

Thursday 25 May 2023

Energy pressure escalates as winter descends

The region's peak industry body **Business Hunter** has expressed alarm at the latest advice to emerge on projected energy bill increases and revised renewable energy delivery timeframes.

Business Hunter CEO, Bob Hawes welcomed the transparency, honesty and frankness expressed by both Federal Minister for Energy and Climate Change, Chris Bowen and NSW Minister for Energy, Penny Sharpe, but said the latest revelations were cold comfort for businesses struggling under the weight of significant cost increases and uncertain reliability in the supply of energy over the short term.

"I commend and thank both Minister Bowen and Minister Sharpe for their honesty and I'm sure they both recognise this is not the position we thought the nation and state energy markets would be in as little as three years ago," said Mr Hawes.

Mr Hawes said the news from the Australian Energy Market Regulator today that small businesses can anticipate price increases of between 14.7% and 28.9% from 1 July 2023 was difficult to digest as 'good news', on the basis of comments from the Regulator that it could have been worse.

"This is going to be a very bitter pill for business to swallow. Businesses have been holding their breath for some time now, with increasing uncertainty over energy pricing and reliability holding them largely at ransom. Double digit cost increases do not give businesses confidence to embark on growth or expansion plans, and in many cases, casts a shadow on their ability to maintain current operations," said Mr Hawes.

"We know energy bills are an acute source of concern for Hunter businesses, with some extremely worried about the impact of energy costs on their ability to maintain existing operations and staffing levels. The bill relief and energy efficiency support measures announced in the latest federal budget will offer some welcome respite, but it's difficult to see how bills will come down substantially, or even just remain steady, for the next few years," said Mr Hawes.

Renewable energy delays driving volatility

Mr Hawes said this news was compounded by the latest advice from the Energy Corporation of NSW (Energy Co) 20 year Network Infrastructure Strategy that the investment required to deliver on NSW's Renewable Energy Zones (REZ's) has increased substantially and the timeframe been delayed.

“This will make our pathway to the renewables Garden of Eden even longer and more uncertain. It’s distressing to hear that things keep sliding. We’ve got a very clear picture of where we want to get to, yet we can’t seem to get there,” said Mr Hawes.

“Progress on renewables is going to necessitate an enormous degree of capital investment, land, materials and labour and the decisions around those realms dislike uncertainty,” said Mr Hawes.

“The scale of the challenge that lies ahead is incredible, and based on the Energy Co Strategy, there is unlikely to be a lot we can do domestically to fast track from the position in which we currently find ourselves.”

Continuing our role as an energy production powerhouse

Mr Hawes pointed out that the ambition in the Hunter was not just to produce enough renewable energy to meet our own domestic requirements, but to become a major export hub of clean energy.

“It certainly brings under question the ability for the collective economy to meet the net zero timeframe targets we have been set. We must consider the huge range of initiatives that will depend on the reliable supply of affordable renewable energy in delivering the promise of the REZ’s,” said Mr Hawes.

“We know there will be a wave of projects due to come on stream from 2027, and business, industry and households will be sweating on this, but we have a huge task to keep everything together to make it to that threshold. As it currently stands, I suspect we’re in for a very bumpy few years,” said Mr Hawes.

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