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AUSTRALIAN ENERGY MARKET OPERATOR

Winter 2018 Market Review

October 2018

Overview

- The price gap that emerged between Queensland and the southern markets that emerged in 2017 disappeared, with Brisbane becoming the highest priced hub
- Despite a decrease in market demand, and a large decrease in GPG demand, prices in Adelaide, Brisbane and VIC increased, with a small decrease in Sydney (though still the second highest priced hub)
  - The Bureau of Meteorology stated it was one of the warmest ten winters on record in Queensland, New South Wales, South Australia and Northern Territory
- Average prices were higher compared to preceding months in all markets
- A supply shift was observed, with southern markets more heavily supplied by Queensland and Moomba, with Longford and Otway reducing production. Iona Gas Storage was relied upon more heavily to make up the difference
- Gas Supply Hub trade volumes were down slightly but remained strong
- GPG demand was down significantly compared to 2017, due to a combination of periods of high wind generation and higher coal generation

Key Statistics

		Winter 2018	Variation from Winter 2017	Comments
Average Price ($/GJ)	DWGM	9.39	4% ▲	Price increase despite lower GPG demand. More supply from Iona and less from Longford
	ADL STTM	9.30	6% ▲	Price increase influenced by more hub trading
	SYD STTM	9.44	3% ▼	Only hub to see a price fall, however still 2nd highest after Brisbane
	BRI STTM	9.70	38% ▲	Large price increase despite no change to demand
	GSH	9.24	25% ▲	Comparable prices to the other markets
Average Demand (TJ/Day)	DWGM	913	3% ▼	Decrease in GPG while EDD's remained virtually unchanged
	ADL STTM	76	5% ▼	
	SYD STTM	276	-	
	BRI STTM	87	-	
	LNG	3,277	2% ▲	Slightly higher demand however LNG production has also increased by 4%
	GPG	399	23% ▼	Large decreases across all regions, influenced by higher wind and coal generation
Average Trade (TJ/Day)	GSH	40	7% ▼	Slightly lower trading compared to 2017

Gas Market Prices

	Average Price ($/GJ)		Movement
	Winter 2018	Winter 2017	
DWGM	9.39	9.02	4% ▲
ADL STTM	9.30	8.80	6% ▲
SYD STTM	9.44	9.75	3% ▼
BRI STTM	9.70	7.04	38% ▲
GSH	9.24	7.41	25% ▲

- Price separation that emerged in 2017 between Queensland and the southern markets has disappeared, with Brisbane the highest priced hub
- Prices consistently above $9/GJ in all regions most days

Gas Market Demand

Demand Region	Average Demand (TJ/d)			Max Demand (TJ)	HDD and EDD*		
	2018	2017	Move	2018	2018	2017	Move
Brisbane	87	87	-	128	235	196	20% ▲
Sydney	276	276	- ▼	307	539	536	1% ▲
Victoria	913	949	4% ▼	1,132	879	878	0.1% ▲
Adelaide	76	80	5% ▼	95	541	577	6% ▼
Tasmania	-	-	-	-	805	869	7% ▼
QLD LNG	3,277	3,225	2% ▲	3,675	-	-	

- Drop in DWGM demand despite almost identical EDD in Victoria compared to 2017 can be attributed to lower GPG demand
- Elsewhere very similar demand and weather compared to 2017

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* EDD for DWGM/VIC

GPG

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GPG

Demand Region	GPG (TJ)		
	2018	2017	Move
QLD	10,437	11,177	-7% ▼
NSW	3,829	5,038	-24% ▼
VIC	6,154	11,530	-47% ▼
SA	16,007	20,933	-24% ▼
TAS	316	605	-48% ▼
∑GPG	36,743	49,283	-25% ▼

- Noticeable decrease in GPG demand in all regions
- Contributing factors included higher wind generation and less coal outages

