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Powering business newsletter

Getting energy right for large business

May 2019

Every month, we'll share insights and highlight key market events to help you make better energy decisions.

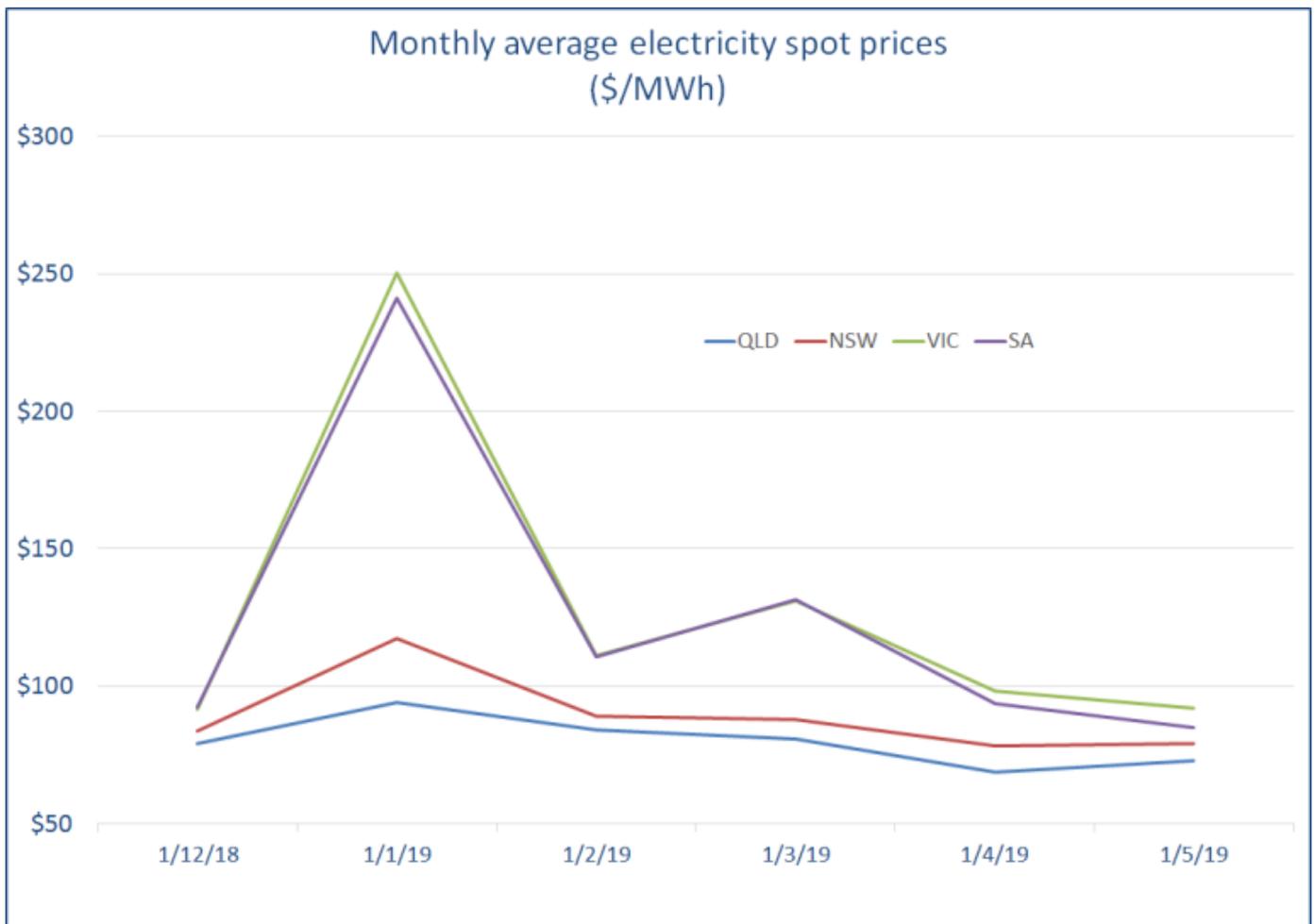
“What the election result tells us is that Australians are pragmatic, will listen to reason and they will cast their vote based on their own views and needs. Energy underpins our economy and is essential for every household and business. In a new Parliament, I sincerely hope Australia can move forward with policies that get investment flowing again, delivering lower energy prices for all customers.”

