WEEKLY GAS MARKET ANALYSIS

AUSTRALIAN ENERGY REGULATOR

12 December – 18 December 2010

Preface

As part of its monitoring roles for the National Gas Market Bulletin Board (Bulletin Board) and the Declared Wholesale Gas Market (Victorian Gas Market), the AER publishes a weekly gas market report. Part A of the report looks at gas usage and flows of registered facilities in southern and eastern Australia (as reported on the Bulletin Board). Part B provides a summary of operational and market data in the Victorian Gas Market.

The AER is responsible for monitoring and enforcing compliance with Part 20 of the National Gas Rules that authorise and govern conduct in the Short Term Trading Market (STTM). The STTM is a market for the wholesale trading of natural gas at defined hubs between pipelines and distribution systems, and began operation on 1 September 2010. With initial hubs of Sydney and Adelaide, additional hubs are intended for the future. Each hub is scheduled and settled separately, but all hubs operate under the same rules. Part C provides a summary of operational and market data in the STTM.

The Victorian Gas Market lies between the two STTM hubs and shares common production sources with the Adelaide and Sydney hubs. Participation in the Victorian Gas Market and the STTM hubs occurs on the basis of a different set of market rules and requires contractual arrangements with different pipeline owners. Participants operate in only those markets where they have production, gas and pipeline contracts. The larger number of retailers participating in the Victorian gas market reflects the increased number of retailers in Victoria. Some key differences between the STTM and the Victorian Gas Market are set out at the start of Part C.

This report will evolve over time and the nature of information presented may change. The AER welcomes feedback on the report from interested parties. Feedback can be sent to aerinquiry@aer.gov.au, with the subject title 'Comments on weekly gas report'.

Summary

Average daily prices in the Victorian market and the Sydney and Adelaide hubs are shown in figure 1. Although the ex ante price in the Sydney hub doubled from the previous week it still remains lower than Victorian and Adelaide prices.

Figure 1: Average daily price ($/GJ) – All gas markets

12 Dec – 18 Dec	Victorian market*	STTM Sydney hub**	STTM Adelaide hub**
Average Price	1.60	0.81	2.09

* weighted average daily imbalance price
** ex ante market price

STTM Gas Markets (Adelaide and Sydney)

Figure S3 shows that average daily prices in Sydney increased this week. The higher price was largely influenced by higher prices observed on Saturday ($2.70/GJ ex ante and $2.99/GJ ex post). The ex post price was higher as a result of deviations in the Sydney hub with consumption higher than forecast (see figure S5 and S19). Figure S17 shows that as a consequence 15 TJ of MOS services were supplied (increase offers) to make up for the gas shortfall in the hub.

Figure S4 shows that prices in Adelaide were low compared to year-to-date averages. The average ex post price in Adelaide increased by 29 cents/GJ to $2.34/GJ from the previous week, while there was a slight fall in the average ex ante price to $2.09/GJ.

Victorian Gas Market

Increased demand in Victoria saw injections rise by 38 TJ compared to the previous week (see Figure V3) influenced by increased demand for GPG (see Figure N4). This coincided with an increase in the average daily price from $1.02/GJ in the previous week to $1.60/GJ (see Figure V2).

AEMO did not issue any demand overrides this week. Supply Demand Point Constraints (SDPCs) were issued for withdrawals at SEA Gas from 12 to 15 December, and injections at Bass Gas for the 12, 13, 15, 16 and 17 December gas days. A Directional Flow Point Constraint was also applied at the Culcairn injection point on 15 December.

National Gas Market Bulletin Board

There were no instances of missing flow data on the Bulletin Board this week.

Figure N4 shows changes in gas demand and production and pipeline flows compared to the previous week. Total average daily demand (1416 TJ) increased by 65 TJ compared to the previous week. The most significant increases were observed in Victoria (46 TJ or 13 per cent) and NSW/ACT (8 TJ or 2 per cent), while other regions remained relatively stable. Total average daily gas powered generation (GPG) gas usage remained stable, with an 8 TJ decrease in South Australian GPG demand offset by an 11 TJ increase in Victoria.

Overall average daily production remained stable compared to the previous week. Decreased production in the Roma region and eastern Victoria (46 TJ and 37 TJ respectively) was offset by increases from Moomba and the Otway basin (13 TJ and 66 TJ respectively). This led to significant changes to flows on pipelines supplying Melbourne, with South West pipeline flows increasing (72 TJ) and Longford to Melbourne pipeline flows decreasing (36 TJ) compared to the previous week.

Part A: National Gas Market Bulletin Board

Overview of pipeline and production flows

Figure N1 sets out the average daily pipeline flows into each key demand region across the National Gas Market. A list of pipeline facilities for each demand region is provided in Figure A1 of the Appendix.

Figure N1: Average daily pipeline flows (TJ) into each demand region

						QLD		
Average daily flows	**NSW**	**ACT**	**VIC**	**SA**	**TAS**	Brisbane	Mt Isa	Gladstone
12 Dec – 18 Dec	340	8	398	243	48	169	98	113
Financial Year-to-date 2010-11*	400	28	684	290	46	175	94	108
Financial Year-to-date 2009-10**	393	26	668	289	37	166	84	69

*Average daily estimated gas consumption measured from 1 July 2010 to the current week (inclusive)
**Average daily estimated gas consumption measured from 1 July 2009 to the equivalent week in 2009-10 (inclusive)
Source: National Gas Market Bulletin Board http://www.gasbb.com.au

Figure N2 provides the average daily amount of gas used for GPG (gas-powered generators) in each state.

Figure N2: Average daily gas (TJ) used by gas-powered generators in each state

Average daily gas for GPG usage^	NSW	VIC	SA	TAS	QLD
12 Dec – 18 Dec	87	24	133	35	165
Financial Year-to-date 2010-11*	83	17	165	30	158
Financial Year-to-date 2009-10**	87	46	164	21	154

^Estimated values based on application of implied heat rates for generators within the demand region sourced from ACIL Tasman's 2009 Final Report 'Fuel resource, new entry and generation costs in the NEM'
*Average daily estimated gas consumption measured from 1 July 2010 to the current week (inclusive)
**Average daily estimated gas consumption measured from 1 July 2009 to the equivalent week in 2009-10 (inclusive)
Source: http://www.aemo.com.au

Notes: Data for each state collected on the following basis:

1. NSW - Smithfield Energy, Uranquinty, Hunter Valley GT, Colongra and Tallawarra power stations.
2. VIC - Laverton North, Valley Power, Jeeralang A, Jeeralang B, Somerton, Bairnsdale, and Newport power stations.
3. SA - Dry Creek GT, Hallet, Pelican Point, Torrens Island, Mintaro, Osborne, Ladbroke Grove, and Quarantine power stations.
4. TAS - Tamar Valley power stations.
5. QLD - Braemar 1, Braemar 2, Roma, Oakey, Barcaldine, and Swanbank power stations.

Figure N3 sets out the daily average flows from production and storage facilities from each production zone across the National Gas Market. A list of production/storage facilities for each zone is provided in Figure A2.

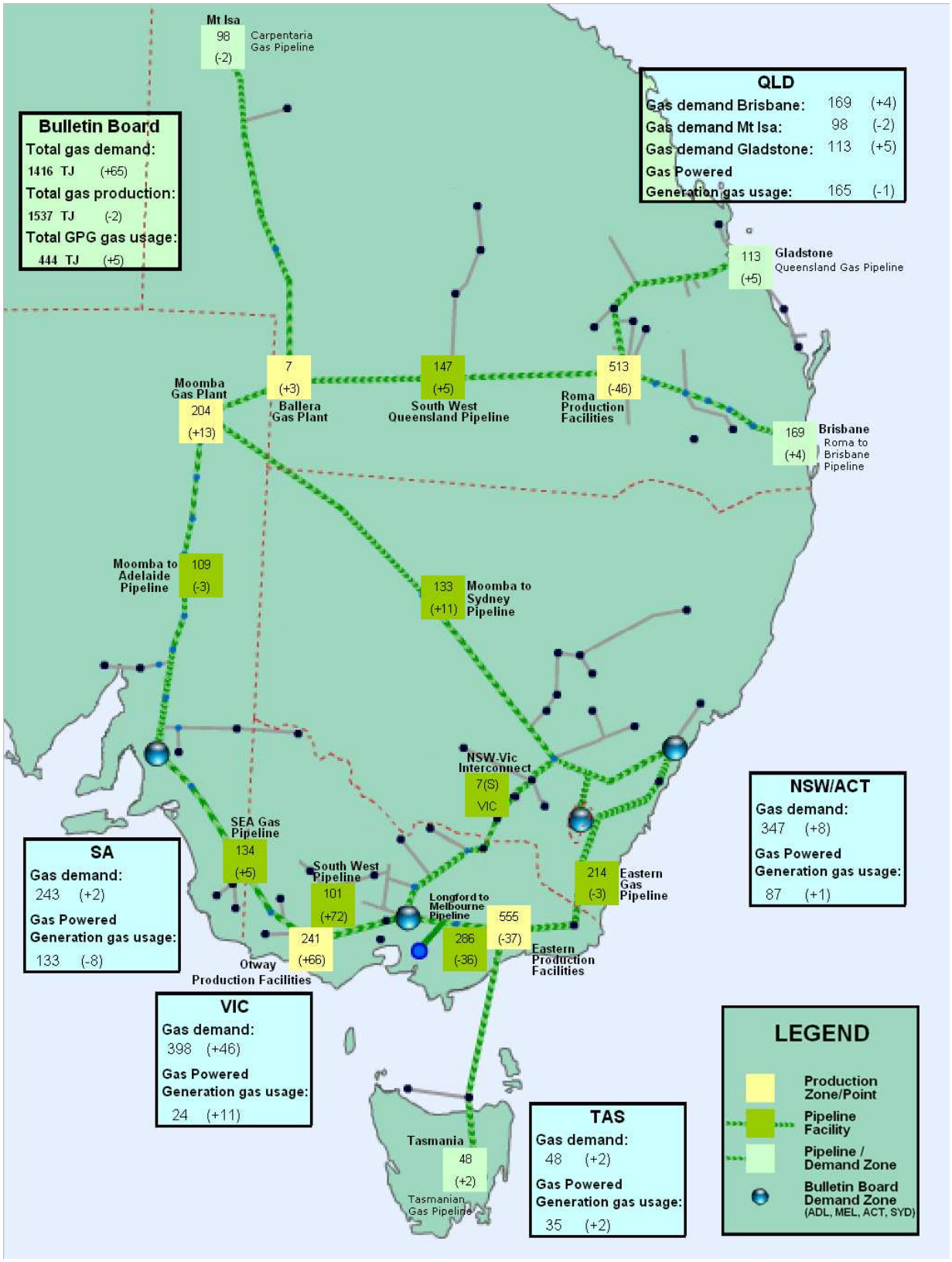
Figure N3: Daily average production flows (TJ) for each production zone

Average daily flows	Roma (QLD)	Eastern Victoria	Otway Basin (VIC)	Moomba (SA/QLD)
12 Dec – 18 Dec	513	555	241	212
Financial Year-to-date 2010-11*	545	835	295	305
Financial Year-to-date 2009-10**	442	755	302	302

*Average daily estimated gas consumption measured from 1 July 2010 to the current week (inclusive)
**Average daily estimated gas consumption measured from 1 July 2009 to the equivalent week in 2009-10 (inclusive)
Source: National Gas Market Bulletin Board http://www.gasbb.com.au

Figure N4 shows the changes in average daily pipeline and production flows compared to the previous week, as well as the gas demand and GPG usage of gas in each region.

