AEMO
AUSTRALIAN ENERGY MARKET OPERATOR

Winter 2019 Market Review

September 2019

Key Messages for Winter[1] 2019

- Winter 2019 was milder than normal but generally in line with winter 2018
- Demand
  - Non GPG demand was slightly lower at 120 PJ
  - GPG demand was higher due to increased coal outages
  - LNG demand was up 16 PJ
- Supply was generally higher
  - Vic production was flat but Longford was up 4 PJ
  - LNG production was up 14 PJ driven by Woleebee Creek up 11 PJ
  - NGP came online contributing 6.3 PJ to east coast supply
  - Esso and BHP were offering gas through most of winter
- Gas prices were down
  - Average $8.63/GJ, down ~$0.80/GJ
  - Separation between north and southern prices
- Increasing use of new Day Ahead Auction and GSH hit record levels

AEMO
AUSTRALIAN ENERGY MARKET OPERATOR

[1] *Winter = Jun to Aug*

Gas Market Prices

	Average Price ($/GJ)		Movement
	Winter 2019	Winter 2018	
DWGM	8.85	9.39	6% ▼
ADL STTM	9.54	9.30	3% ▲
SYD STTM	8.75	9.44	7% ▼
BRI STTM	7.78	9.70	20% ▼
GSH	8.24	9.24	11% ▼

- Price separation between Queensland and the southern markets that appeared in 2017 has re-emerged
- All markets except Adelaide saw price decreases. Adelaide price influenced by higher demand for GPG, particularly in June

AEMO
AUSTRALIAN ENERGY MARKET OPERATOR

System Demand

Demand Region	System Demand (PJ)				Max Demand (TJ)	HDD and EDD*			
	2019	2018	Move		2019	2019	2018	Move	
Brisbane	8	8	1%	▼	137	268	235	14%	▲
Sydney	25	25	2%	▼	331	497	539	8%	▼
Victoria	80	82	2%	▼	1,303	845	879	4%	▼
Adelaide	7	7	1%	▼	100	576	541	6%	▲
Tasmania	-	-	-		-	786	805	2%	▼
QLD LNG	318	302	5%	▲	3,704	-	-		

- Milder weather in Sydney and Victoria led to slightly lower demand
- Adelaide demand decreased despite an increase in HDD's
- QLNG LNG increased, however production also increased

AEMO AUSTRALIAN ENERGY MARKET OPERATOR

* EDD for DWGM/VIC

GPG

AEMO
AUSTRALIAN ENERGY MARKET OPERATOR

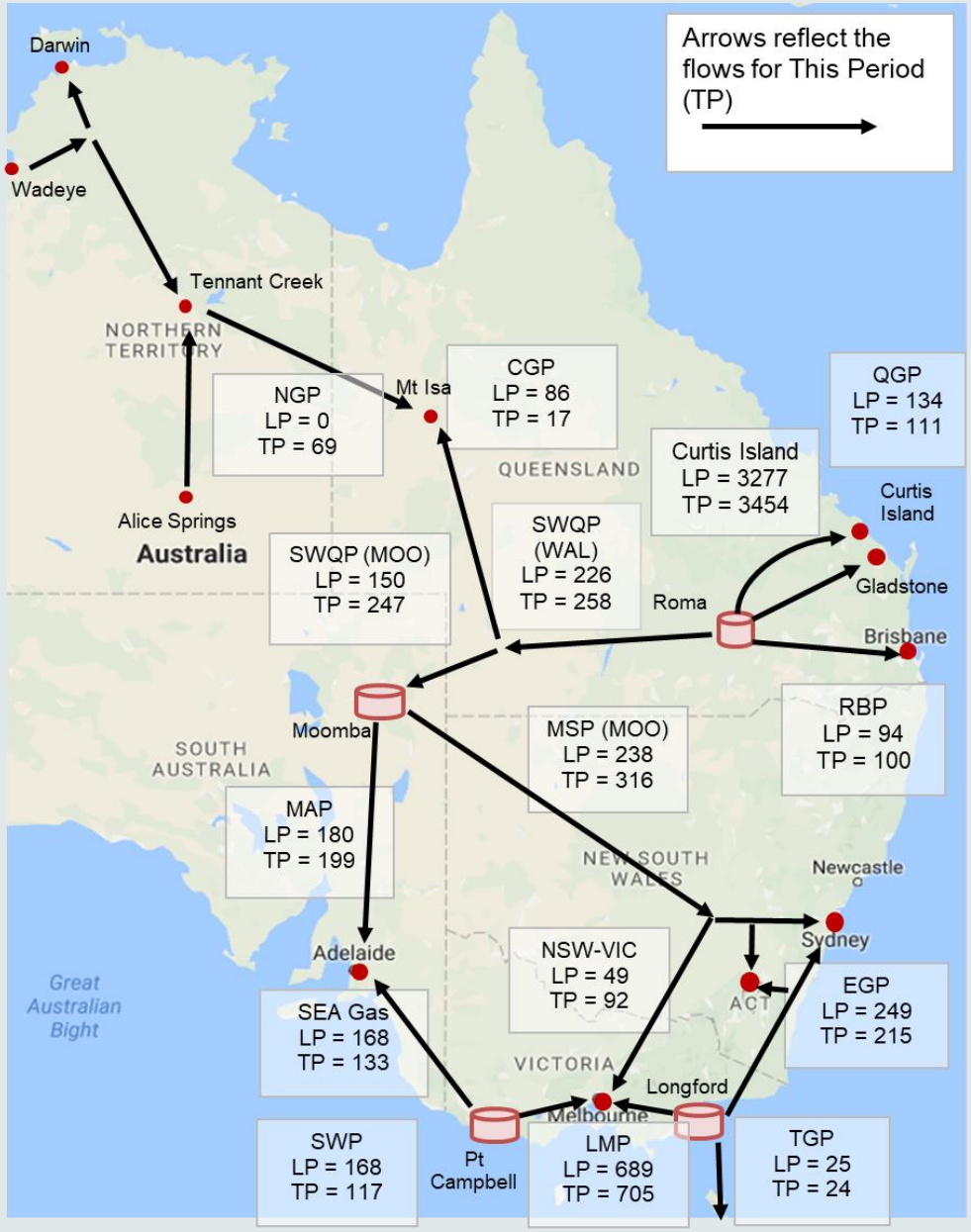
GPG

Demand Region	GPG (PJ)		
	2019	2018	Move
QLD	11	10	4% ▲
NSW	5	4	30% ▲
VIC	10	6	60% ▲
SA	19	16	16% ▲
TAS	0.7	0.3	122% ▲
∑GPG	45	37	23% ▲

