

GOANNA ENERGY CONSULTING – NOVEMBER 2009 NEWSLETTER

Welcome to our Second Birthday Edition. As Christmas nears we are reminded of all the support we have received from our clients, suppliers, industry associations and mentors over the past two years, for which we are extremely grateful. **Thank you!**

Have I got the cheapest electricity deal?

Last month we were contacted by a Tranche 4 contestable customer who was unsure whether or not the unsolicited offer they had received represented a good deal. The customer used around \$50,000 per annum of electricity and was considering a two year \$100,000 contract. Many Tranche 4 users find it difficult to assess unbundled energy prices and some mistakenly expect the rates quoted (which often only make up around 45% of the costs) are for a “fully delivered” supply.

We were retained by this client to provide benchmarking information and to run an independent competitive tender process. The outcome for this client was both a saving over the original offer and also a significant saving over the alternative “Grace Period” tariff. Whilst the wholesale energy market is volatile and outcomes like the above are by no means certain, users are often right to be wary of unsolicited offers. Don’t leave your \$100,000+ energy decisions to chance.

Right to question that electricity invoice?

In our last edition we highlighted the complexity of reconciling the many elements contained in contestable electricity invoices. Within the first week of publishing these thoughts, we received several invoices for review and uncovered a litany of errors. Around 70% of the invoices we checked contained at least one discrepancy and about 80% of these related to potential over charging.

The worst case of potential over charging we uncovered, left unchecked could have amounted to well in excess of ten thousand dollars per annum. I can’t think of any other industry that produces invoices each month, in the knowledge that over 80% of their SME customer base would struggle to reconcile these complex accounts.

The Goanna electricity bill checking service provides clients with an eleven point check of the rates and charges in a simple to understand format, which is aimed to be delivered well before the “Payment Due Date”.

Tasmanian Tranche 4 Electricity Negotiation Workshops help local customers.

Following the success of the Burnie and Glenorchy workshops, registrations for November's **Launceston, Devonport and Hobart final series of workshops** have skyrocketed.

If you have not yet registered to “Take advantage of the deregulating electricity market”, download a copy of the registration form at www.goannaenergy.com.au. These last three combined electricity negotiating workshop/research project forums are only open to Tasmania’s contestable electricity customers.

Tasmanian Electricity Users Prayers Acknowledged?

The Tasmanian communities calls for “Rain in Biblical Proportions”, reported by Minister Llewellyn on 26th June 2008¹ appear to have been heard by mother nature with strong inflows recorded over the past few months. I can think of over 100 million good reasons to welcome this rain, with Hydro storages reportedly having recovered to 46.4% capacity as reported by Hydro Tasmania on 26th October 2009 and Basslink exporting reasonable volumes of energy to Victoria again.² Following the extreme spot price volatility experienced in June 2009, Tasmanian average monthly spot market prices plummeted to historically low levels from July through to October 2009.³

A combination of the above and the Rudd Governments 4th May 2009 announcement on the Carbon Pollution Reduction Scheme (CPRS) have kept us busy as Tasmanian (and National) electricity forward energy rates have also subsided significantly from the peaks reached in February 2009.

We wish you and your family good health and happiness in the busy lead up to a well deserved and safe Christmas break.

For more information please contact **Marc White**, Principal Consultant on (03) 6223 7253, Mobile 0418 596 162 or visit www.goannaenergy.com.au

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Dated 1st November 2009

¹ <http://www.parliament.tas.gov.au/lc/martin/Speeches/Budget%20Estimate%20Hearings%20-%20Justice.pdf>

² <http://www.hydro.com.au/storages/storage.pdf>

³ http://www.aemo.com.au/data/market_data.html