



# MARCHMENT HILL

- consulting -

## Identifying and analysing industry trends for a West Australian energy retailer

### the challenge

Our client, a Western Australian energy retailer, wanted to ensure that it had a contemporary understanding of its market as an input into its strategic planning process.

The client needed a service provider with an in-depth understanding of current and future issues in the market place - and the capability to produce this analysis in a very short time frame. Marchment Hill was engaged to complete a market scan of key trends and business opportunities.

### what Marchment Hill did

Making use of its extensive industry knowledge, experience and a variety of publicly-accessible information sources, we were able to quickly develop and deploy this market scan into the client's planning process.

Marchment Hill swiftly identified the prevailing trends in the client's market, and developed observations and commentary across domains including:

- Global Credit Crisis
- Gas Supply Analysis
- Generation
- Retail
- Energy M&A
- Carbon Emissions Management
- Smart Metering
- Information Technology
- Generation Technology
- Renewable Energy Investment

State	Pros	Cons
<b>Western Australia</b>	<ul style="list-style-type: none"> <li>• Excellent wind resources near population</li> <li>• Good biomass resource base</li> <li>• High electricity prices</li> <li>• Currently investing in grid capacity</li> </ul>	<ul style="list-style-type: none"> <li>• Relatively small and isolated market</li> <li>• Complex market structure</li> <li>• Lack of familiarity to major renewable developers</li> </ul>
<b>Victoria</b>	<ul style="list-style-type: none"> <li>• Active government support</li> <li>• A large and open market</li> <li>• Good quality infrastructure near resources</li> </ul>	<ul style="list-style-type: none"> <li>• Low electricity prices</li> </ul>
<b>NSW</b>	<ul style="list-style-type: none"> <li>• Under-developed, good quality renewable resources</li> <li>• Largest Australian market</li> </ul>	<ul style="list-style-type: none"> <li>• Low electricity prices</li> <li>• Unclear planning processes and high application costs</li> </ul>
<b>Queensland</b>	<ul style="list-style-type: none"> <li>• Good biomass energy resources (sugar)</li> <li>• Large and growing electricity market</li> </ul>	<ul style="list-style-type: none"> <li>• High costs and uncertainty of bagasse* industry</li> <li>• Limited wind farm development</li> <li>• Low long-term electricity prices likely</li> </ul>
<b>Tasmania</b>	<ul style="list-style-type: none"> <li>• Best wind resources in Australia</li> <li>• High electricity prices</li> </ul>	<ul style="list-style-type: none"> <li>• Small electricity market</li> <li>• Market is very concentrated</li> </ul>
<b>SA</b>	<ul style="list-style-type: none"> <li>• Has attracted most of investment so far</li> <li>• High quality wind resources and geothermals</li> <li>• High electricity prices</li> <li>• Favourable planning regime</li> </ul>	<ul style="list-style-type: none"> <li>• Small electricity market</li> <li>• Transmission capacity constraints</li> </ul>

**Figure 1: Analysis of Australian States' Ability to Attract Renewable Energy Investment.**

In addition to this analysis of the client's operating environment and context, Marchment Hill also made use of its library of the key statistics, organisation structures, operating models and strategic drivers of major Australasian utilities to develop profiles of each of Australia's major energy retailers - exploring their strategies, operations, and service offerings in order to assist the client in understanding their comparative market position.

**the benefit**

Marchment Hill's expedient response to the client's need to understand its external environment allowed the client to develop a strategic plan which was targeted to capitalise on the greatest opportunities in its market place - ensuring efficiency and effectiveness in its planning efforts.