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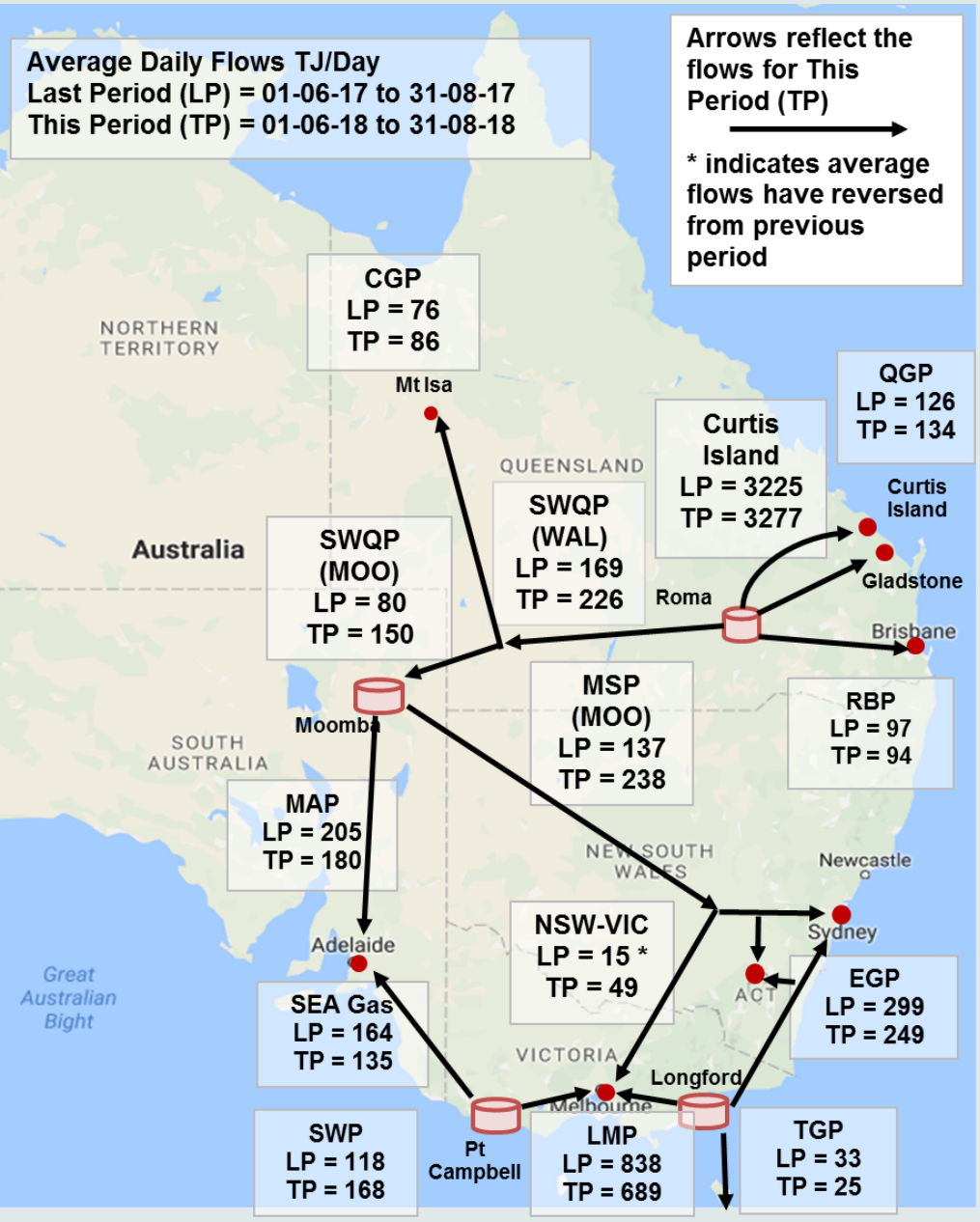
Pipeline Flows

