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AUSTRALIAN ENERGY MARKET OPERATOR

# Autumn 2021 Market Review

June 2021

# Key Messages for Autumn 2021

- Gas prices in all regions saw a large increase, with Brisbane remaining the highest priced region
  - Average $6.63/GJ compared to $4.57/GJ in Autumn 2020
  - Brisbane became the highest priced region in Spring 2020 and remains so in autumn
  - Higher international prices are the biggest contributing factor to the price increases
- While QLD LNG demand decreased from summer after hitting record levels, it was well above autumn 2020 levels leading to an increase in gas demand (+16 PJ vs autumn[1] 20) more than offsetting a decrease in GPG
  - QLD LNG +21 PJ due to APLNG (+16.6 PJ), QCLNG (+3.1 PJ) and GLNG (+1.3 PJ),
  - GPG demand down 6.2 PJ
  - Non GPG demand was up 1 PJ due to higher industrial demand in QLD and NSW
- Queensland supply increased the most +7.9 PJ, with Victorian supply also benefitting +7.6 PJ
  - Longford in particular saw a large increase +7.3 PJ
  - QLD supply increase mostly driven by GLNG (+6.8 PJ)
  - SA supply decreased mostly due to Moomba (-3.1 PJ)
- Day Ahead Auction usage continues to increase (+2.9 PJ), with increases on most pipelines
- GSH volumes highest since winter 2020 and slightly higher than autumn 2020 (+0.4P PJ)

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[1] *Autumn = Mar to May*

# Gas Market Prices

| | Average Price ($/GJ) | | Movement |
|---|---|---|---|
| | Autumn 2021 | Autumn 2020 | |
| DWGM | 5.99 | 4.72 | 27% ▲ |
| ADL STTM | 6.86 | 5.18 | 32% ▲ |
| SYD STTM | 6.85 | 4.52 | 51% ▲ |
| BRI STTM | 6.97 | 4.20 | 66% ▲ |
| GSH | 6.46 | 4.24 | 52% ▲ |

- All markets have seen significant price increases compared to autumn 2020
- Brisbane continues to be the highest priced market, influenced by higher QLD LNG demand and an increase in supply from southern regions

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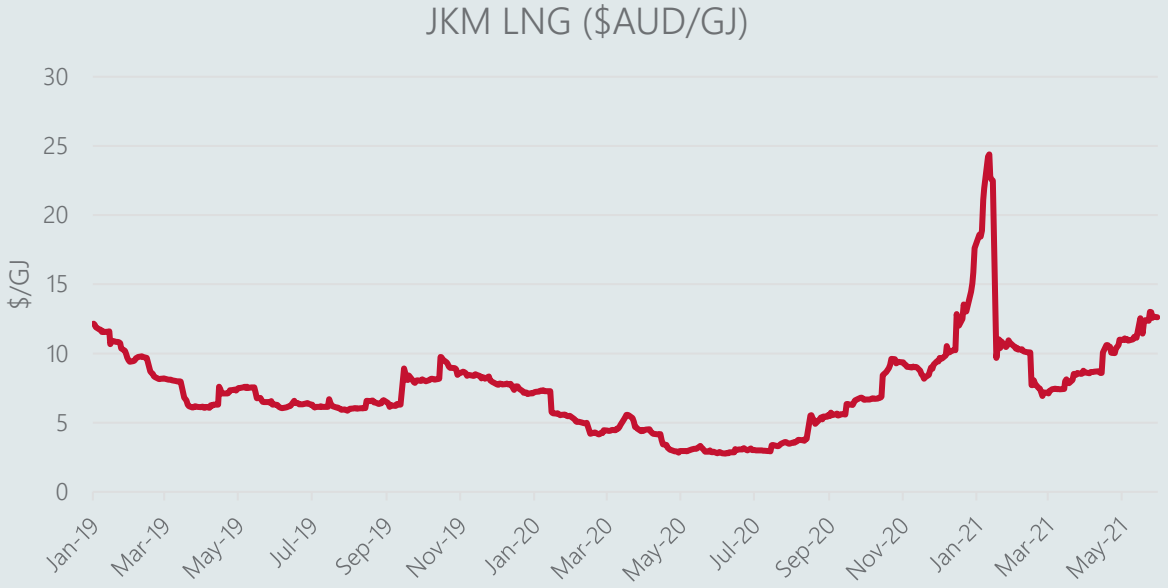
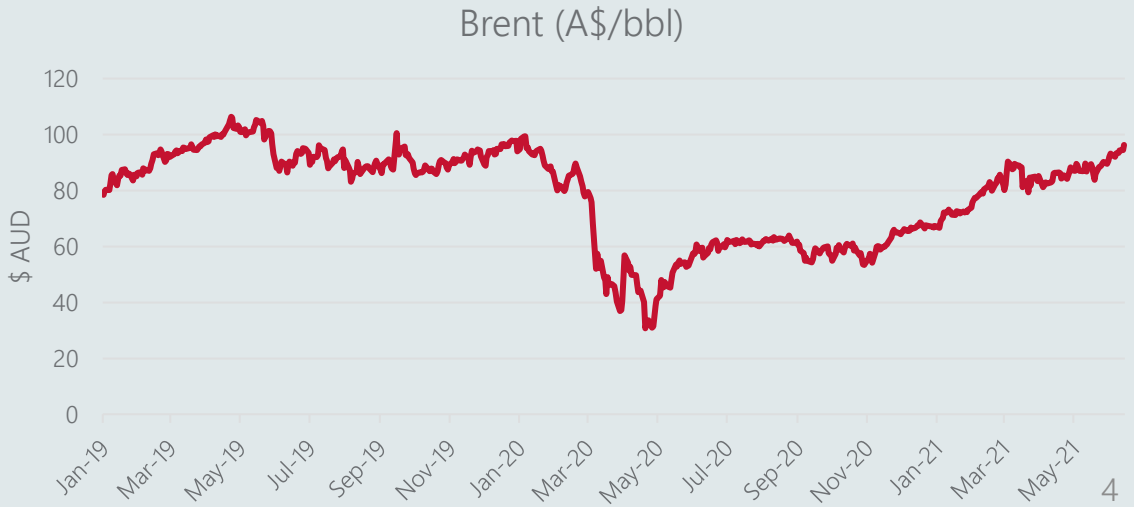
# International LNG and Oil Prices Higher Than Autumn 2020