- Increase in GPG demand in all regions
- Contributing factor in Victoria was a decrease in output from Loy Yang A and Yallourn Power Stations compared to 2018

Pipeline Flows

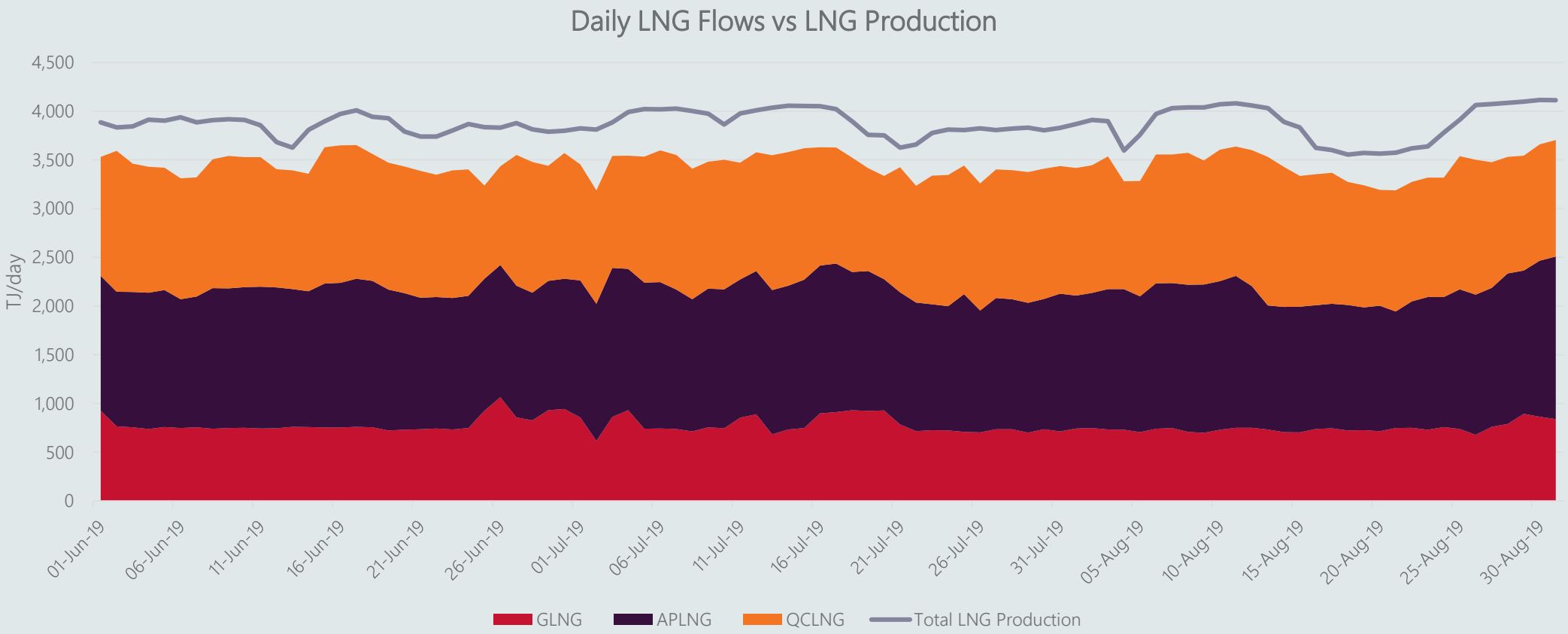
Pipeline Flows



- Victorian net gas exports decreased due to an increase in Victorian demand, flat production and less gas from Iona storage.
- NGP displaced supply from CGP, effectively freeing up more volume to flow south from Wallumbilla to Moomba.
- This led to an increase MAP and MSP flows, and a decrease in SEA Gas and EGP flows.

