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AUSTRALIAN ENERGY MARKET OPERATOR

Summer 2019/20 Market Review

March 2020

Key Messages for Summer[1] 2019/20

- Gas prices were significantly down compared to summer 2018/19
  - Average $6.23/GJ, down ~$3.71/GJ
  - Decrease coinciding with low international gas prices and increased QLD and NT supply
  - Northern prices continue to be lower than the south, but not as steep as previously seen
- Demand
  - Non GPG demand was slightly higher (+0.7 PJ)
  - GPG demand was lower (-3.4 PJ)
  - QLD LNG demand was up 11.6 PJ. Record flow to Curtis Island of 4,072 TJ on 26 December
- Supply was higher
  - All Vic production was down however; Longford down 6.2 PJ, Otway 3 PJ, Minerva 3 PJ (decommissioned September 2019)
  - LNG production was up 14.3 PJ
  - NGP contributed 5.2 PJ to east coast supply
  - With gas from NT supplying Mt Isa, QLD supplied more gas to the southern states
  - Esso and BHP continued to offer gas throughout Summer
- Day Ahead Auction continues to be used; GSH increased slightly, with volumes picking up from mid January

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[1] *Summer = Dec to Feb*

Gas Market Prices

	Average Price ($/GJ)		Movement
	Summer 2019/20	Summer 2018/19	
DWGM	6.34	9.79	35% ▼
ADL STTM	6.91	10.42	34% ▼
SYD STTM	6.27	10.32	39% ▼
BRI STTM	5.69	9.73	41% ▼
GSH	5.91	9.46	37% ▼

- Price separation between Queensland and the southern markets continued, however the gap has narrowed
- All markets saw significant price decreases; Adelaide remains the highest priced market
- Price decreases influenced by lower international gas prices

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System Demand

Demand Region	System Demand (PJ)				Max Demand (TJ)
	2019/20	2018/19	Move		2019/20
Brisbane	5.4	6.7	20%	▼	85
Sydney	16.5	17.4	5%	▼	212
Victoria	28.1	25.3	11%	▲	648
Adelaide	3.5	3.4	3%	▲	54
Domestic Total	53.5	52.8	1%	▲	
QLD LNG	342.4	330.7	4%	▲	4,072

- Higher demand in Victoria and Adelaide mainly due to a few cooler days leading to some slight heating demand
- Brisbane and Sydney decreases due to lower industrial demand
- QLD LNG increased, however production also increased

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* EDD for DWGM/VIC

GPG

Demand Region	Total State GPG (PJ)			DWGM/STTM GPG (PJ)		
	2019/20	2018/19	Move	2019/20	2018/19	Move
QLD	13	12.9	1% ▲	3.1	2.7	16% ▲
NSW	2.5	3.3	24% ▼	0.2	0.1	64% ▲
VIC	5.6	8.2	32% ▼	1.9	4	53% ▼
SA	13.5	12.6	7% ▲	-	-	-
TAS	0.2	1.3	86% ▼	-	-	-
∑GPG	34.8	38.2	9% ▼	5.2	6.8	24% ▼

- GPG demand down overall, only significant increase in SA
- Contributing factor in SA was loss of Heywood interconnector resulting in directions to GPG units
- Mortlake accounted for 63% of VIC GPG demand compared to 43% in 2018/19