- While LNG prices eased after the spike in January, they were still more than twice as high as they were in autumn 2020
- Brent Index has also recovered to 2019 levels
- These continues to be the dominant factor in domestic spot market price increases

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# System Demand

| Demand Region | System Demand (PJ) | | | | Max Demand (TJ) |
|---|---|---|---|---|---|
| | 2021 | 2020 | Move | | 2021 |
| Brisbane | 7.5 | 6.1 | 23% | ▲ | 96 |
| Sydney | 20.3 | 19.1 | 7% | ▲ | 296 |
| Victoria | 47.5 | 48.7 | 2% | ▼ | 965 |
| Adelaide | 4.3 | 4.9 | 11% | ▼ | 76 |
| Domestic Total | 79.7 | 78.7 | 1% | ▲ | |
| QLD LNG | 350.1 | 329.7 | 6% | ▲ | 4,152 |

- Brisbane and Sydney higher due to an increase in industrial demand
- Victoria and Adelaide down due to milder weather
- QLD LNG down on record summer levels, but significantly above autumn 2020

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# GPG

| Demand Region | Total State GPG (PJ) | | | DWGM/STTM GPG (PJ) | | |
|---|---|---|---|---|---|---|
| | 2021 | 2020 | Move | 2021 | 2020 | Move |
| QLD | 10.3 | 13.7 | 25% ▼ | 2.7 | 3.1 | 13% ▼ |
| NSW | 1.4 | 1.6 | 15% ▼ | - | - | - |
| VIC | 2.1 | 3.5 | 41% ▼ | 0.5 | 1.9 | 74% ▼ |
| SA | 11.4 | 12.6 | 9% ▼ | - | - | - |
| TAS | 0.1 | 0.07 | 65% ▲ | - | - | - |
| ∑GPG | 25.3 | 31.5 | 20% ▼ | 3.2 | 5.0 | 36% ▼ |

- Large GPG decreases across all mainland regions
- Notable decreases: QLD – Darling Downs (-2.7 PJ), Swanbank E (-0.8 PJ), NSW – Tallawarra (-0.9 PJ), SA – Pelican Point (-0.9 PJ), VIC – Newport (-1.3 PJ), Mortlake (-0.9 PJ)