[Origin CEO Frank Calabria's speech to the 2019 APPEA conference](https://www.originenergy.com.au/about/investors-media/reports-and-results/appea_2019_conference_speech.html)
https://www.originenergy.com.au/about/investors-media/reports-and-results/appea_2019_conference_speech.html



Market snapshot

- Mild temperatures cooling towards the end of the month, caused the first large winter demand days
 - Baseload outages continuing to affect supply
 - Hydro generation increased significantly due to rainfall after dry start to the year
 - May gas prices were overall lower than April prices
 - Longford gas maintenance ended ahead of coming winter demand
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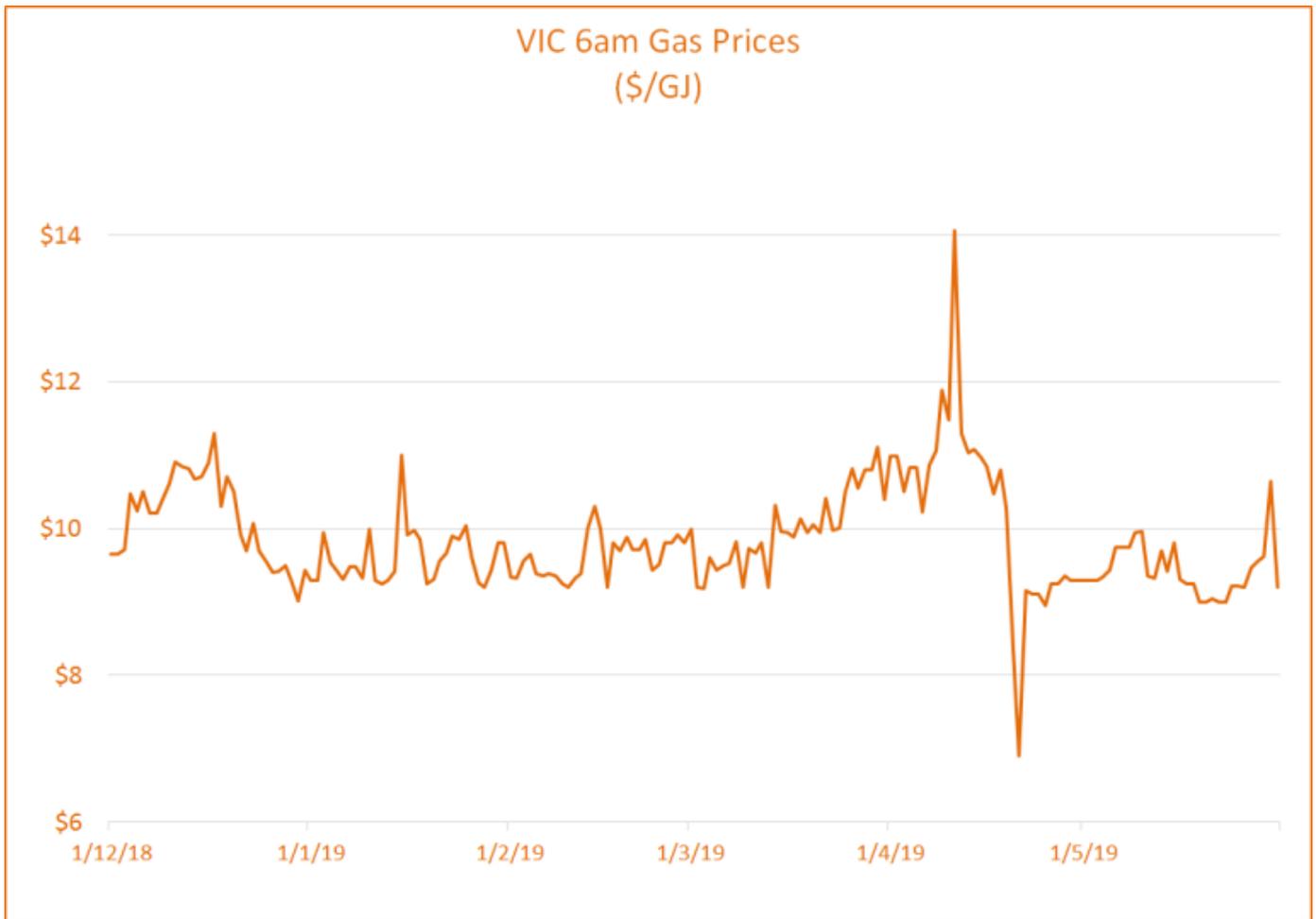
Electricity market

Mild conditions across the NEM continued into May. Year-to-date, conditions have been much warmer and drier than previous years.

Towards the end of May, NSW, SA and Victoria recorded their coldest days on record. NSW experienced its coldest May temperature on record and temperatures at the end of the month were 11 degrees cooler than average. The change in the weather saw average demands increase slightly compared to April.

Strong wind in the south and high precipitation in NSW and VIC caused AEMO to direct gas-fired generation on in SA for system security reasons, causing negative prices on occasion. Due to strong rainfall, hydro generation in May was at its highest level all year. Consequently, average prices in SA and VIC reduced while NSW and QLD prices increased. The contributing factor in NSW and QLD was several large baseload outages that put upwards pressure on prices.

Finlay Macdonald-Stack, Portfolio Trader, Trading Operations



Gas market

May weather overall was warmer than average. Autumn 2019 resulted in being over one degree warmer across most of the east coast compared to prior years.

Iona storage levels peaked at 20.77PJ on 27 May, however a very large cold snap over south eastern Australia increased demands bringing storage inventory back down to a May end of 20.4PJ and is still in decline.

