

FUTURE PROOFING SMALL BUSINESS - State of the Energy Market

Energy Case Studies Project



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Future Proofing Small Business

A national advocacy campaign to inform and empower small businesses about how to most effectively 'future proof' themselves from unexpected and unplanned future energy price increases.



The Problem

- Around 1 million small businesses are directly impacted on a daily basis by the substantial increase in energy costs being passed on by energy retailers
- Over the past 2 years COSBOA members across all sectors report significant difficulty in meeting the ongoing price increases for energy (electricity and gas)
- Lack of national quantitative and qualitative evidence makes it difficult to demand action from regulators and governments

The problem with power bills

Some firms face doubling or tripling in electricity prices over the 12-24 months. “One retail grocer with multiple sites saw an increase of over 50% in their monthly bill, even after taking many energy efficiency measures.” - ACCC Rod Sims

Bill Shock - unpredictable jumps in energy bills – is badly affecting the bottom line on SMEs resulting:

- Sacking staff
- Pausing investment plans
- Absorbing costs, particularly for exporters.

What COSBOA will do

- with support from Energy Consumers Australia and Small Business and Family Enterprise Ombudsman

- Engage with SMEs on the current and future impact of energy prices
- Identify the information and tools of greatest use to them
- Identify recommendations for action
- Deliver a national platform for COSBOA to advocate for its members at a federal and state level



The Case Study Project

1. Information

Provide small business owners and operators with a better understanding of how the National Energy Market works and how they are likely to be affected by energy pricing rules over the next 5-10 years

3. Tools

Identify one or more practical tools that could be developed to assist small businesses to reduce the impact on their own operations, and identify partner organisations that could work with COSBOA to develop these tools

2. Evidence

Collect evidence (through case studies and survey data) about the actual impact of increasing energy prices on small business owners across a range of sectors and locations

4. Advocacy

Present compelling information to government policy makers about the impact of energy price increases on the small business sector and the broader economy through our advocacy campaign

The State of the Energy Market

The National Electricity Market (NEM) supplies 85% of Australia's electricity through Queensland, New South Wales, Victoria, Tasmania, the ACT and South Australia.

- **Generators** create energy through coal-fired power stations, gas, wind farms and solar power plants.
- **Retailers** buy electricity and gas from the generators and then re-package it and sell it to us.
- **Gentailers** The biggest three energy companies in Australia, AGL, EnergyAustralia and Origin Energy are 'gentailers' which generate and sell their own energy, buy energy from other wholesalers and retail energy to businesses and residential customers.
- Some businesses, like manufacturers, that use a lot of energy can buy electricity directly from the wholesale market, rather than through a retailer.



Greater regulation on energy prices appears imminent

- ACCC has flagged action within weeks, particularly on energy retailers' 'opaque' offers to customers
- Australian Energy Market Commission on Friday found consumer trust in the sector fell from 50 per cent in 2017 to 39 per cent in 2018. This is lower than for banks and telcos
- "It's not enough. We want to see prices come down more. I'm not going to foreshadow any particular actions that the government may or may not be taking other than to say that the companies are on notice." Energy Minister Josh Frydenberg.

Finding the best evidence to support reform

- 8 small/medium businesses
- 2 larger organisations

A spread of profiles across:

- Geographic (Vic, NSW, Qld, SA, WA, NT, ACT, Tas) - metro, regional, rural
- Demographic (gender, culture, age)
- Industry (use the COSBOA membership list to identify key industries of relevance)
- Energy-user type (heavy, light, constant, intermittent)

Finding the best case studies

Size	Industry	Location
Small	Convenience Store/Grocer	
Small	Hairdressing	
Small	Livestock and Mixed Business	
Small	Craft Beer	
Large	Processor –eg Recycling	

Size	Industry	Location
Small	Farmer	
Small	Home-based business	
Small	Manufacturer	
Small	Service Station	
Large	Shopping centre	

Assessing the best tools for small business

Resources for Energy Efficiency Resources by industry.

Eg Energy Exchange
Watt Savers
Energy Saver NSW

Energy Calculation Tools

how to predict energy bills based on
past performance/bills
Eg www.sustainability.vic.gov.au

Comparison of energy offers

Eg CanStar
OneBigSwitch
Make It Cheaper
iSelect
uChoose

Energy audits and energy efficiency assessments

where and how to get one done
Eg Energy Efficiency Council's list of
service providers for energy audits

Developing a Small Business Energy Advocacy Strategy

- SMART Objectives: specific, measurable, attainable, relevant, timely.
- Use research findings, including member surveys and case studies, to directly target key decision-makers in government and industry
- Call on the energy industry to be more responsive to the need of small business energy consumers

Future Proofing Small Business Timeline

Development – June/July

Content developed for COSBOA website about the project and how members can contribute. Survey developed for engagement with members and to collect data on impact of price rises

Interim Report and Presentation- August

Presentation of ten case studies (8 small and 2 large businesses).
Interim project report to COSBOA
National Small Business Summit

Tool and Partnerships - October

Identification and testing of up to 6 practical tools for SMEs.
Development of key partnerships to develop one or more tools identified as the most effective.

Strategic Advocacy Plan and Final Project Report – 30 November

Strategic advocacy plan for implementation by COSBOA and partner organisations

