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SIMEC ENERGY AUSTRALIA

Electricity Contracting Strategies in a Challenging Energy Market

Ryan McKee, Head of Sales

11 September 2019

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About Us

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About us

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SIMEC Energy Australia (SEA) is a member of the GFG Alliance.

The GFG Alliance is an international grouping of businesses with interests in mining, energy generation, metals engineering, financing and property.

SEA is a relatively new energy company embracing the challenges of a low emissions economy through retailing, procurement and development of renewable generation. **We are the only vertically integrated Australian electricity retailer whose major shareholder is a large consumer of energy.**

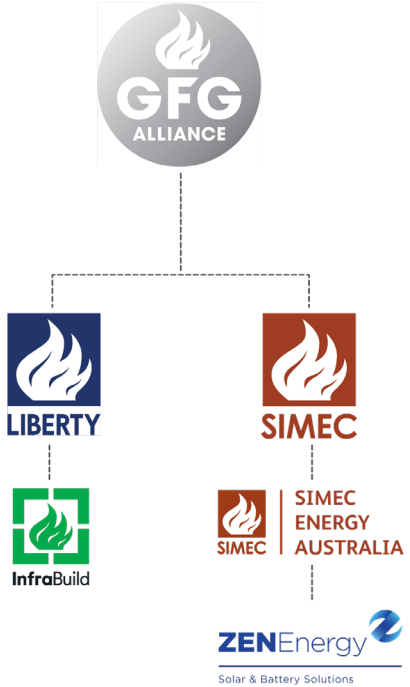
SEA is also the long-term electricity retailer to the South Australian (SA) Government, the SACOME Buyers Group, Liberty OneSteel and a growing list of customers.

We are backing our SA customer base with a pipeline of renewable energy projects exceeding 1 GW.

GFG's global footprint

Source: https://www.gfgalliance.com/about-us/our-global-footprint/

Who are we?



SIMEC Energy Australia and ZEN Energy together will deliver a truly integrated solution for your energy needs. Our services include:

- Firmed renewable energy to sustainably power business, industry, and government.
- Retail electricity matched to the needs of our customers.
- On-site energy generation hardware tailored to your needs.
- Advanced automated demand side technologies.
- Agile partnerships that maximise the value of renewable energy and demand management.
- A specialist team that identifies answers through our own energy needs.
- A global team with the experience and knowledge to deliver globally competitive energy.

Together SIMEC Energy Australia & ZEN Energy - with the backing of GFG Alliance - deliver sustainable, globally competitive energy

Australia’s energy future

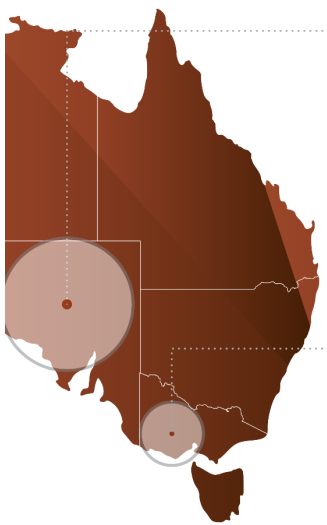
Delivering a step change to the power industry

“The high cost of energy for Australian consumers is debilitating for the economy and a crying shame for a country so rich in resources. We clearly see a need for industrial groups and energy generators to work together.

With our partners, we can deliver a step change in the power industry, bringing innovative solutions and new projects to dramatically reduce the cost of dispatchable power.”

– Sanjeev Gupta, Executive Chairman, SIMEC Energy Australia

Our generation



South Australia

- Playford Utility Battery
- Cultana Solar Farm
- Middleback Ranges Pumped Hydro

Victoria

- Wemen Solar Farm
- Numurkah Solar Farm

These investments underpin our customer supply contracting methodology based on **firmed low-cost renewables**

Source: SIMEC Energy Australia

Customers we already partner with

SIMEC

Government of South Australia

VITERRA

South Australian Chamber Of Mines & Energy

Pelligra

CIT

HILLGROVE RESOURCES

LIBERTY

FOODLAND IGA THE MIGHTY SOUTH AUSSIES

cohen group
property management development

ADCHEM

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What has created the current challenges?