Figure N4: Gas production/consumption and pipeline flows (TJ) (changes from the previous week are shown in brackets)

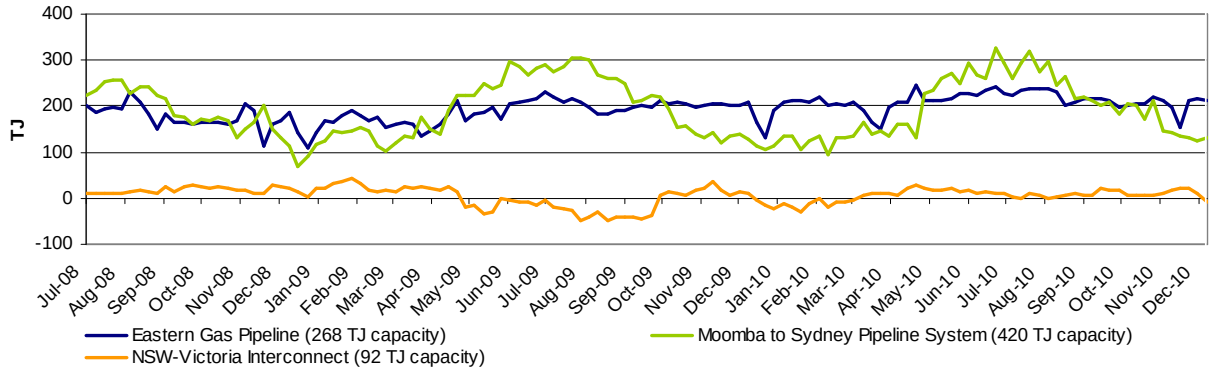


Source: Natural Gas Market Bulletin Board http://www.gasbb.com.au
Notes: Direction of aggregate daily flows along the NSW-Vic Interconnect indicated on map by S (South) or N (North).
Numbers in brackets indicate a change in average daily flow from the previous week.

Gas flows into demand regions

The figures below provide the average daily flows into each of the demand regions served by multiple pipelines and supply sources.

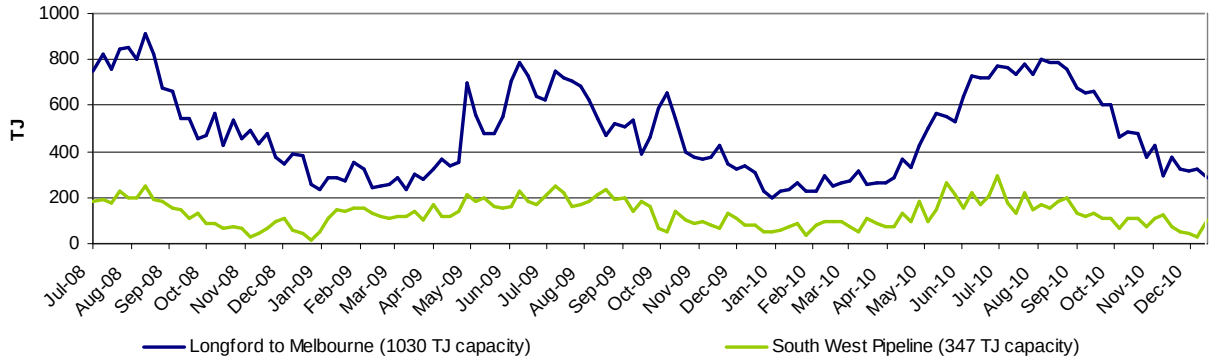
Figure N5: Average daily flows (TJ) into NSW/ACT demand region



Source: Natural Gas Market Bulletin Board http://www.gasbb.com.au

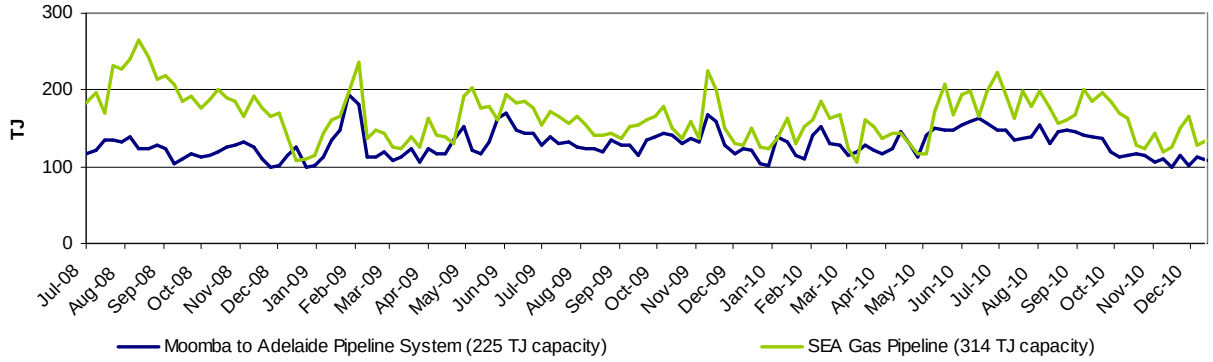
Notes: Negative flows on the NSW-Victoria Interconnect represent flows out of NSW into VIC.

Figure N6: Average daily flows (TJ) into VIC demand region



Source: Natural Gas Market Bulletin Board http://www.gasbb.com.au

Figure N7: Average daily flows (TJ) into SA demand region



Source: Natural Gas Market Bulletin Board http://www.gasbb.com.au

Part B: Victorian Gas Market

Participation in the market

Figure V1 shows participant bids submitted at the start of the gas day (6 am) at injection and withdrawal points on the Victorian Declared Transmission System (DTS). The orange shaded boxes indicate that the participant submitted bids at that location on at least one occasion during the week. An "S" indicates that some of this nominated gas was scheduled into the gas market, while "NS" indicates that none of the gas was scheduled. Green shading indicates where a change has occurred from the previous week.

Bids are scheduled in price merit order — this means injection bids which are less than the market clearing price will be scheduled, while withdrawal bids which are greater than the market clearing price will be scheduled into the market.

Figure V1: Injection and withdrawal point bids in the VIC Gas Market^

Market Participant	Participant type	No. of injection / withdrawal bid points	Injection bids in the DTS								Withdrawal bids in the DTS			
			BassGas	Culcairn	IONA	LNG	Longford	SEA Gas	VicHub	Otway	Culcairn	IONA	SEA Gas	VicHub
AETV Power	Trader	1							S					S
AGL (Qld)	Retailer	1				NS								
AGL	Retailer	5		NS	S	NS	S		NS		NS	NS		
Aurora Energy	Retailer	1					S							
Aust. Power & Gas	Retailer	3			NS	NS	S					S		
Coogee Energy	Transmission Customer	1					S							
Country Energy	Transmission Customer	1									S			
Energy Australia	Retailer	3			S		S		NS					NS
International Power	Transmission Customer	1											S	
Lumo Energy	Retailer	5		NS	S	NS			S					
Lumo Energy	Trader	2			NS				NS			S		S
Origin (Vic)	Retailer	6	S	S	S	NS	S				S	S		
Origin (Uranquinty)	Trader	1					S							
Red Energy	Retailer	1					S							
Santos	Retailer	2							S					
Simply Energy	Retailer	3				NS	S	NS						
TRU Energy	Retailer	4			S	NS	S					NS		
Visy Paper	Distribution Customer	2					S				S			

^Bids taken from 6 am data for each gas day during the current week.
Source: http://www.aemo.com.au (INT131)

Market Prices

Figure V2 displays volume-weighted average daily imbalance prices, compared to the 2010-11 financial year-to-date average and the 2009-10 financial year-to-date equivalent as well as daily imbalance prices for each day during the current week.

The daily average market price is a volume weighted imbalance price taking account of trading amounts at five times through the gas day — 6 am, 10 am, 2 pm, 6 pm and 10 pm.

Figure V2: Imbalance Weighted Prices ($/GJ)

	12 Dec – 18 Dec	5 Dec – 11 Dec	2010-11 Financial YTD*	2009-10 Financial YTD**
Average daily price	1.60	1.02	1.82	*1.60*

12 Dec – 18 Dec	Sun	Mon	Tue	Wed	Thu	Fri	Sat
Daily price	1.69	1.76	1.71	0.77	2.00	1.68	1.59

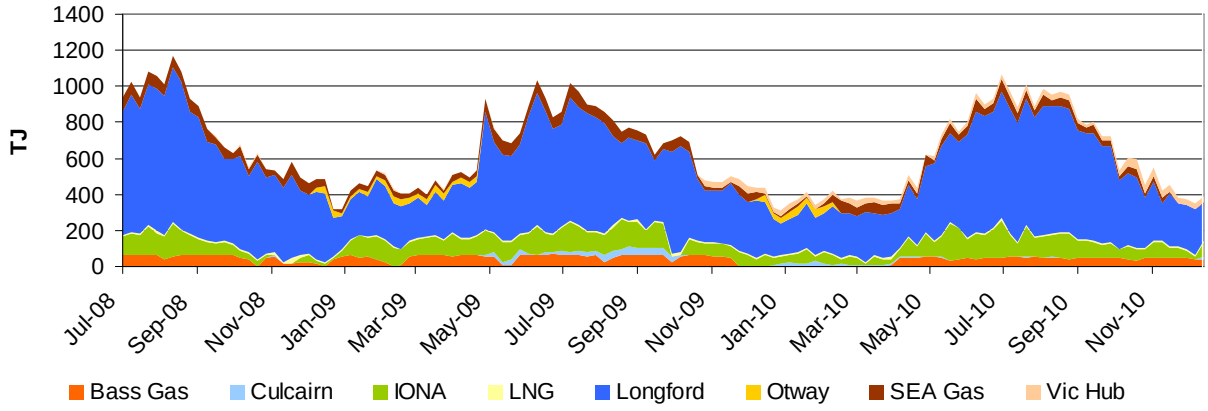
*Average daily imbalance weighted average price from 1 July 2010 to the current week (inclusive)
**Average daily imbalance weighted average price from 1 July 2009 to the equivalent week in 2009-10 (inclusive)
Source: http://www.aemo.com.au (INT 041)

System Injections

Figure V3 shows the average daily injections into the DTS for the current and previous week, compared with the 2010-11 and 2009-10 equivalent financial year-to-date daily averages.

