

18 – 24 July 2021

Weekly Summary

Average prices reduced in southern regions from last week, despite higher demand. In Brisbane the average price increased by 16%. While southern prices were lower on average following high market prices across the first two weeks of July, daily prices reached high levels across the gas markets, particularly on 22 and 23 July.¹

Gas powered generation and export gas flows increased this week, with daily gas usage up by 213 TJ and 115 TJ respectively from the previous week.

In Sydney, counteracting MOS (CMOS) was allocated across the week.² On 21 and 23 July, significant net decrease requirements drove higher service payments, reaching \$59,078 and \$70,690 respectively. The main driver of net decrease service requirements on those two days was lower than forecast demand in the distribution network, while backhaul demand on the EGP looks to have driven some of the increase service requirements (CMOS).³

On 19 July, the variation between the D-2 provisional price (\$23.78/GJ) and D-1 ex ante price (\$16.24/GJ) in Sydney was \$7.54/GJ. The price variation of greater than \$7/GJ exceeded a reporting threshold outlined in the [STTM Significant Price Variation Guideline](#). The AER will investigate and publish a significant price variation report on the event.

Long term statistics and explanatory material

The AER has published an [explanatory note](#) to assist with interpreting the data presented in its weekly gas market reports. The AER also publish a range of [longer term statistics](#) on the performance of the gas sector including gas prices, production, pipeline flows and consumer demand.

Market overview

Figure 1 sets out the average daily prices (\$/GJ) for the current week, and demand levels, compared to historical averages. Regions shown include the Victorian Declared Wholesale Market (**VGM or Victorian gas market**) and for the Sydney (**SYD**), Adelaide (**ADL**) and Brisbane (**BRI**) Short Term Trading Market hubs (**STTM**).

¹ On 22 July, daily prices peaked in the STTM for the week (between \$17.75-18.78/GJ). On 23 July, the Victorian imbalance price peaked at \$17.51/GJ, coinciding with high STTM prices (\$17-18.11/GJ)

² Increase MOS was allocated on the EGP offsetting decrease MOS allocations on the MSP.

³ On 21 July, roughly 4 TJ of the additional backhaul allocated in the ex post schedule, combined with 2 TJ of reduced supply on the pipeline may have contributed up to 5.2 TJ of increase services delivered on the EGP. On 23 July, around 6 TJ of unscheduled backhaul was allocated on the EGP reducing upstream supply into the hub, which may have contributed to increase MOS deliveries supplying extra gas into the Sydney distribution network.

Figure 1: Average daily prices and demand – all markets (\$/GJ, TJ)⁴

	Victoria		Sydney		Adelaide		Brisbane	
	Price	Demand	Price	Demand	Price	Demand	Price	Demand
18 Jul - 24 Jul 2021	14.90	1043	16.31	323	17.12	81	16.81	93
% change from previous week	-6	16	-11	5	-8	8	16	1
21-22 financial YTD	17.05	994	18.03	312	18.23	79	15.56	93
% change from previous financial YTD	263	2	321	-3	194	-2	351	-18

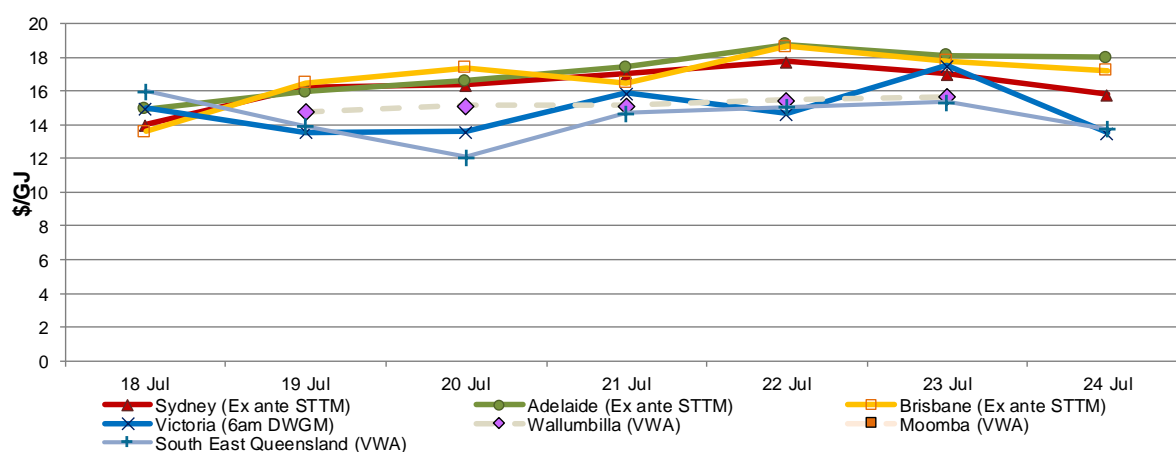
Figure 2 sets out price and demand information for the voluntary Wallumbilla and Moomba Gas Supply Hubs (GSH).