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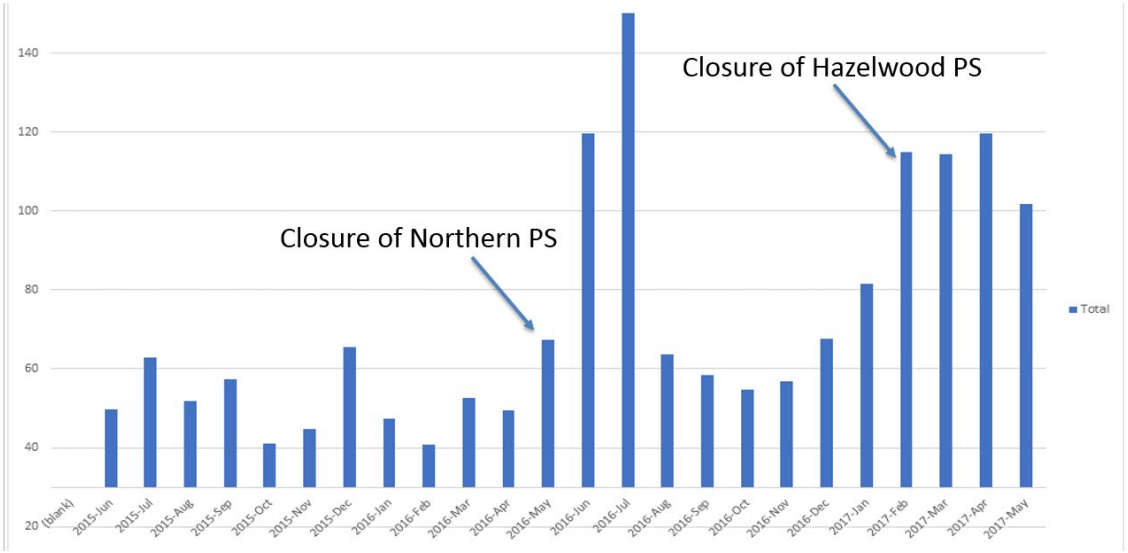
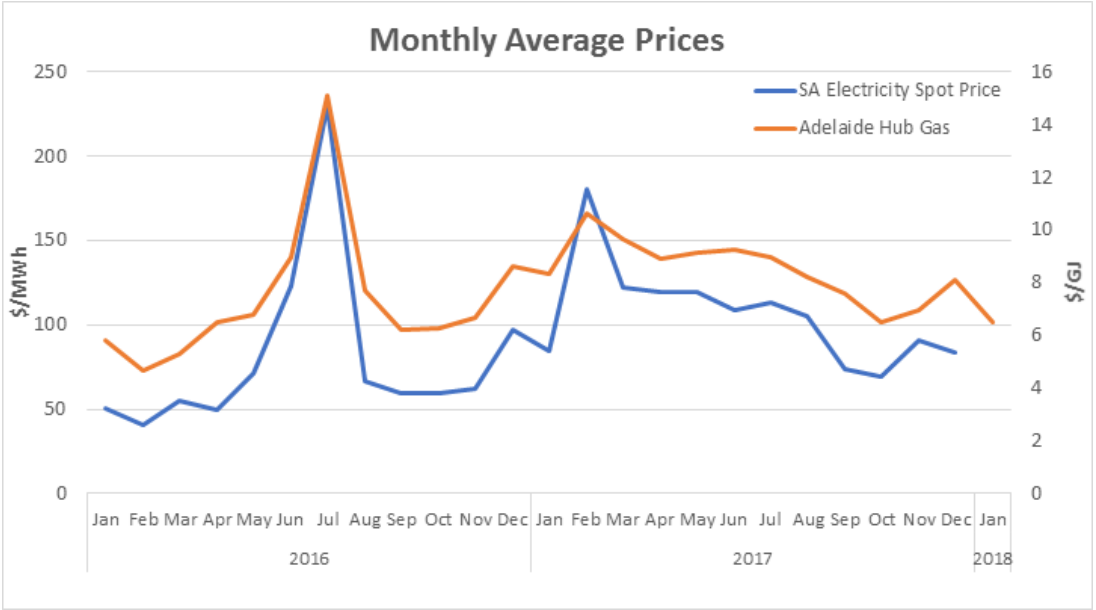
Power Station Closures