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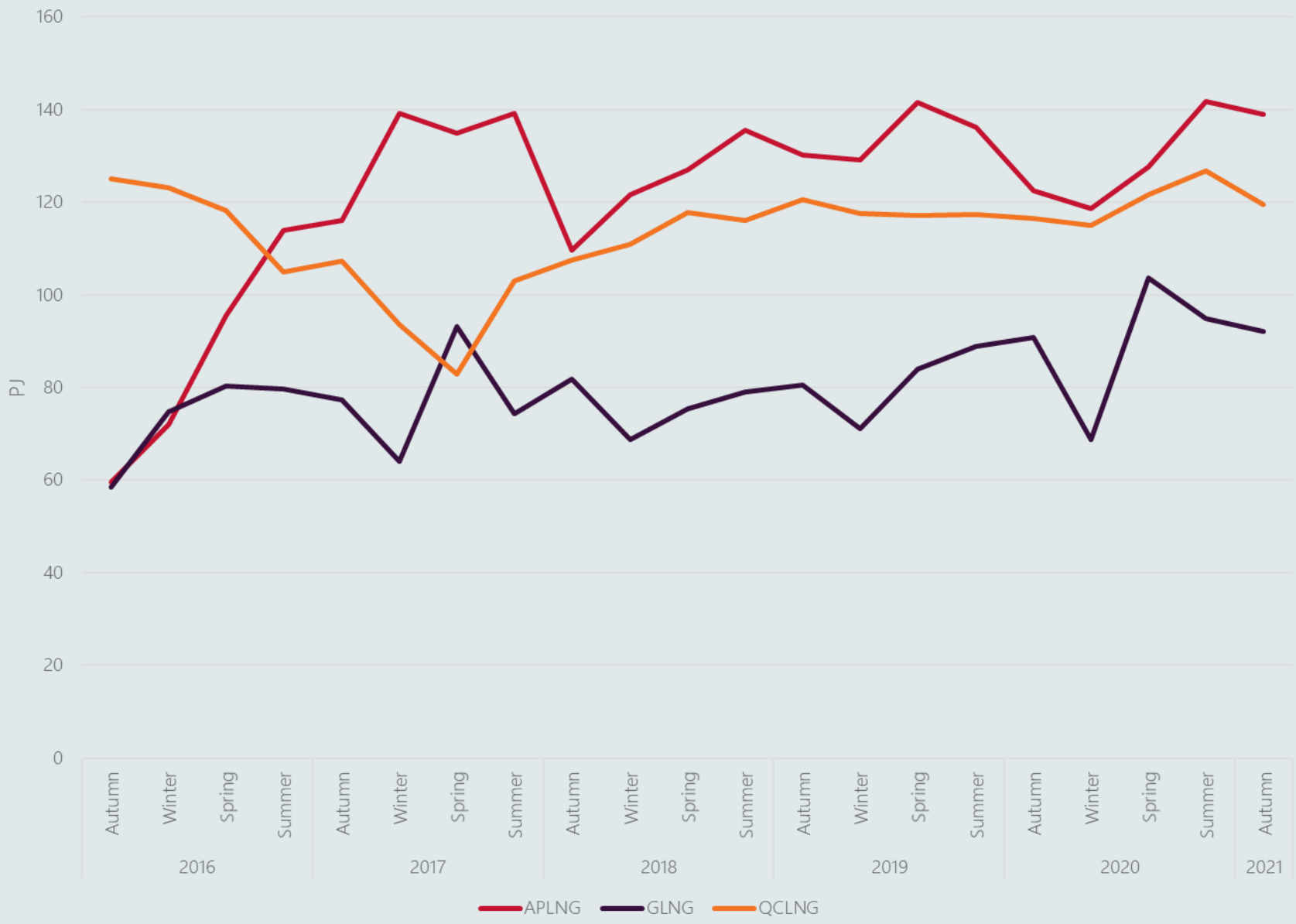
# QLD LNG Demand

- QLD LNG exports reduced after 2 record quarters but still more than 20 PJ higher than autumn 2020
- All 3 participants recorded increases, with