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YSP Podcast Transcript: Episode 134. The question you must ask your energy provider

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Intro: Welcome to Your Strata Property. The podcast for property owners looking for reliable, accurate, and bite-sized information from an experienced and authoritative source. To access previous episodes and useful strata tips, go to www.yourstrataproperty.com.au.

Amanda Farmer: Hello and welcome. I'm Amanda Farmer and this is Your Strata Property. Marcus Walker is the General Manager, energy services with Strata Energy Services and he has over 27 years energy industry and finance experience. Marcus previously headed up the wholesale renewable energy trading portfolio for Country Energy, including risk management of a portfolio of over \$300 million in renewable energy and environmental contracts, negotiation of power purchase agreements and development and input into environmental policy and strategic direction. Marcus' current role encompasses electricity procurement and managing energy retail relationships for strata clients. Today, I am delighted to welcome Marcus Walker of Strata Energy Services. Welcome, Marcus.

Marcus Walker: Thank you very much, Amanda. It's lovely to be here, and thanks for the opportunity to talk with your customers and your clients, so it's very much appreciated.

Amanda Farmer: No problem at all, it's a pleasure to have you here on the show to talk about what sounds like, at least from that intro, a rather technical issue but something that is touching on the everyday lives of strata residents, strata managers. So I thought it was a good idea to get you on the show and see if you can demystify some of this energy service stuff for us.

Marcus Walker: Yes, thank you, and when you say these rather technical, I think I'm probably ... in that business, I'm probably considered the technical expert on energy and we have got a business development manager, who's Jason Howitt and Jason's role is really often just to filter what I say to our clients and put in plain English and I do try and make it as plain English as possible. Yes, if you want to pull me up if it doesn't make sense, please feel free because I get it every day, specifically from Jason.

Amanda Farmer: No worries, will do. I'm used to that as a lawyer, being accused of using too much jargon and being asked to simplify things. So it'll be nice to be on the other side for a change, making those demands. I shall do.

Marcus Walker: Good.

Amanda Farmer: So Marcus, I'm going to start off by asking you why is it important for people living in strata to understand energy services?

Marcus Walker: Well, I think probably the first thing is people living in strata have to pay through their levies, still have to pay the energy bill that goes into their common area power that drives the lifts or the swimming pool filters, if they have a swimming pool, car park lighting, all those common area power lightings that are basically shared by the individual unitholders. So probably first and foremost, is basically at the end of the day, strata owners are paying for the electricity that's used in the building and what we found is they're often set up by the developer initially, the actual accounts with the energy retailers and then they're just inherited when the owners corporation comes into existence. Oftentimes, no one's ever looked closely at exactly what rates they're on and the rates just get renewed or whatever, just stay often on what we call like a standing offer rate from the energy retailers. It's pretty topical at the moment in the press, with people looking to do royal commissions into the energy retailers and having very complex standing offers and very difficult to compare between the retailers.

So often those bills haven't been looked at and the accounts haven't been looked at and my recommendation would be, first and foremost, is to look or ask, *"Are we currently getting a discount off our standing offer rate? If not, how can we go about getting a better deal?"*

Amanda Farmer: Yes, so you've given us there some really handy rules to use, *"Are we getting a discount off our standing offer rate?"* Is that something that you recommend owners are asking their strata manager or is that for the strata manager to ask the



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energy provider? Who does that question make sense to?

Marcus Walker: Yes, I think as the owners, I think the strata manager is the best person to ask and then the strata managers then will know what's going on and can inform them. And then Strata Energy Services, we work closely with the strata managers and strata management firms and what we can do then is aggregate across all of our clients and then offer that to the retailers and we get a very competitive rate then by being able to aggregate for our clients.

Amanda Farmer: I was about to get into the question of asking you what is it exactly that Strata Energy Services does and you've just helpfully jumped in there for me. So if you can explain, how do you, say from the beginning, how do you get involved, who brings you in and you've mentioned their clients, I'm really interested in who are your clients and how the whole structure of that relationship works? So I'm dumping that on you, over to you, Marcus.

