

Energy Industry – Challenges Ahead

Professor Paul
Simshauser

28 May 2014

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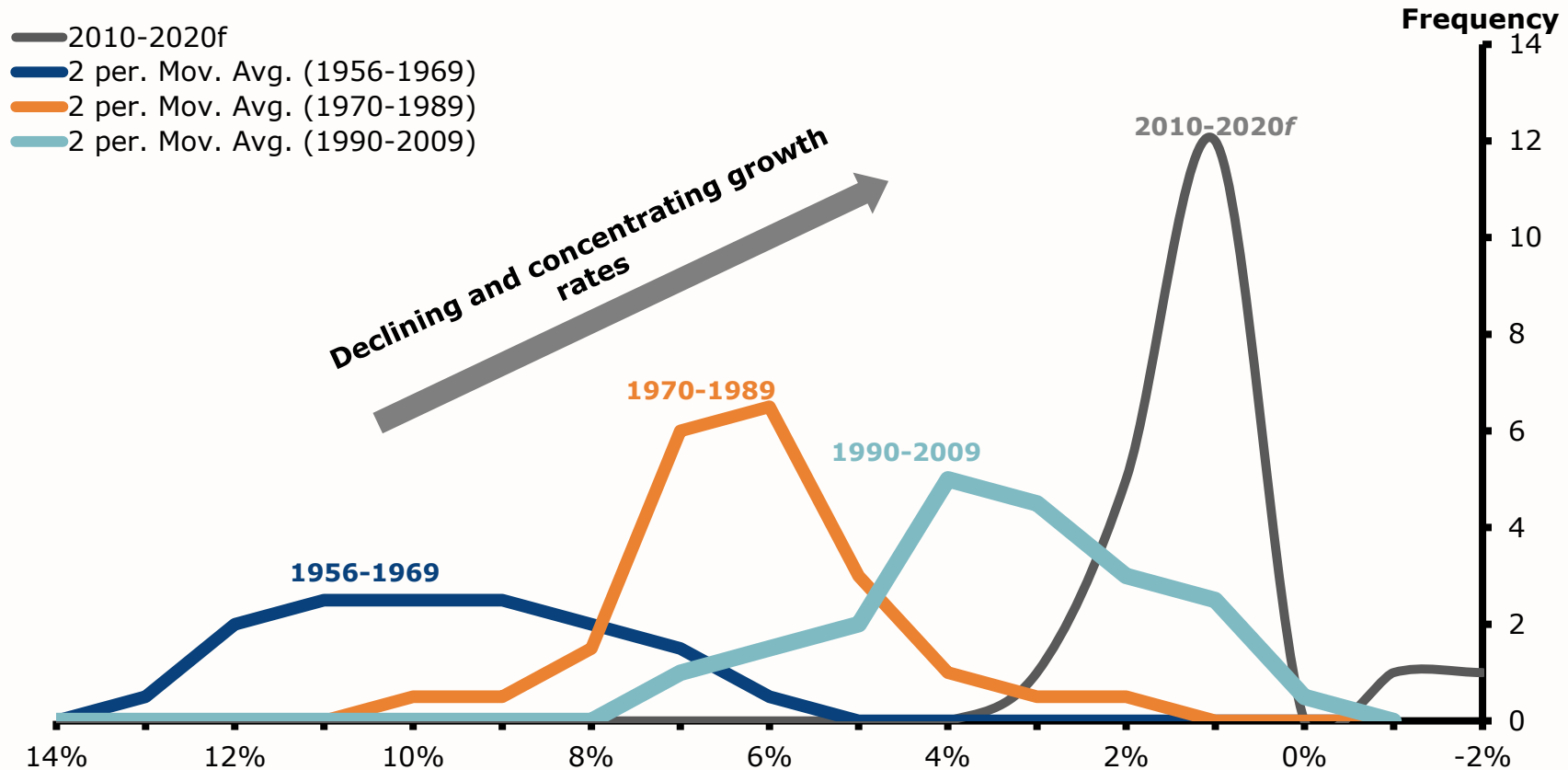
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Growth rates have been concentrating for decades