Figure V3: Average daily flows (TJ) from Injection Points on the DTS

Injection Point:	12 Dec – 18 Dec	5 Dec – 11 Dec	2010-11 Financial YTD*	2009-10 Financial YTD**
Culcairn	10	0	1	19
Longford	212	255	487	448
LNG	9	9	8	9
IONA	81	18	86	96
VicHub	33	31	33	11
SEAGas	1	0	34	47
Bass Gas	42	37	47	48
Otway	0	0	0	2
TOTAL	**388**	**351**	**697**	**679**

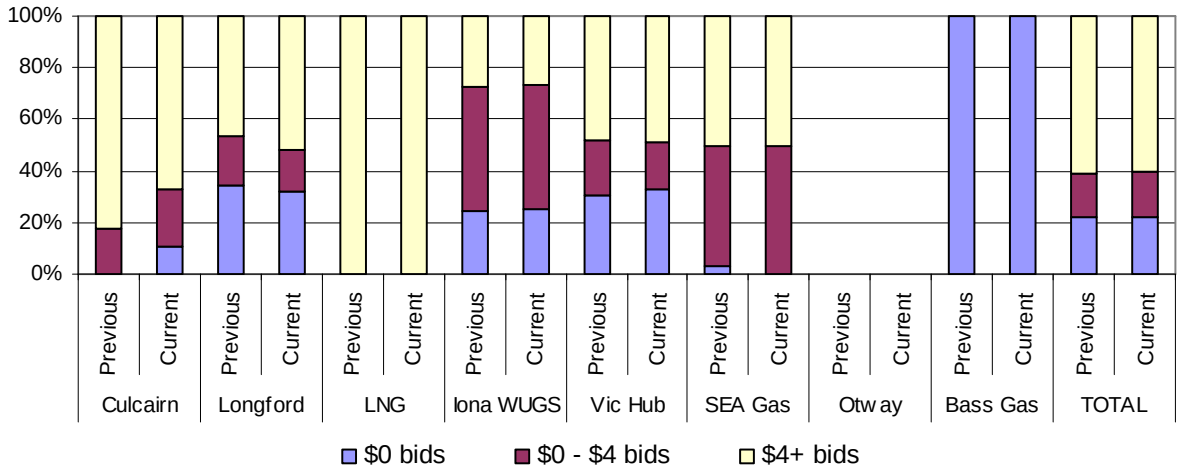


*Average daily estimated gas consumption measured from 1 July 2010 to the current week (inclusive)
**Average daily estimated gas consumption measured from 1 July 2009 to the equivalent week in 2009-10 (inclusive)
Source: http://www.aemo.com.au (INT 150)

Bidding Activity

Figure V4 compares the price structure of gas bid at each of the injection points on the VPTS, within three price bands of $0/GJ, $0/GJ to $4/GJ, and $4/GJ and above, for the current week and for the previous week.

Figure V4: Price structure of bids by injection points



Source: http://www.aemo.com.au (INT 131) - bids submitted for the 6am schedule on each day of the week.

Notes: Figures in the table are rounded off the nearest round number (TJ); the maximum allowable bid is $800/GJ.

Figure V5 provides a table of injection points on the DTS where market participants submitted intra-day renominations, for each day of the week.

Figure V5: Intra-day rebidding of gas injections

Injection Point:	Sun	Mon	Tue	Wed	Thu	Fri	Sat
Culcairn		Origin	Origin Lumo	Origin			Origin
Longford	AGL Origin TRU	AGL Origin TRU	AGL TRU	AGL Origin TRU	AGL TRU	AGL TRU	AGL TRU
LNG							
Iona	Origin TRU	AGL Origin TRU	AGL Origin TRU Lumo	Origin TRU	Origin TRU	Origin TRU	Origin TRU
VicHub	AETV TRU Lumo	AETV Lumo	AETV	AETV Lumo	AETV Lumo	AETV Lumo	AETV Lumo
SEAGas	Simply		Simply				Simply
Bass Gas				Origin			

Source: http://www.aemo.com.au (INT 131)

Notes: Origin = Origin Energy | AGL = AGL Sales | TRU = TRUenergy | Simply = Simply Energy | AETV = AETV Power | APG = Australian Power & Gas I CE = Country Energy | Lumo = Lumo Energy (formerly Victoria Electricity) | AGL (QLD) = AGL Sales (Queensland) | Red = Red Energy |

System withdrawals

Figure V6 shows the average daily gas usage on the DTS for the current and previous week, compared with the 2010-11 and 2009-10 equivalent financial year-to-date daily averages.

Figure V6: Average daily withdrawals (TJ) from system demand zones on the DTS

System withdrawal zone:	12 Dec – 18 Dec	5 Dec – 11 Dec	2010-11 Financial YTD*	2009-10 Financial YTD**
Ballarat	13	11	31	28
Geelong^	79	69	92	86
Gippsland	35	36	48	50
Melbourne	247	223	471	453
Northern	36	43	67	61
TOTAL	**408**	**382**	**709**	**680**

^Data presented also includes withdrawals for the Western system withdrawal zone or Western Transmission System (WTS).
*Average daily estimated gas consumption measured from 1 July 2010 to the current week (inclusive)
**Average daily estimated gas consumption measured from 1 July 2009 to the equivalent week in 2009-10 (inclusive)
Source: http://www.aemo.com.au (INT 150).

Part C: STTM MARKET DATA

What is the STTM?

The STTM is a market for the trading of natural gas at the wholesale level at defined hubs between pipelines and distribution systems. Currently the STTM has two hubs: Sydney and Adelaide.

The AER first commenced reporting on the STTM in September. The report deliberately contains a significant amount of information on the STTM. It is envisaged that over time as readers become familiar with the market, the amount of information will be reduced, while being mindful not to compromise the quality of the report.

Although the STTM and Victorian gas markets (discussed in Part B of this report) are both spot markets for gas, there are a number of key differences. Some of these differences are listed in the table below.

Key area of difference	Victoria Gas Market	STTM
AEMO role	• Wholesale market operator, • Retail market operator, • Transmission pipeline system operator	• Wholesale market operator, • Retail market operator
Scheduling	• On the day scheduling comprising five pricing and operating schedules at set times. Ad hoc schedules if required. • Day ahead and 2-Day ahead schedules (forecast data only).	• Day ahead market schedules • Shippers may vary from their market schedules when they nominate to pipeline operators • 2-Day ahead and 3-Day ahead schedules (forecast data only).
Market Price	• Five ex ante prices for imbalances set on the day • Ex ante prices in subsequent schedules after the 6am schedule apply to deviations • Market price is for commodity only. Transportation is charged separately by pipeline owner	• One ex ante market price set the day before the gas day • One ex post imbalance price set the day after the gas day • Price includes both commodity and delivery to the hub and represents purchase of gas at the hub
Linepack management (pipeline balancing mechanism)	• AEMO defines linepack target depending on operational conditions and is generally set seasonally not daily. • Linepack account covers costs that includes costs of day to day linepack variations	• On the day pipeline balancing through Market Operator Service (MOS), provided by MOS offers from shippers
Transmission pipeline constraint management	• Ancillary payments for higher priced gas scheduled that relieves constraints • Uplift payments to fund ancillary payments	• Capacity payments from shippers with non-firm contracts to shippers with firm contracts if a pipeline is constrained (based on the pipeline capacity price)

AEMO's website (www.aemo.com.au) contains documents that provide further detail on how the STTM works, including a glossary of terms.

Participation in the market

Figures S1 and S2 show participant supply offers and withdrawal bids submitted in the Sydney and Adelaide STTM hubs. The orange shaded boxes indicate that the participant submitted offers and bids at that location on at least one occasion during the week. An "S" indicates that some of this gas was scheduled into the gas market, while "NS" indicates that none of the gas was scheduled. Green shading indicates where a change has occurred from the previous week.

Offers and Bids are scheduled in price merit order—this means offers that are less than the market clearing price will be scheduled, while withdrawal bids that are greater than the market clearing price will be scheduled into the market.

Figure S1: Supply Offers and Withdrawal Bids (Sydney Hub)^

Trading Participant	Participant type^^	No. of supply offer / withdrawal bid points	Offers			Bids			
			EGP	MSP	ROS	EGP	MSP	ROS	SYD - NET
AETV Power	Shipper	1	S			S			
AGL Energy Sales & Marketing Limited	STTM User,Shipper	4	S	S	S				S
AGL Wholesale Gas Limited	Shipper	2	S	NS					
BHP Billiton Petroleum (Bass Strait) PL	Shipper								
BlueScope Steel	STTM User,Shipper	1	S						
Country Energy	STTM User,Shipper	2	S				S		
Delta Electricity	STTM User,Shipper	1							S
EnergyAustralia	STTM User,Shipper	2	S	S					
Esso Australia Resources Pty Ltd	Shipper								
Lumo Energy Australia Pty Ltd	Shipper	1				S			
OneSteel Manufacturing Pty Ltd	STTM User,Shipper	1	S						
OneSteel NSW Pty Ltd	STTM User,Shipper	1	S						
Origin Energy LPG Limited	STTM User,Shipper								
Origin Energy Retail Ltd	STTM User,Shipper	2	S	S					
Santos Direct Pty Ltd	STTM User,Shipper	1	S						
TRUenergy Pty Ltd	STTM User,Shipper	2	S	S		NS			
Tyco Water	STTM User								

^Offers and bids taken from the (D-1) ex ante schedule

^^STTM Users also submit price-taker bids to satisfy customer demand, which are not included in this table

Source: http://www.aemo.com.au INT 651, 659, 668

EGP=Eastern Gas Pipeline, MSP=Moomba to Sydney Pipeline, ROS=Rosalind Park Production facility, SYD-NET=Sydney Hub

Figure S2: Supply Offers and Withdrawal Bids (Adelaide Hub)^

Trading Participant	Participant type^^	No. of supply offers / withdrawal bids	Offers		Bids		
			MAP	SEAGAS	MAP	SEAGAS	ADL - NET
AGL South Australia Pty Limited	STTM User,Shipper	1	S				
AGL Wholesale Gas (SA) Pty Ltd	Shipper	2	S	S			
Adelaide Brighton Cement Ltd	STTM User,Shipper	2	S	S			
Lumo Energy Australia Pty Ltd	Shipper						
OneSteel Manufacturing Pty Ltd	Shipper						
Origin Energy Retail Ltd	STTM User,Shipper	2	S	S			
Pelican Point Power Limited	Shipper						
Simply Energy	STTM User,Shipper	2	S	NS	S		
TRUenergy Pty Ltd	STTM User,Shipper	2	S	S			