Marcus Walker: So as our clients are generally the strata managers, and the strata management firms and so we can work with strata management firms to help strata managers manage the electricity bills for their clients and that's the owners corporations. So we're asking the question in the first place, have we got a discount? Is probably a critical thing to ask first, and then we will look at what we can do to aggregate that with all the other owners corporations in that strata management firm and then be able to offer that out for a great rate. So we work closely with the strata management firms and strata managers and we're 100% strata focused and we work for strata managers and buildings to meet their energy demands.

Amanda Farmer: So maybe a question for your strata manager is, *"Do you have a relationship with somebody like Strata Energy Services?"*

Marcus Walker: Yes, exactly, yes. So what we find is that when we initially start the relationship, we'll get the bills from all the owners corporations and we can have a look at those and see, a lot of them are on the just the standing offer rate from the retailer, which means that they're just on a \$0.28 rate or \$0.30 rate, whereas in fact they could be getting quite substantial discounts, 28% to 30% type discounts if they can be aggregated in bulk. So there's some significant savings to be made from being able to ask that question and see whether or not there is something happening in that area.

Amanda Farmer: So you then, when you work that out that this building is on the standing offer rate, what do you do then in terms of changing that or improving that?

Marcus Walker: Yes, so we then include that in a bulk offer to the energy retailers. So we have relationships with all the energy retailers and then can offer that to offer an aggregated load to the retailers, which obviously they absolutely want. They see that sort of size number of buildings coming to them at once, that's very attractive and so we've been able to do get significant discounts in the short period of time that we've been ... since, really since October last year.

Amanda Farmer: Okay.

Marcus Walker: That we've been in existence.

Amanda Farmer: So for one strata management company, if they can get all of their buildings together talking to you, you can then be approaching the energy provider and saying, "I've got 150 plus buildings who want to get energy from you, what's your best rate?"

Marcus Walker: Exactly, yes, yes and it's just much more powerful than one individual owners corporation, say, going with their building because they want to see more volume and make it worth the retailer's while to do a good deal.

Amanda Farmer: Very interesting. Are we talking electricity, gas?

Yes, so we're talking electricity, gas. At this stage, they're the 2 main areas, predominantly electricity but we do do gas as well and also get good discounts on gas. So yes, it's both areas.

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Amanda Farmer: Do you do any ... you're communicating with the strata manager, are you talking with owners direct to explain to them what you're doing? Do you need to go to meetings? Are you involved in any decision making processes? Or you're really just dealing with the strata manager and it's their job to convince everybody that this is a good idea?

Marcus Walker: Yes, so it's a bit of both and it varies depending on the situation. So we have had some examples where the treasurer of the owners corporation has had specific questions for example, and has wanted to ask those and the strata manager's contacted us and said, "*Could we please have a phone call with them just to talk through specifics of say what the contract is,*" or questions that they may have around their particular building. So yes, we're very happy to help our customers in any way that we can. So it varies from just individual strata managers and depending on the situation. But yes, our role is to work with our clients, our strata management firms, strata managers, and at the end of the day, the client, so the owners corporation. So yes, we will do what we need to to answer questions.

Amanda Farmer: I'm always interested to know when people come from other professions, industries, sectors that are not strata and then come into strata, how much exposure you have to the day to day of strata living, meetings and it's just interesting to get people's perspectives on this often misunderstood, not well understood, surprising world of strata.

Marcus Walker: You've summed it up really well I think. I'm new to strata in that I joined Strata Energy Services in January and my background obviously's in energy retail, with an energy retailer. I also had some consulting experience last year, dealing with large corporate clients like the ASX 100 clients and when I was approached to say, "*Do you want to come and get involved with strata on the energy side?*" I thought, "*I don't really know too much about strata.*" But then when I've actually got involved in it now, it's just been so rewarding because what's been happening at the big end of town, with the consultants looking to optimise the rates of big corporations in Australia, what we can do is translate that now down to strata, to the owners corporations and do exactly what we've been doing there previously with strata now. That's an area that I've just found it's unknown but very, very interesting and has got some significant ... obviously, a lot of buildings in Australia are under strata.