Figure 2: Average prices and total quantity – Gas supply hub (\$/GJ, TJ)⁵

	Moomba		South East Queensland		Wallumbilla	
	Price	Quantity	Price	Quantity	Price	Quantity
18 Jul - 24 Jul 2021	-	-	14.21	142	15.21	319
% change from previous week	-	-	9	33	19	-6
21-22 financial YTD	18.25	5	12.78	700	14.09	1500
% change from previous financial YTD	413	-96	279	-33	309	-27

Figure 3 illustrates the daily prices in each gas market, as defined in figures 1 and 2.

Figure 3: Daily gas market prices (\$/GJ)



⁴ Average daily quantities are displayed for each region. The weighted average daily imbalance price applies for Victoria.

⁵ The prices shown for the GSH in Moomba, South East Queensland and Wallumbilla are volume weighted average (VWA) prices for all products traded across the period. The total quantity contributing to the weighted price is displayed for these GSH. Reported values for Moomba are the aggregate of trades on the Moomba to Adelaide Pipeline (MAP) and the Moomba to Sydney Pipeline (MSP). Historic trades for RBP and SWQP are grouped under WAL, (including in-pipe trades on the RBP).

Figure 4 compares average ancillary market payments (VGM) and balancing gas service payments (STTM) against historical averages.

Figure 4: Average daily ancillary payments (\$000)

	Victoria Ancillary Payments*	Sydney MOS	Adelaide MOS	Brisbane MOS
18 Jul - 24 Jul 2021	-	40.75	6.90	0.33
% change from previous week	-	45	124	-33
21-22 financial YTD		30.88	4.38	0.62
% change from previous financial YTD		48	-82	-18

* Ancillary payments reflect the compensation costs for any additional injections offered at a price higher than the market price. Note: only positive ancillary payments, reflecting system constraints will be shown here.

More detailed analysis on the VGM is provided in section 1.

Figure 5 shows the quantity and volume weighted prices of products traded in the Gas Supply Hub locations at Moomba, South East Queensland and Wallumbilla.

Figure 5: Gas supply hub products total traded for the current week (\$/GJ, TJ)⁶

	Moomba		South East Queensland		Wallumbilla*	
	VWA price	Quantity	VWA price	Quantity	VWA price	Quantity
Balance of day	-	-	14.84	51.0	15.15	174.5
Daily	-	-	-	-	15.57	21.0
Day ahead	-	-	14.82	70.0	15.22	123.0
Weekly	-	-	10.67	21.0	-	-
Monthly	-	-	-	-	-	-
Total	-	-	14.21	142.0	15.21	318.5

* includes non-netted (off-market) trades.

⁶ Further information about new product trading locations in Victoria (Culcairn) and Sydney (Wilton) is available in section 6. Gas Supply Hub).

Figure 6 shows Bulletin Board pipeline flows for the three LNG export pipeline facilities and the production output at related production facilities in the Roma region.

Figure 6: Average daily LNG export pipeline and production flows (TJ)*

	APLNG	GLNG	QCLNG	Total
Production	1564	1009	1749	4323
Export Pipeline Flows	1590	947	1101	3638
% change from previous week (pipeline flows)	0	-9	24	3
21-22 financial YTD flows	1574	1046	878	3499

* Production quantities represent flows from facilities operated by APLNG, Santos and QGC. Gas from individual facilities may also supply the domestic market, other LNG projects or storage facilities.