the biggest at APLNG accounting for almost 17 PJ of the increase

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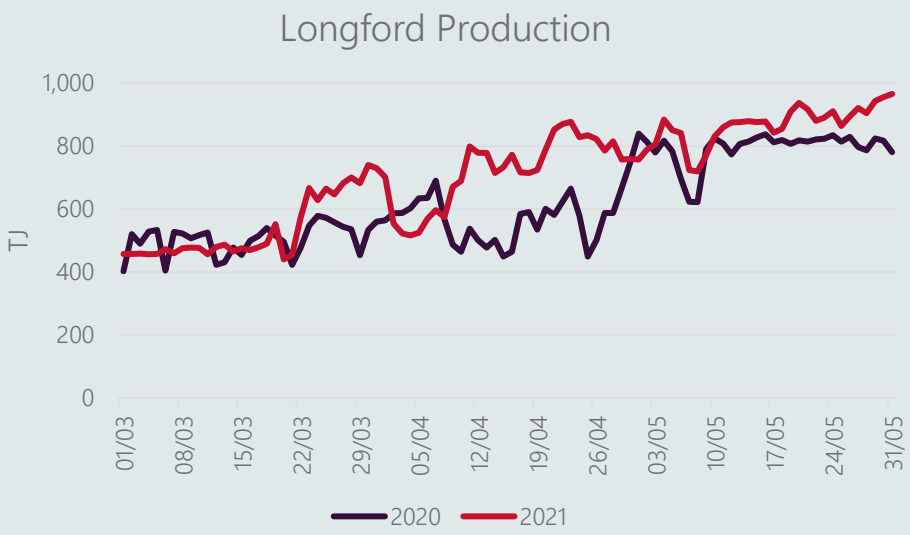
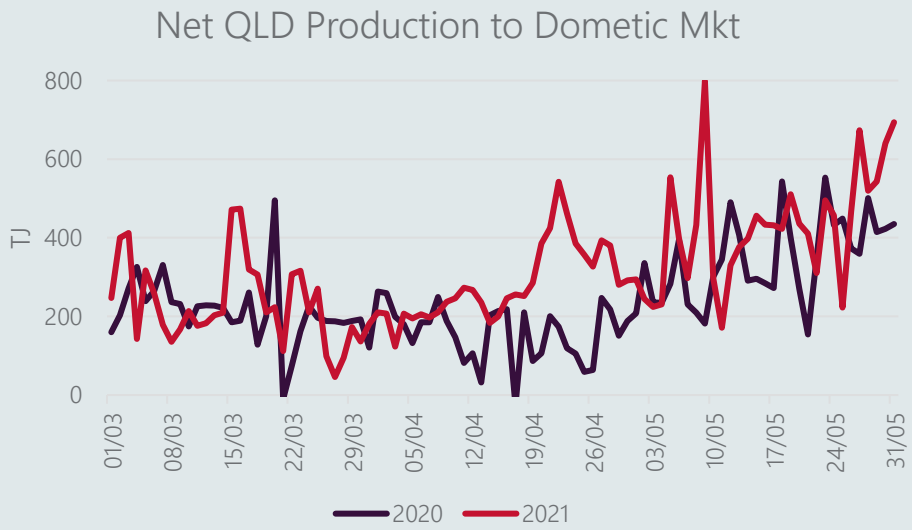
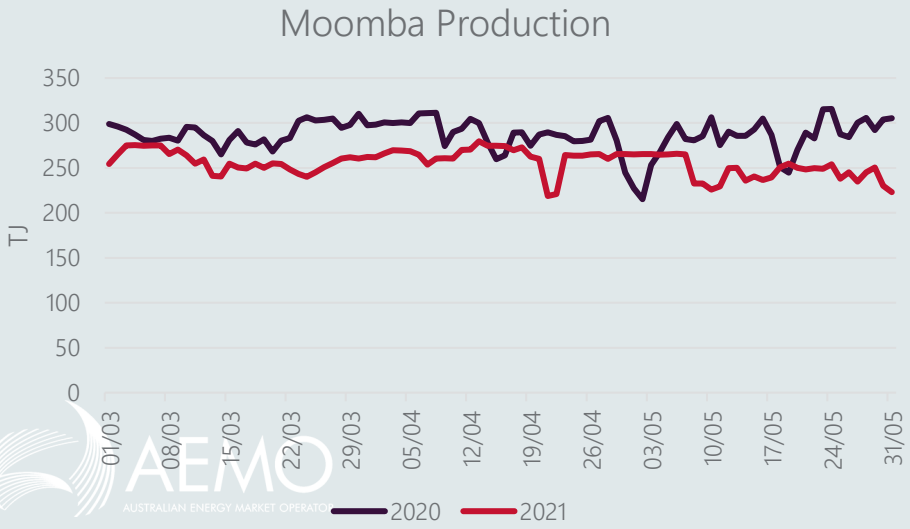
# Supply