Supply

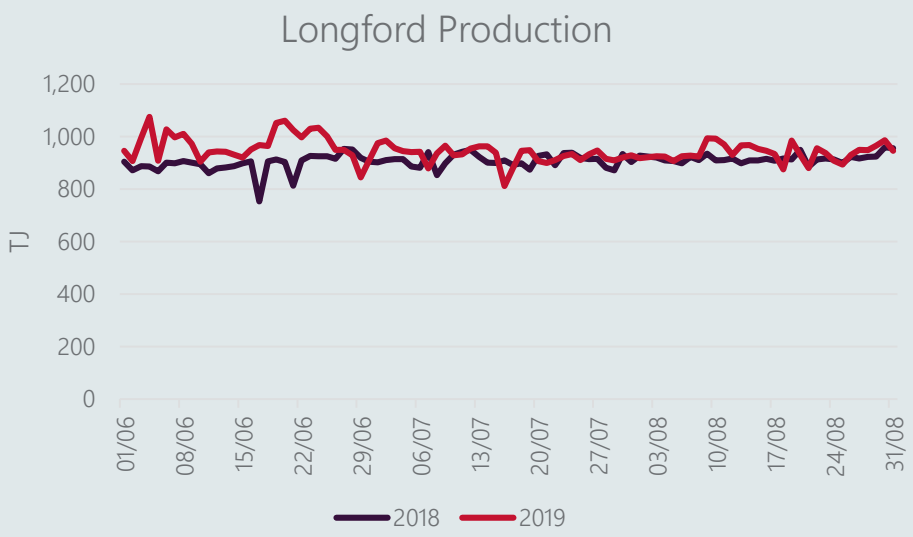
LNG Supply and Demand

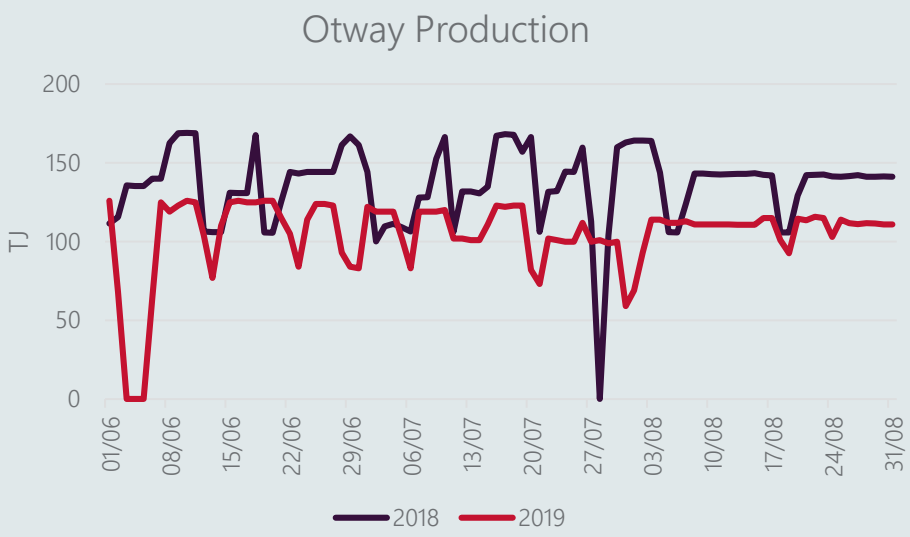


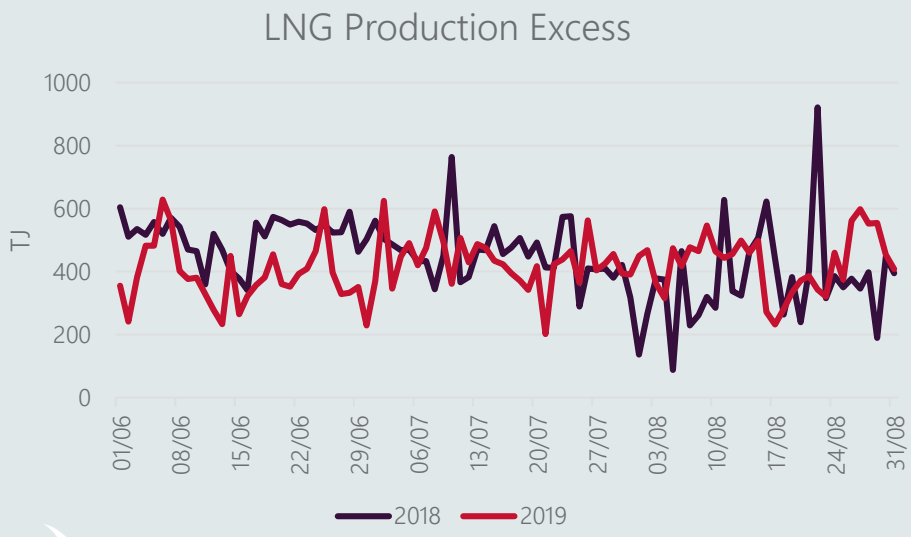
- All LNG pipeline flows increased compared to 2018 (up 16 PJ)
- Total production also increased but not the same extent (up 14 PJ)
  - Difference between Production and Flows (excess) is supplied to domestic market