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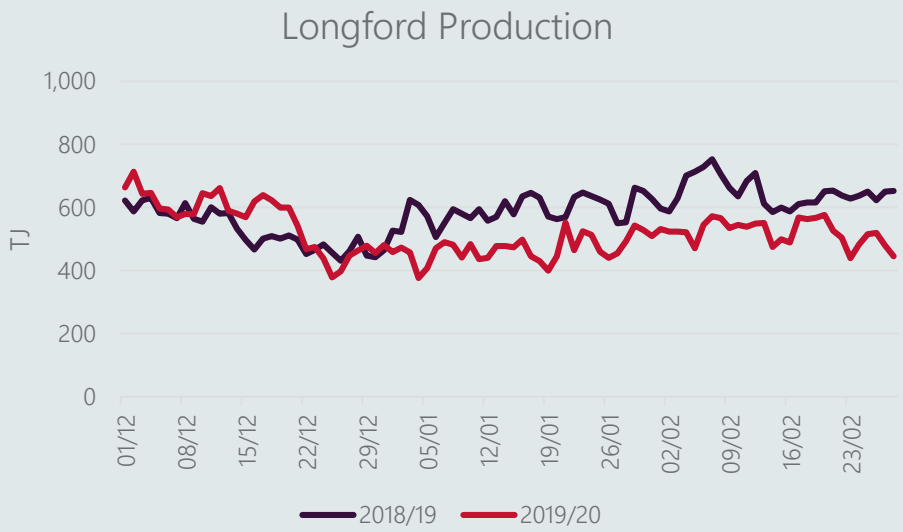
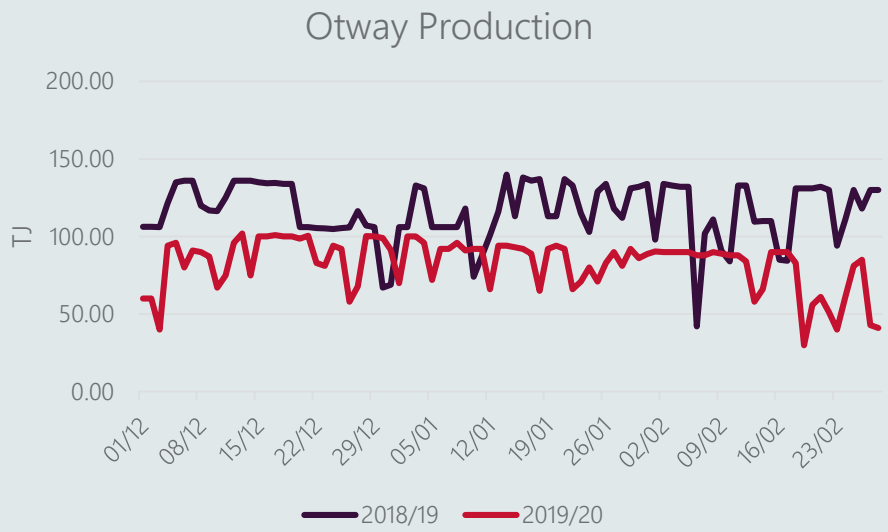
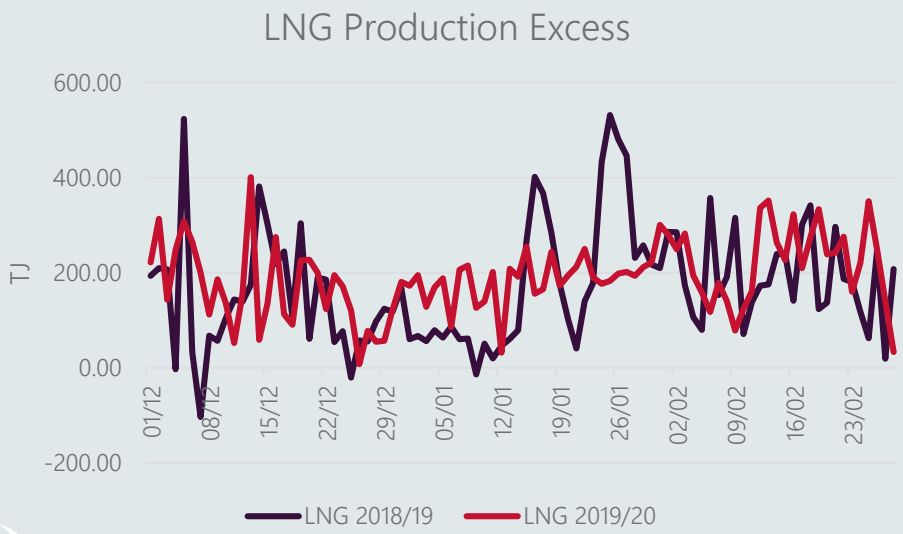
Supply







- Longford production lower (-6.3 PJ)
- Otway and Bass Gas production lower (-3.4 PJ)
- LNG production excess to the domestic market higher (+1.8 PJ)
- Northern Territory supplied 5.3 PJ

