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**From:** Darryl Varcoe [REDACTED]  
**Sent:** Thursday, 3 August 2017 12:23 PM  
**To:** Retail Electricity Inquiry  
**Subject:** TRIM: Power Company Profit Margins - 'Fag Packet' Analysis

**HP TRIM Record Number:** D17/108542

From my humble observation on the subject matter, i would request the following submission be taken into consideration during your review:

A colleague who works in the power generation industry advised that the NSW coal powered station he works at produces 2400 M/w/h while consuming 20,000 tons of coal per day.

I.e  $2400 \times 24 = 57,600$  M/w/h per day using 20,000 tons of coal at \$80.95 per ton, which equals \$1,619,000 daily fuel cost. This equates to \$28.10 per M/w/h.

However, the retail cost of a Kw/h to the domestic consumer is \$0.2458 K/w/h. Therefore for each Megawatt (i.e. 1000 x K/w/h) produced by the power station is making \$243.80 per M/w/h or \$14,042,880 per day ( $57,600 \text{ M/w/h} \times \$243.80 \text{ M/w/h}$ ).

Let's say that other equipment maintenance and operating costs at this power station are about \$50.00 per M/w/h (fairly generous I would think), or \$2,880,000 per day. Meaning that to produce the daily output from the power station the overall cost is: Fuel @ \$1,619,000 + Maintenance and Operating costs @ \$2,880,000 = \$4,499,000 per day, which leaves an overall daily profit of \$9,543,880.

Clearly, if my calculations are anywhere near correct, this makes a very tidy profit margin and I can understand why power companies are trying to keep their costs 'confidential'

On a further matter about renewable energy, the Condobolin and Broken Hill solar farms produce about 155M/w/h between them (i.e. during daylight hours on a good day when the sun is shining and atmospheric conditions permit). Clearly this amount of power generated daily when compared to the daily demand of the power grid (e.g. > 32,000 M/w/h nationally) is way inefficient and extremely costly compared to coal. Despite what the 'greenie movement' will argue.'

For your consideration.

Best wishes with your review and I look forward to the outcome.

Regards,

Darryl Varcoe

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