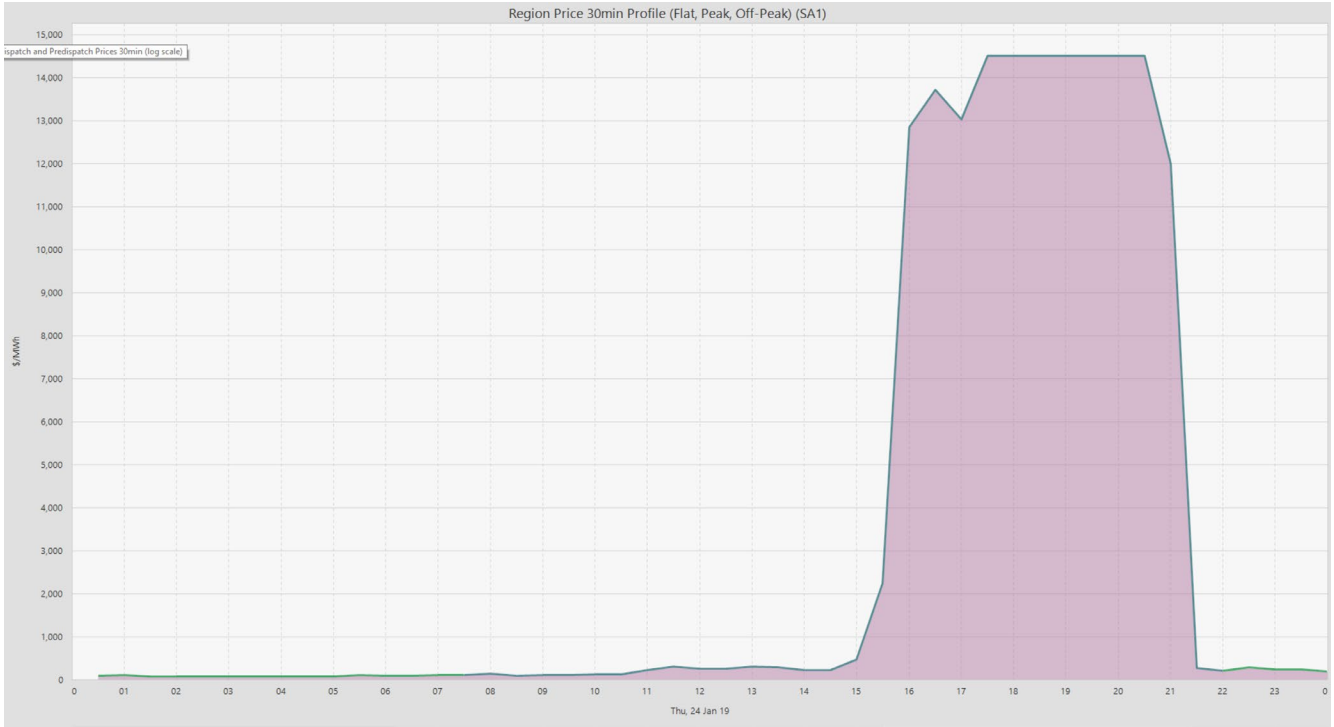


Electricity Pricing Linked to Gas Pricing

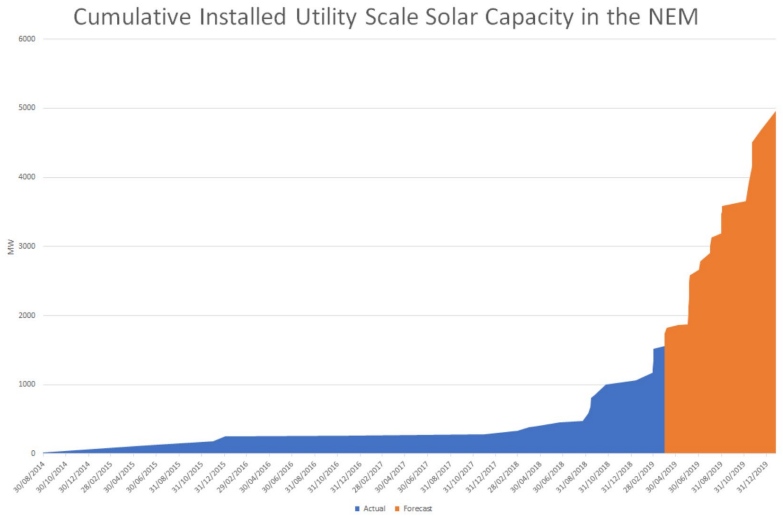
High gas prices, not high renewable energy prices, are responsible for the latest outsized increase in electricity prices