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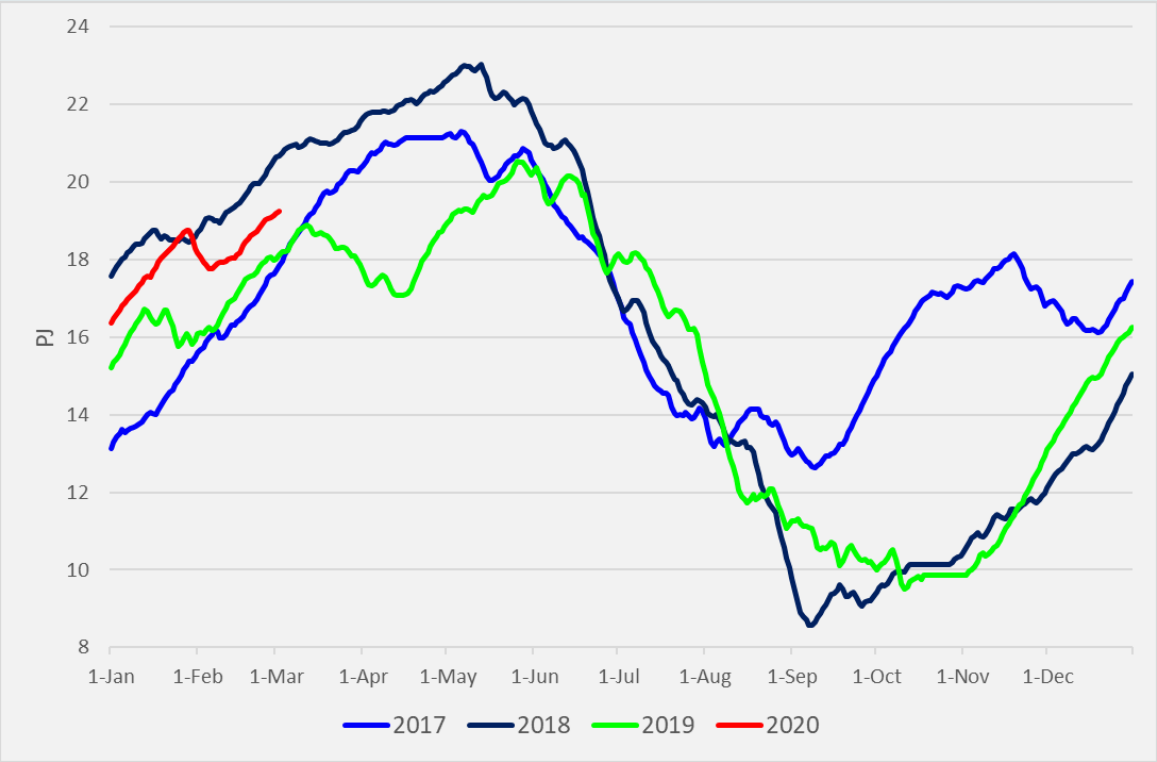
Iona Gas Storage



- Iona has been filling for most of the period, but was used heavily for supply from late January/early February during a high NEM demand period
- Iona contains 1.2 PJ more than at the end of Summer 2019