Detailed market analysis

High market prices

In Victoria, cold weather drove higher residential demand across most of the week in excess of 1 PJ/day.⁷ In Sydney, high demand contributed to driving coincident demand across the gas markets to around 1650 TJ or higher across the east coast over three days from 21 July, peaking at 1734 TJ on 23 July.⁸ This occurred alongside increased gas powered generation demand across the east coast.⁹

Preliminary analysis – Sydney 19 July significant price variation

On 19 July, the variation between the D-2 provisional price (\$23.78/GJ) and D-1 ex ante price (\$16.24/GJ) in Sydney was \$7.54/GJ. A significant amount of additional capacity was made available in the ex ante schedule at reduced prices (largely between \$10-20/GJ) resulting in an increase to scheduled quantities from exporter/producers (BHP) which drove down the ex ante price.¹⁰ The price variation of greater than \$7/GJ exceeded a reporting threshold outlined in the [STTM Significant Price Variation Guideline](#). The AER will investigate and publish a significant price variation report on the event.

⁷ Forecast and actual demand levels in the Victorian Declared Transmission System (DTS) exceeded 1000 TJ/day over 20-23 July. Maximum temperatures in Melbourne did not climb above 12 degrees on three of those days, remaining below 14 degrees across the week.

⁸ On 23 July, higher market demand in Victoria coincided with increased gas powered generation demand. Forecast market demand reached 1215 TJ, its highest level this winter (actual demand was slightly lower at 1155 TJ). Gas generation requirements reached 207 TJ across the day, with 108 TJ of this demand sitting inside the DTS. Demand in Sydney and Victoria accounted for 1464-1556 TJ of daily coincident demand in the east coast gas markets over those three days.

⁹ Daily gas demand for mainland electricity generation across 21-23 July was 614-768 TJ (169-232 TJ in South Australia, 118-164 TJ in New South Wales and 198-211 TJ in Queensland).

¹⁰ An additional 7.3 TJ of backhaul demand was scheduled on the EGP, 5 TJ of the additional scheduled quantity was due to rebidding controllable demand at a high price (\$100/GJ) in the ex ante schedule.

1. Victorian Declared Wholesale Market

In the Victorian gas market, gas is priced five times daily at 6 am, 10 am, 2 pm, 6 pm and 10 pm. The imbalance weighted price on a gas day tends towards the 6 am price¹¹ which is the schedule at which most gas is traded.

The main drivers¹² of price are demand forecasts and bids to inject or withdraw gas from the market. Figures 1.1 to 1.4 below show the daily prices, demand forecasts¹³, and injection/withdrawal bids for each of the five pricing schedules. Figure 1.5 provides information on which system injection points were used to deliver gas, in turn indicating the location and relative quantity of gas injection bids cleared through the market.

Ancillary payments for gas injected above the market price are shown above in figure 3.

Figure 1.1: Prices by schedule (\$/GJ)

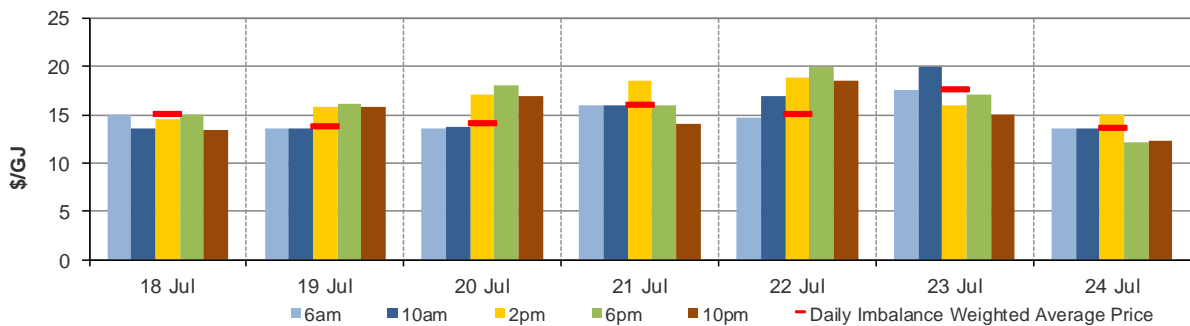
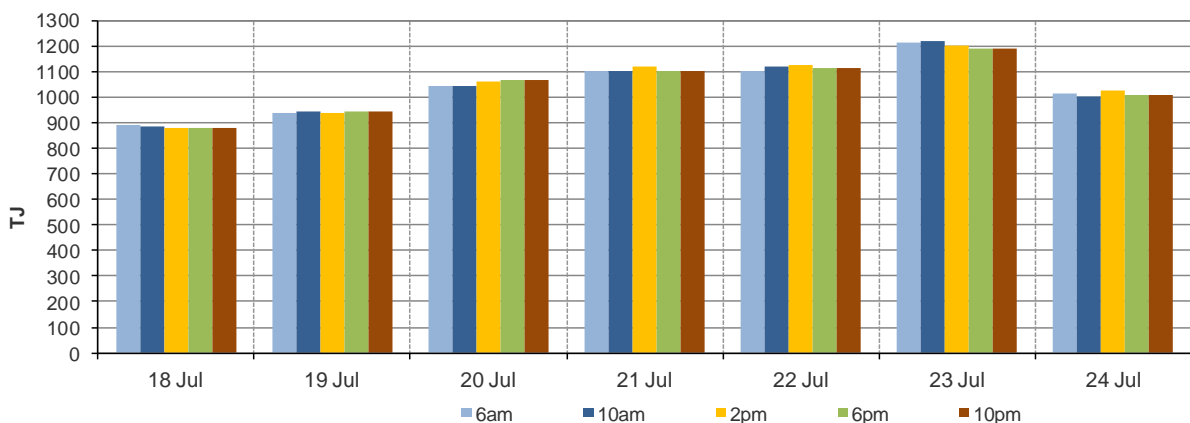