So yes, it's a significant opportunity, not just so much Amanda even just what we're talking initially, about procurement, but that's just the initial part of our business and then what we look at is further on, obviously the whole journey then around are the customer ... are they on the right rate? Could they look to move to a different tariff for example? Have they been put on the wrong tariff, are there savings for that? Are there opportunities in demand management? Are they getting power factor correction opportunities? Which would mean that they're using too much power and could have some equipment installed to reduce that consumption?

Other examples are, could they look to putting in energy-efficient lighting or solar? Or looking at that whole journey of reducing energy bills and cutting costs is part of being involved and that's why I like strata because there is that ongoing relationship with the owners corporation. It's not just coming in and doing a procurement for the owners corporation. It's then, once we're involved, then we can look at the bills and see very easily where the opportunities are, where they've been put on the wrong tariff and where there can be savings from that. I think that's the rewarding part, is that it really hasn't been probably looked at previously and so yes, we're finding ... we're busy.

Amanda Farmer: And making a big difference. Something that people haven't wanted to look at, not understood, not realised they could look at or change. I imagine the bottom line can be impacted significantly once you guys have gone in and done this audit, really. That brings me to my next question, you probably have some case studies, some buildings, some managers that you've worked with-

Marcus Walker: We do.

Amanda Farmer: Did you want to fill us in on some results that you've been seeing for your clients?

Marcus Walker: Yes, I'd love to and I think good example is one building that we're working within Kogarah. They have done a procurement with us, so like I say, that's the initial stage and then because we now have access and visibility of their bills and can see what's going on with that particular building, it was very quickly obvious that they were on the wrong tariff. So once again, I

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think when the building was initially set up from the developer, probably maybe using more power at that stage in the development and then when it just becomes the lights and car park lighting, it's not as much. So the actual tariff that it was set up was wrong and by changing that, we're able to save them close to \$4,000 a year. This building in Kogarah's currently spends \$27,000. So \$4,000 is quite a significant saving just from a wrong tariff-

Amanda Farmer: Yes, absolutely.

Marcus Walker: ... which had never probably been ... never picked up and was quite clear to us that, yes, that was something that we were able to change.

Amanda Farmer: Excellent.

Marcus Walker: The other thing with them too is that we've always looked at their metering contract that they had in place, which probably people wouldn't ever really notice on a bill because it doesn't stand out too much, but in fact, this building was paying \$4,000 a year for a meter whereas we've been able to save them over \$3,000. So our metering costs are under \$1,000. So we've been able to knock off another \$3,000 off their bill just by changing a metering contract that they're under. Same meter, no changes, so it's just basically being able to offer them a better deal. That's where we're transparent with our rates, in that we will come in, say, "Yes, we can see this has been charged too much, this is what our rate is." So we've been able to save them, off a \$27,000 bill, \$7,000 just on those 2 areas straight away, which is ... you think, "Okay, that was good."

Amanda Farmer: And what they can do with that money, they might have a common area where they could set up a nice shared space with some furniture or some play equipment for kids, or just wonderful things you could do with that extra money in the bank.

Marcus Walker: Yes, \$7,000 is a lot of money, yes exactly, very much so.

Amanda Farmer: And you've mentioned there, Marcus, a couple of times, working with new buildings, does the same theory apply to older buildings? Say our 30, 40-year-old buildings?

Marcus Walker: Yes, which I'm actually living in one myself in Sydney and once again, they're the opportunities, particularly with the older buildings, a lot of them are opportunity for lighting, energy efficiency upgrades. So they've got their older fluorescent lights and can be replaced with LED lighting. Because that technology is now come on so quickly and so well, what we're finding is the payback's for those less than say 1.5 years, for an upgrade to LED lighting.

Amanda Farmer: That's big.