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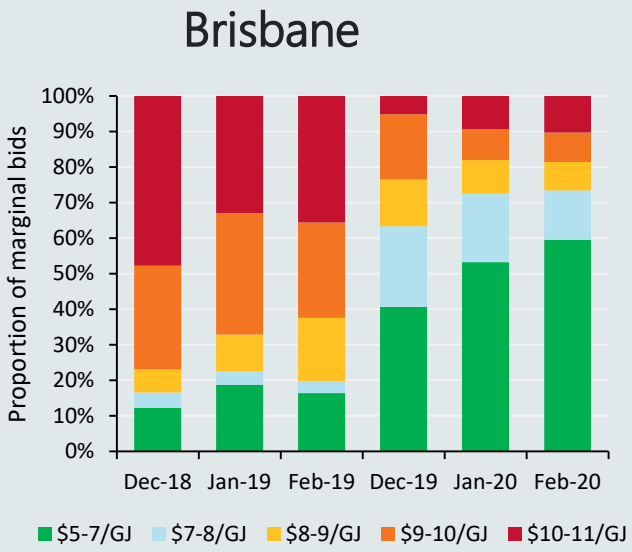
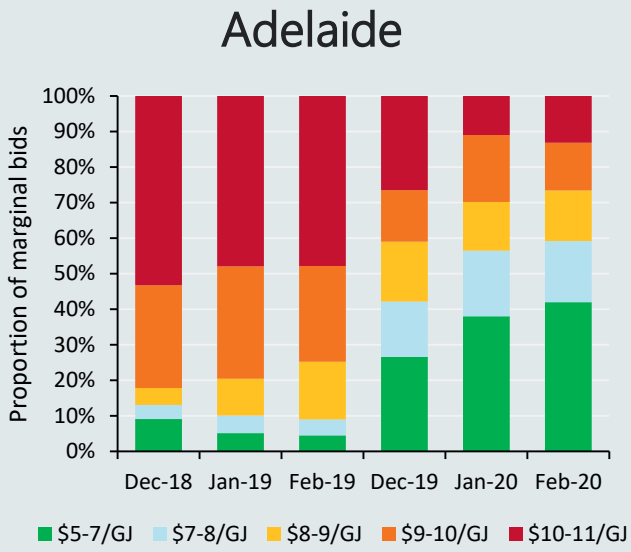
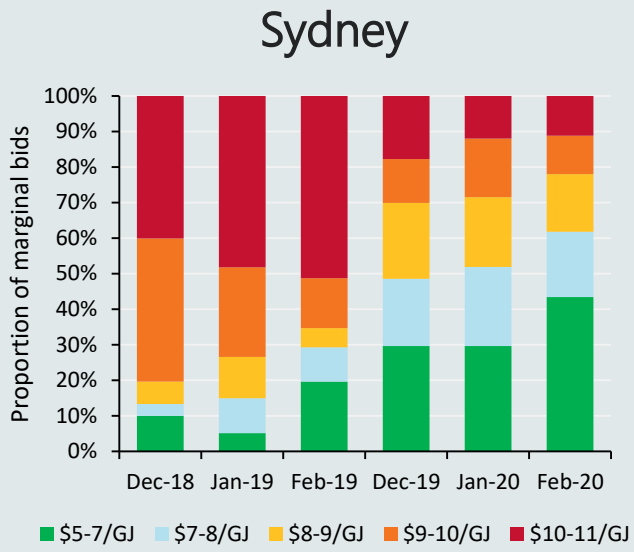
DWGM Marginal Injection Bids

- Lower 2019/20 prices influenced by large increase in marginal bids priced between $5-8 across all months