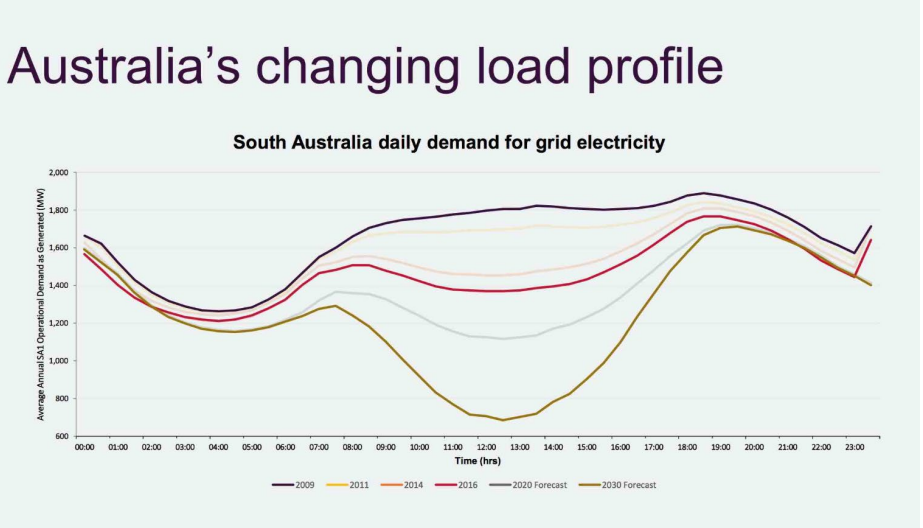


Extreme Spot Pricing Profile – SA 24 Jan 2019

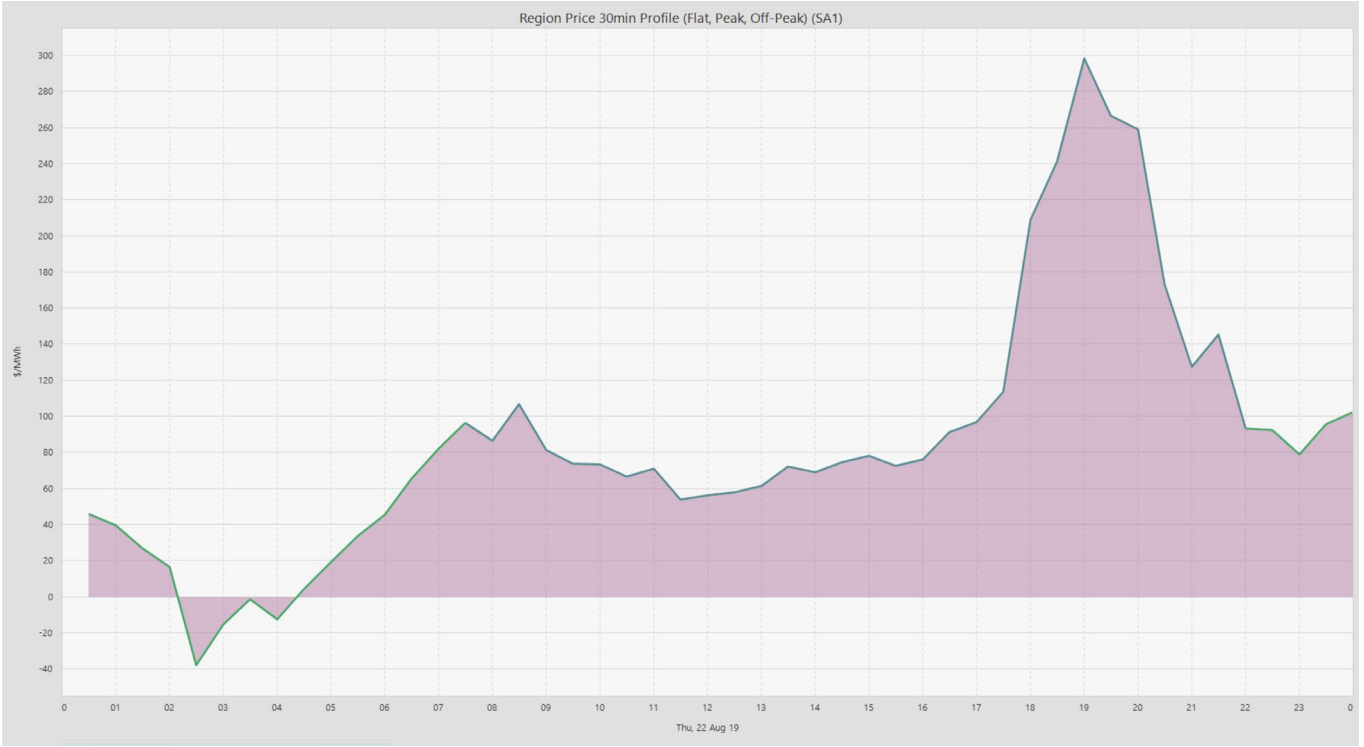


Solar Generation and its effect on grid demand





Common Daily Spot Pricing Profile – SA 22 Aug 2019