Figure 1.2: Demand forecasts (TJ)



¹¹ Prices for subsequent schedules are applied only to the differences in scheduled quantities (imbalances) to calculate the weighted price. The 6 am price applies to the entire scheduled quantity in the initial schedule.

¹² The price might also be affected by transmission or production (contractual) constraints limiting how much gas can be delivered from a locale or System Injection Point (SIP) from time to time.

¹³ These are Market Participants' aggregate demand forecasts adjusted for any override as applied by AEMO from time to time. These forecasts must be scheduled and cannot respond to price like withdrawal bids.

Figure 1.3: Injection bids by price bands (TJ)

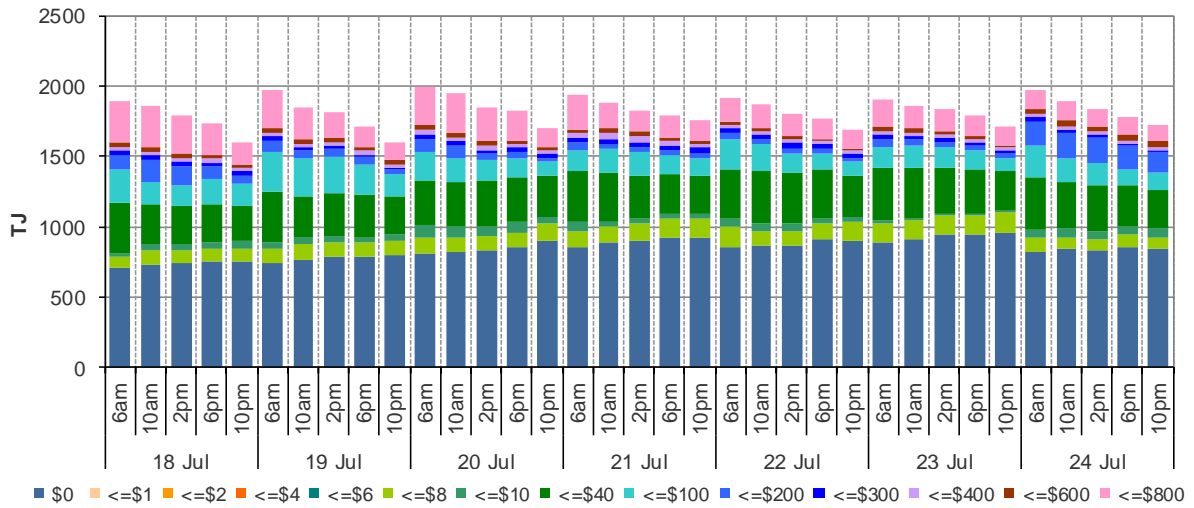


Figure 1.4: Withdrawal bids by price bands (TJ)