Gas prices lifted into the back end of May as the cold snap came through, however overall May prices were lower than April. This is most likely the result of the conclusion of Longford gas plant maintenance combined with a very late end to summer.

Louise Cobran, Portfolio Trader, Trading and Operations

Good time for efficiency projects



A reminder for businesses in New South Wales, applications for the [Energy Efficiency subsidies](https://energysaver.nsw.gov.au/business/discounts-and-incentives/manufacturing-efficiency-funding) (<https://energysaver.nsw.gov.au/business/discounts-and-incentives/manufacturing-efficiency-funding>) announced earlier this year, closes 30 June 30.

Paul Enright

Business
Development
Manager
Business Energy

If you're not sure what you need to improve the energy efficiency of your business, the "[Conduct an energy-efficiency assessment](https://www.energy.gov.au/business/large-businesses/energy-management/conduct-energy-efficiency-assessment-large-businesses)" (<https://www.energy.gov.au/business/large-businesses/energy-management/conduct-energy-efficiency-assessment-large-businesses>) guideline is a good start. It outlines the importance of understanding your energy use and engaging the right people to provide long-term advice.

At Origin, we've partnered with large organisations such as the University of NSW, executing a [15-year power purchase agreement with Sunraysia Solar Farm](https://www.originenergy.com.au/about/investors-media/media-centre/origin-supports-unsw-with-renewable-energy.html) (<https://www.originenergy.com.au/about/investors-media/media-centre/origin-supports-unsw-with-renewable-energy.html>), and [Sydney Airport](https://www.originenergy.com.au/about/investors-media/media-centre/helping-australias-busiest-airport-go-renewable.html) (<https://www.originenergy.com.au/about/investors-media/media-centre/helping-australias-busiest-airport-go-renewable.html>), supplying wind power with firming generation from March 2016. We're in a unique position to offer customers access to a generation portfolio that includes renewable energy with the support of our gas fleet that can ensure your business keeps running.

Our solutions offerings are also constantly evolving and today, we can assess your [lighting](/business/commercial-and-industrial/reduce-costs/ledlighting.html) (</business/commercial-and-industrial/reduce-costs/ledlighting.html>), [power factor](/business/commercial-and-industrial/reduce-costs/pfc-units.html) (</business/commercial-and-industrial/reduce-costs/pfc-units.html>) and [voltage optimisation](/business/commercial-and-industrial/reduce-costs/voltage-optimisation.html) (</business/commercial-and-industrial/reduce-costs/voltage-optimisation.html>) to make sure your business uses energy in the most optimal way. Remember too that savings may not only be found in equipment upgrades, your operations may be suited to [Demand Response](/business/commercial-and-industrial/forward-plan.html) (</business/commercial-and-industrial/forward-plan.html>) mechanisms or [commercial solar](/business/solar/options.html) (</business/solar/options.html>).

Ask your account manager or call and we'll look at your energy use for opportunities to reduce energy spend.

Call 13 23 34 or email energysolutions@originenergy.com.au (<mailto:energysolutions@originenergy.com.au>) for a detailed assessment.

AEMO's transmission marginal loss and distribution loss factors

Electricity is lost in the transportation of energy through the high voltage transmission system and through the lower voltage distribution systems. As such, every financial year, AEMO calculates transmission marginal

**Lindsay Nosworthy**

Head of Customer
Operations
Business Energy

loss factors (MLF) and distribution loss factors (DLF) for each of the five regions; Queensland, New South Wales, Victoria, South Australia and Tasmania.

AEMO has released the final [MLFs \(PDF 1.9 mB\)](#)

(https://www.aemo.com.au/-/media/Files/Electricity/NEM/Security_and_Loss-Factors-for-the-2019-20-Financial-year.pdf) and [DLFs \(PDF 697 kB\)](#)

(https://www.aemo.com.au/-/media/Files/Electricity/NEM/Security_and_Loss-Factors-for-the-2019-20-Financial-Year.pdf) that will apply from 1 July 2019 to 30 June 2020.

What does that mean for your business?

As part of your Electricity Supply Agreement, energy rates are modified by a combination of the MLF and DLF. These percentages are applied to the energy rate you pay and will be reflected on your [Origin invoice](#) (<https://www.originenergy.com.au/business/commercial-and-industrial/monitor/understanding-your-bill.html>) under “Energy Charges” as “MLF” and “DLF”.

For the period 2019 to 2020, MLFs have fallen by large margins in many regions that have seen investments in generation or transmission capacity, as seen in Broken Hill over the period. Conversely, some areas experienced more transmission or load, such as Berri in regional SA or northern coastal NSW resulting in an increase in MLFs.

DLFs also have relatively minor revisions for 2019/20. These are typically less than $\pm 1\%$ for most customers.

If you need more information about your bill, email BusinessCustomers@originenergy.com.au (<http://BusinessCustomers@originenergy.com.au>).



Talk to your Origin account manager

8:30 am – 5 pm AEST, Monday to Friday

 13 23 34 (tel:132334)



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