



The economics of retailing

14 March 2023

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Economics of retail

- Use retail gross margin disclosures which we implemented as part of the EPR
 - Data for the end of the FY in 2022
- Calculates the amount that the retailer can pay for energy
- Compares this with ASX futures
 - Looking at 2023
- Can a retailer buying ASX, and selling retail, make a profit?
 - With a long term hedging strategy this is possible
 - What retailers are actually paying is close to the long term ASX



Netback

Netback measures the most that a retailer can pay for energy

s9(2)(b)(ii)



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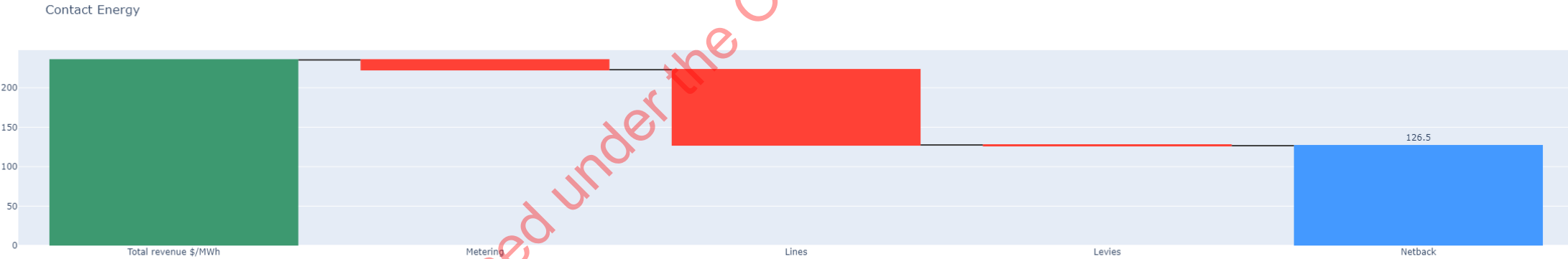


Netback

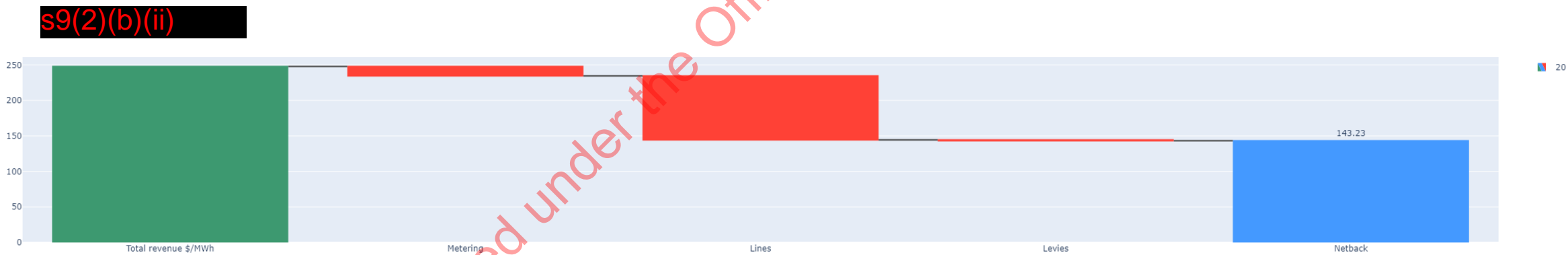


Netback

s9(2)(b)(ii)