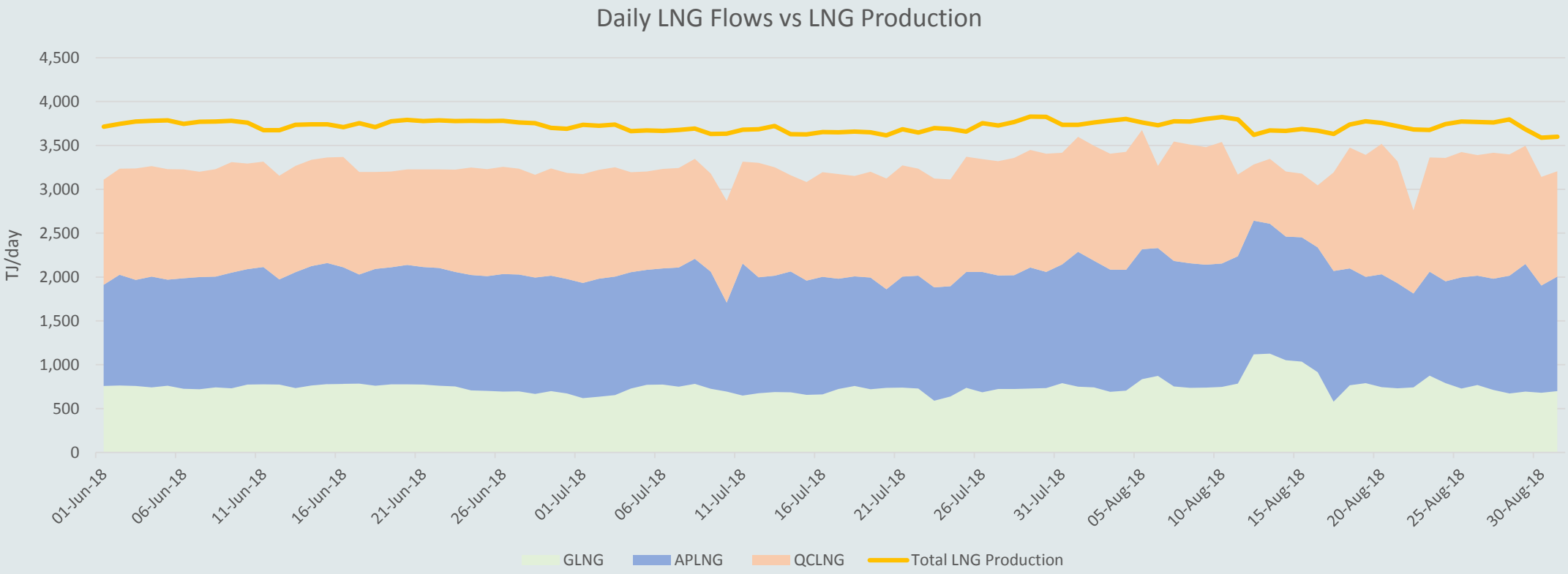
Pipeline Flows



- Large increase in SWQP flows to southern markets with additional supply from QLD producers and Moomba
- Coincided with a large decrease in Longford production and a greater reliance on Iona Gas Storage
- NSW saw an increase in supply from the MSP as EGP flows decreased by an average of 50TJ per day

