

# Energy prices on the rise: what you need to know this quarter

Energy prices are back on the rise! Supply and demand factors both here in Australia and overseas are combining to put upward pressure on energy wholesale and spot prices.

The Australian Energy Market Operator (AEMO) presented its outlook to its Consumer Forum earlier in August. Business Australia's infrastructure and energy team attended and have highlighted what you need to know:



## Supply has reduced

1. Driven by shutdowns in Yallourn (VIC), Bayswater (NSW) and Callide (QLD) stations. The VIC and QLD generation closures will continue into 2022. AEMO delivered its expectations for the summer and some supply risks at peak periods during long warm periods exist.
2. Gas based generation has encountered increased supply chain costs due to strong Asian market demand for gas.



## Demand has increased

1. Economic activity increased prior to the latest east coast lock downs due to large energy intensive projects coming online.
2. Cold winter weather has increased the demand for both electricity and gas.



## Energy pricing impacts

1. Energy retail prices have been insulated from wholesale spot price rises and while some price increases are expected, they may not be large in the short term.
2. High prices may encourage generators to defer planned outages until the larger generation units in QLD and VIC return to full capacity.
3. Energy futures contract prices pushing upwards though not yet in 2017-19 range. It's still a good time to negotiate a better deal on older energy contracts.
4. The exception here is for those customers who are tied to a spot-priced tariff, the increases will have been felt immediately.

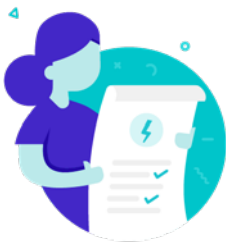


## Recommendations

1. If you are unsure of how the changes affect you, start by contacting your [Business Australia Energy](#) advisor for an energy bill health check.
2. Now is the time to make sure you've tackled the low hanging energy efficiency fruit in the business. If you are considering a solar installation or expansion seek qualified advice.

Be sure to review your tailored BEAP Report which was emailed to you. If your operation has changed significantly over the 12 months since your last consultation, consider registering for an update or visiting [BEAP](#) to review the online resources.

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