Marcus Walker: So that's \$7,000 for that building in Kogarah will go towards, say, lighting, energy efficiency and upgrade to LED lighting and then they could be using that towards that. Those paybacks are very attractive at 1 1/2 years. So yes, starting to get to that point where what we're now seeing is owners corporations are saying, "Actually, yes, we would like to do that because that'll then just have an ongoing saving for us." If any of the lights go within 5 years, there's a guarantee replacement, so there's a 5-year warranty on any lighting failure, which is very worthwhile when you're looking at costs. They know that, yes it will be for five years, those lights will work.

Amanda Farmer: We talk about this and it all sounds like a fabulous idea and we're excited and there's things that we'd love to do in our own buildings, do you have people who are just not on that train? Who just say, "This is a waste of time, not interested." How do you deal with push back when you're talking to managers, or you're talking to buildings? What are the objections and how do you resolve those?

Marcus Walker: Yes, that's a good question Amanda and having had experience with dealing with corporations and finance directors of large companies, they push back, pretty much their general response is no and they will work from there. With the owners corporation, I think the situation is generally we've found an overwhelmingly good response to ... they want the savings. So

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if we can put a business case to them that says, "We're going to offer you a significant discount on your current rate." There's been just a huge response to say, "Yes please." Once again, if we can provide savings that don't involve any cost, like the tariff optimisation, which just means we will work with the network to get the tariff reviewed and get it put on the correct tariff, that's a thing that doesn't actually cost anything in terms of outlay for the owners corporation but the savings are there. So once again, it's been obviously very good response from that. So those are the low cost, big impact things that we're looking to focus on so that we're optimising results for our clients and getting them where they really want to be seen, where they want us to focus.

Amanda Farmer: So it's really that ... baby steps if you like. Let's get some quick wins on the board, get the car running and pushed down the hill and then once we've got some momentum, start adding in these larger projects in terms of upgrades and looking at the lighting as you suggested. So that's a good tip to get those quick wins, looking at tariffs, get them on the board and that's how you get your support.

Marcus Walker: The other thing too, Amanda, is that with strata in particular, because the lights are often on all the time, particularly in car parks, fire stairs, so there's a real opportunity to look at what we call time of use pricing, which is where you can actually get a meter that records when the energy's being used rather than just having a one rate for all the day, 24 hours a day. So you can get a peaked shoulder, off-peak type price. Obviously, the off-peak prices are a lot lower.

With strata, when the lights are on 24 hours a day, they really will benefit from moving to a time of use type tariff. So there's some real opportunities with strata to look at if they are using a lot of power in the off-peak periods, then we can look at a business case to say, "This would make sense for you to look at changing over to time of use pricing."

Amanda Farmer: Excellent.

Marcus Walker: Which is significant savings once again, thousands of dollars on a, say \$27,000 bill, the savings could be over say, \$1,500 to \$2,000 just to change to time of use. So that's a simple change, may involve a \$250 metering fee to change that over but to save \$1,500 to \$2,000 is just ... hopefully, that's where we find we don't get any pushback from it. That's the sort of thing we're looking to focus on.

Amanda Farmer: Sounds like a good idea to me. I'm sure we've got lots of excited listeners who are thinking, "Wow, how do I get this going?" What would you suggest is the one thing that they do after listening to this episode to find out more? To get this idea planted with their strata manager or their committee? What's their next step?

Marcus Walker: Yes, I think number one first is, I would ask the strata manager, "What am I getting? Am I getting a good rate on my electricity? Is the common area getting a discount?" And just see if a response comes back on that. That's probably the first thing to ask.

Amanda Farmer: And if the response is, "How would I know?"

Marcus Walker: Yes exactly, exactly, then you know that you can certainly speak to us at Strata Energy Services and we'd be very happy to work with you and help you on that whole journey of starting the savings on the procurement and then working our way through all of those power optimisations and really optimising the bill for you and getting the cost down as much as possible.

Amanda Farmer: Excellent.

Marcus Walker: That's what we see as our role.

Amanda Farmer: And I will, before we wrap up, I will get from you your contact details to the website and where you suggest listeners go to find out more. But right now we're going to jump into the book question. I did give you a little warning if you've had a chance to think about it? What books have had the greatest impact on you, Marcus, and why?