STTM Marginal Injection Bids

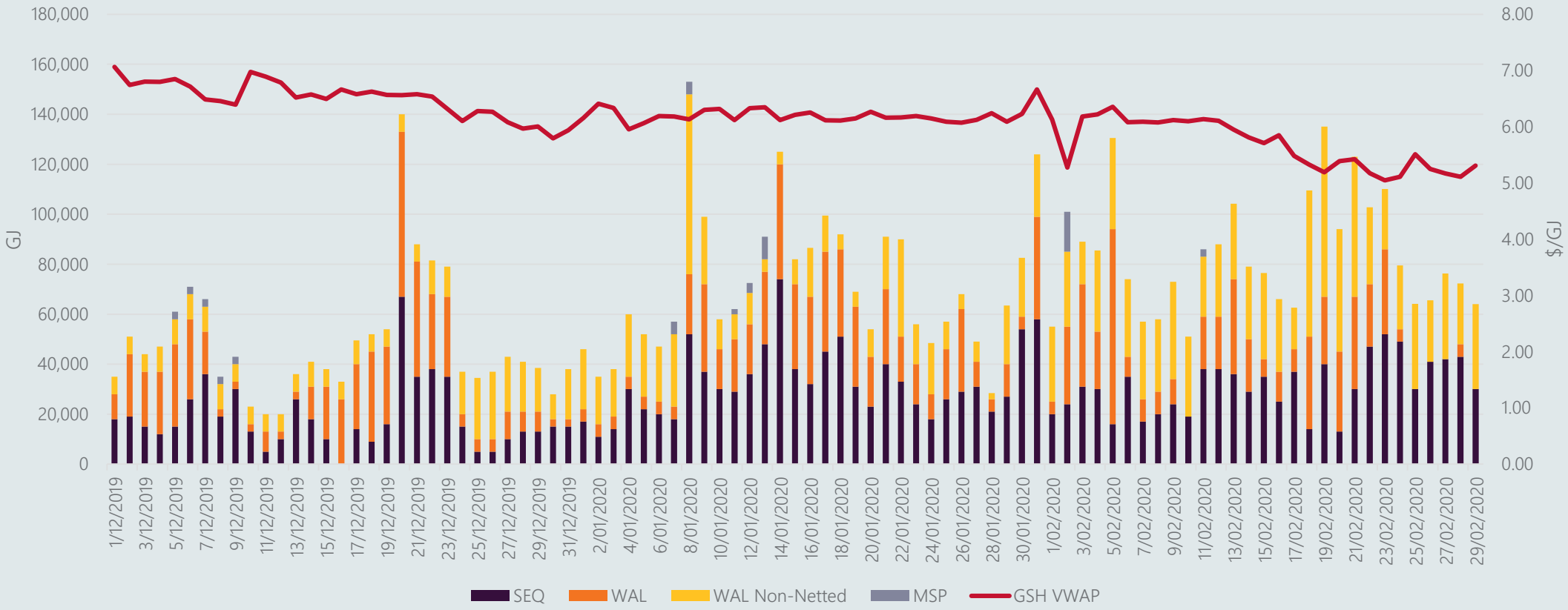






- All hubs have seen substantial shift in volumes priced below $7
- February in particular has seen a further marked shift to lower price bands

Gas Supply Hub



- 6.2 PJ was traded and delivered across summer, compared to 5.9 PJ in 2018/19
- Volumes increased from second week of January

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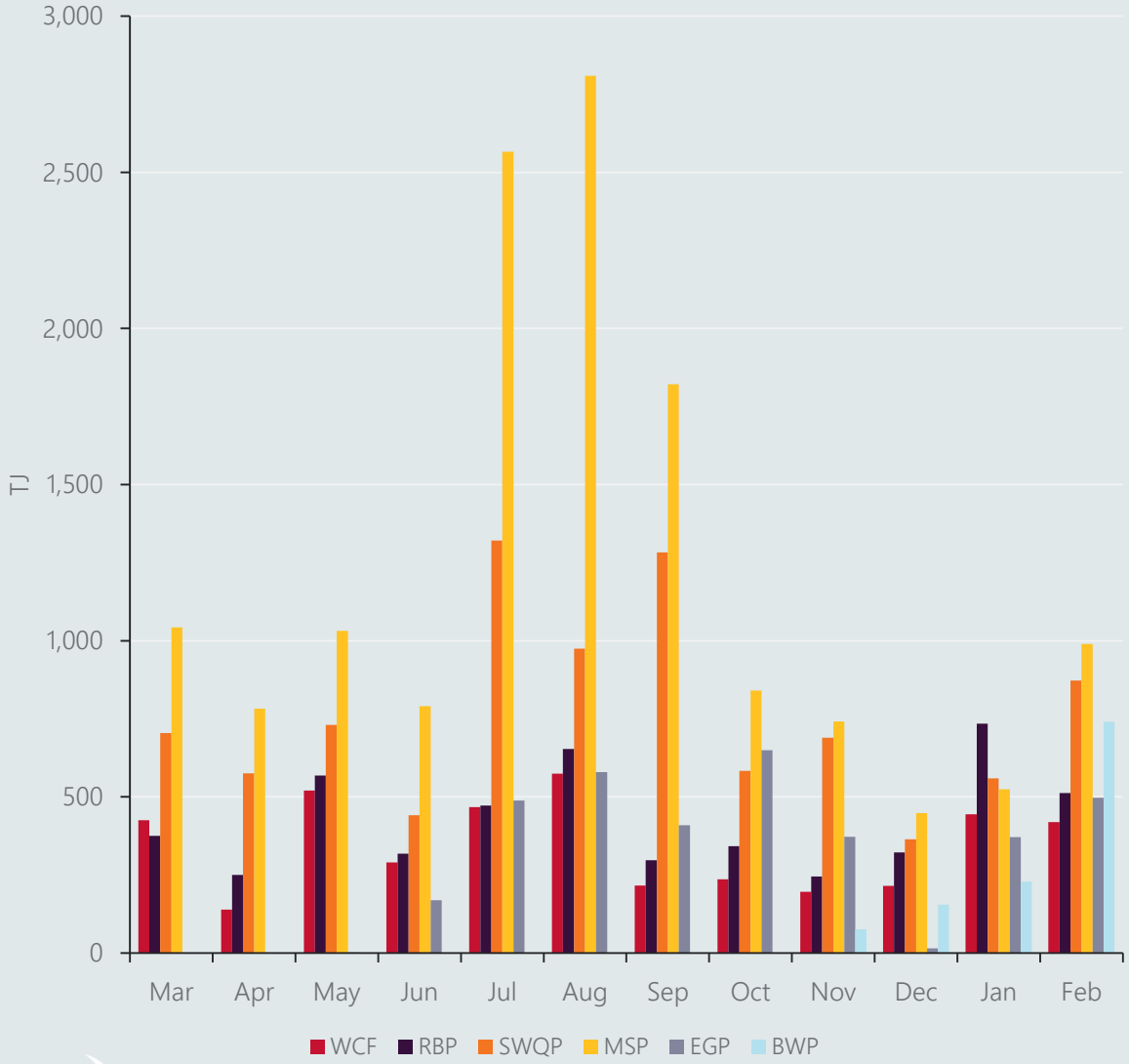
Day Ahead Auction Results