But only recently has demand growth entered negative territory

Average Annual Growth in Energy Demand (NSW, QLD, VIC, SA)



Source: Simshauser & Nelson

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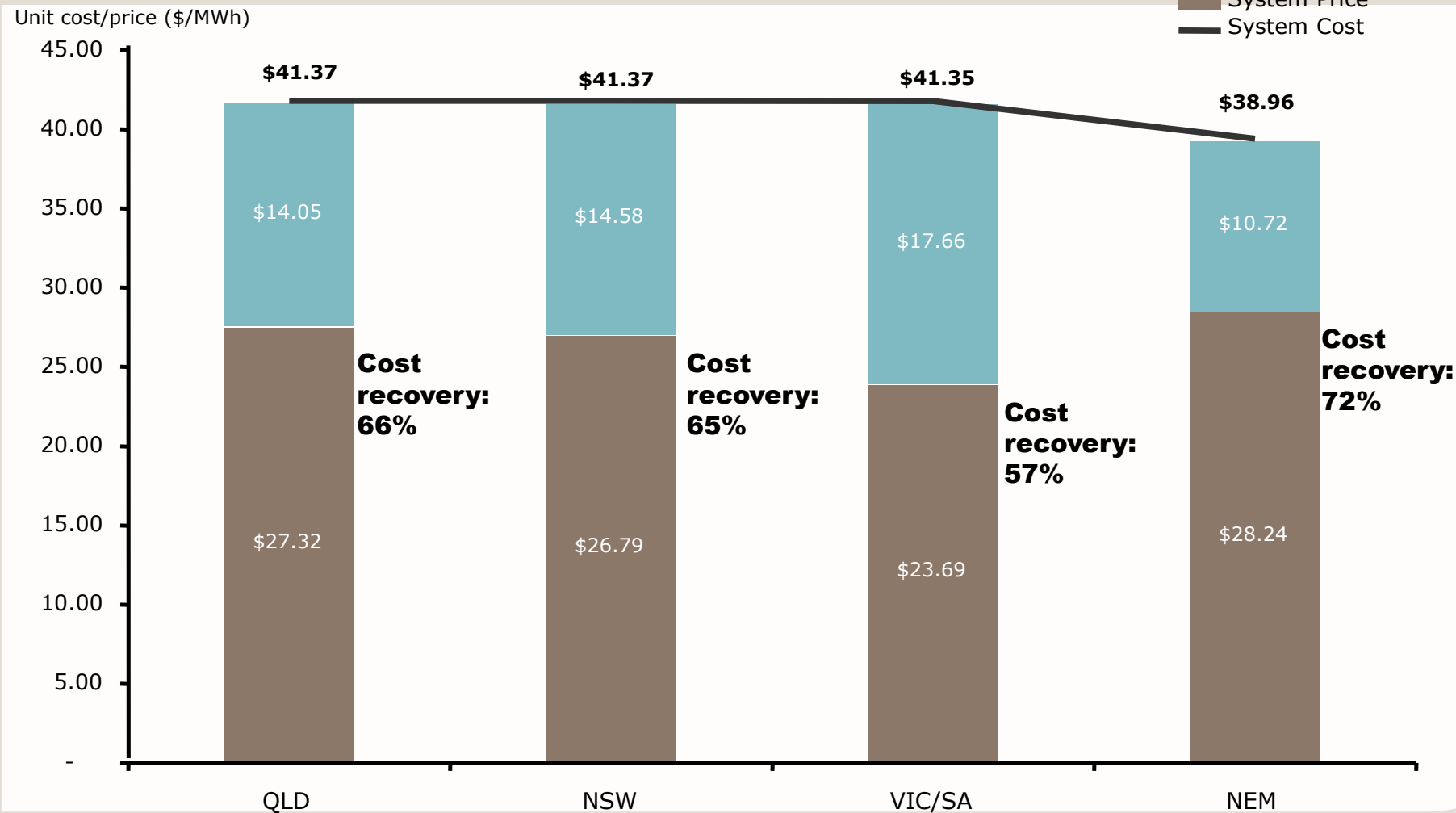
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Energy-Only Market: Price vs Cost