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Marcus Walker: Actually I have got a book which is called Fostering Sustainable Behaviour-

Amanda Farmer: Sounds fascinating Marcus.

Marcus Walker: ... don't know if you can see that? It's actually an introduction to community-based social marketing-

Amanda Farmer: OMG.

Marcus Walker: ... and it's written by a Canadian PhD so there's a lot of energy information in here just particularly around opportunities to save energy without having to actually spend any money-

Amanda Farmer: Ah, there we go.

Marcus Walker: ... just behavioural changes or ... which is obviously a big winner.

Amanda Farmer: Now, for those who are listening to this rather than watching, I'm just going to say that Marcus is holding up this book which I have to say looks like the cover could be more engaging. That's why I'm laughing. That's why I'm laughing, it looks like a textbook that I might have had in my 4th year of law school.

Marcus Walker: Yes, yes, it's probably not a ... it's good bedtime reading and ... but yes.

Amanda Farmer: Maybe for you, Marcus.

Marcus Walker: It's written quite well and he does have some interesting comments, like ... I just opened it up even this morning as we were talking about it and they were talking about just simple things like with older buildings, just looking at how we can reduce ... in Canada for example, reduce energy bills by just closing the blinds at night time, so that it just reduces the heat loss out of the windows.

Amanda Farmer: Fair enough.

Marcus Walker: And ways to ... obviously, that seems like a zero cost thing to do and just to change people's behaviour and just ask them before they leave in the evening, could they just close the blinds? They just found that when they initially went round, there was probably about 10% of people that were actually closing the blinds at night but if they send out a message from the CEO and then also ask them to close the blinds at night, and then if people didn't do it, the cleaners put a note on their door to say, "*Could you please close the blinds?*" They found that increased it up to like 65, 70% take-up rate. So that's the sort of thing where ... obviously, on my previous experience in energy efficiency with the retail businesses was similar. We were looking to cut our costs. Where I was working for Country Energy, looking to costs as much as possible without having to spend money. So what ways could we engage with our employees to help them to reduce their energy consumption?

Marcus Walker: Yes and I think this book was quite inspiring for me so I thought I'd just share that with you, Amanda.

Amanda Farmer: Thank you very much for sharing. I will make sure that there is a link to that book in the show notes. I don't know if it ... is it available on Amazon or Book Depository? If anybody would like to get their hands on it, we'll find that link.

Marcus Walker: I'm sure it would be.

Amanda Farmer: And that is what I love about strata. Borrowing from other sectors, from other people's experience and applying it to an area, as we said, that is just fast growing and what we can do in this space is so impactful because it's people's lives. It's every day, it's where they're living, the place that they're investing, particularly in Australia, it's where we've got a lot of, lot of money and to be able to go in and bring ideas that have been successful in other areas and bring them to strata. I think it's just

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really cool and I'm always excited to see what's next.

Marcus Walker: I agree. I agree, well played.

Amanda Farmer: Now Marcus, we're about to wrap up so do let us know how our listeners can find out more about you and Strata Energy Services and anything that you'd like to add.

Marcus Walker: yes, thank you. So strataenergyservices.com.au is our website and our number to call is 1300-060-111. We'd love to hear from you and let us know how we can help support your business. So we'd be very pleased to work with you.

Amanda Farmer: Excellent and you were connected to me by a strata manager who has been very happy with the services that you've been providing, so sounds like you're doing great work and keep it up. Sounds like we're lucky to have you.

Marcus Walker: Thank you very much, Amanda. Thanks for opportunity. That was lovely to talk to you.

Amanda Farmer: Thanks, Marcus.

Outro: Thank you for listening to Your Strata Property, the podcast which consistently delivers to property owners reliable and accurate information about their strata property. You can access all the information below this episode via the show notes at www.yourstrataproperty.com.au. You can also ask questions in the comments section, which Amanda will answer in her upcoming episodes. How can Amanda help you today?