AEMO
AUSTRALIAN ENERGY MARKET OPERATOR

Supply





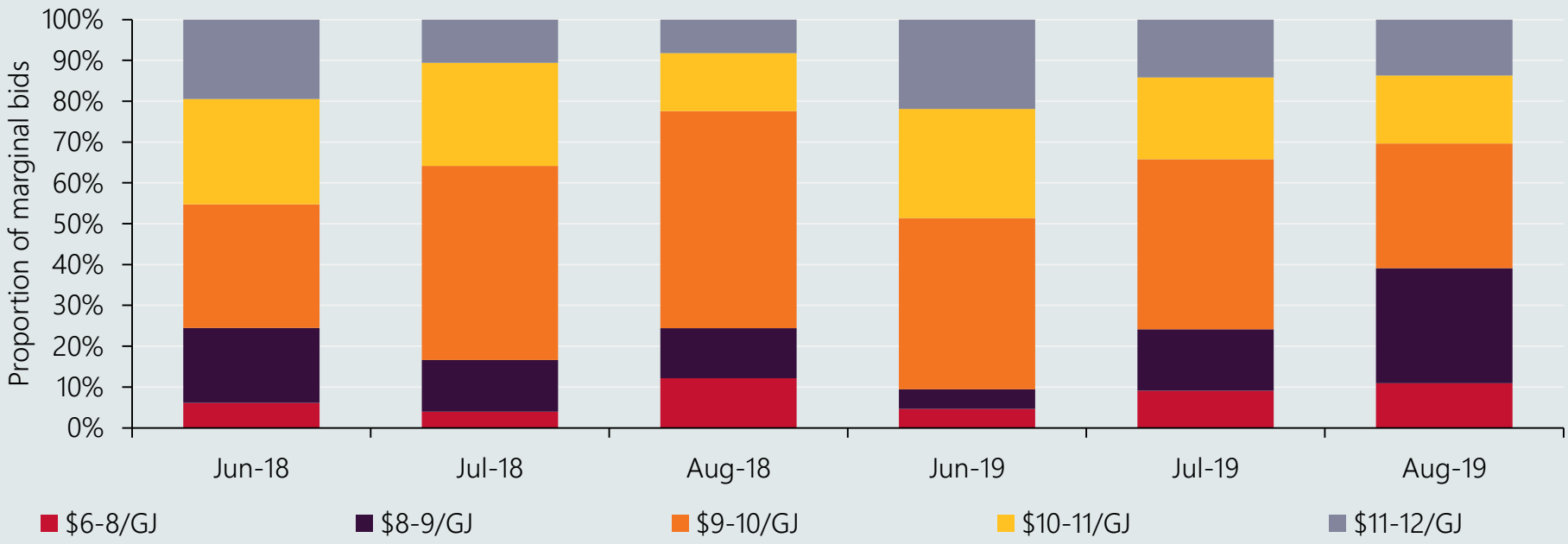


- Longford and Minerva production higher
- Otway and Bass Gas production lower
- Less production from LNG exporters has been made available to the domestic market

AEMO
AUSTRALIAN ENERGY MARKET OPERATOR

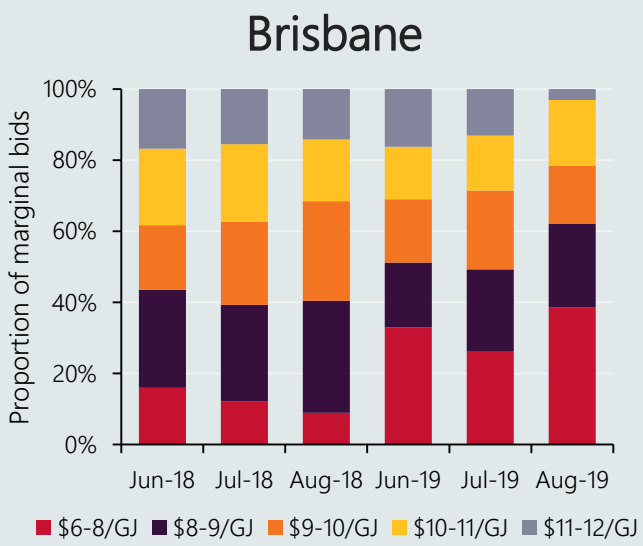
Marginal Bids

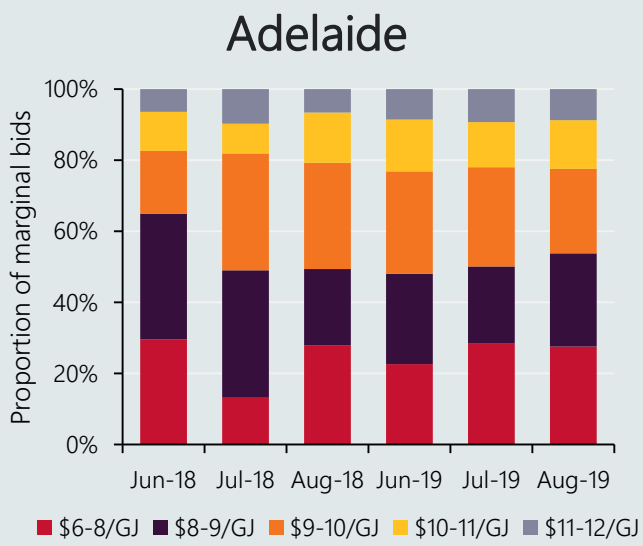
DWGM Marginal Injection Bids

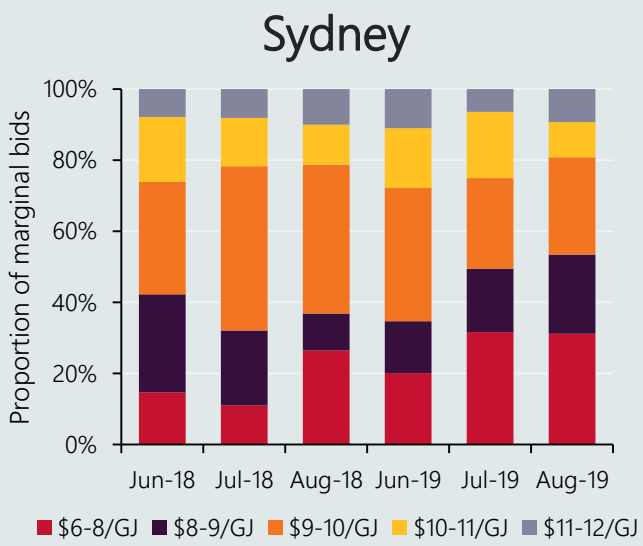


- Lower 2019 prices influenced by large increase in marginal bids priced between $8-9 in August 2019