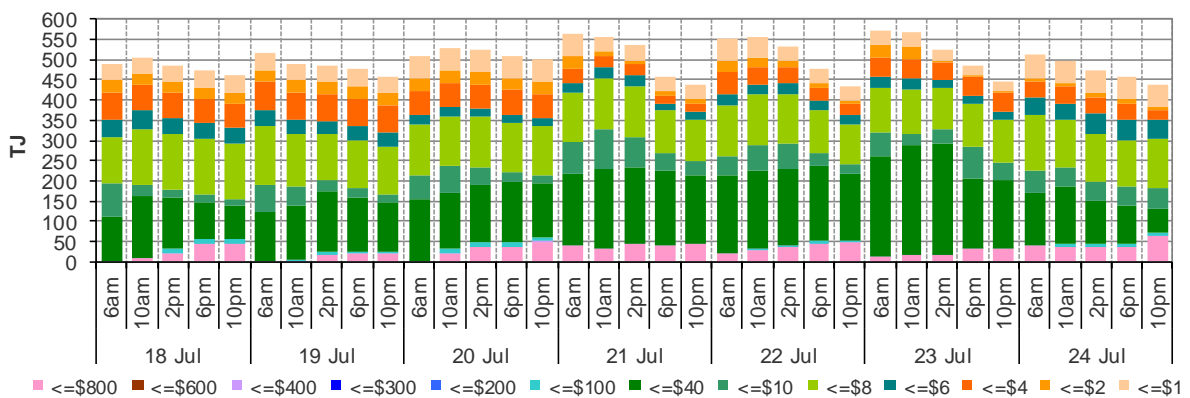
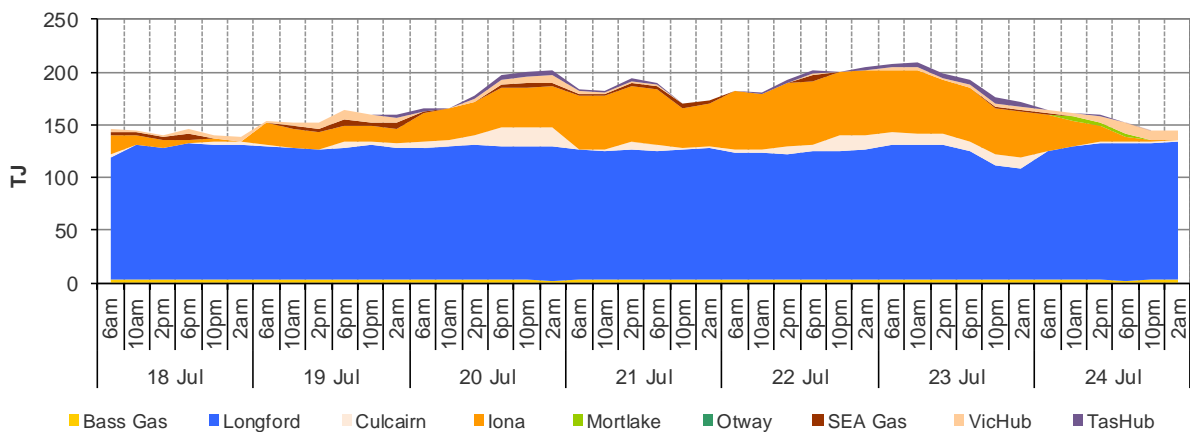


Figure 1.5: Metered Injections by System Injection Point (TJ)



Note that in figure 1.5, the last 8-hour schedule from 10 pm has been separated into two 4-hour blocks to provide a consistent comparison with earlier scheduled injection volumes.

2. Sydney STTM

In each STTM hub, a daily gas price is calculated before the gas day (the ex ante price) and after the gas day (the ex post price). The main drivers of these prices are participant demand forecasts, and offers to inject or bids to withdraw gas traded at the hub.¹⁴ Divergences in ex ante and ex post prices for a gas day may occur due to differences in scheduled (forecast) and allocated (actual) quantities. Pipeline acronyms are defined in the [user guide](#).