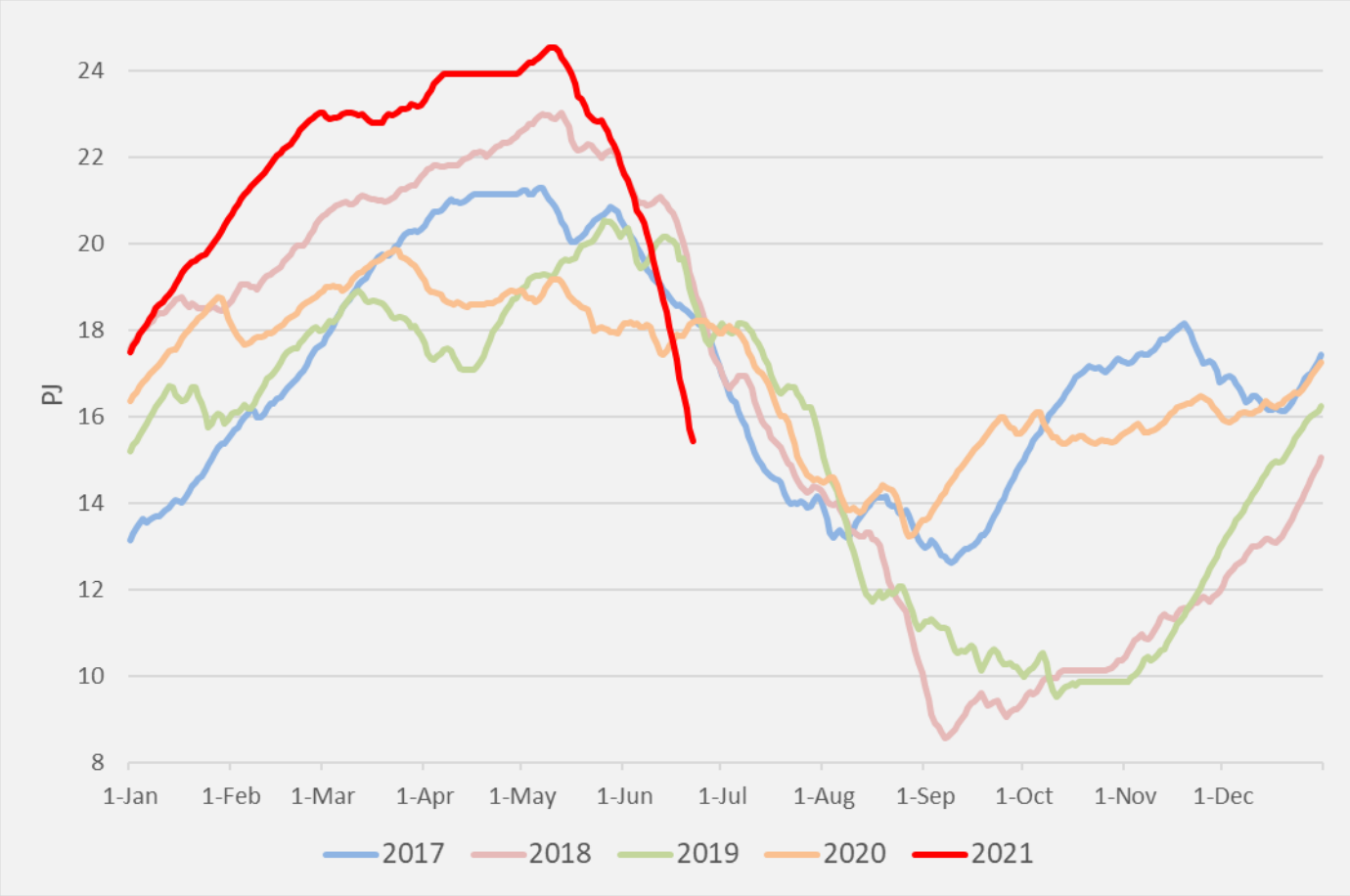



Longford production higher (+7.7 PJ)
Otway slightly higher (+0.2 PJ)
Bass Gas production lower (-1.1 PJ)
Orbost supplied 3.3 PJ
Moomba production lower (-2.9 PJ)
Net QLD production to domestic market lower (-9 PJ)
Northern Territory supply to QLD slightly higher (+0.1 PJ)

# Iona Gas Storage




- Iona reached a record 24.5 PJ in early May before being heavily utilised for the rest of the month
- A reduction in southerly flows from QLD combined with colder weather and a tight supply situation led to the steep reduction during May

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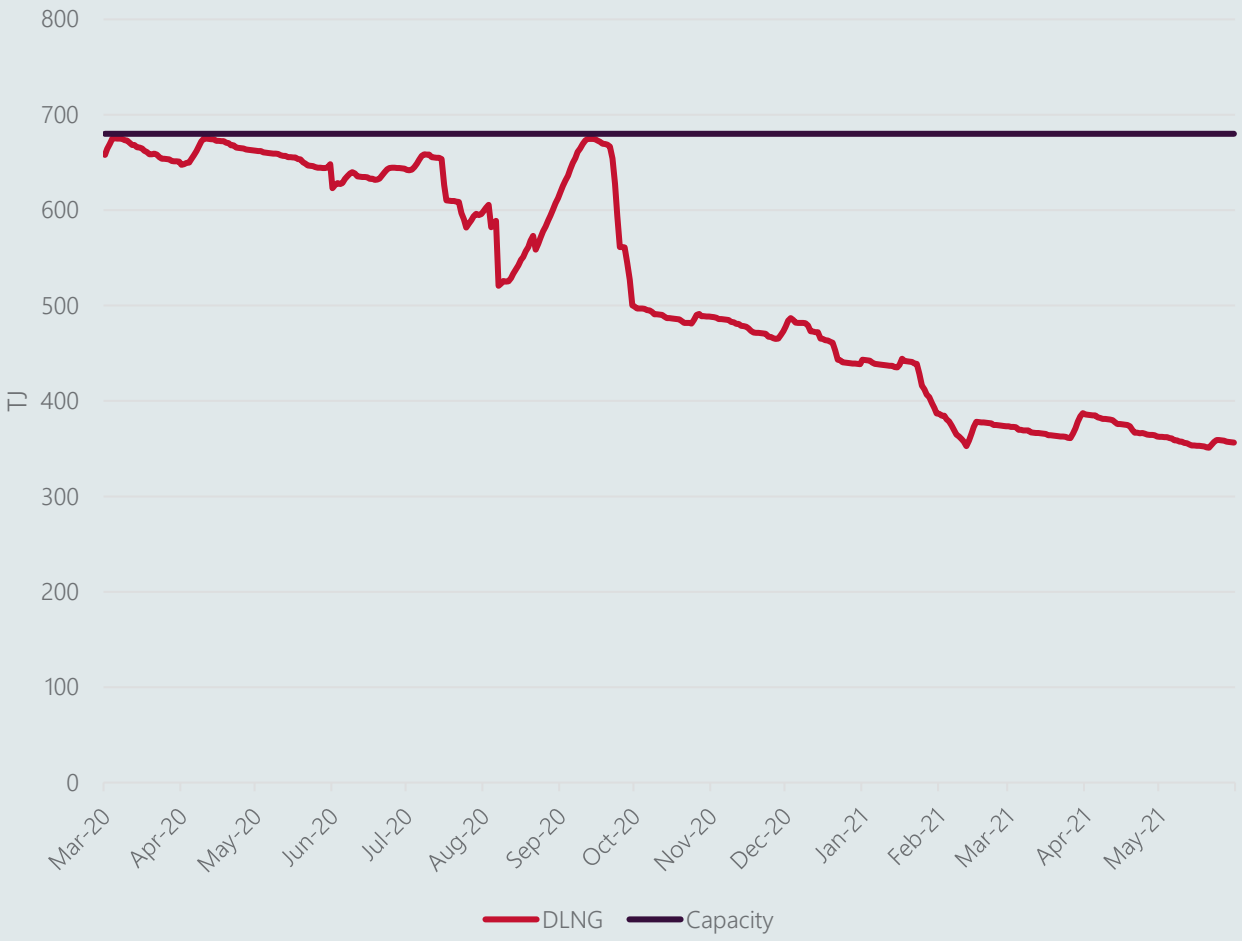
# Dandenong LNG Storage




- Storage levels continued to drop, ending May at 356 TJ compared to 373 TJ at start of March

