



THE GREAT ENERGY HEIST

The Great Energy Heist

- A potted history of Australian energy cartels
- Ukraine War and prices
- The new ADGSM and Labor revolt
- The kidnapping of Madeleine King
- What are the answers?
- Investment implications

A potted history of energy cartels

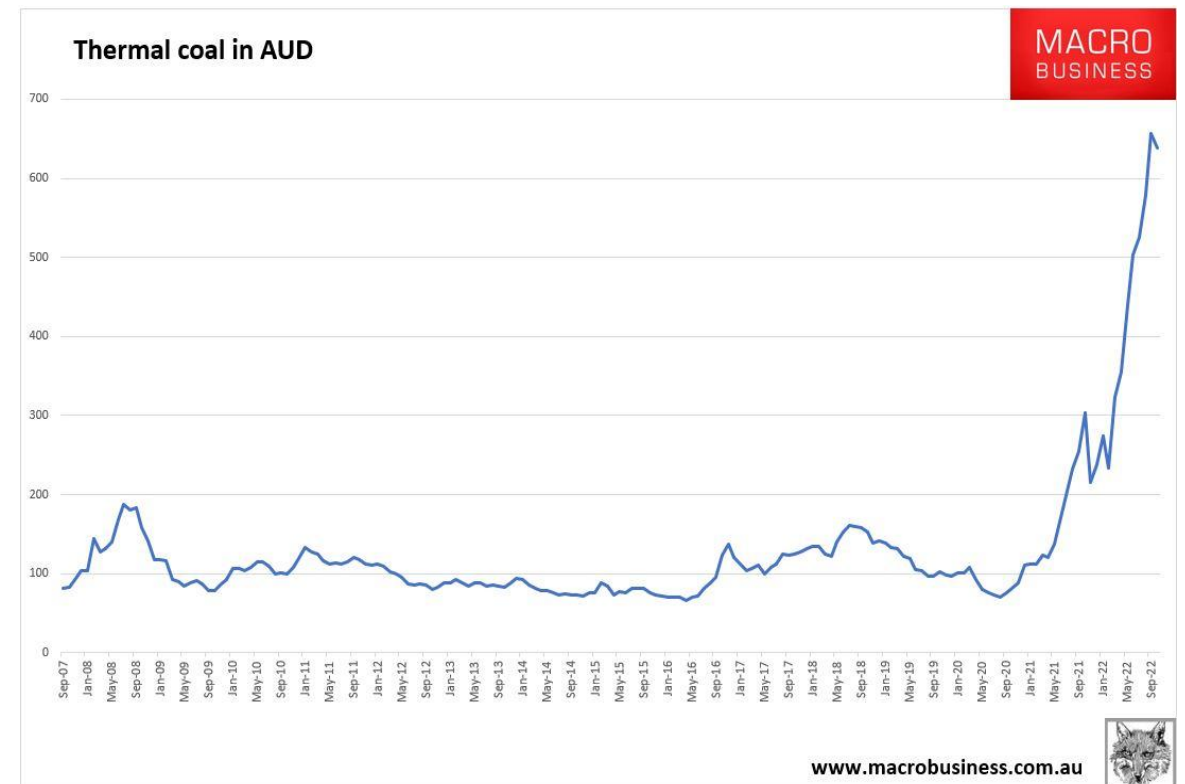
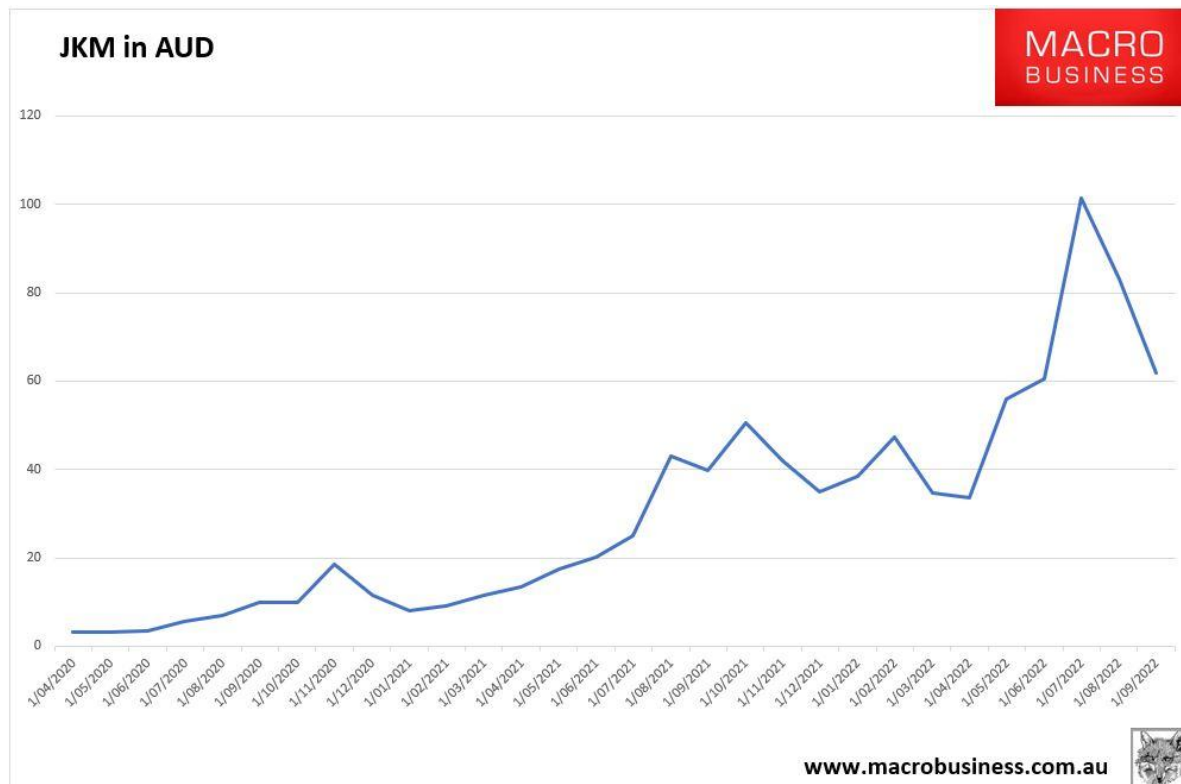
- Post-GFC investment bubble.
- Curtis Island cartel lied about having enough gas.
- Post-2014, global prices routed and local skyrocketed.
- Australia paid more for gas than its customers in Asia.
- Coal more fragmented.