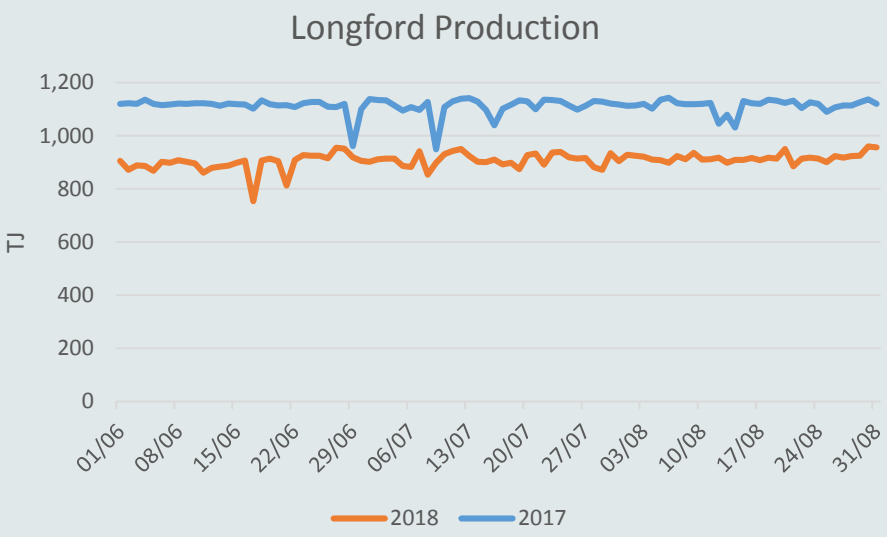
Supply

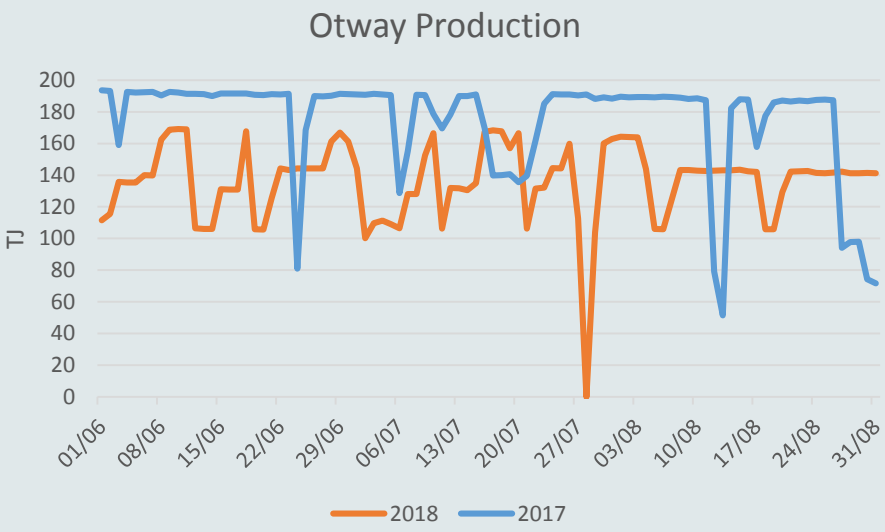
LNG Supply and Demand

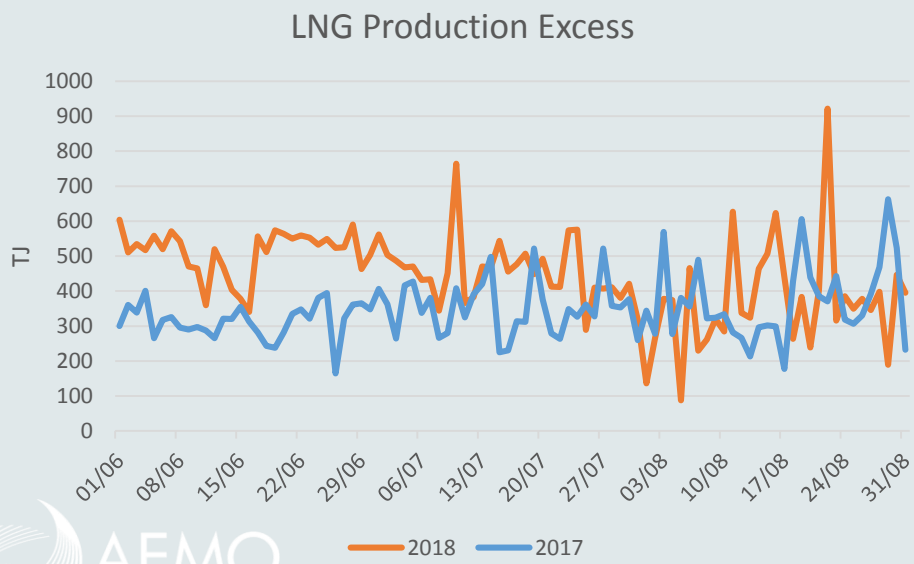


- Overall flows to Curtis Island have increased slightly, though total production has increased more
- APLNG pipeline flows have decreased, offset by an increase by QCLNG
- GLNG saw minimal change