STTM Marginal Injection Bids



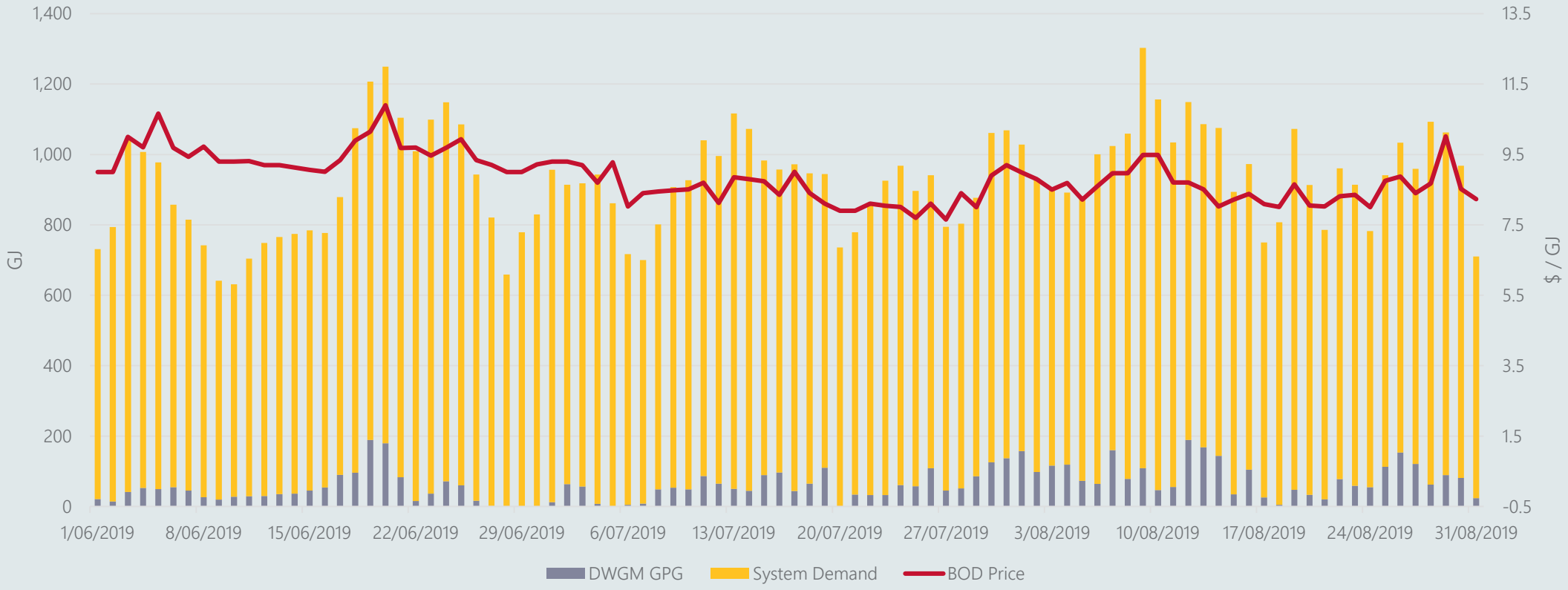




- Brisbane has had a higher proportion of marginal bids less than $8/GJ
- As winter has progressed marginal bid prices have started to decrease

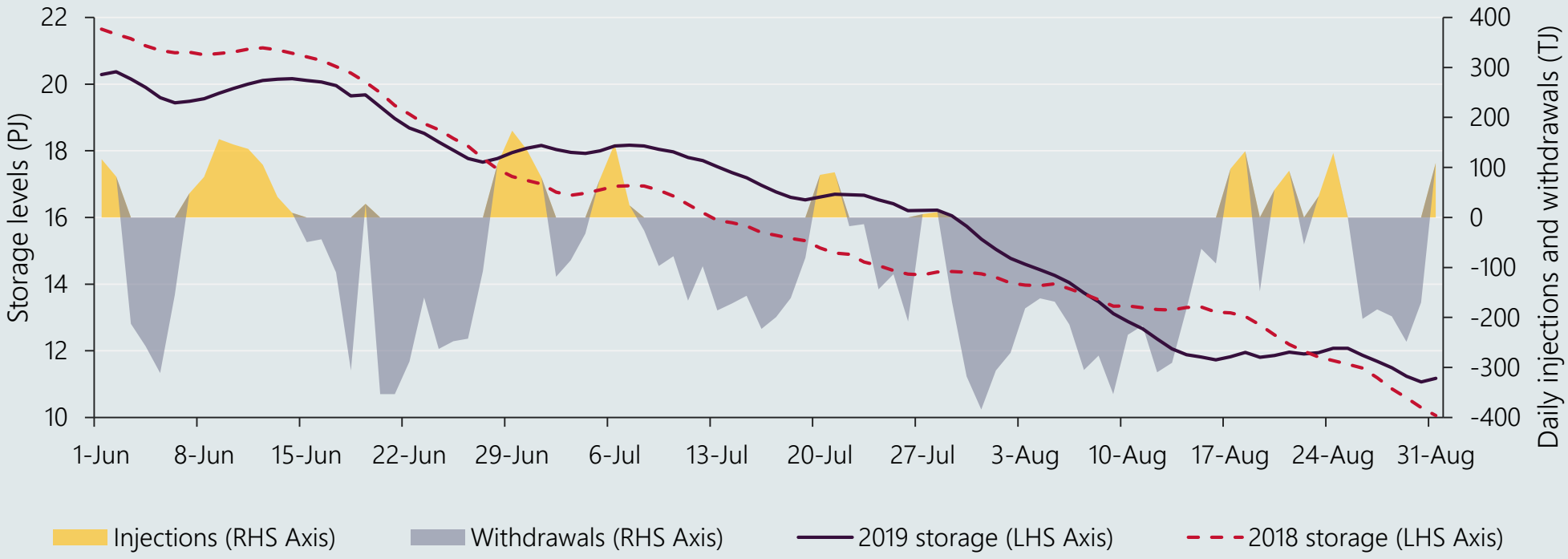
Declared Wholesale Gas Market

DWGM



- Average beginning-of-day (BOD) price was $8.85/GJ, a 6% decrease on 2018, despite an increase in demand
- Highest ever DWGM demand day on 9 August of 1,303 TJ