New ADGSM and Labor revolt

- ADGSM signed in 2017 lowered local gas price from \$20Gj to \$10Gj
- Price oscillated after that until Ukraine War
- New ADGSM adds nothing but the promise of netback pricing which will lift the local price from \$21Gj to \$60Gj
- CPI shock today of 3%. If cartel drives price to netback it will 10% over a year.
- Ed Husic and unions in revolt. Energy CEOs in revolt.

Ukraine War and power fuel prices

- Crazy price rises for spot LNG and thermal coal
- These prices set Aussie electricity prices
- Some contract delays for price flow-through
- No relief in sight for years



The kidnapping of Madeleine King

- Resource Minister Madeleine King signed industry-written Code of Conduct.
- Now, as revolt builds, she has disappeared on a junket to WA oil platforms.
- Moral or actual kidnapping?



PARLIAMENT OF AUSTRALIA
HOUSE OF REPRESENTATIVES

ADDITION Item	Details
11. Gifts	2 nights' Accommodation - 1 night Kingfisher Village and 1 night Seasons Hotel, Newman. Breakfast, lunch, dinner included for duration. Provided by: Chamber of Minerals and Energy WA (CME), Minerals Council of Australia (MCA), and the Australian Petroleum Production & Exploration Association (APPEA). Value: unknown Received: 12-14/10/22
11. Gifts	Charter flight: Karratha to Wodgina Airport Provided by: Chamber of Minerals and Energy WA (CME), Minerals Council of Australia (MCA), and the Australian Petroleum Production & Exploration Association (APPEA). Value: Unknown Received: 13/10/22
11. Gifts	Charter flight: Wodgina Airport to Christmas Creek Provided by: Chamber of Minerals and Energy WA (CME), Minerals Council of Australia (MCA), and the Australian Petroleum Production & Exploration Association (APPEA). Value: Unknown Received: 13/10/22
11. Gifts	Charter Flight: Christmas Creek to Newman Airport Provided by: Chamber of Minerals and Energy WA (CME), Minerals Council of Australia (MCA), and the Australian Petroleum Production & Exploration Association (APPEA). Value: Unknown Received: 13/10/22
11. Gifts	Charter Flights: Karratha to Perth Provided by: Chamber of Minerals and Energy WA (CME), Minerals Council of Australia (MCA), and the Australian Petroleum Production & Exploration Association (APPEA). Value: Unknown Received: 14/10/22
11. Gifts	Beach blanket and book Provided by: Ambassador to the Philippines Value: Unknown Received: 26/09/22
11. Gifts	Charter Flight: Barrow Island to Karratha Airport Provided by: Chamber of Minerals and Energy WA (CME), Minerals Council of Australia (MCA), and the Australian Petroleum Production & Exploration Association (APPEA). Value: Unknown Received: 12/10/22

ANNEX C – Voluntary Code of Conduct 09.08.22

JOHNSON WINTER & SLATTERY



VOLUNTARY CODE OF CONDUCT

FOR THE NEGOTIATION AND DEVELOPMENT OF GAS SUPPLY AGREEMENTS
BETWEEN GAS SUPPLIERS AND GAS CUSTOMERS IN AUSTRALIA

9 August 2022

Doc ID: 80881084.1

1

What are the answers

- Labor can't dodge Husic, manufacturers, unions and energy CEOs. Coalition of resistance is building.
- Chicken Chalmers focussed of COC for change. Price guide at minimum. Probably won't work.
- Coal must be addressed for QLD and NSW electricity prices. Reservation harder.
- Super profits taxes possible but inflationary.
- Export levies for both bar far the best solution but will trigger miner revolt.
- Worst case most likely? Energy subsidies to pay cartels and boost inflation.

Investment implications

- If Labor fails it is the end of manufacturing plus inflation shock over years
- Probably not a short-term issue for markets as everything falls out of bed.
- RBA to trim out price rises to some extent. Spillovers a big problem.
- Medium-term means higher AUD and interest rate structure. Perpetual household and industrial weakness as house price falls longer and possibly structural.



Meet the Managers
Wednesday 19th October, 2022
6-8:30pm AEDT



Viewer question of the week:

Has Madeleine King been kidnapped?

Drop your answers in the comments



**Will this
historic bull market
end with a
historic bear market?**

Event invite registration

- <https://www.eventbrite.com/e/meet-the-managers-tickets-410294761677?aff=podcast>

 **Eventbrite**

Meet the Managers

Meet the Managers of Nucleus Wealth, MB Fund and Walk the World Fund.

Where

Level 5, 447 Collins Street, Melbourne, VIC 3000, Australia

When

Wed 19/10/2022 at 6:30 pm

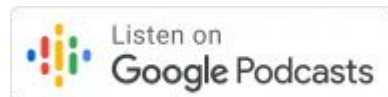
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Wrap

- The great energy heist
- labor government civil war? Madeleine King vs Ed Husic + unions. Chalmers PTSD, Albo MIA.
- could add 3-10% to inflation over next few years
- could mean the end of the manufacturing sector
- Investment implications