Supply



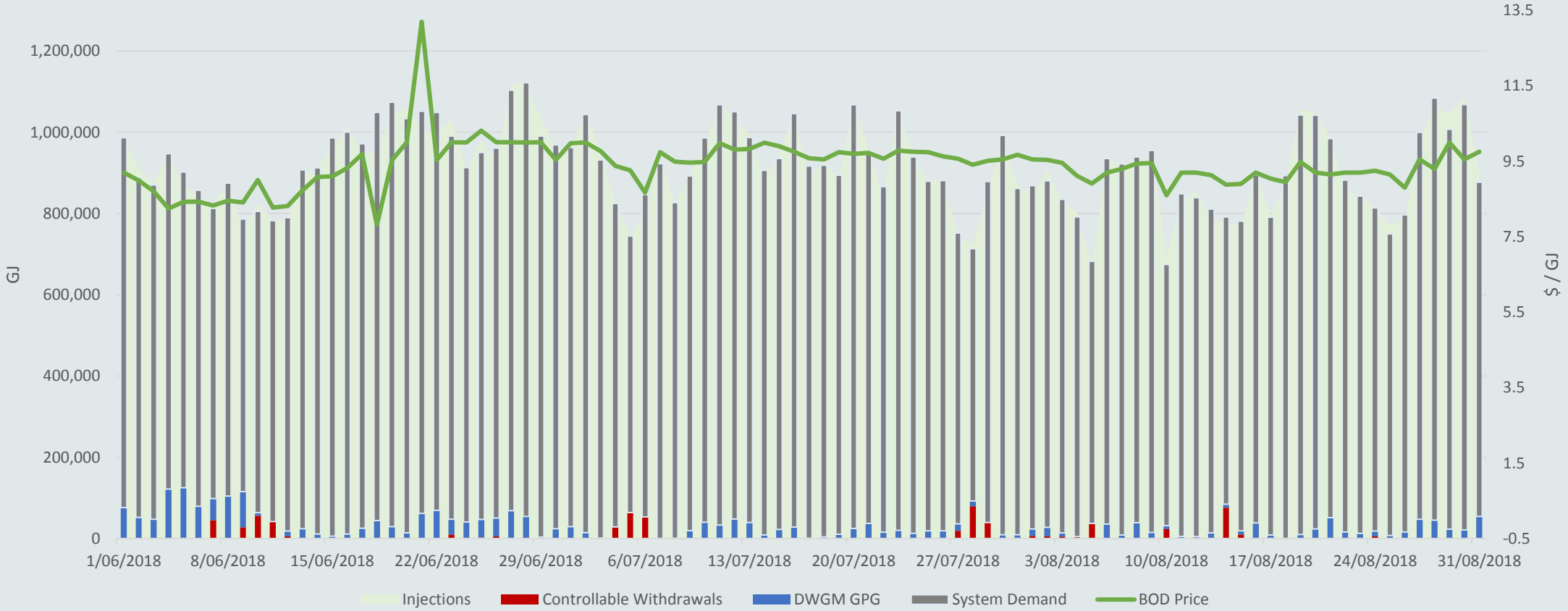




- Longford and Otway production noticeably lower
- Slightly more LNG production excess has been made available to domestic market

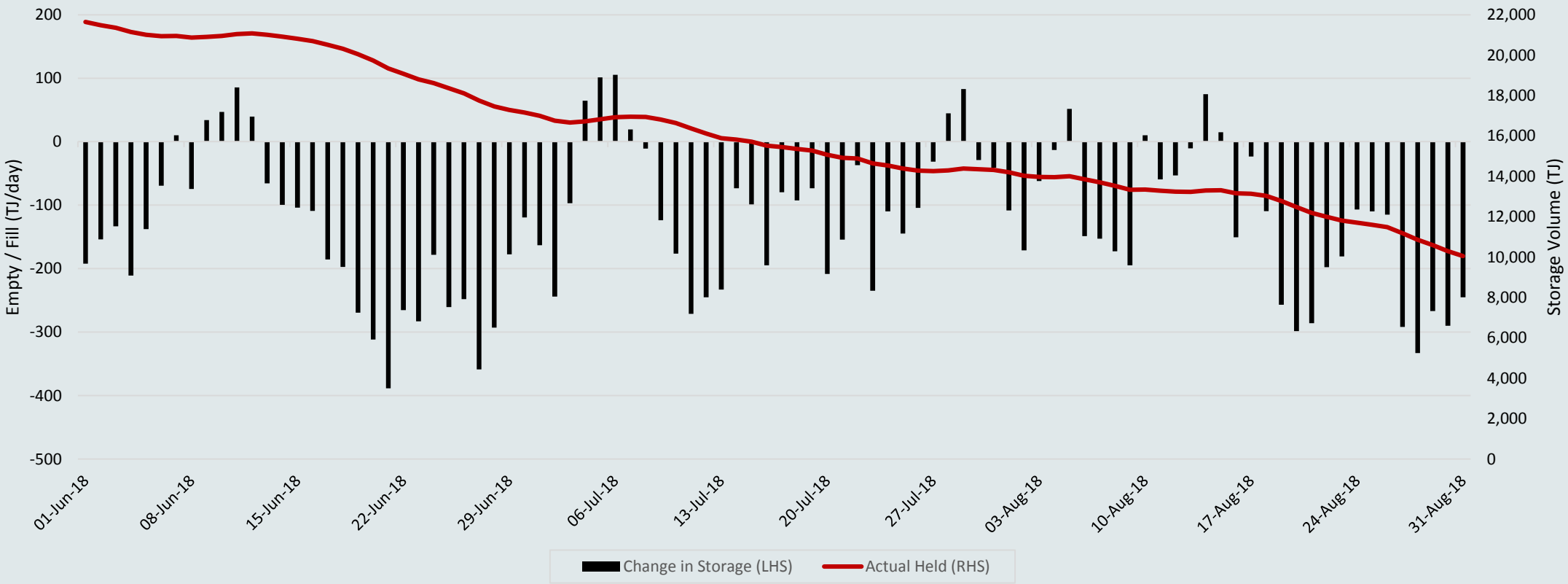
Declared Wholesale Gas Market

DWGM



- Average beginning-of-day (BOD) price was $9.39/GJ, a 4% increase on 2017, despite lower demand and similar weather
- GPG was significantly down on 2017 levels

