



Australia

88%

of business leaders think electrification will keep energy prices stable during future external shocks like the current global energy crisis.

What Business Needs

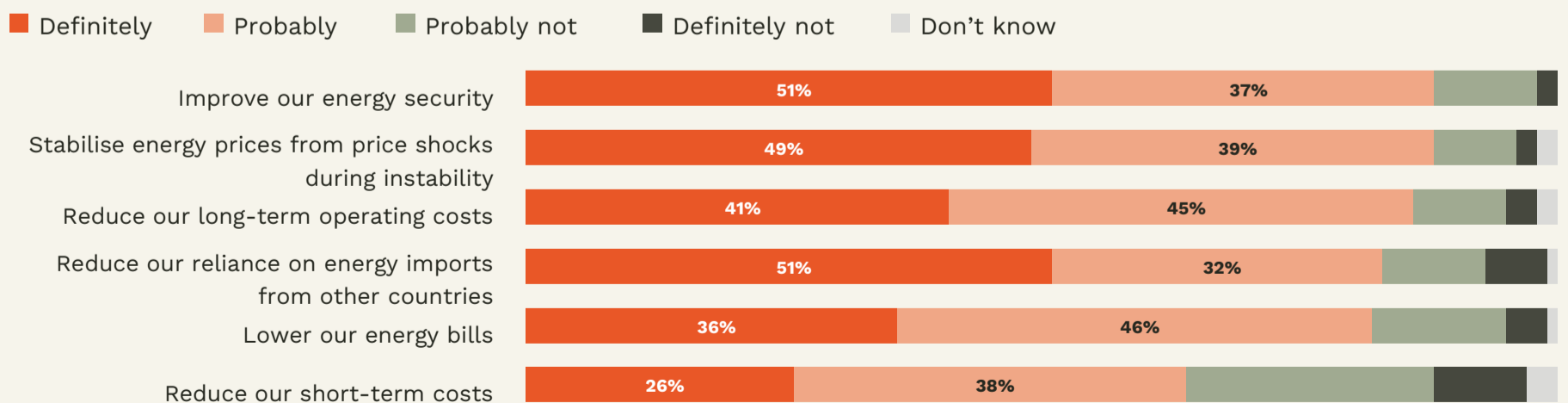
To deliver a competitive, cost-secure business environment resilient to future shocks, electrification should be accelerated across major energy uses, such as transport, powering equipment, heating and cooling.

Policy Context

Australia's policy direction is broadly supportive of clean electrification, with a strong government and industry focus on increasing the supply of renewable electricity. The country has a target of 82% renewable electricity by 2030, up from around 44% at present. With only around one fifth (21.5%) of total energy demand currently being met by electricity, however, the scale of the

transition needed to achieve comprehensive electrification of the economy is considerable. In the midst of the global energy crisis, electrification is seen by business as protection against today's increasingly volatile global energy markets. Australia is particularly exposed to such shocks as over half (58%) of its final energy consumption comes from refined petroleum products, the vast majority of which are imported. Business leaders are concerned about the inflationary effects of energy price volatility, with 61% of the senior executives polled expect their company's energy costs to increase as a result of the global energy crisis. Three in four (78%) argue that current shocks are making electrification more urgent.

Australian business leaders see electrification as the route to secure and affordable energy



Thinking about your business switching from fossil fuel-powered equipment to electric alternatives, to what extent do you think this would do the following?

Australia

Most business leaders (88%) agree that electrification presents an opportunity to stabilise energy prices during future external shocks, like the current global energy crisis. Further, the majority (82%) also see electrifying their operations as a viable option to actually bring down their energy bills over the long term. The same amount (82%) are in favour of their companies replacing fossil-fuel-powered equipment with heat pumps, electric vehicles and other electric alternatives over the next decade—higher than the poll’s global average of 77%.

Business Viewpoints

In addition to price stability and energy security, most (85%) business leaders associate electrification with offering a competitive advantage to their firms. However, while most (63%) agree that government policies are helping companies like theirs to electrify, more than half (57%) say that current policies still lag behind what businesses need.

Over three in five (62%) also affirm that the country’s power system is falling short of industry demand for electrification. Cost is a factor here, with 58% reporting that market barriers such as high upfront equipment costs have already caused them to delay or shelve an electrification project.

For electrification to deliver on the multiple benefits that businesses identify, senior executives say that reforms to the power system are required. Chief among these is building out the reach, connectivity and efficiency of the grid. For instance, over four-fifths (81%) of business leaders agree that investment in Australia’s transmission network will make energy more affordable in the long term—on par with opinion in the United Kingdom (81%) and ahead of Germany (70%) and Japan (51%). Indeed, executives were more likely to back grid expansion and digitalisation more frequently (48%) than any other policy option presented to them. Other policies selected close behind include market reforms to better reward the use of non-fossil fuels (46%) and faster planning approval (42%).