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Strategies and Opportunities?

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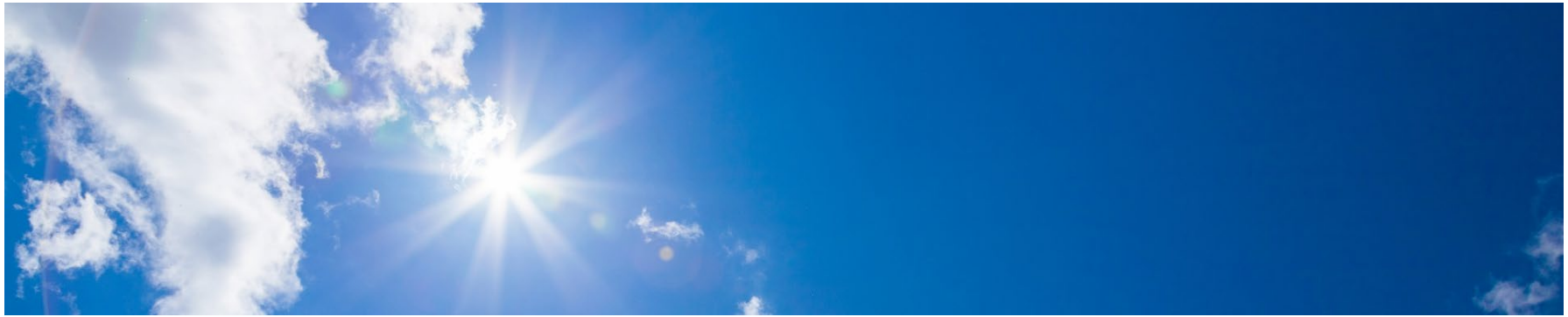
1. Cost benefits through avoiding usage at times of high prices