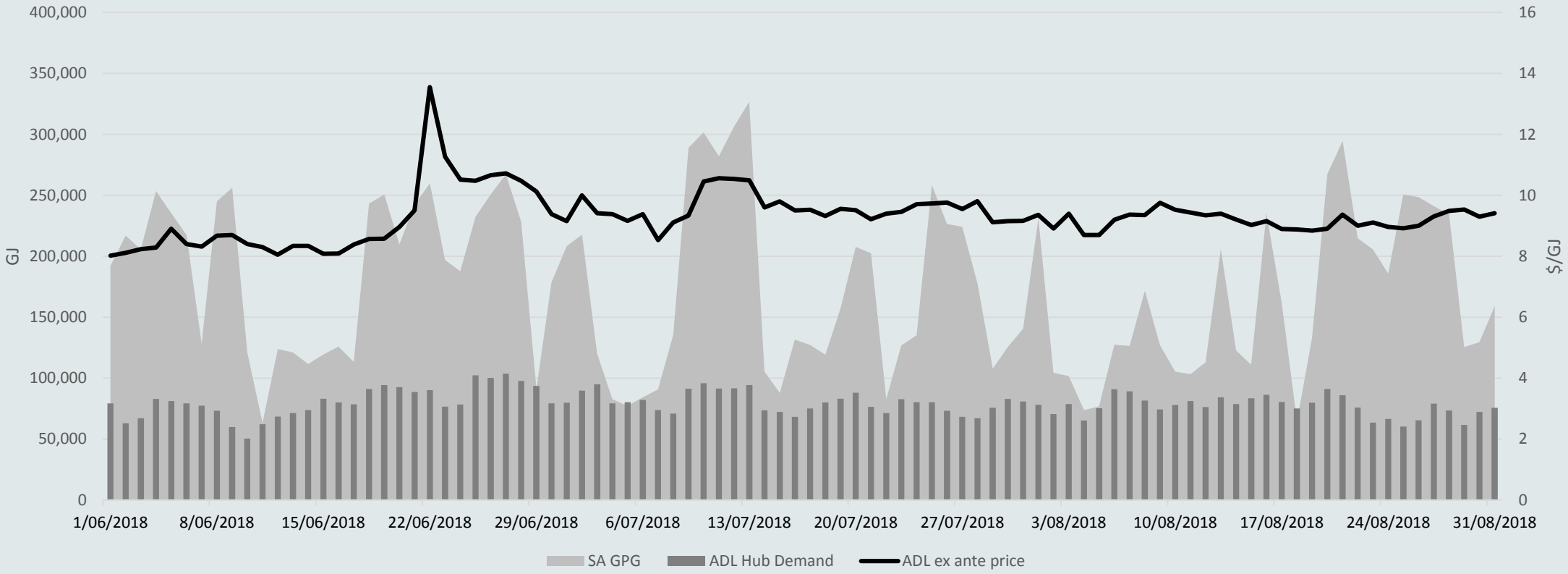
Iona Gas Storage



- Iona ended August almost 4 PJ lower than the same time in 2017
- Lower Longford and Otway production was the main reason