^ Offers and bids taken from the (D-1) ex ante schedule
^^ STTM Users also submit price-taker bids to satisfy customer demand, which are not included in this table
Source: http://www.aemo.com.au INT 651, 659, 668
MAP=Moomba to Adelaide Pipeline, SEAGAS=SEA gas pipeline, ADL-NET=Adelaide Hub

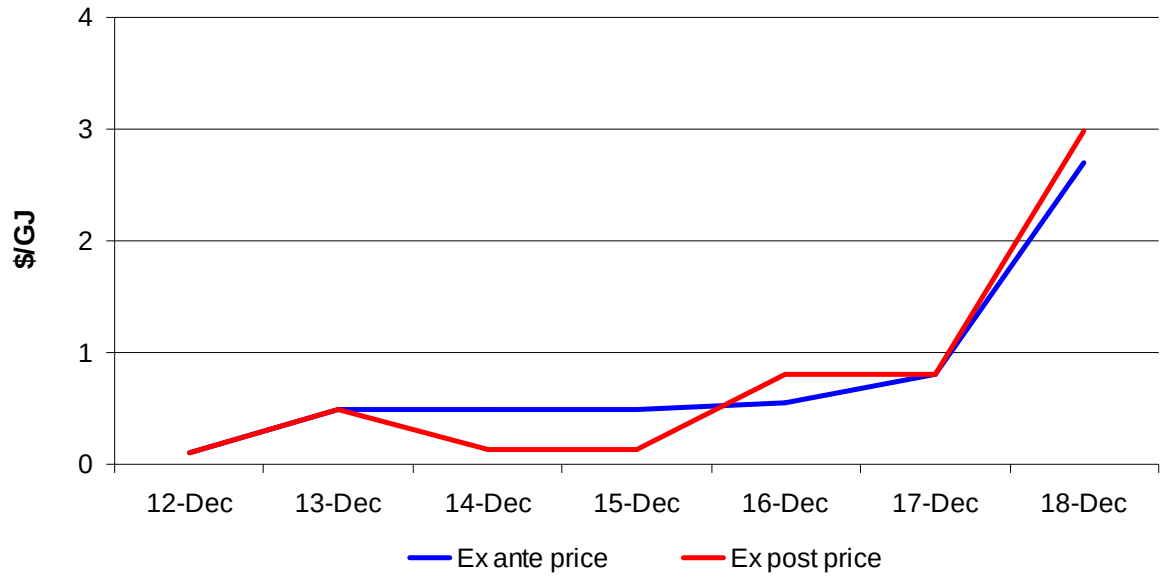
Ex ante and Ex post Market Prices

Figures S3 and S4 show ex ante and ex post prices at the Sydney and Adelaide Hubs. Differences between the ex ante and ex post price may arise where there are significant differences between price taker bids (demand forecasts) for the hub and actual demand in the hub**.** When this occurs, this leads to more or less gas being scheduled in the ex post market and a divergence between the ex ante and ex post prices.

Figure S3: Ex ante vs Ex post Price - Sydney Hub ($/GJ)^

	12 Dec – 18 Dec	5 Dec – 11 Dec	2010-11 Financial YTD*
Ex ante price	0.81	0.39	2.91
Ex post price	0.78	0.66	9.29

***Financial Year to date figures exclude market trial data (year-to-date from 1 September 2010)

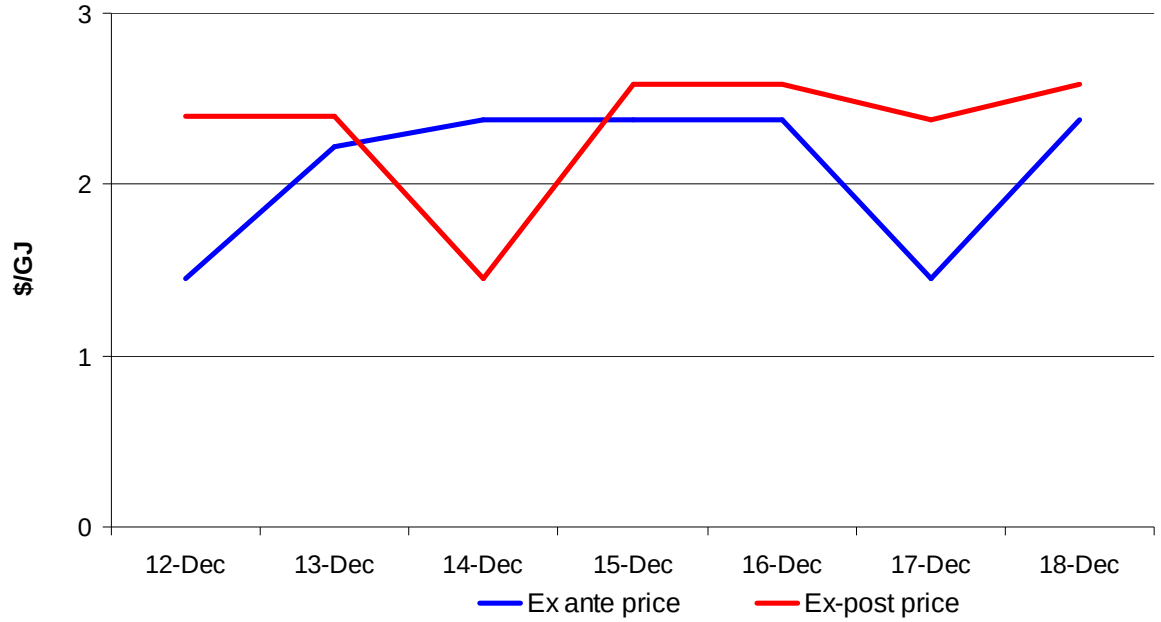


Source: http://www.aemo.com.au INT 651, 657

Figure S4: Ex ante vs Ex post Price - Adelaide Hub ($/GJ)

	12 Dec – 18 Dec	5 Dec – 11 Dec	2010-11 Financial YTD*
Ex ante price	2.09	2.14	2.68
Ex post price	2.34	2.05	2.76

* Financial Year to date figures exclude market trial data (year-to-date from 1 September 2010)



Source: http://www.aemo.com.au INT 651, 657

Scheduled gas

"Firm" and "non-firm" gas is scheduled to the STTM hubs. Firm capacity describes a facility contract that has the highest haulage priority. Non-firm (as available) capacity refers to facility contracts with lower order priority.

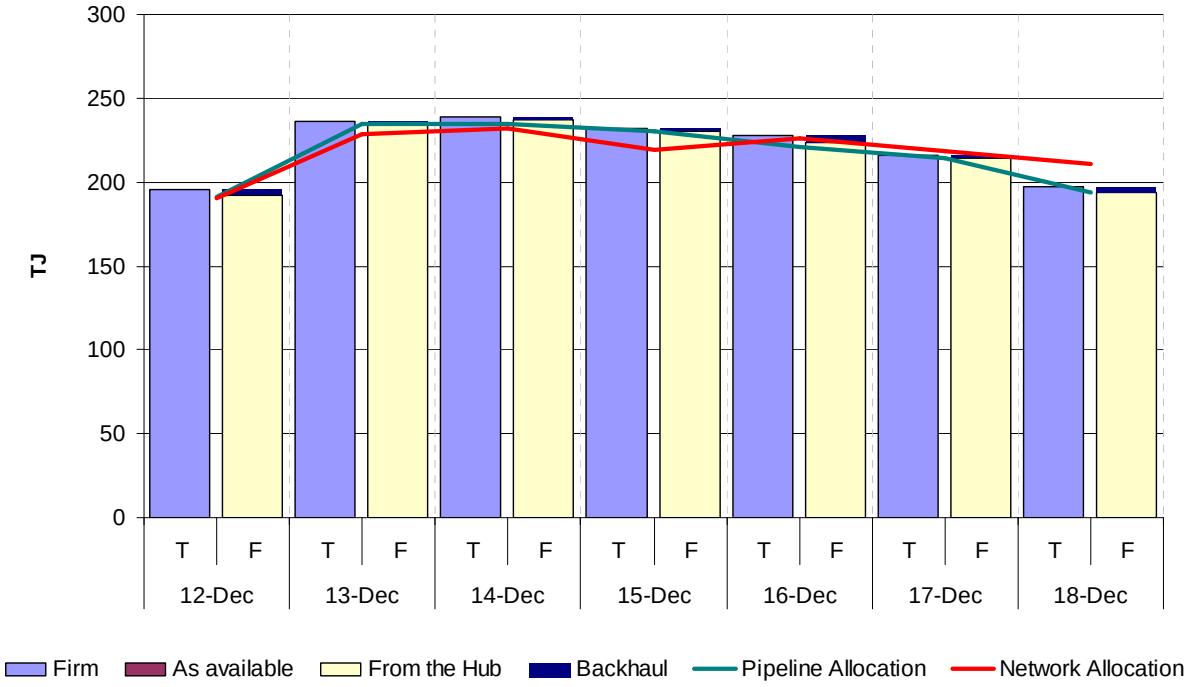
Gas can also be scheduled from the STTM hubs. This happens when Shippers "backhaul" gas from the hub or Users bid to take gas from the hub (including price taker bids).

Figures S5 and S6 show scheduled versus allocated gas at each hub. To understand the figures, the quantities of firm and non-firm gas scheduled via offers to the hub are indicated by the columns marked "T" (or **to** the hub). Firm offers are indicated by light purple shading and as available gas is indicated by maroon shading. Bids to take gas from the hub are indicated by columns marked "F" (or **from** the hub). User bids are indicated by light yellow shading and backhaul is indicated by dark blue shading.

The red line shows network (or in other words hub or demand side) allocations and the green line shows pipeline allocations. Allocations show actual gas flows for the day based on pipeline and network metered data.