Energy-only market design is tough under ideal conditions

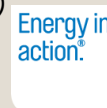


Source: Simshauser (2008)

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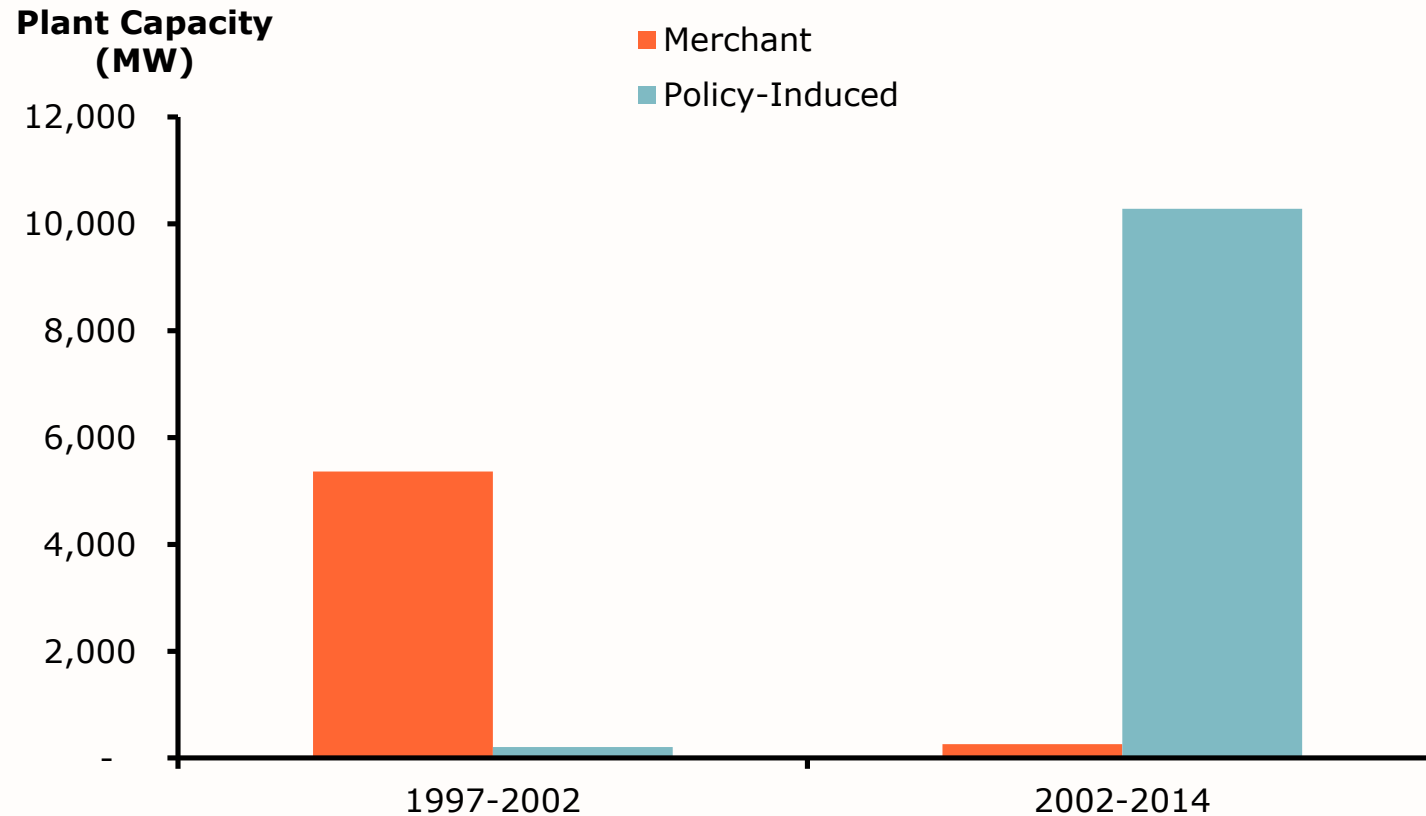
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Reason for entry: merchant vs. policy

