

Submission to Joint Standing Committee on Trade and Investment Growth into Australia's transition to a green energy superpower

by Peter Feros

Owner of

Heritage Hotel Dorrigo

DORRIGO NSW 2453



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1. Executive summary

Since the introduction of renewables to the grid, at Heritage Hotel Dorriggo

* from 2004/2005 to pre COVID lockdowns 2018/2019, electricity costs have increased \$25,546 and 123.8% over 15 years. That is 8.26% per year.

* from 2023 to 2027 there will be a fixed annual cost that is \$25,017 and 59.8% more than the current annual cost. Thus the rate of increase has increased as more renewables have been added to the grid.

The CEO of Alinta Energy, Jeff Dimery, reported that he is in the process of replacing 1000 megawatts of coal-fired power at Loy Yang B power station in Victoria with 1000 megawatts of offshore wind project and 900 megawatts of pumped hydro to firm it. The coal-fired power plant cost him \$1 billion to acquire but will cost \$8 billion to replace (see Ref_1). "Explain to me how energy prices come down. Am I missing something? It's horrendous, it's unpalatable. We don't want consumers tearing up our bills and setting fire to them," Dimery says, referencing the movement in Britain to simply boycott the payment of their power bills amid soaring prices.

My business experience is that if Australia transitions to being a green energy superpower, electricity costs to rural Australian businesses will not only increase but will increase at an increasing rate, and rural businesses will become unsustainable.

2. Heritage Hotel Dorriggo Background Information

Dorriggo population

Dorriggo is a small rural town on the plateau behind Coffs Harbour.

According to the 2021 ABS census the town population is 1,214 and the district population is 456, making a total of 1,660.

Hotel Ownership

My wife and I own Heritage Hotel Dorriggo which was built for my father in 1925 and has been family owned for the last 97 years.

Heritage Hotel Dorriggo History and Heritage Listing

Heritage Hotel Dorriggo's heritage listing reads:-

Architecturally, Dorriggo's most impressive building, and one of the best in the Shire. Located at the town's key intersection, ensuring its considerable street scape potential is fully realised.

An important local landmark, essential to the town's historical identity. Built during the period when the Dorriggo Plateau achieved its greatest prosperity, and reflecting the optimism of the time.

Has survived better than most of the town's older buildings of note. Typical of the

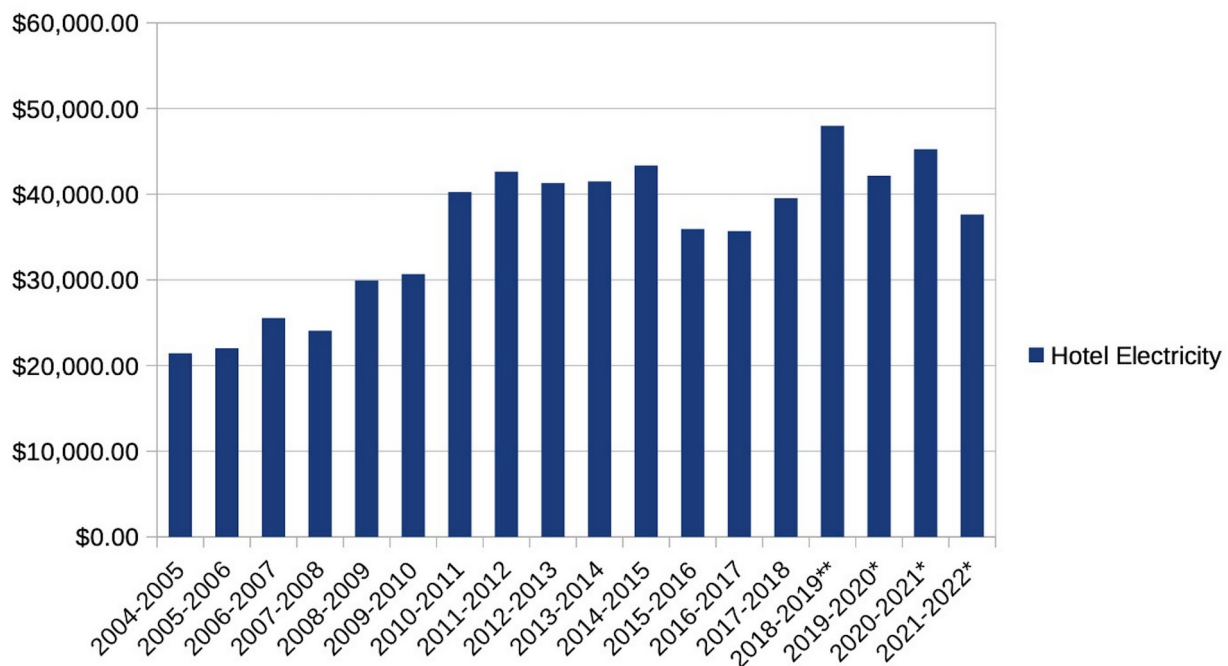
Filigree style hotels which characterised country towns in the late nineteenth and early twentieth centuries. Little altered and well maintained.

Two storey hotel dated 1925. Face brick, now with rendered dado. Impressive double verandah with rendered and moulded parapet above. Solid cornices. Balcony area features wrought iron balustrading, brackets and valence. Art Nouveau pattern. Also wrought iron brackets to verandah below. Solid timber posts with moulded astragals. Original openings, doors and windows. Little altered. Some reconstruction. Well maintained.

Attached is a PDF of a booklet that details the heritage features of Heritage Hotel Dorrig.

3. Heritage Hotel Dorrig Electricity costs 2004/2005 to 2021/2022

Electricity costs have experienced above inflation increase since 2004/2005 with electricity costs increasing from \$21,433 per year to \$47,979 per year in 2018/2019. That is an increase of \$26,546 and 123.85% over 15 years, or 8.26% per year.



The last three years on the graph are lower only because of closures of the hotel as a result of COVID restrictions.

4. Investments made to reduce electricity costs

The increase in electricity costs at Heritage Hotel Dorrigo have occurred in spite of over \$100,000 of investments undertaken to ameliorate electricity use and costs.

The investments have been:

- 1) Installing LED lighting throughout the hotel.
- 2) Installing air conditioning in all hotel suites to replace less efficient room heaters.
- 3) Installing a cool room in the bar to replace inefficient glass door fridges.
- 4) Replacing inefficient kitchen refrigerators with more efficient refrigerators.
- 5) Installing a kitchen freezer room to replace less efficient refrigerator freezers.
- 6) Installing two automatic doors to the bistro to assist temperature control.

5. Heritage Hotel Dorrigo Electricity costs 2023/2027

The Heritage Hotel Dorrigo's electricity contract is up for renewal in 2023.

The electricity broker, **Make it Cheaper** was engaged to tender the contract.

The lowest cost offer was a 4 year contract with AGL.

However the contract involved a fixed annual cost that is \$25,017 and 59.8% more than the current annual cost.

The reason given for this significant cost increase was the closure of the Liddell coal fired power plant in April 2023.

The electricity broker advised that further electricity cost increases would occur as further coal fired power plants were closed.

References

Ref_1

Australian Financial Review

<https://www.afr.com/chanticleer/what-alinta-s-margin-call-from-macquarie-says-about-energy-crisis-20221010-p5bonj>