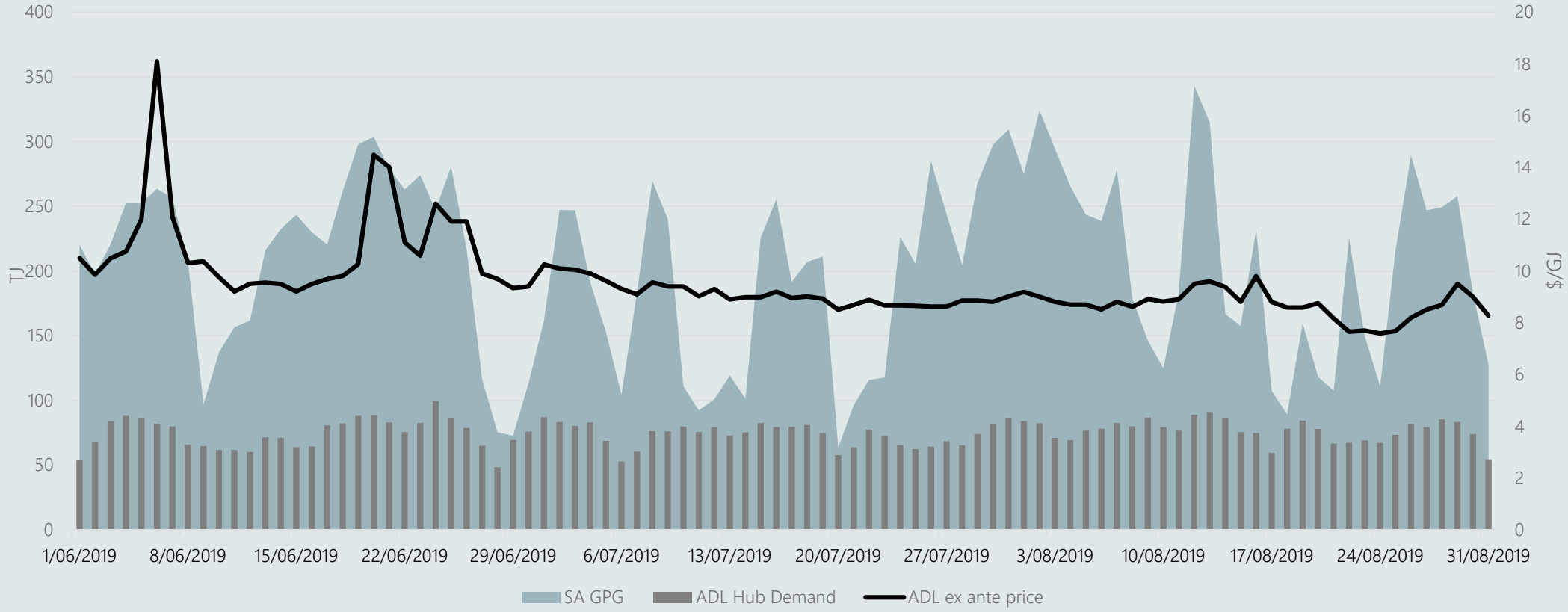
Iona Gas Storage



- Iona supplied 2.8 PJ less than 2018
- Main reasons are lower SEA Gas and SWP flows. Culcairn flows south replaced Iona flows to SWP