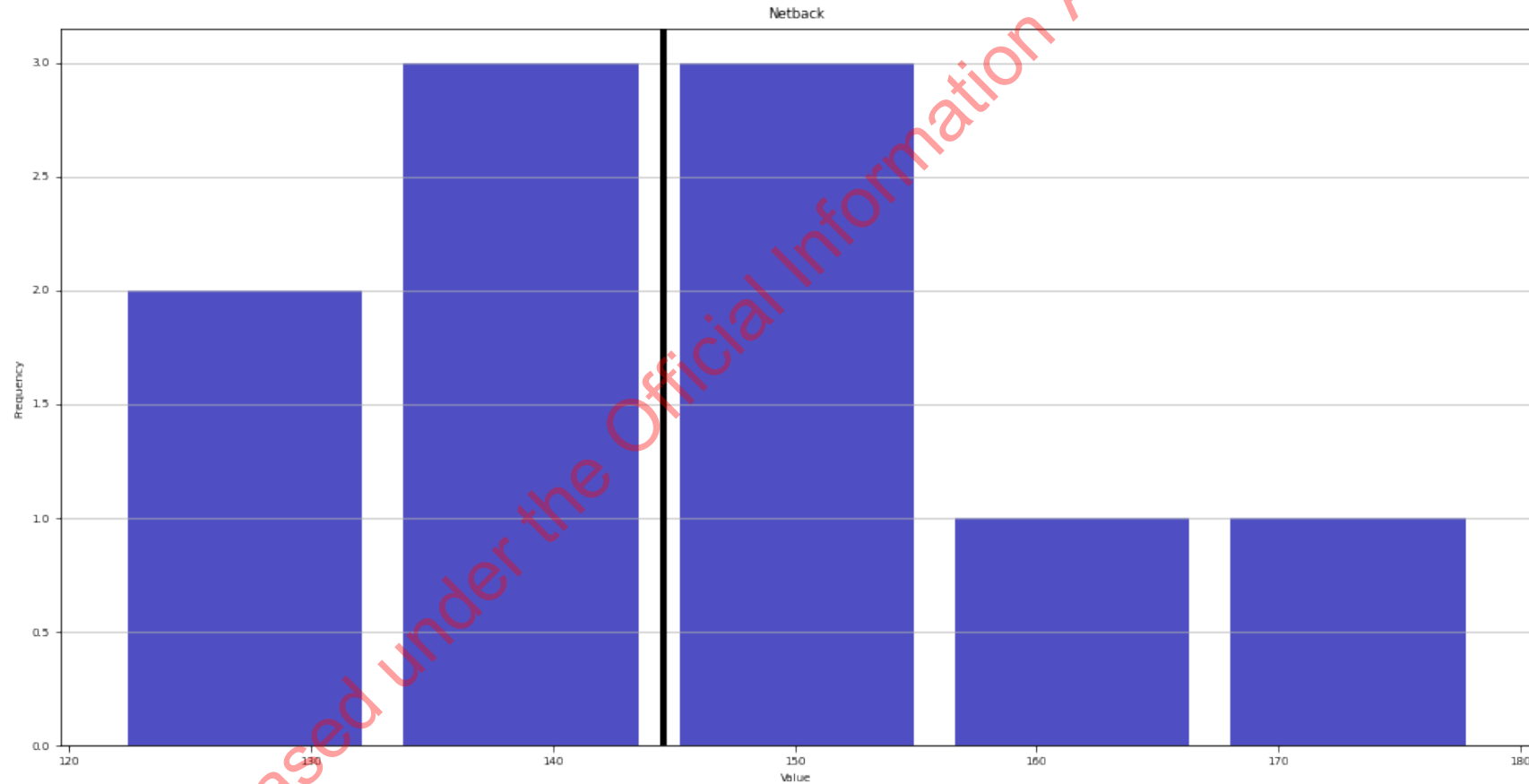
Netback



Netback



Distribution of netback—mean is \$144/MWh



Benmore 22—fine on average, but



Ōtāhuhu 22—fine on average, but



Mean forward prices 2022

2022—all trade dates

- OTA \$116/MWh
- BEN \$100/MWh

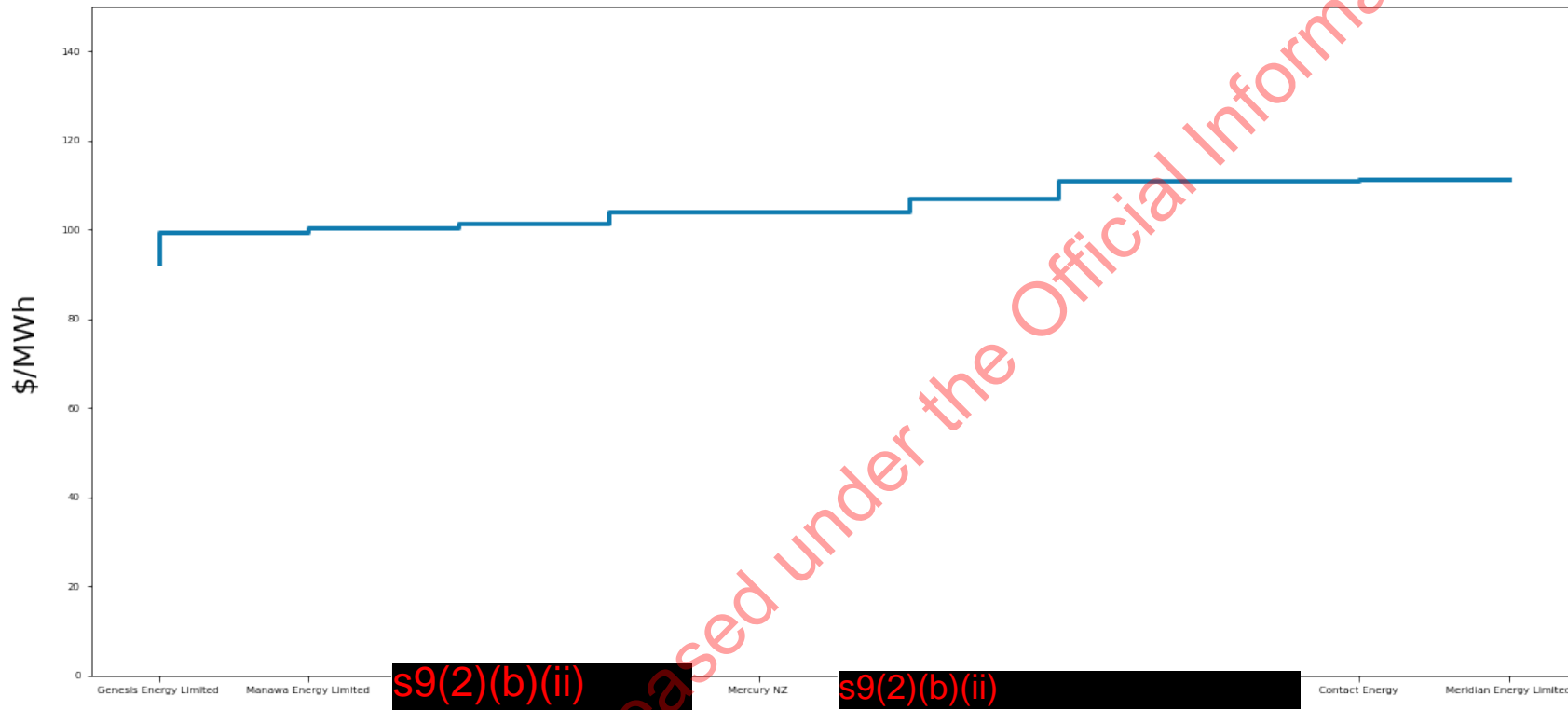
But last two years

- OTA \$157/MWh
- BEN \$134/MWh



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How much did these retailers actually pay in 2022? Mean \$104/MWh



s9(2)(g)(i)

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