Cost Benefits can be achieved through:

1. Regular avoidance of high-price times of the day through changes to day-to-day operations
2. Infrequent Demand Management at times of extreme high-prices



Avoiding Extreme high prices

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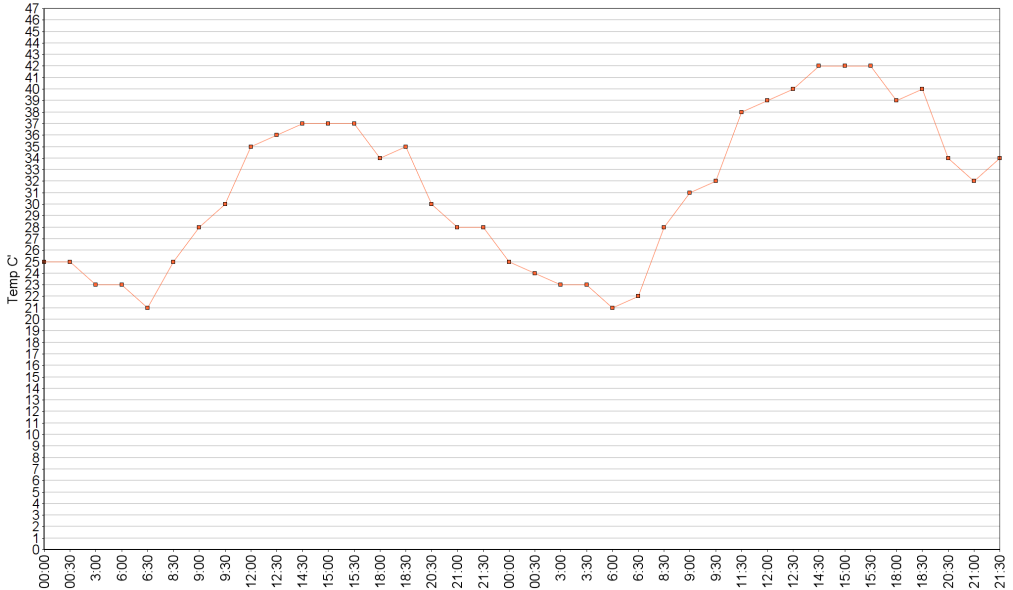
Demand Response involves changing how you consume energy for short periods of time.

It may include temporary reduction in energy use through switching off non-essential load, switching to behind the meter generation sources or by shifting energy intensive activities to different times of day.

By participating in demand response, you would help SEA, as your retailer, respond to fluctuations in demand and pricing in the wholesale National Electricity Market (NEM) over the course of the year – helping to achieve our goal of delivering cost competitive, reliable energy.