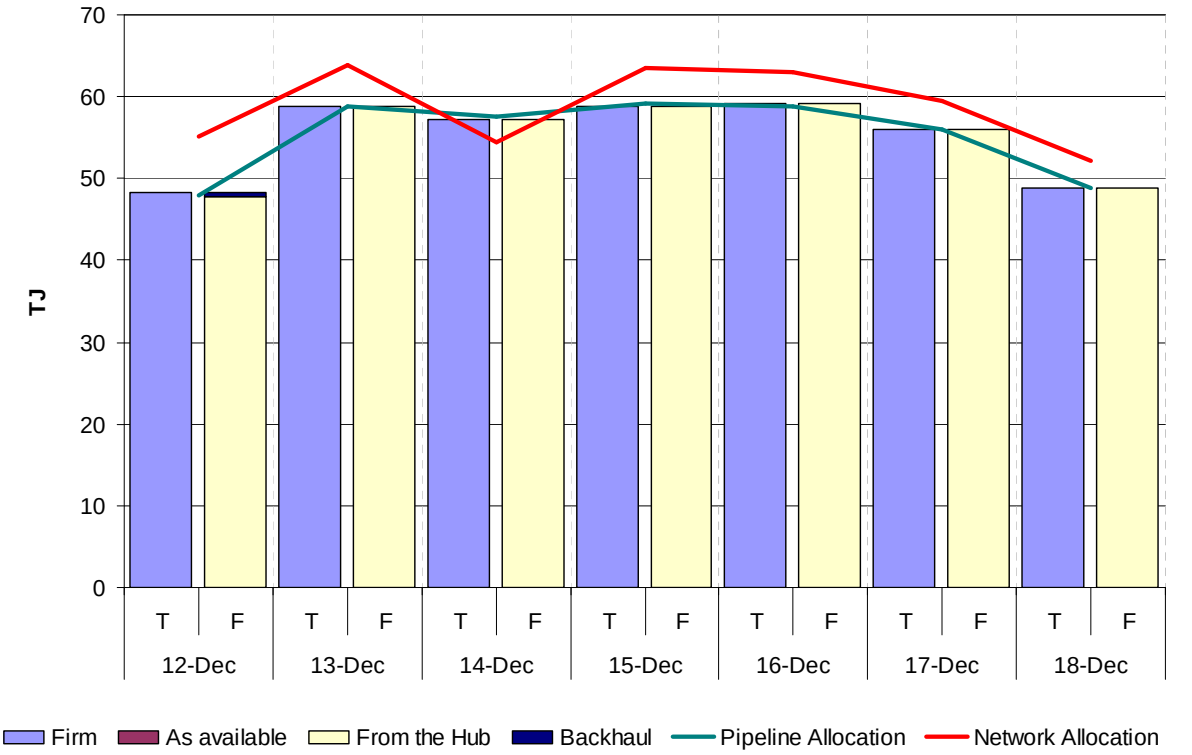
By comparing the level of the red line to the columns marked "F", it can be shown whether demand (allocation) was higher than scheduled. Similarly, comparing the green line to the columns marked "T" shows how the actual flow of gas (allocation) compared to what was scheduled.

Figure S5: Allocated vs scheduled ex ante quantity - Sydney Hub (TJ)^



Source: http://www.aemo.com.au INT 651, 652, 658 and 664 (MOS allocations removed)

Figure S6: Allocated vs scheduled ex ante quantity - Adelaide Hub (TJ)



Source: http://www.aemo.com.au INT 651, 652, 658 and 664 (MOS allocations removed)

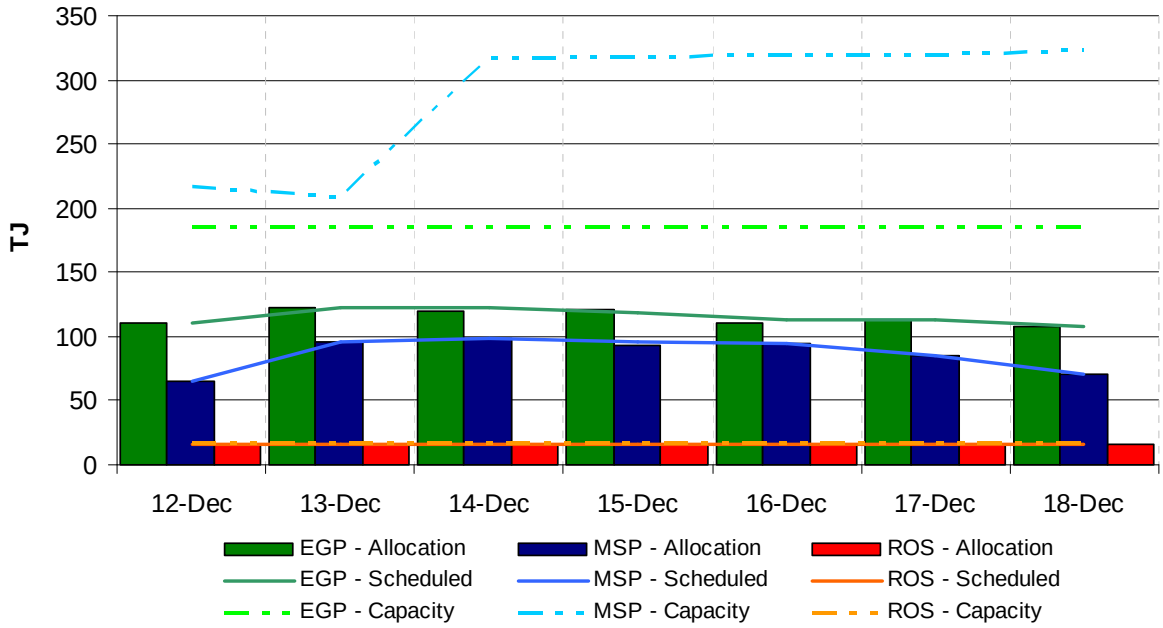
Pipeline Facility Allocations

A number of pipelines supply the Adelaide and Sydney hubs. Figures S7 and S8 show, for each hub, the allocation (or actual flow) of gas to each of the pipeline facilities supplying the hub, the quantity of gas scheduled (ex ante) on the pipeline and the capacity of the pipeline.

For a gas day, the pipeline operator delivers gas to the hub, and users withdraw gas from the hub. However, the quantities delivered to or withdrawn from the hub may not, and generally will not, match with the ex ante schedules. In addition, during the day, as gas requirements become better known, and if permitted by their contracts, shippers may renominate quantities ("intraday nominations") with their pipeline operators.

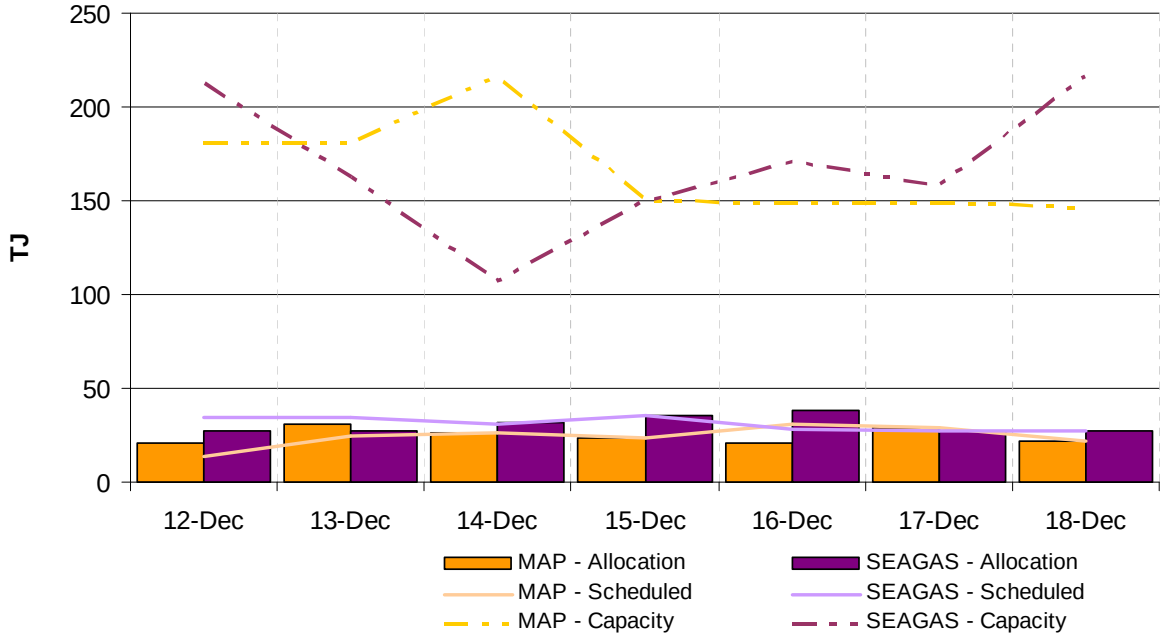
Differences between the amount of gas scheduled and what was actually allocated can result in variations between the ex ante and ex post price, as the ex post price is related to the offers actually allocated while ex ante is related to the offers scheduled.

Figure S7: Allocated vs scheduled pipeline quantities - Sydney Hub (TJ)



Source: http://www.aemo.com.au INT 652, 653, 658 and 664 (MOS allocations removed)
EGP=Eastern Gas Pipeline, MSP=Moomba to Sydney Pipeline, ROS=Rosalind Park production facility

Figure S8: Allocated vs scheduled pipeline quantities - Adelaide Hub (TJ)



Source: http://www.aemo.com.au INT 652, 653, 658 and 664 (MOS allocations removed)
MAP=Moomba to Adelaide Pipeline, SEAGAS=SEA gas pipeline

Offers and Bids

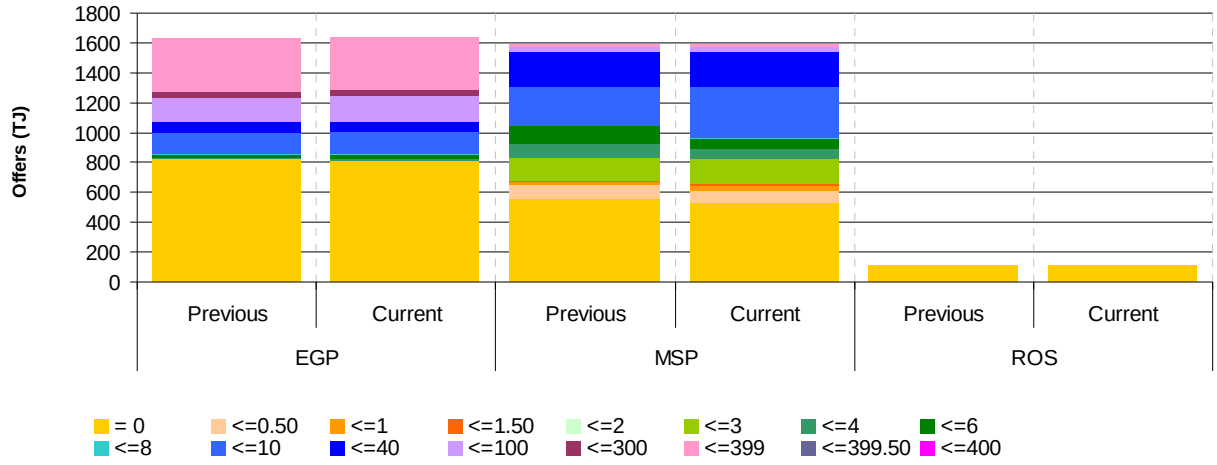
Trading Participants submit offers to sell gas into an STTM hub and withdrawal bids to take gas from a hub. Figures S9 and S11 show for the Sydney and Adelaide hubs respectively, total offers within various price bands for the current week compared to the previous week for each of the pipeline facilities.