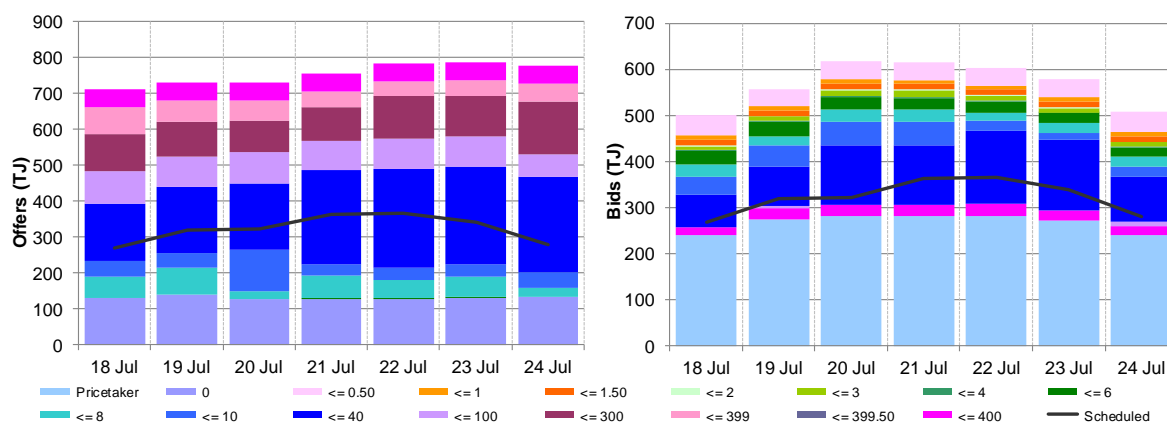
Market Operator Service balancing gas (MOS) payments arise because the amount of gas nominated on pipelines for delivery on a gas day will either exceed or fall short, by some amount, of the amount of gas consumed in the hub. In such circumstances, MOS payments are made to participants for providing a service to park gas on a pipeline or to loan gas from a pipeline to the hub.¹⁵

Figures 2.1 and 2.2 show daily prices, demand, offers and bids. Figures 2.3 and 2.4 show gas scheduled and allocated on pipelines to supply the hub, indicating the location and relative quantity of gas offers across pipelines and also the amount of MOS allocated for each pipeline.

Figure 2.1: SYD STTM daily ex ante and ex post prices and quantities

	Sun	Mon	Tue	Wed	Thu	Fri	Sat
Ex ante price (\$/GJ)	14.00	16.24	16.35	17.00	17.75	17.00	15.80
Ex ante quantity (TJ)	269	321	322	364	367	340	281
Ex post price (\$/GJ)	14.00	16.24	16.01	16.75	17.60	16.25	15.33
Ex post quantity (TJ)	264	321	318	359	366	318	274

Figure 2.2: SYD daily hub offers and daily hub bids in price bands (\$/GJ)



¹⁴ The main driver of the amount of gas scheduled on a gas day is the 'price-taker' bid, which is forecast hub demand that cannot respond to price and which must be delivered, regardless of the price.

¹⁵ MOS service payments involve a payment for a MOS increase service when the actual quantity delivered exceeds final gas nominations for delivery to a hub, and a payment for a MOS decrease service when the actual quantity delivered is less than final nominations. As well as a MOS 'service' payment, as shown in figure 2.4, MOS providers are paid for or pay for the quantity of MOS sold into the market or bought from the market (MOS 'commodity' payments/charges).

Figure 2.3: SYD net scheduled and allocated gas hub supply (excluding MOS)

Figure 2.3 shows the daily scheduled and allocated quantities sorted by facility for Sydney this week. For a more detailed description of this figure, please refer to the user guide.