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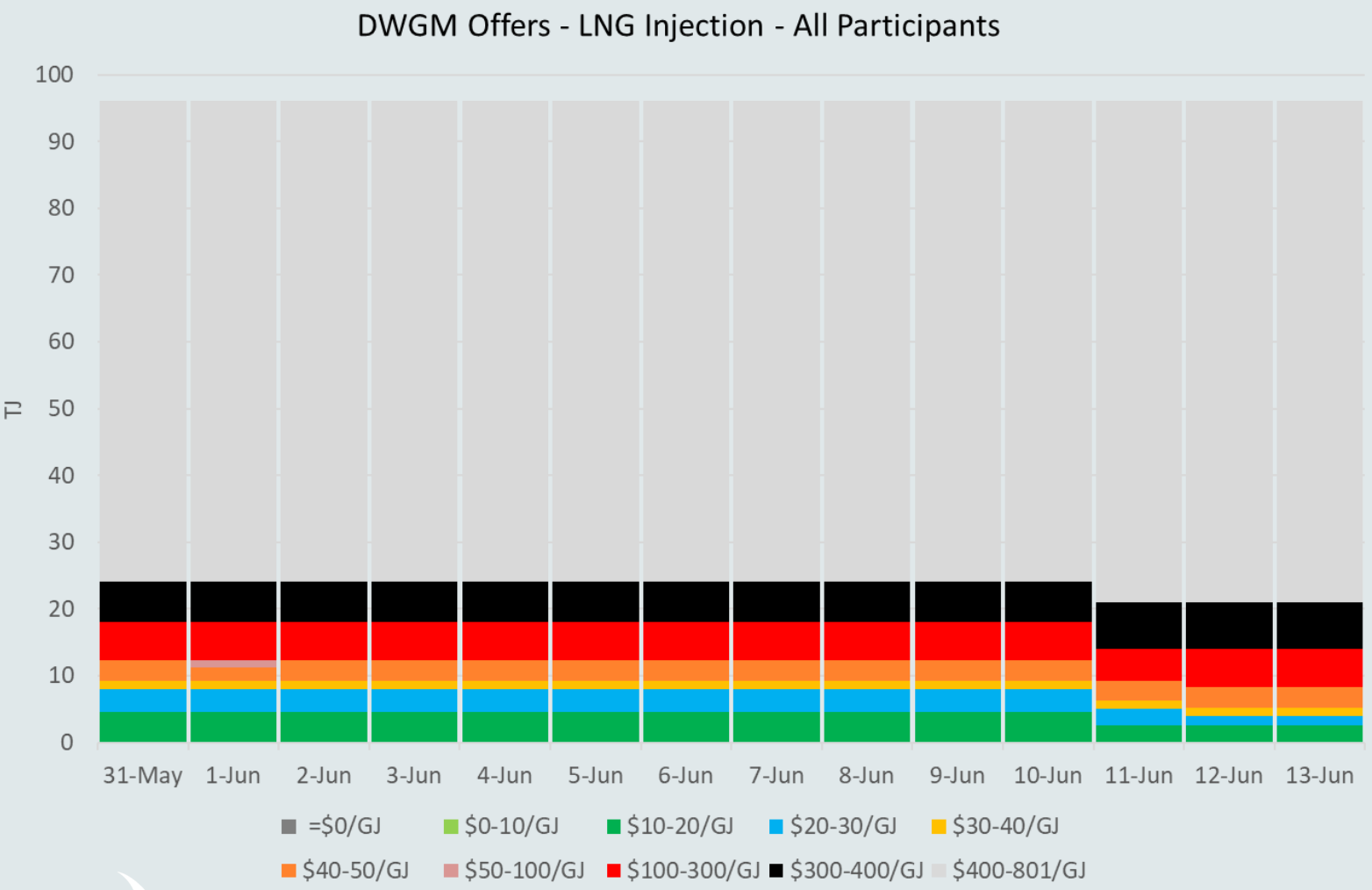
# Dandenong LNG Bids




- Less than 5 TJ is bid between $12-20/GJ
- 83 TJ bid between $100-$800/GJ, with most at priced at $800
- If more than 28 TJ of LNG were scheduled out of merit order, $800/GJ would be used as the price for ancillary payments and uplift charges
- On 10 June AEMO issued a threat to system security which indicated 10 to 30 TJ of LNG may be required
- 10 TJ would have resulted in AP's of $342,000, and 30 TJ would have resulted in $9.4 million