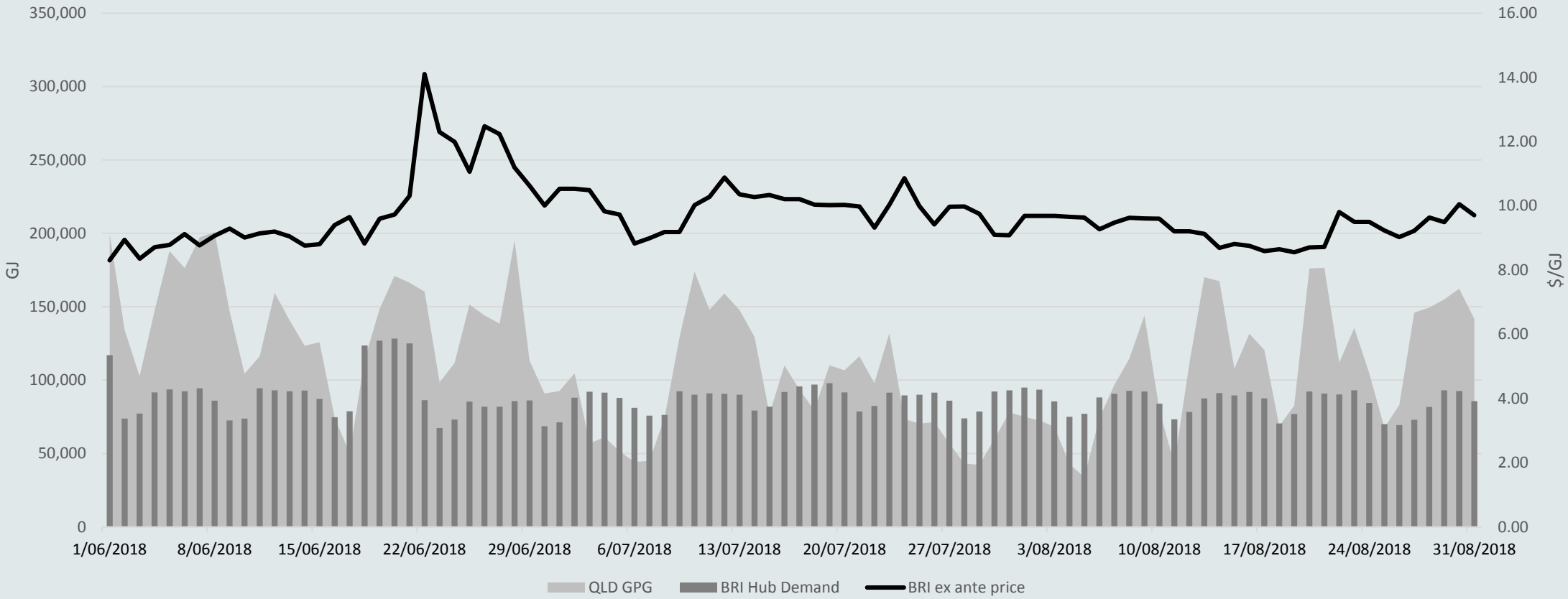
Short Term Trading Market

Adelaide STTM



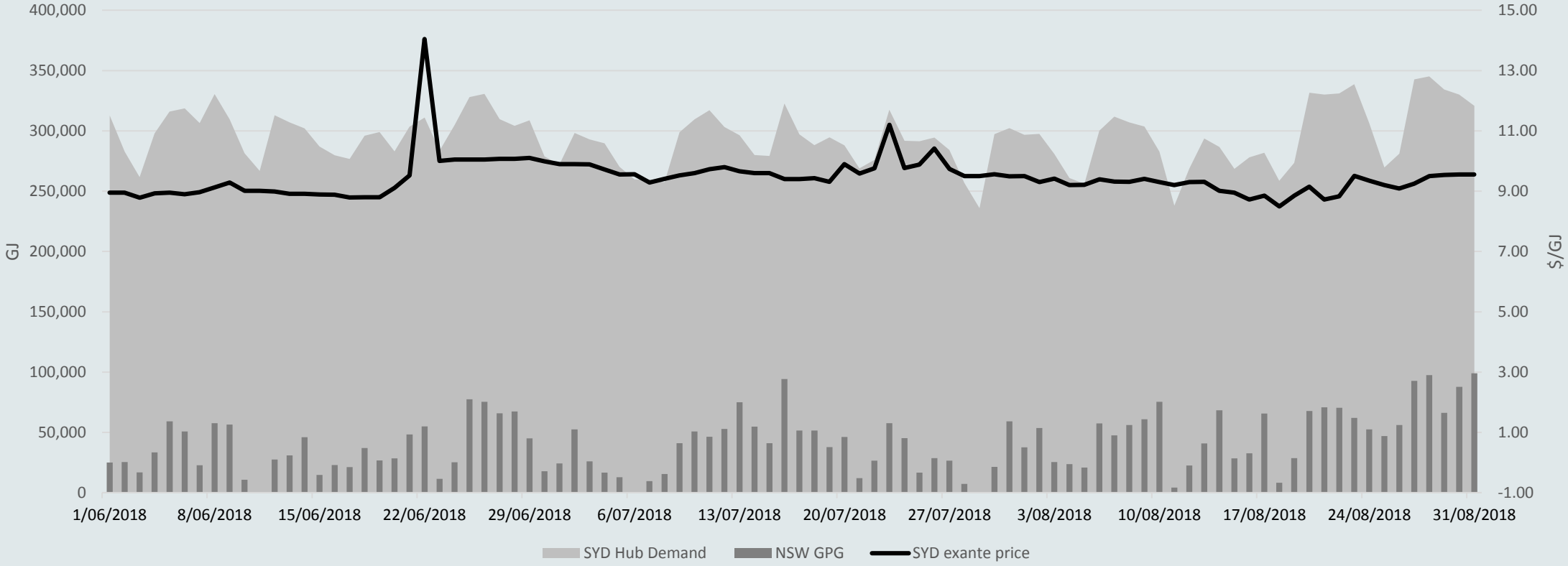
- The average ex-ante price in the reporting period was $9.30/GJ, compared to $8.80/GJ in 2017
- An average of 14 TJ/d was traded in the hub, compared to 7.5 TJ/d in 2017