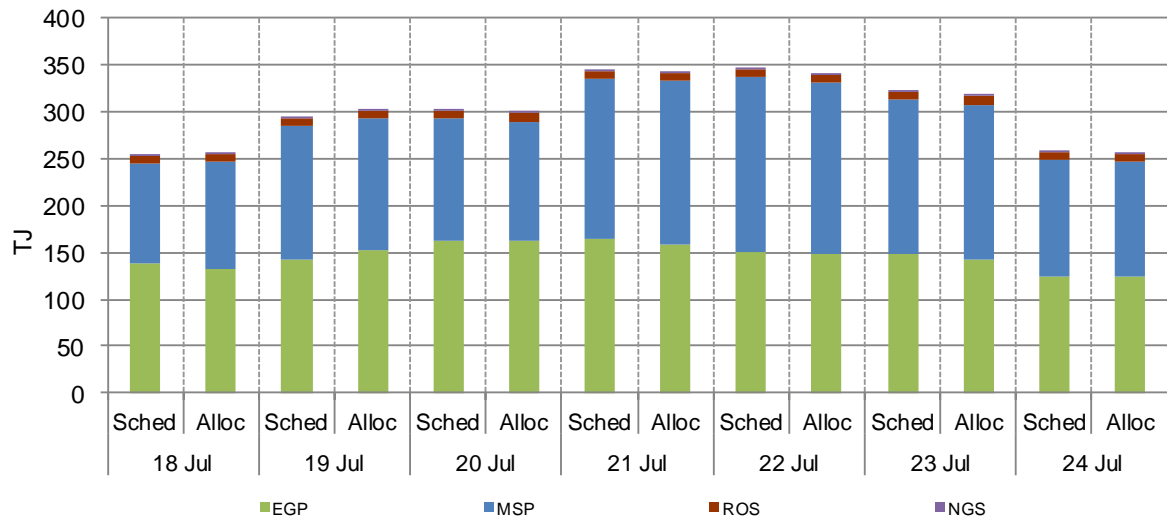
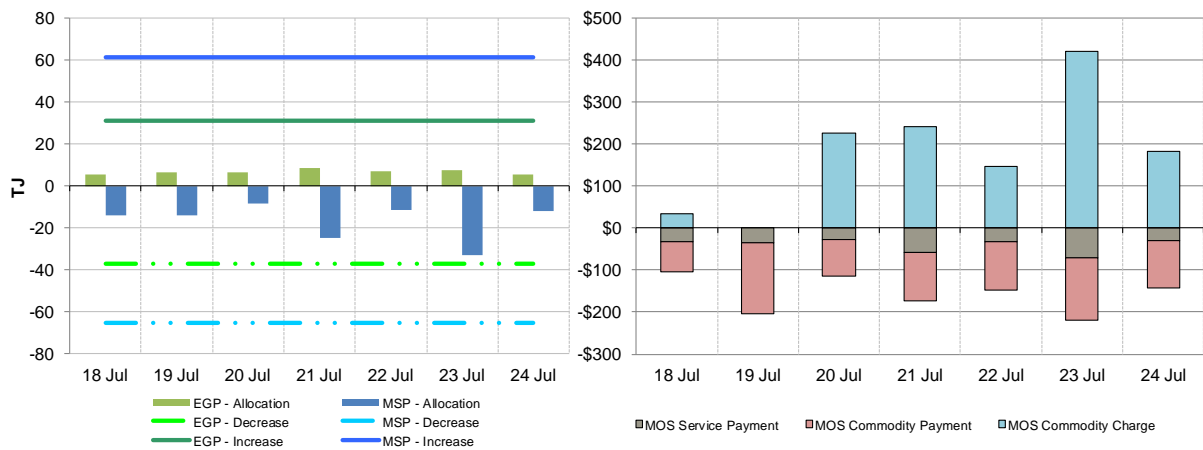


Figure 2.4: SYD MOS allocations (TJ), service payments and commodity payments/charges (\$000)¹⁶



¹⁶ The commodity cost of MOS illustrated on the right of the figure represents the commodity quantity at the D+2 ex ante price. Commodity payments and charges for a given gas day relate to quantities traded two days earlier. That is, the commodity cost for services provided on Sunday will appear in the chart for Tuesday, when the D+2 price is set. In contrast, service payments are shown alongside the day they occurred.

3. Adelaide STTM

The Adelaide STTM hub functions in the same way as the Sydney STTM hub. The same data that was presented for the Sydney hub is presented for the Adelaide hub in the figures below.

Figure 3.1: ADL STTM daily ex ante and ex post prices and quantities

	Sun	Mon	Tue	Wed	Thu	Fri	Sat
Ex ante price (\$/GJ)	14.93	15.96	16.60	17.44	18.78	18.11	18.00
Ex ante quantity (TJ)	73	82	81	86	89	83	75
Ex post price (\$/GJ)	14.60	15.99	17.00	17.44	19.61	17.60	18.10
Ex post quantity (TJ)	71	82	84	86	91	81	80

Figure 3.2: ADL daily hub offers and daily hub bids in price bands (\$/GJ)