Figures S10 and S12 show for the Sydney and Adelaide hubs respectively, total bids within various price bands for the current week compared to the previous week for each of the pipeline facilities and the hubs themselves (NETSYD1 and NETADL1).

These figures also include information on price-taker bids. A price-taker bid is a bid for a quantity of gas that the user will accept at any price. Only STTM users are able to place price-taker bids, that is, to purchase gas at any price. These bids (which represent customer demand forecasts) must be submitted on a daily basis. Price-taker bid data is read against the right-hand-side axis.

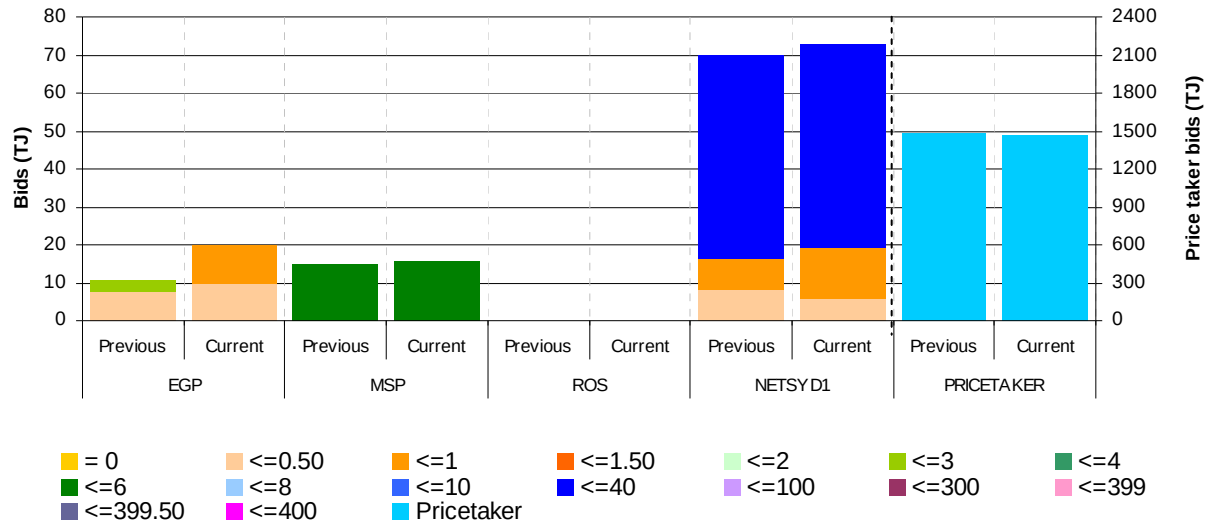
Because scheduling is price-driven, offers for lower-priced gas are scheduled ahead of offers for higher-priced gas and bids for higher-priced gas are scheduled ahead of bids for lower-priced gas.

Figure S9: Total weekly Sydney hub offers (TJ) within price bands ($/GJ)



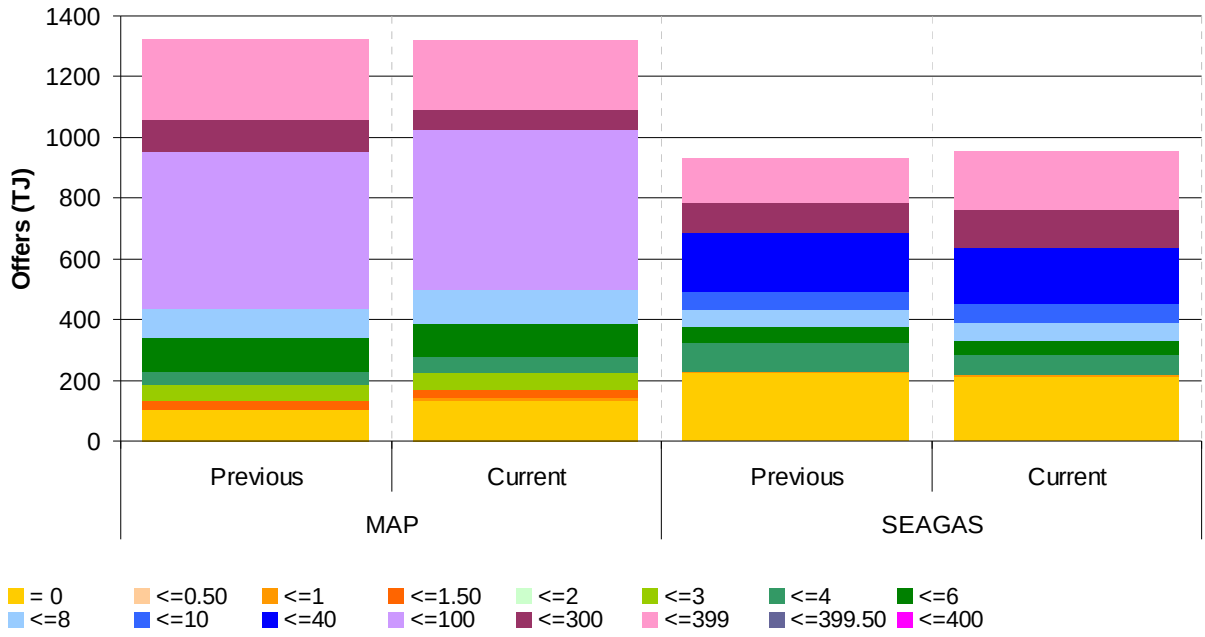
Source: http://www.aemo.com.au INT 652, 659
EGP=Eastern Gas Pipeline, MSP=Moomba to Sydney Pipeline, ROS=Rosalind Park Production facility

Figure S10: Total weekly Sydney hub bids (TJ) within price bands ($/GJ)



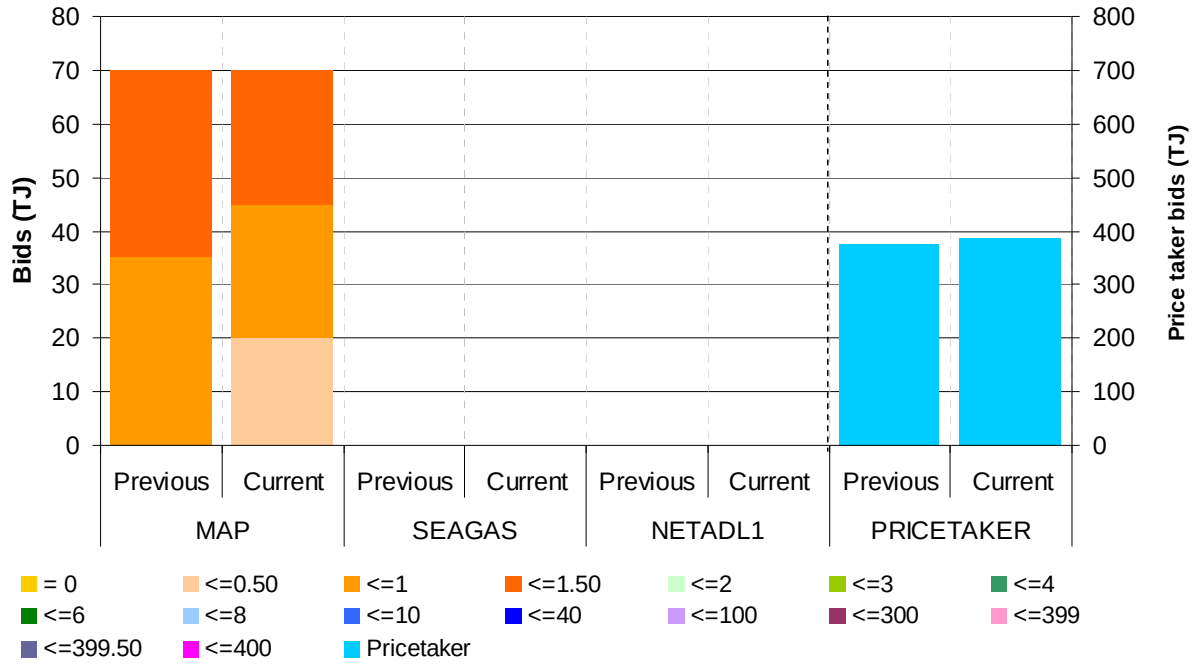
Source: http://www.aemo.com.au INT 652, 659
EGP=Eastern Gas Pipeline, MSP=Moomba to Sydney Pipeline, ROS=Rosalind Park Production facility, NETSYD1=Sydney Hub

Figure S11: Total weekly Adelaide hub offers (TJ) within price bands ($/GJ)



Source: http://www.aemo.com.au INT 652, 659
MAP=Moomba to Adelaide Pipeline, SEAGAS=SEA gas pipeline

Figure S12: Total weekly Adelaide hub bids (TJ) within price bands ($/GJ)



Source: http://www.aemo.com.au INT 652, 659
MAP=Moomba to Adelaide Pipeline, SEAGAS=SEA gas pipeline, NETADL1=Adelaide Hub

Re-offers and re-bids

In the STTM, offers and bids must first be submitted three days before the gas day (D-3), leading to an initial provisional price and schedule for the gas day. Re-offers and re-bids are then allowed for the D-2 schedule and finally for the D-1 “ex ante” schedule.

Re-offers and re-bids can lead to significant changes between D-3 and D-2 provisional prices and the ex ante price. Figures S13, S14, S15 and S16 show the participants that made inter-day re-offers and re-bids at the hubs for the different pipeline facilities.