Brisbane STTM



- The average ex-ante price in the reporting period was $9.70/GJ, compared to $7.04/GJ in 2017

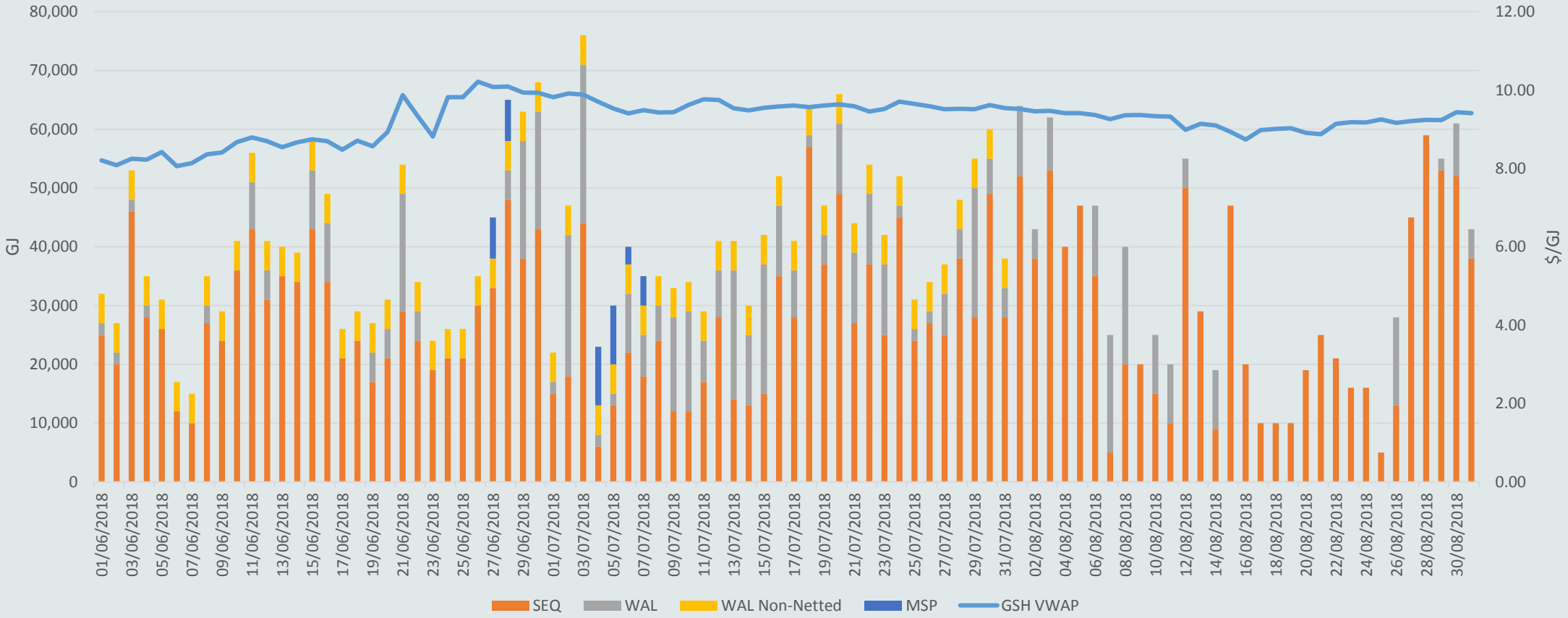
Sydney STTM



- The average ex-ante price in the reporting period was $9.44/GJ, compared to $9.75/GJ in 2017

Gas Supply Hub

Overview



- 3.655 PJ was traded and delivered across winter, compared to 4 PJ in 2016
- 70% of trades occurred at SEQ trading location

Web Links

Pipeline Flows, Production Flows and Capacity

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/

GPG data

Actual generation and load data (MWh)

https://www.aemo.com.au/Electricity/National-Electricity-Market-NEM/Data/Market-Management-System-MMS/Generation-and-Load

Estimated Heat Rates (2016 Planning Studies – Additional Modelling Data and Assumption Summary)

http://aemo.com.au/Electricity/National-Electricity-Market-NEM/Planning-and-forecasting/National-Transmission-Network-Development-Plan/NTNDP-database