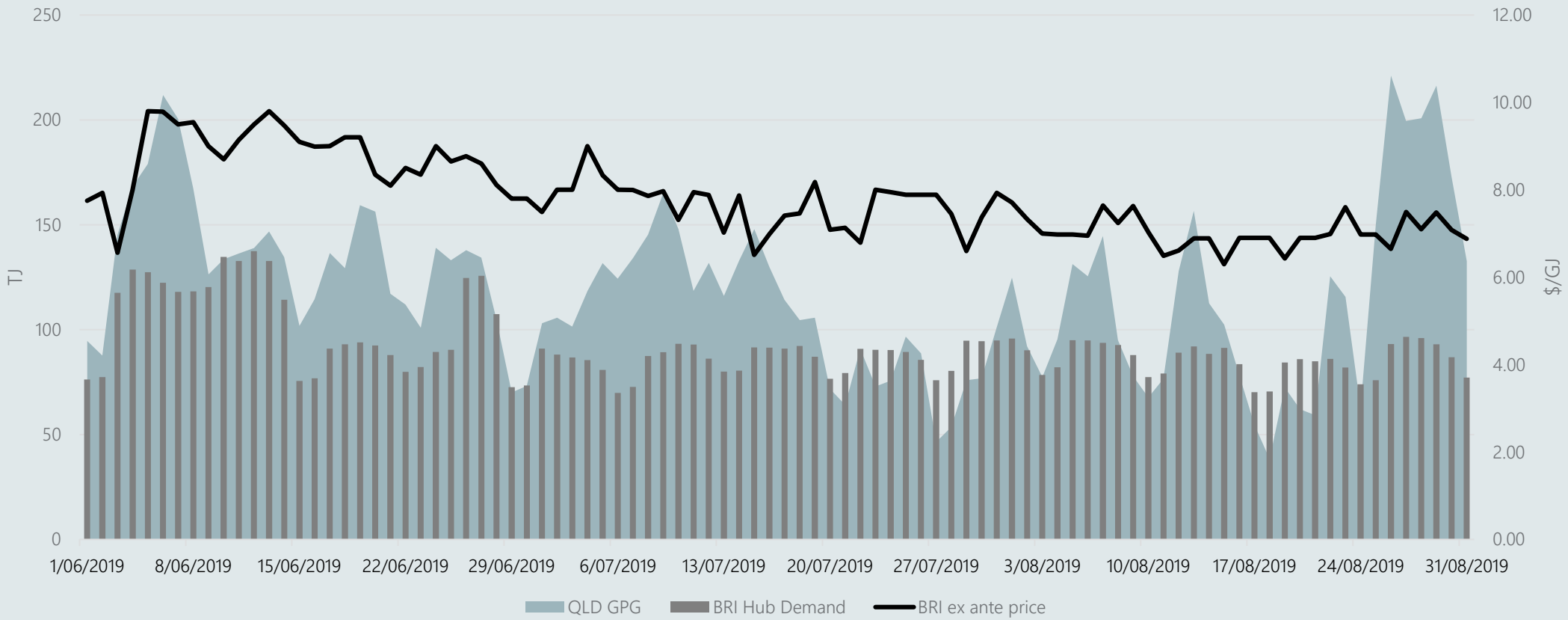
Short Term Trading Market

Adelaide STTM



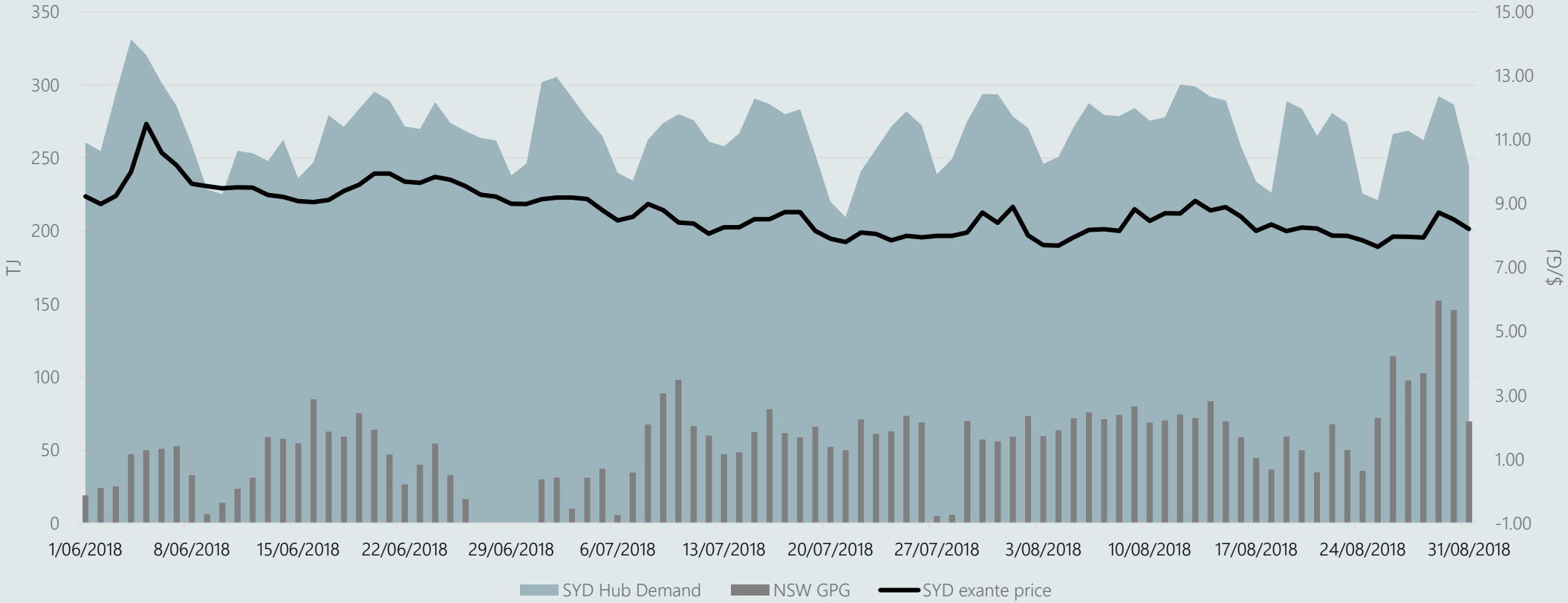
- The average ex-ante price in the reporting period was $9.54/GJ, compared to $9.30/GJ in 2018
- Price peaked at $18.10 on 6 June, coinciding with high GPG demand across the NEM

Brisbane STTM



- The average ex-ante price in the reporting period was $7.78/GJ, compared to $9.70/GJ in 2018

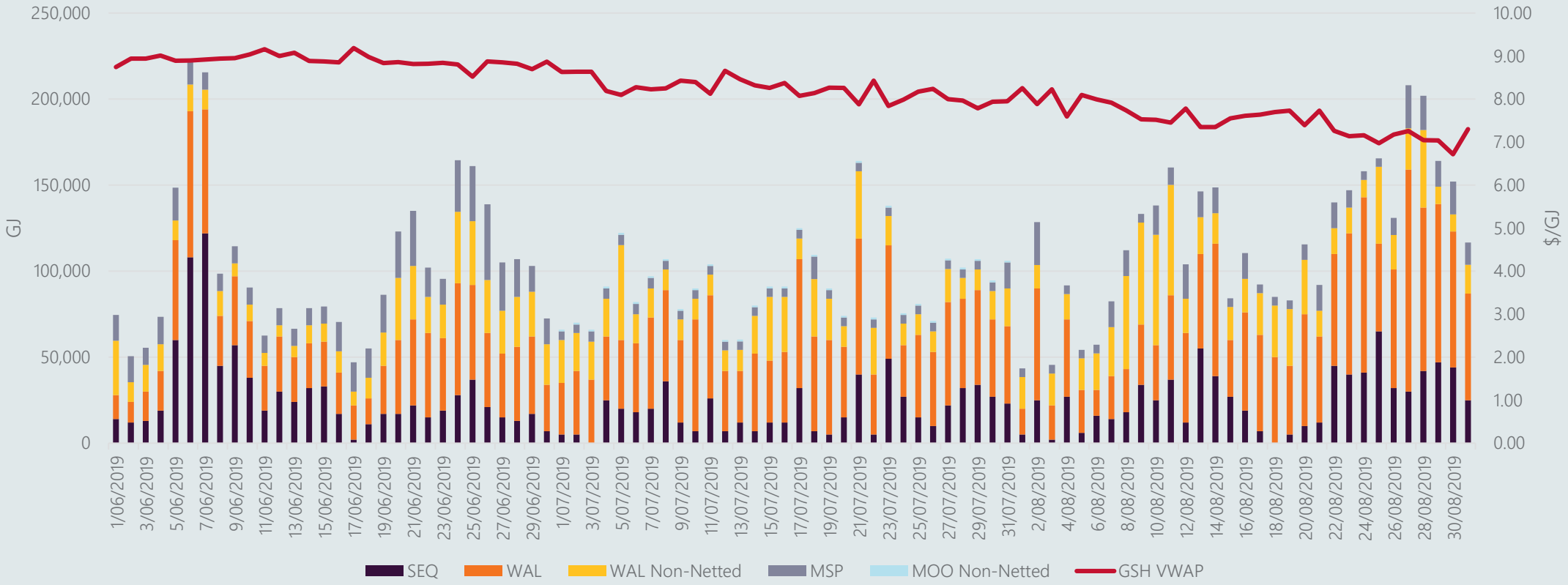
Sydney STTM



- The average ex-ante price in the reporting period was $8.75/GJ, compared to $9.44/GJ in 2018