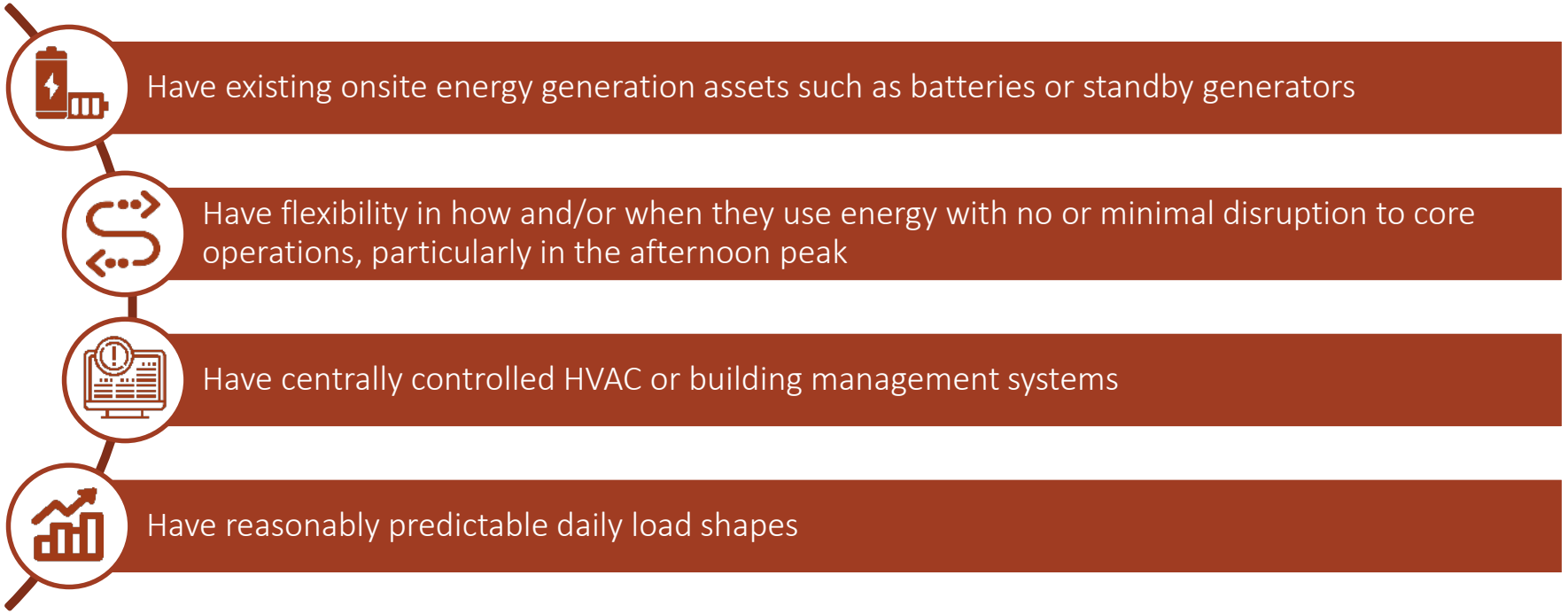
Avoiding Extreme high prices

SA electricity prices again temperature | 28 Feb 19 – 01 Mar 19



Suitable Sites

Demand Response is ideally suited to sites that:



Automating the response

- Demand response most effective when automated for quick and reliable action.
- Cloud based software system, along with onsite control gateways, and technology interfaces are used to push control signals to shift how energy is used and measure the total response delivered.
- This technology can be used to access many different types of energy assets, including HVAC systems, VSD's, diesel generators (in some instances), batteries, SCADA systems.
- The economics are still evolving, although the continued volatility in the wholesale market presents an opportunity to SIMEC to prove this technology, particularly in South Australia, and share in the value with customers.