Summary

A MSP continues to be the most utilised pipeline, though RBP had a strong January, and BWP usage has grown rapidly

B Average auction clearing prices continue to be zero on most days on MSP and SWQP; on RBP price has averaged $0.05/GJ

C 1 CTP trade occurred in February

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Adelaide STTM Allocation Issue

- January Adelaide STTM Allocations
  - A shipper incorrectly entered, and Epic confirmed, a contract on the MAP resulting in forward haul being assigned to backhaul
  - As the gas should have been allocated to forward haul, the pipeline allocation for MAP (for this contract) was reduced by the volume twice
  - Network allocations are scaled based on the net allocation to the hub, in this case giving the appearance that the demand was much lower on some days
  - This lower net flow quantity to the hub resulted in deviations and a lower ex-post price
  - Participants may have used MSV's to trade out of deviations
  - Epic corrected the issue by 22 January
  - The deviations would have corrected themselves with the updated allocations, with the exception of participants who may have entered into MSV's could be worse off as a result
- Reminder
  - It is important for Participants to have adequate checks in place to validate information, when entering and confirming contract details - given the critical nature these play in AEMO systems
    - Contract holders must keep the information up to date
    - Contract issuers must confirm or reject the information
  - The STTM Web Exchanger User Guide should be used, and Participants can contact AEMO's Support Hub to request assistance. Detailed processes are also outlined in the Technical Guide to the STTM
  - It is important for both the contract holders and contract issuers to be vigilant with the information when entering into AEMO's systems, as AEMO has limited ability to validate the information that is contained within a commercial contract

Web Links

Pipeline Flows, Production Flows, Capacity and GPG Data

https://www.aemo.com.au/energy-systems/gas/gas-bulletin-board-gbb/data-portal

DWGM

Gas Held in Storage

https://www.aemo.com.au/energy-systems/gas/gas-bulletin-board-gbb/data-portal

Market Price (INT310), Bid Stack (INT314)

https://aemo.com.au/energy-systems/gas/declared-wholesale-gas-market-dwgm/data-dwgm/daily-dwgm-reports

STTM

Ex-Ante Market Price (INT651) & Schedule Quantity (INT652)

https://aemo.com.au/energy-systems/gas/short-term-trading-market-sttm/data-sttm/daily-sttm-reports

Gas Supply Hub

Traded Volume and Volume Weighted Average Price

http://nemweb.com.au/Reports/Current/GSH/GSH_Historical_Trans_Summary/