Gas Supply Hub

Overview

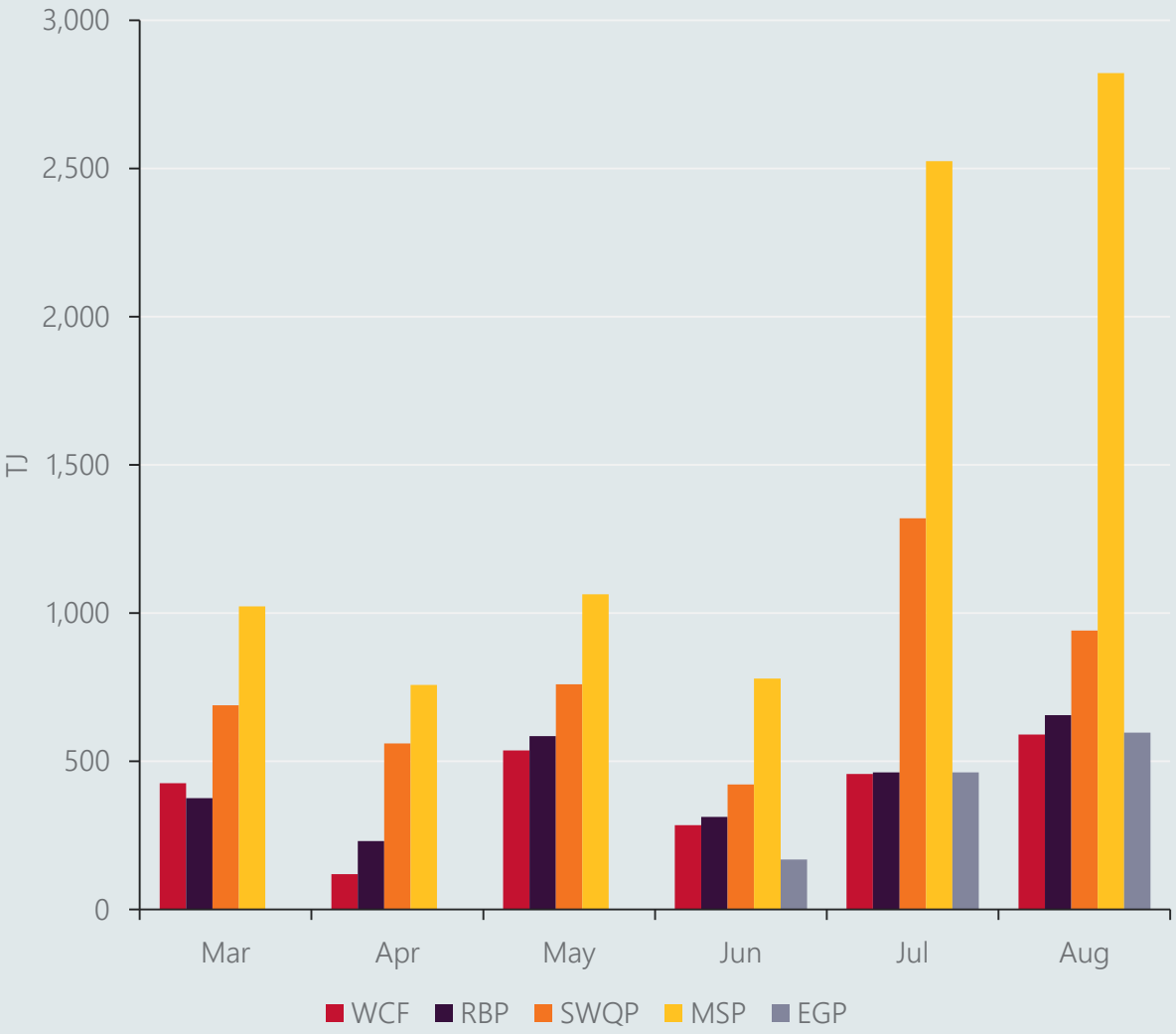


- 9.64 PJ was traded and delivered across winter, compared to 3.655 PJ in 2018
- GSH trading is at record levels
- 65% of trades occurred at WAL trading location

AEMO
AUSTRALIAN ENERGY MARKET OPERATOR

Day Ahead Auction

Day Ahead Auction Results



Summary

A MSP by far the most utilised pipeline, with a significant increase from July

B Average auction clearing prices ranged from $0/GJ on WCF and EGP, $0.56/GJ on MSP, $0.61/GJ on RBP, and $1.00/GJ on SWQP

C No CTP trades have occurred yet

AEMO
AUSTRALIAN ENERGY MARKET OPERATOR

Web Links

Pipeline Flows, Production Flows, Capacity and GPG Data

https://www.aemo.com.au/Gas/Gas-Bulletin-Board/Reports

DWGM

Gas Held in Storage

https://www.aemo.com.au/Gas/Gas-Bulletin-Board/Reports

Market Price (INT310), Bid Stack (INT314)

http://aemo.com.au/Gas/Declared-Wholesale-Gas-Market-DWGM/Data

STTM

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

http://aemo.com.au/Gas/Short-Term-Trading-Market-STTM/Data

Gas Supply Hub

Traded Volume and Volume Weighted Average Price

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