Figure S13: Inter-day resubmission of offers at Sydney Hub

Pipeline	Schedule	Sun	Mon	Tue	Wed	Thu	Fri	Sat
EGP	D-3 to D-2	BluSc SANTOS TRU	TRU		EA	EA TRU	EA Origin	
	D-2 to D-1	SANTOS TRU	SANTOS TRU	BluSc EA OneStl(NSW) SANTOS	BluSc EA SANTOS TRU	BluSc Origin SANTOS TRU	BluSc EA SANTOS	BluSc EA SANTOS
MSP	D-3 to D-2	AGL(ESM) Origin TRU	AGL(ESM) Origin TRU	AGL(ESM) Origin TRU	AGL(ESM) EA Origin TRU	AGL(ESM) Origin TRU	AGL(ESM) EA Origin TRU	AGL(ESM) Origin TRU
	D-2 to D-1	AGL(ESM) Origin TRU	AGL(ESM) Origin TRU	AGL(ESM) EA Origin TRU	AGL(ESM) EA Origin TRU	AGL(ESM) Origin TRU	AGL(ESM) EA Origin TRU	AGL(ESM) EA Origin TRU
ROS	D-3 to D-2	AGL(ESM)			AGL(ESM)	AGL(ESM)	AGL(ESM)	AGL(ESM)
	D-2 to D-1			AGL(ESM)		AGL(ESM)	AGL(ESM)	AGL(ESM)

Source: http://www.aemo.com.au INT 659
BluSc= BlueScope Steel I Country= Country Energy I Origin=Origin Energy Retail Ltd I TRU= TRUenergy Pty Ltd I
AGL(WG)= AGL Wholesale Gas Limited I EA=EnergyAustralia I OneStl(NSW)= OneSteel NSW Pty Ltd I
SANTOS= Santos Direct Pty Ltd I AGL(ESM)= AGL Energy Sales & Marketing Pty Ltd I Lumo = Lumo Energy Australia Pty Ltd |
EGP=Eastern Gas Pipeline, MSP=Moomba to Sydney Pipeline, ROS=Rosalind Park Production facility

Figure S14: Inter-day resubmission of bids at Sydney Hub

Pipeline	Schedule	Sun	Mon	Tue	Wed	Thu	Fri	Sat
EGP	D-3 to D-2							
	D-2 to D-1					Lumo	Lumo	
MSP	D-3 to D-2	Country			Country		Country	
	D-2 to D-1					Country		
NETSYD1	D-3 to D-2							
	D-2 to D-1							
ROS	D-3 to D-2							
	D-2 to D-1					Country		

Source: http://www.aemo.com.au INT 659
Country= Country Energy
EGP=Eastern Gas Pipeline, MSP=Moomba to Sydney Pipeline, ROS=Rosalind Park Production facility**,** NETSYD1=Sydney Hub

Figure S15: Inter-day resubmission of offers at Adelaide Hub

Pipeline	Schedule	Sun	Mon	Tue	Wed	Thu	Fri	Sat
MAP	D-3 to D-2	AGL(WGSA) Origin TRU	AGL(SA) AGL(WGSA) Origin Simply TRU	AGL(WGSA) Origin TRU	AGL(SA) AGL(WGSA) Origin TRU	AGL(WGSA) Origin Simply TRU	AGL(WGSA) Origin TRU	AGL(SA) AGL(WGSA) Origin Simply TRU
	D-2 to D-1	AGL(WGSA) Origin Simply TRU	AGL(WGSA) Origin TRU	AGL(SA) AGL(WGSA) Origin TRU	AGL(WGSA) Origin Simply TRU	AGL(SA) AGL(WGSA) Origin	AGL(SA) AGL(WGSA) Origin Simply	AGL(SA) AGL(WGSA) Origin TRU
SEA-GAS	D-3 to D-2	Origin TRU	Origin TRU	TRU	Origin TRU	Origin Simply TRU	Origin TRU	Simply TRU
	D-2 to D-1	Origin TRU	TRU	Origin TRU	Origin Simply TRU	Origin TRU	Simply TRU	TRU

Source: http://www.aemo.com.au INT 659
ABC= Adelaide Brighton Cement Ltd I AGL(WGSA)= AGL Wholesale Gas (SA) Pty Ltd I Origin=Origin Energy Retail Ltd I Simply= Simply Energy I TRU= TRUenergy Pty Ltd I AGL(SA)= AGL South Australia Pty Limited I
MAP=Moomba to Adelaide Pipeline, SEAGAS=SEA gas pipeline

Figure S16: Inter-day resubmission of bids at Adelaide Hub

Pipeline	Schedule	Sun	Mon	Tue	Wed	Thu	Fri	Sat
MAP	D-3 to D-2			Simply		Simply		Simply
	D-2 to D-1				Simply		Simply	
NETADL1	D-3 to D-2							
	D-2 to D-1							
SEA-GAS	D-3 to D-2							
	D-2 to D-1							

Source: http://www.aemo.com.au INT 659
Simply= Simply Energy

Market Operator Service

The Market Operator Service (MOS) is a daily mechanism for allocating balancing gas provided by pipelines to maintain pressures at receipt points. This balancing gas is the difference between what was scheduled by a pipeline operator (the pipeline schedule) and the actual quantities of gas that flowed on a pipeline on the day.

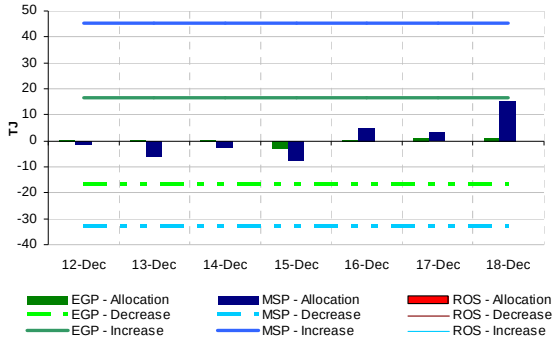
MOS offers are made by participants who have contracts with pipeline facilities to "park" gas (on the pipeline) or "loan" gas (from the pipeline). Based on these contracts, two types of MOS are offered: increase offers to increase flows on a pipeline to a hub; and decrease offers to decrease flows on a pipeline to a hub. Where a pipeline deviation[1] occurs on a gas day and there is a requirement for MOS from a MOS provider (either an increase or decrease offer), the MOS provider is paid according to their MOS offer price (the MOS service payment).

In addition, where this MOS service is required, AEMO pays or charges the MOS provider for the MOS gas allocation on the gas day at the ex ante market price two days after the gas day, which covers the cost of restoring its inventory of MOS gas (the MOS commodity payment or charge). The MOS provider can then choose to submit bids or offers for the gas it needs to replace or run down its MOS gas allocation on the gas day.

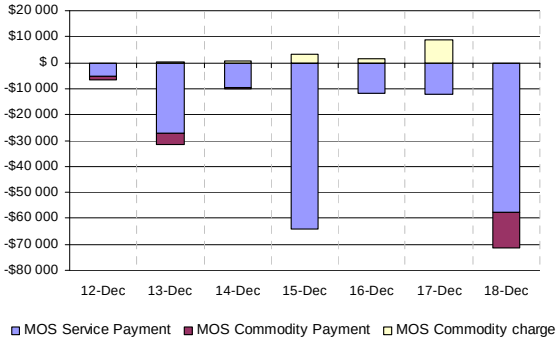
[1] Deviations occur when the gas flowed on pipelines into hubs on a gas day differ from the modified market schedule, or when gas taken out of the hub is different to the schedule.

Figure S17a and S18a show quantities of MOS allocated on a daily basis compared to total MOS increase and decrease offers (from potential providers) on each pipeline at each hub. MOS allocations are shown by the columns in these figures, whereas total MOS increase and decrease offers on each pipeline are shown by horizontal lines (as indicated in the legend). Figures S17b and S18b show MOS service payments and MOS commodity payments or charges. Payments fall below the horizontal axis and charges are displayed above the axis.

Figure S17: Sydney MOS allocations

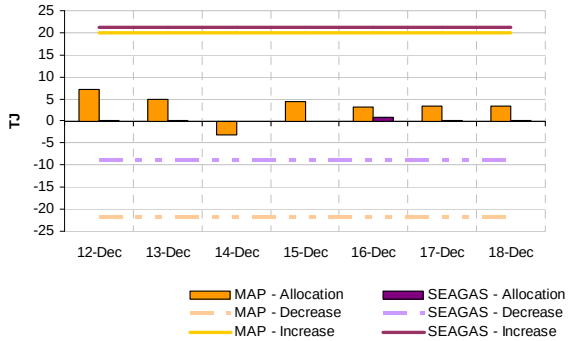


Sydney MOS payments / Charges

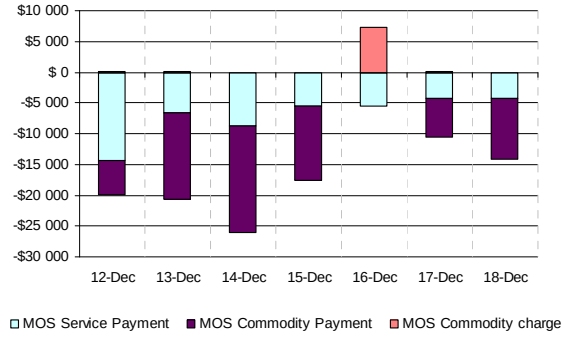


Source: http://www.aemo.com.au INT 663, 664, 665
EGP=Eastern Gas Pipeline, MSP=Moomba to Sydney Pipeline, ROS=Rosalind Park Production facility

Figure S18: Adelaide MOS allocations



Adelaide MOS payments / Charges

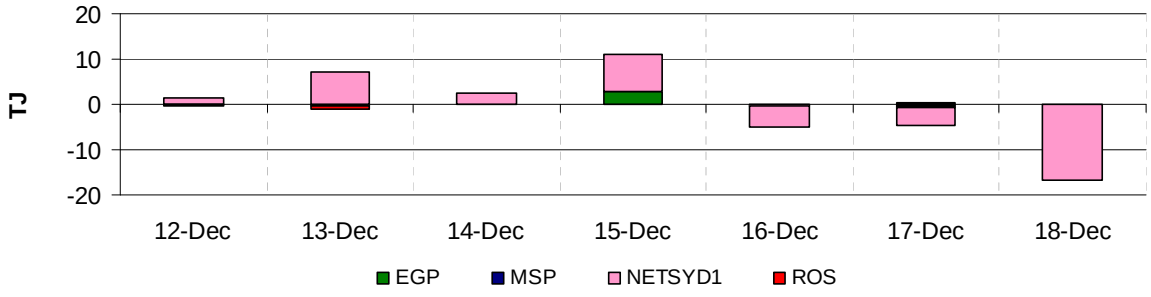


Source: http://www.aemo.com.au INT 663, 664, 665
MAP=Moomba to Adelaide Pipeline, SEAGAS=SEA gas pipeline

Deviations

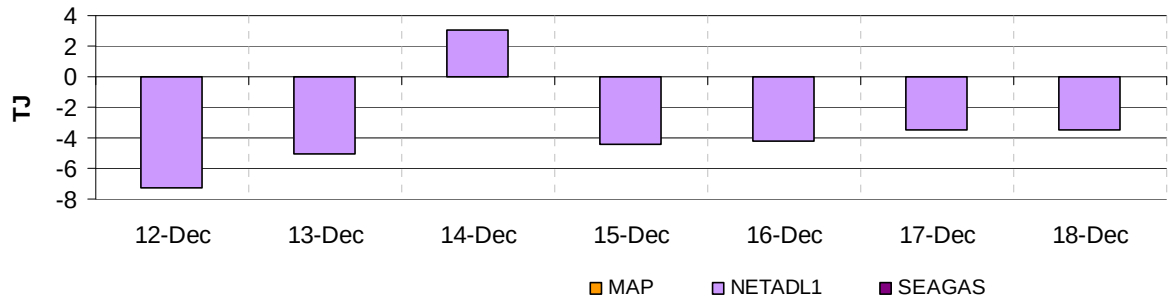
Deviations occur when the gas flowed on pipelines into hubs on a gas day differ from the modified market schedule, or when gas taken out of the hub is different to the schedule. The most likely reason for deviations is where participants incorrectly forecast the demand of customers within the hub. As discussed previously, figures S5 and S6 show allocated quantities versus scheduled. Where they differ, there is a deviation. Net deviations may lead to requirements for MOS services. Figures S19 and S20 show net deviations at the STTM hubs.