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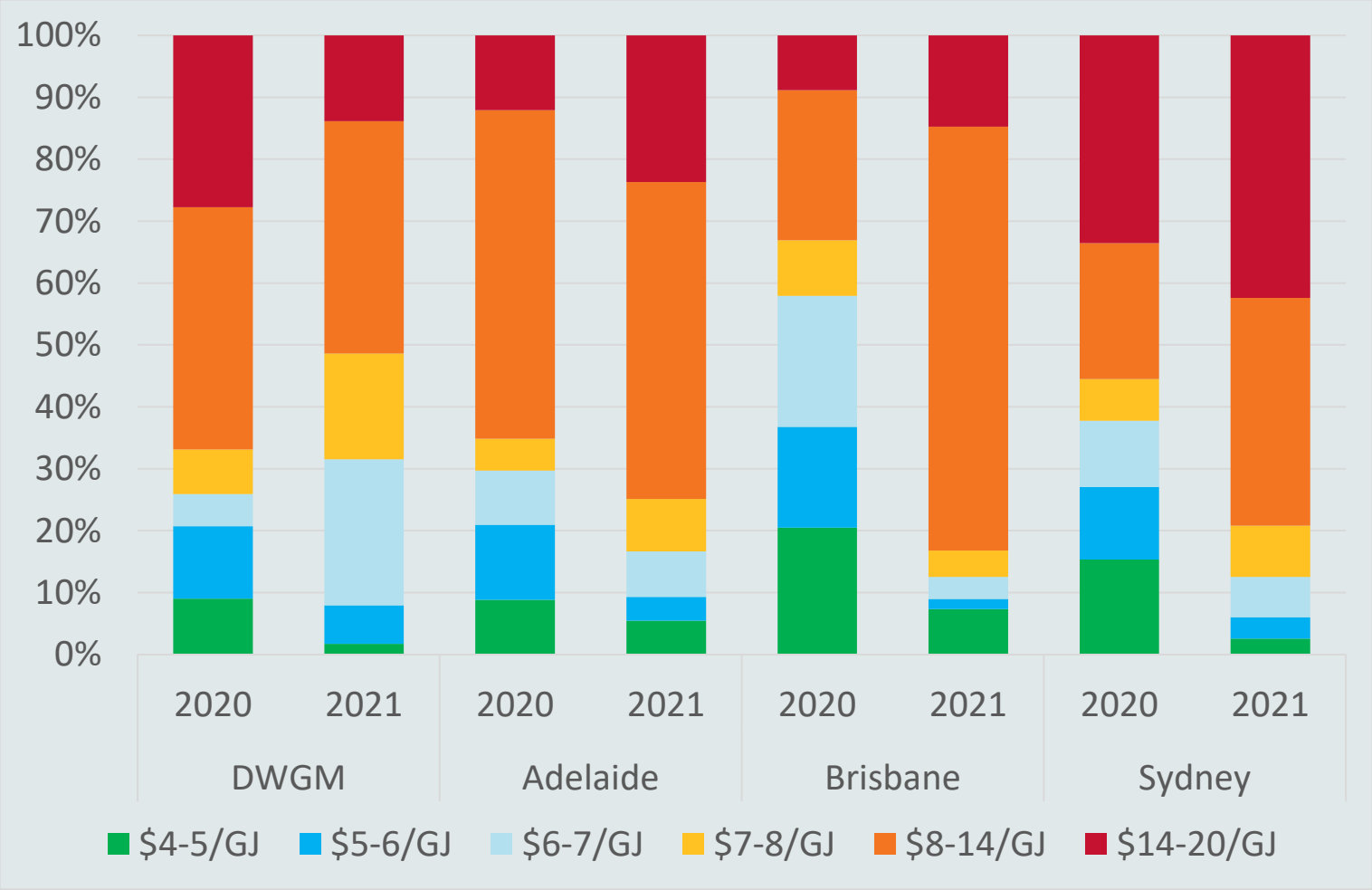
# Marginal Injection Bids




- Higher autumn 2021 prices influenced by large increase in marginal bids priced between $8-14 across STTM hubs
- Brisbane has seen the most significant change in bidding behaviour
- Bidding changes reflect higher JKM LNG prices compared to 2020

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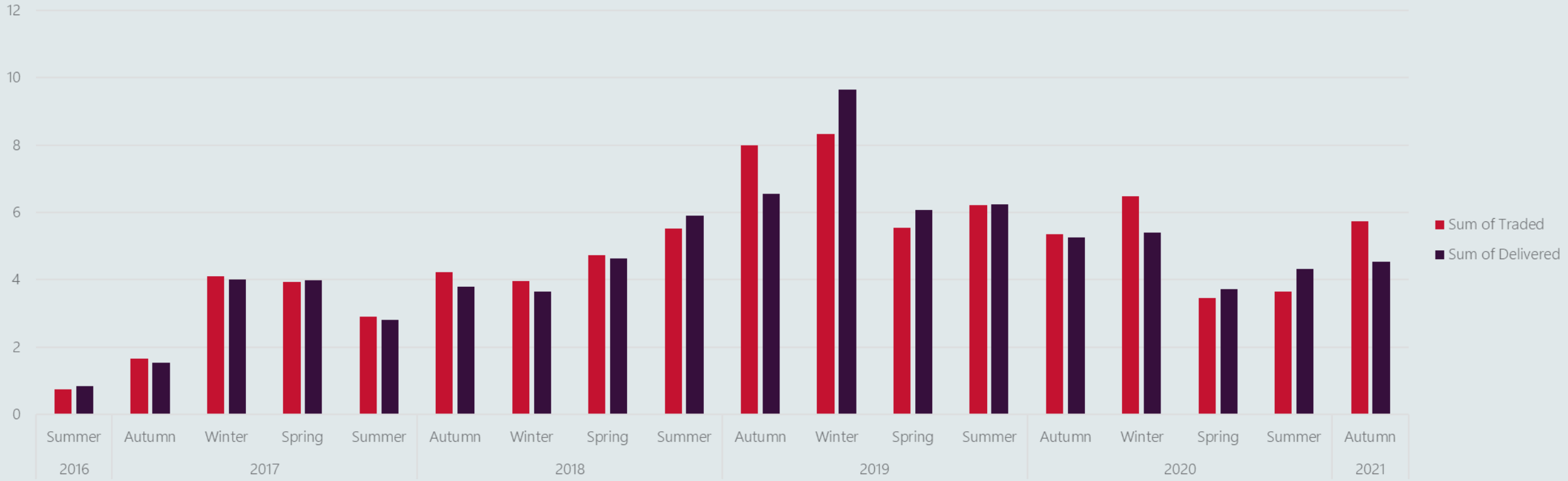
# Gas Supply Hub




