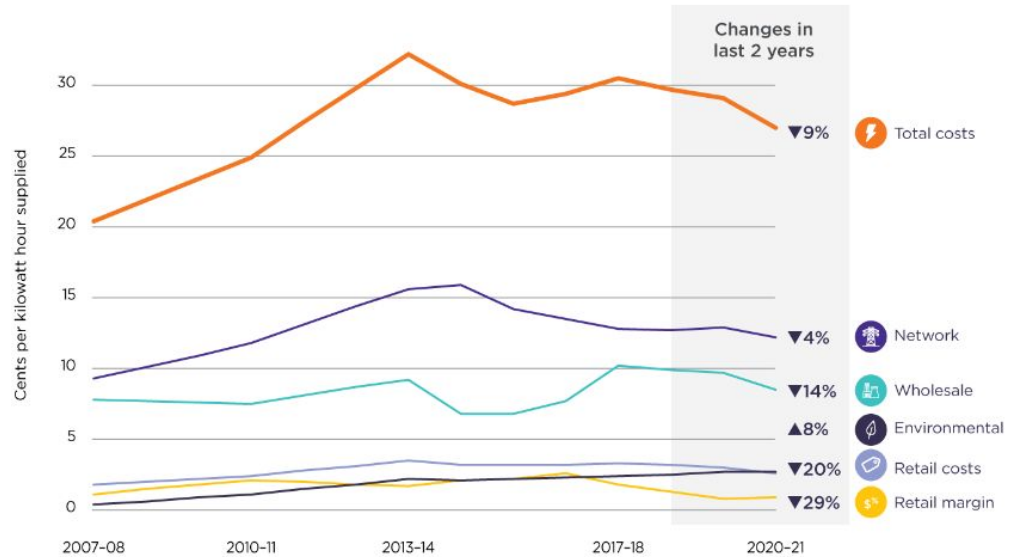
ACCC celebrating a little too early...

Cost of supplying electricity to households at an eight-year low

BREAKDOWN OF ANNUAL COSTS 2020-21



RESIDENTIAL ELECTRICITY SUPPLY COSTS OVER TIME



East Coast Australia: \$300/MWh, West = \$68

WEIGHTED AVERAGE

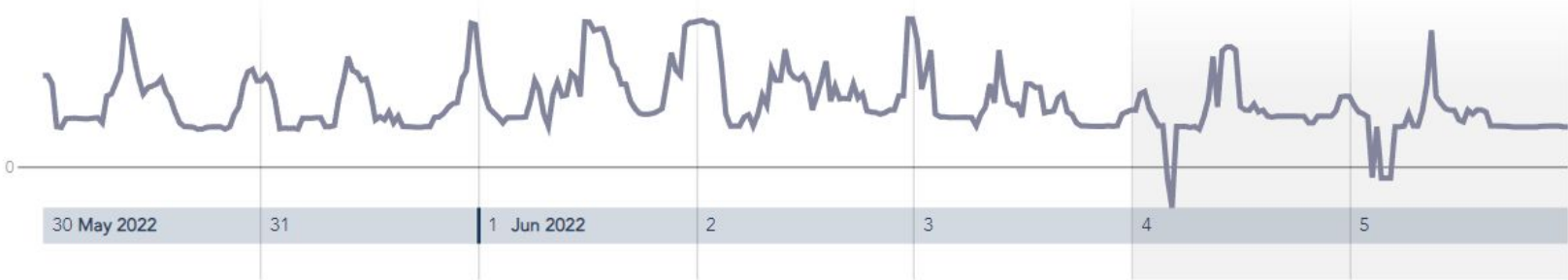
\$68.28/MWh

MAXIMUM INTERVAL

\$147.26/MWh

MINIMUM INTERVAL

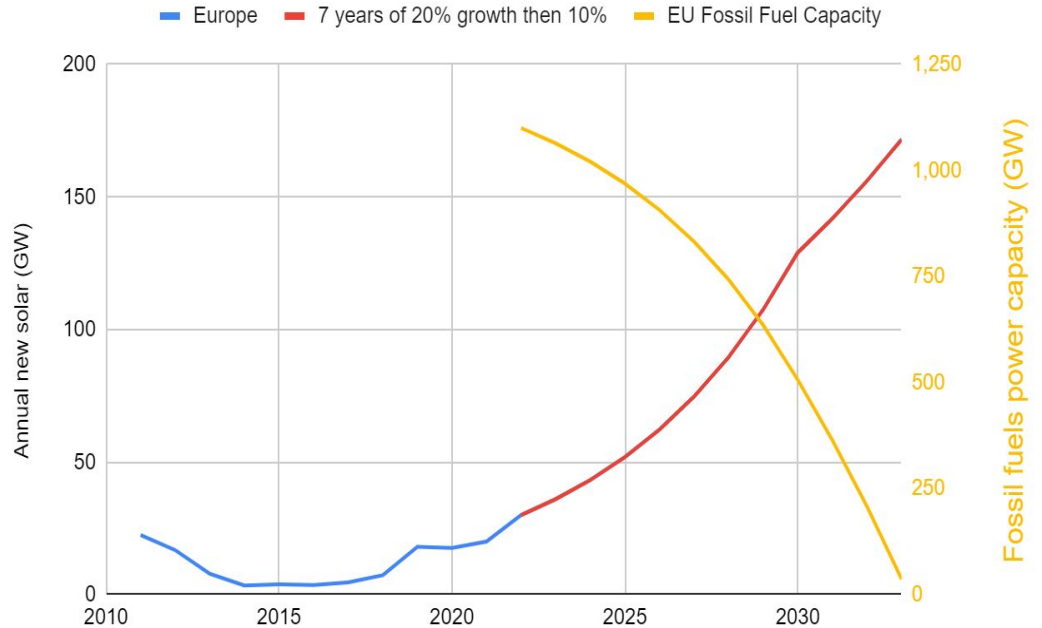
\$(40.00)/MWh



Global Implications

- No global energy price solution without European solution
- US have promised more gas. Prices have tripled in US (but still 70% lower than Europe). More LNG to come.
- Europe setting a path to renewables. Short term economics not the priority.
- China somewhat insulated. Vast coal reserves, increased Mongolian and Russian imports, rapid renewable growth.
- Australia (without reservation) at the mercy of world prices

Europe path to renewables



Viewer question of the week:

Is the National Energy Market irreparably broken?

Drop your answers in the comments

Investment implications

- Just the beginning if no action
- Europe marginal price setter
- RBA cornered but already priced
- Possible yield accident
- AUD and recession (house prices)
- Policy will determine earnings

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