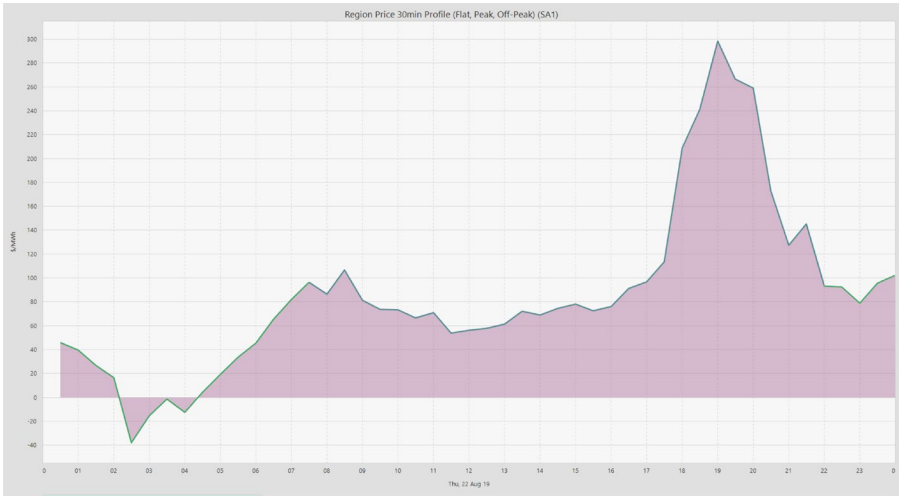
Avoiding High Price Times of the Day

Standard Tariff Structure only provides price incentive to shift load to Off-Peak times (9pm-7am in South Australia)

= Limited Opportunity for most businesses.

SIMEC Energy is developing a **new tariff** to incentivise load shifting away from the high-priced evenings and towards the lower priced sunlight hours.

Suit businesses with existing **operational flexibility** at this time of day or those with a short duration (1-2 hours) of usage within the high-priced period that could be replaced with **Battery Storage**.



2. Firmed renewables

Corporate entities are increasingly shifting to renewables

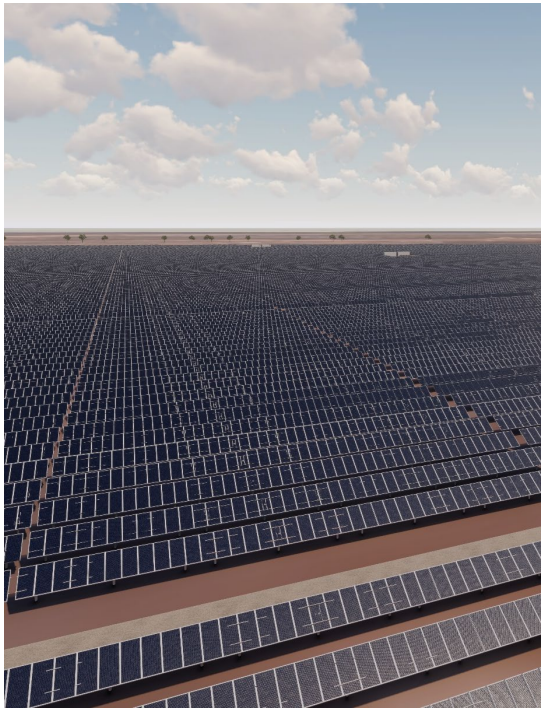
Cost and triple bottom line benefits

Corporate PPAs come with risk

Our model minimises or removes the risk

Our product Delivers firmed renewable energy

Sustainable, Affordable Energy with less risk



Firmed Renewables

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	We can provide flexible contract term options, with pricing benefit increasing with term, delivering price certainty into the future.
	Flexible Renewable percentage to tailor to your sustainability requirements. .
	Linkage to a specific generation source for promotional messaging.

3. Integrated Renewable Energy Solutions

ZEN Energy: SIMEC Energy Australia Behind the Meter (BTM) Capability

We provide a full suite of Integrated Renewable Energy Solutions that few other companies can match.

Together SEA and ZEN deliver affordable, reliable, sustainable energy solutions for our customers through:

1. Renewable BTM solutions
2. Complemented by an energy contract backed by renewable energy developments
3. Maximising BTM assets with intelligent technology that unlocks additional value though demand response

Image: ZEN Energy Solar System installed at Coriole Winery

Storage: SA Government Storage Demonstration Project

Site	System Power	System Storage
Art Gallery of South Australia	22.5 kW	64 kWh
Adelaide City Council Works Depot	22.5 kW	64 kWh
Adelaide High School	88 kW	184 kWh
State Library of South Australia	88 kW	276 kWh

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THANK YOU

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