From 2002 onwards, entry has been primarily policy induced

New entrant capacity: Merchant vs. Policy Induced



Source: esaa, AGL

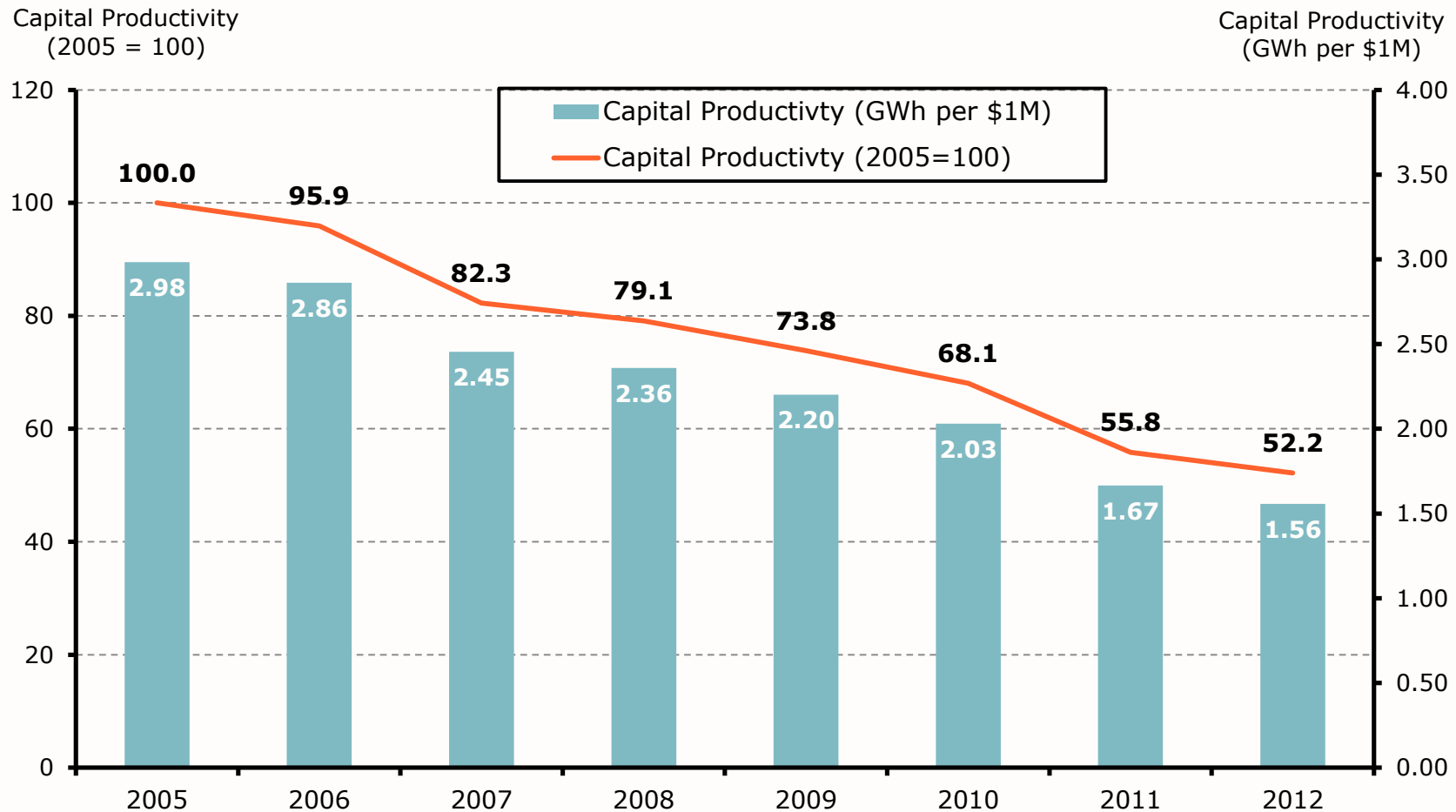
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Consequences: Network Capital Productivity (Qld)