- Volumes continue to rebound with the highest autumn volumes since 2019
- 5.7 PJ was traded across autumn, with 4.5 PJ delivered

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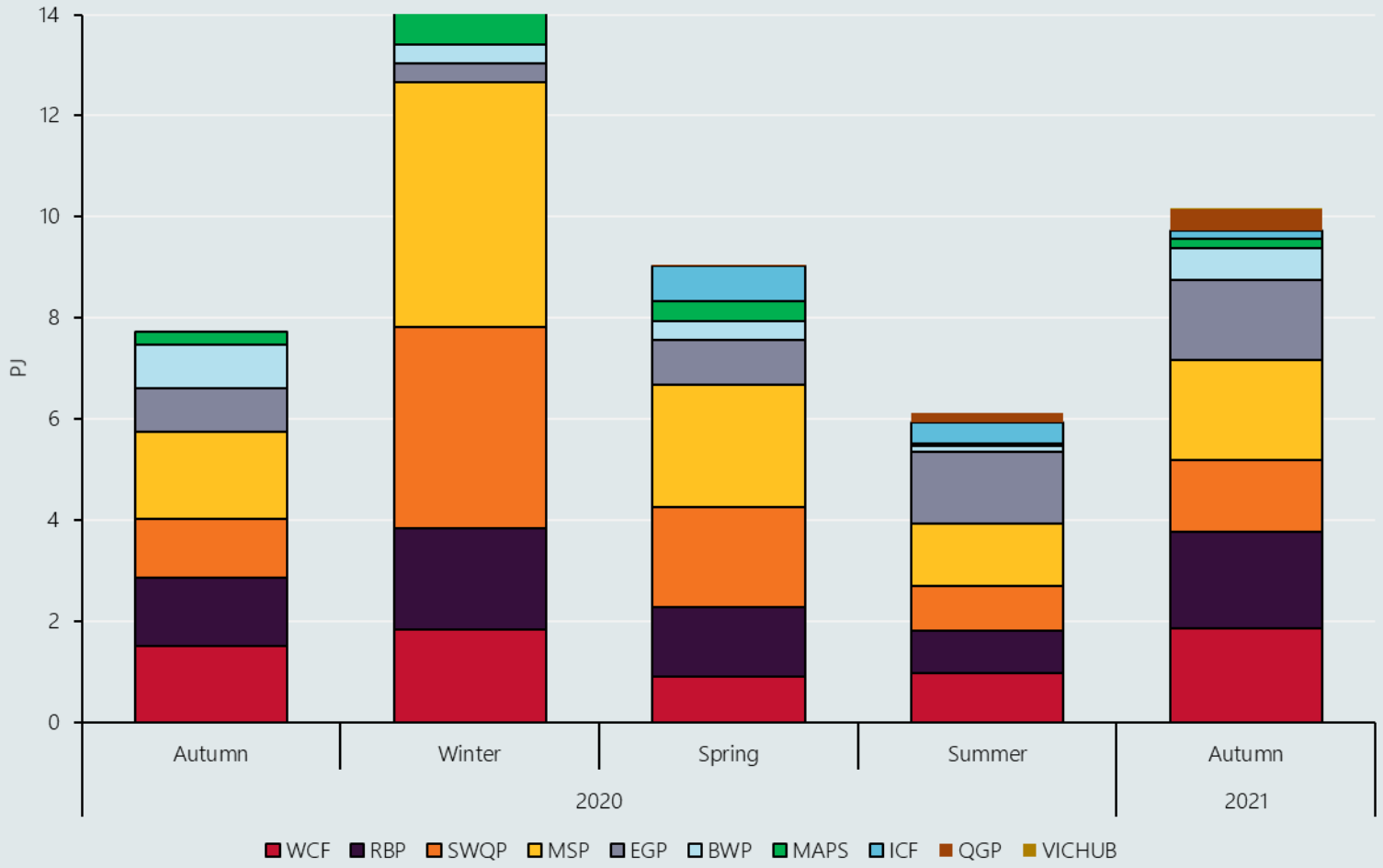
# Day Ahead Auction




## Summary

A Auction volumes increased compared to autumn 2020, with increases on most pipelines

B MSP was the most utilised pipeline, followed by RBP. Vichub was used for the first time

C Average auction clearing price on EGP was $0.29/GJ; SWQP was $0.04/GJ, RBP $0.03/GJ. Otherwise, prices were at or close to zero

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# 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/

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