Figure S19: Net Deviations – Sydney Hub



Source: http://www.aemo.com.au INT652

Figure S20: Net Deviations – Adelaide Hub



Source: http://www.aemo.com.au INT652

Market Schedule Variations

When a shipper deviates from the ex ante schedule, it can submit a "market schedule variation" (MSV) to AEMO. The variation must be matched by an opposite variation from either another shipper or a user. Market schedule variations allow shippers to adjust their schedules in line with their pipeline allocations and so avoid deviation charges. A variation can include flows from the hub, which must also be matched with variation of flows to the hub.

Variations that cause a change in withdrawals at the hub attract a variation charge (but no deviation charge), which is designed to encourage more accurate day-ahead forecasting. The variation charge has a sliding scale such that the bigger the variation, the bigger the charge. However, variations that do not change the demand at the hub are exempt.

Figures S21 and S22 show MSV quantities and charges at the STTM Hubs.

Figure S21: Average Daily Market Variations - Sydney Hub

	12 Dec – 18 Dec	5 Dec – 11 Dec	2010-11 Financial YTD*
Quantity (TJ)	2.79	2.86	4.54
Charges ($)	12.53	6.38	1309.57

*** Financial** Year to date figures exclude market trial data (year-to-date from 1 September 2010)
Source: http://www.aemo.com.au INT663

Figure S22: Average Daily Market Variations - Adelaide Hub

	12 Dec – 18 Dec	5 Dec – 11 Dec	2010-11 Financial YTD*
Quantity (TJ)	0.14	0.42	1.10
Charges ($)	0.00	2.17	26.13

*** Financial** Year to date figures exclude market trial data (year-to-date from 1 September 2010)
Source: http://www.aemo.com.au INT663

APPENDIX

Figures A1 and A2 display the daily gas flows from each pipeline and production/storage facility in the National Gas Market over the current week. The nameplate capacity or MDQ (Maximum Daily Quantity) for each facility are also provided, along with the proportion of MDQ used on average over the current week and the year to date at each facility. Flow data not provided by bulletin board polling time is indicated by N/A.

Figure A1: Daily flows (TJ) for pipeline facilities

Demand zone and pipeline facility	Sun	Mon	Tue	Wed	Thu	Fri	Sat	MDQ (TJ)	YTD average capacity usage (%)	Current week average daily flows	Current YTD average daily flows*	Previous YTD average daily flows**
QLD												
Carpentaria Pipeline	96	96	94	100	100	100	98	117	80	98	94	84
QLD Gas Pipeline	114	115	116	115	111	111	108	142	76	113	108	69
Roma to Brisbane Pipeline	153	184	181	175	174	170	149	219	80	169	175	166
South West QLD Pipeline	154	156	136	136	136	136	177	181	70	147	127	147
NSW/ACT												
Eastern Gas Pipeline	198	230	228	227	206	213	196	268	80	214	215	203
Moomba to Sydney Pipeline	93	125	135	155	153	149	125	420	51	133	214	215
NSW-VIC Interconnect^	10	7	2	-21	-20	-23	-5	92	10	-7	9	-12
VIC												
Longford to Melbourne	300	303	326	246	296	276	258	1030	55	286	562	504
South West Pipeline	**64**	111	85	132	128	97	94	347	35	101	121	145
SA												
Moomba to Adelaide Pipeline	99	122	107	101	105	117	109	225	56	109	126	132
SEA Gas Pipeline	99	153	165	161	147	115	99	314	52	134	164	157
TAS												
Tasmanian Gas Pipeline	45	50	49	52	52	48	40	129	35	48	46	37

*Average daily estimated gas consumption measured from 1 July 2010 to the current week (inclusive)
**Average daily estimated gas consumption measured from 1 July 2009 to the equivalent week in 2009-10 (inclusive)
^Negative figure represents a reverse flow of gas along the pipeline
Source: Natural Gas Market Bulletin Board http://www.gasbb.com.au

Notes: Operational ranges for each pipeline facility range from a minimum of 20 per cent to a maximum of 120 per cent of the respective MDQs. The exceptions are the South West Queensland Pipeline and the NSW-VIC Interconnect which have operational ranges 40 per cent to 120 per cent and 0 to 120 per cent of MDQ respectively.

Figure A2: Figure A2: Daily flows (TJ) for production / storage facilities compared to operational ranges and use of production/storage capacity

Production zone production / storage facility	Sun	Mon	Tue	Wed	Thu	Fri	Sat	MDQ (TJ)	YTD average capacity usage* (%)	Current week average daily flows	Current YTD average daily flows*	Previous YTD average daily flows**
Roma (QLD)												
Berwyndale South	104	107	109	107	107	107	89	140	70	104	98	92
Fairview	132	132	0	0	0	116	129	130	92	73	120	113
Kenya Gas Plant	52	50	52	50	52	52	49	160	37	51	59	43
Kincora	10	10	10	10	10	15	15	25	13	11	3	1
Kogan North	9	10	10	9	9	10	10	12	76	10	9	8
Peat	11	6	6	7	7	7	10	15	66	8	10	8
Rolleston	10	10	10	11	9	9	9	30	36	10	11	11
Scotia	30	30	29	30	30	23	27	29	90	28	26	21
Spring Gully	44	46	46	46	46	44	44	69	72	45	50	46
Strathblane	44	46	46	46	46	44	44	69	72	45	50	46
Taloona	27	28	28	28	28	27	27	42	72	28	30	28
Wallumbilla	8	8	8	8	6	6	6	20	43	7	9	11
Yellowbank	10	10	11	11	10	10	10	30	41	10	12	14
Talinga	76	81	81	81	81	87	92	90	64	83	57	
Moomba (SA/QLD)												
Moomba Gas Plant	162	217	215	206	194	223	214	430	67	204	287	294
Ballera	0	0	10	11	17	14	0	150	12	7	18	8
Eastern (VIC)												
Orbost Gas Plant	53	60	60	58	61	59	58	100	22	58	22	10
Lang Lang Gas Plant	48	38	50	18	47	44	51	70	68	42	47	47
Longford Gas Plant	454	483	505	443	450	451	395	1145	67	454	766	698
LNG Storage Dandenong	0	0	0	0	0	0	0	158	0	0	0	0
Otway Basin (VIC)												
Minerva Gas Plant	37	67	73	67	73	62	47	73	89	61	65	75
Otway Gas Plant	33	84	112	112	31	0	0	205	66	53	136	130
Iona Underground Gas Storage	71	133	75	135	168	161	144	440	21	127	94	96

*Average daily estimated gas consumption measured from 1 July 2010 to the current week (inclusive)

**Average daily estimated gas consumption measured from 1 July 2009 to the equivalent week in 2009-10 (inclusive)

^ These figures were submitted in error as gigajoules (GJ) rather than terajoules (TJ) by Lang Lang gas plant, and have been modified by the AER as TJs.

Notes: Operational ranges for each production and storage facility range from minimum of 0 per cent to a maximum of 120 per cent of the respective MDQs. The exception is the Longford Gas Plant which has a minimum operational range of 20 per cent to 120 per cent of its MDQ.

Figure A3 provides the average minimum and maximum temperatures for each of the demand regions for the current week. The average temperatures for the previous week are also provided. (Note: only the demand regions where temperature is a driver of gas demand are included).

Figure A3: Average daily temperatures (°C) at each demand region

Average daily temperatures (°C)		QLD (Brisbane)	NSW (Sydney)	ACT (Canberra)	VIC (Melbourne)	SA (Adelaide)	TAS (Hobart)
12 Dec – 18 Dec	Average min.	20.6	19.4	11.8	13.5	14.5	10.2
	Average max.	30.1	26.7	24.2	23.0	23.2	21.0
5 Dec – 11 Dec	Average min.	21.3	20.5	14.3	17.8	18.3	13.1
	Average max.	28.4	27.2	25.6	26.2	26.4	20.1

Source: http://www.bom.gov.au/climate/dwo

Figure A4 shows the market prices at each of the scheduling intervals on each day during the current week. The imbalance weighted average prices for each gas day are also provided.

Figure A4: Daily Victorian gas market prices ($/GJ) at each scheduling interval

12 Dec – 18 Dec	Scheduling Interval					Daily Imbalance Weighted Average Price
	6am	10am	2pm	6pm	10pm	
Sun	1.65	2.37	2.95	2.90	0.39	1.69
Mon	1.71	2.80	2.81	2.81	1.70	1.76
Tue	1.71	2.10	2.00	1.69	0.82	1.71
Wed	0.70	0.36	2.00	2.00	2.01	0.77
Thu	2.00	1.99	1.99	1.99	1.68	2.00
Fri	1.68	1.68	1.68	1.69	1.69	1.68
Sat	1.54	2.36	2.45	2.44	2.44	1.59

Source: http://www.aemo.com.au (INT 041).

Figure A5 compares the market participants and market operator demand forecasts and each of the scheduling intervals on each gas day during the current week. Total actual demand for each gas day is also provided, along with the total demand override (if any) from AEMO.

Figure A5: Daily demand forecasts (TJ) and daily demand overrides (TJ)

Gas Day	Demand Forecasts (TJ)	Schedule					Total Demand Override (TJ)
		1	2	3	4	5	
12-Dec	**MP:**	323	323	323	328	327	**0**
	AEMO:	360	334	350	354	366	
	MP as % of AEMO	90	97	92	93	89	
13-Dec	**MP:**	388	386	385	385	385	**0**
	AEMO:	450	407	404	406	394	
	MP as % of AEMO	86	95	96	95	98	
14-Dec	**MP:**	399	400	400	400	400	**0**
	AEMO:	386	388	388	387	385	
	MP as % of AEMO	103	103	103	103	104	
15-Dec	**MP:**	401	404	411	416	416	**0**
	AEMO:	400	407	418	422	415	
	MP as % of AEMO	100	99	98	99	100	
16-Dec	**MP:**	432	428	429	430	430	**0**
	AEMO:	425	424	425	419	416	
	MP as % of AEMO	102	101	101	103	103	
17-Dec	**MP:**	417	419	419	419	419	**0**
	AEMO:	424	423	418	412	407	
	MP as % of AEMO	98	99	100	102	103	
18-Dec	**MP:**	332	334	337	339	339	**0**
	AEMO:	327	332	375	367	359	
	MP as % of AEMO	101	101	90	92	95	

Source: http://www.aemo.com.au (INT 108, INT 126, INT 153)