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Networks Labour Productivity (Qld)



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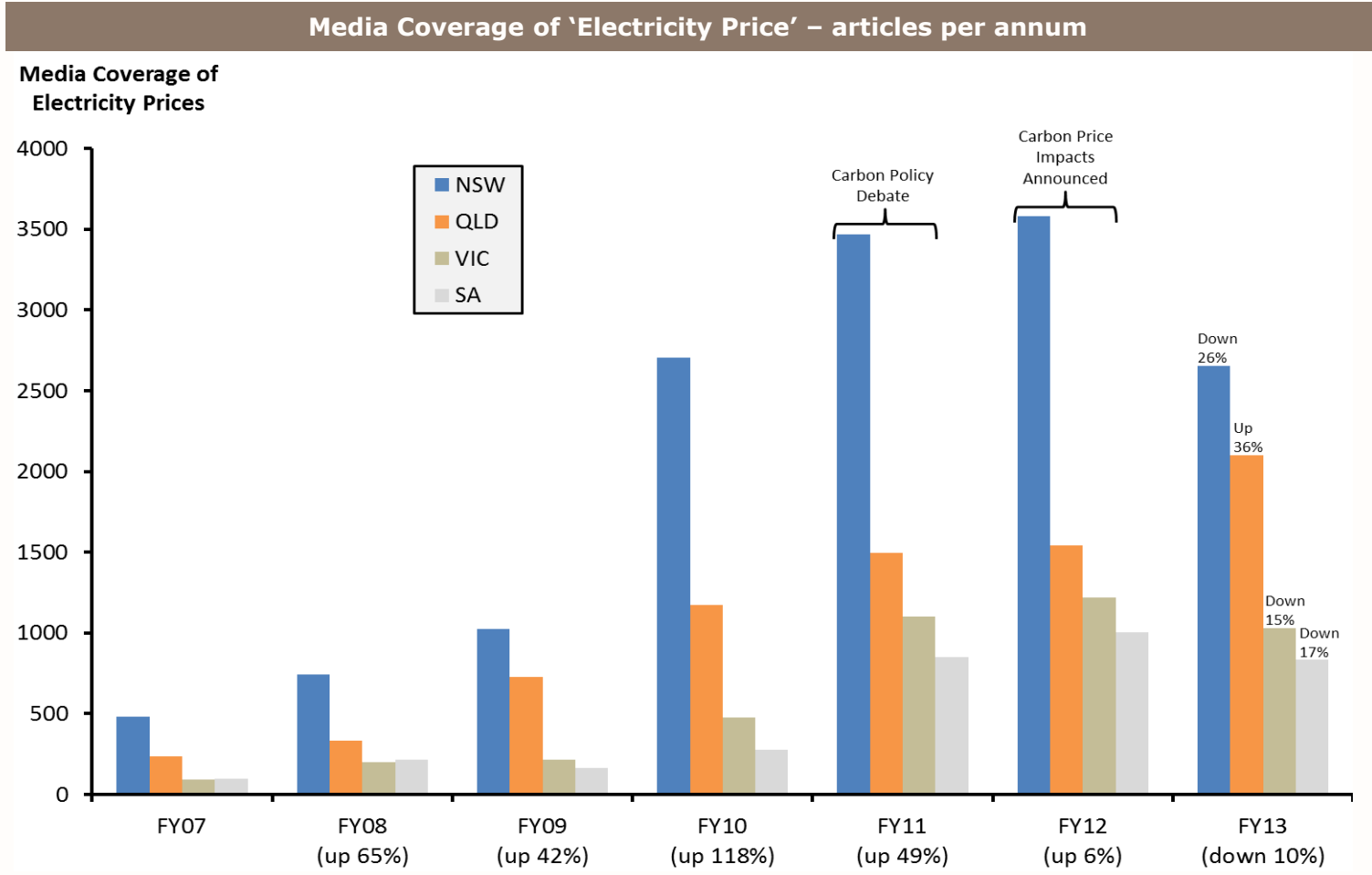
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With lots of media coverage

Media coverage of 'electricity price' has increased dramatically



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