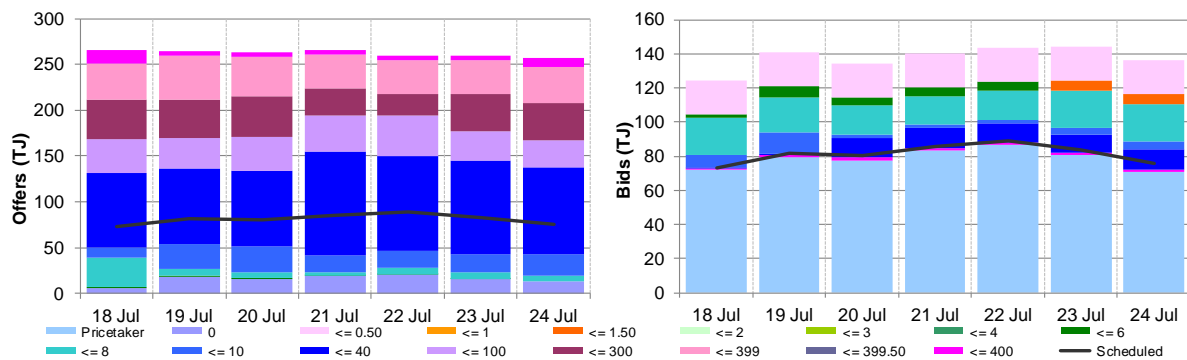


Figure 3.3: ADL net scheduled and allocated gas hub supply (excluding MOS)

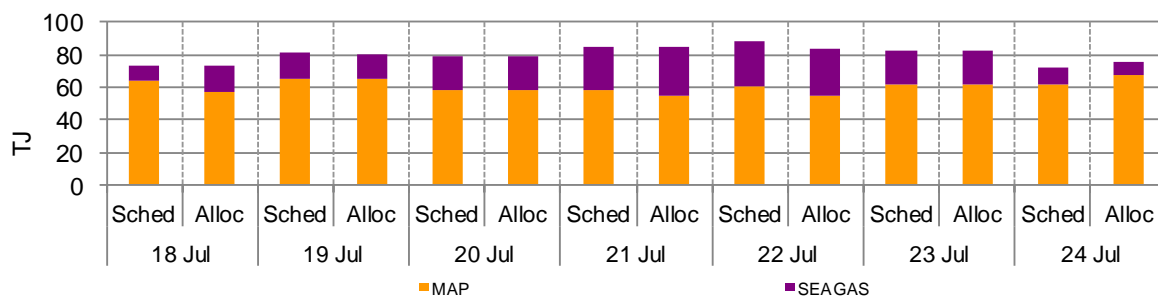
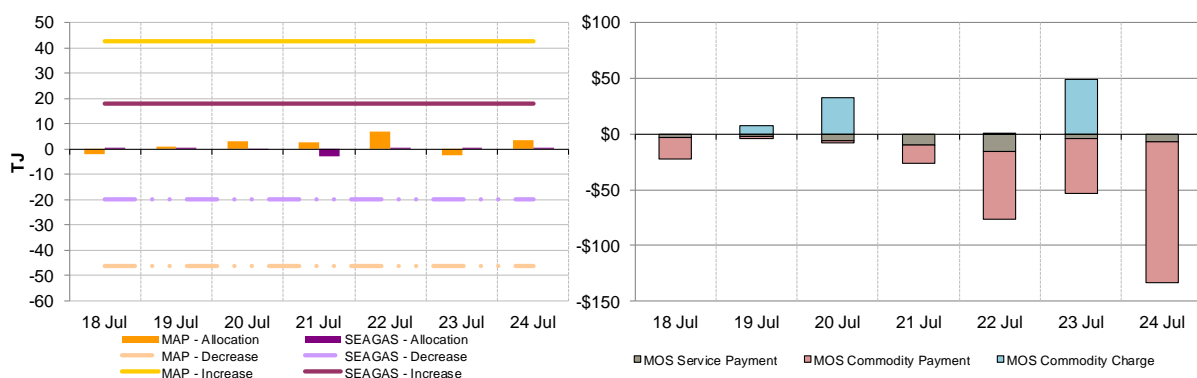


Figure 3.4: ADL MOS allocations (TJ), service payments and commodity payments/charges (\$000)



4. Brisbane STTM

The Brisbane STTM hub functions in the same way as the Sydney STTM hub. The same data that was presented for the Sydney hub is presented for the Brisbane hub in the figures below.

Figure 4.1: BRI STTM daily ex ante and ex post prices and quantities

	Sun	Mon	Tue	Wed	Thu	Fri	Sat
Ex ante price (\$/GJ)	13.60	16.50	17.40	16.50	18.65	17.80	17.22
Ex ante quantity (TJ)	83	96	97	98	97	95	83
Ex post price (\$/GJ)	13.09	15.63	14.61	16.49	17.70	17.34	17.11
Ex post quantity (TJ)	75	89	90	94	92	90	80

Figure 4.2: BRI daily hub offers and daily hub bids in price bands (\$/GJ)

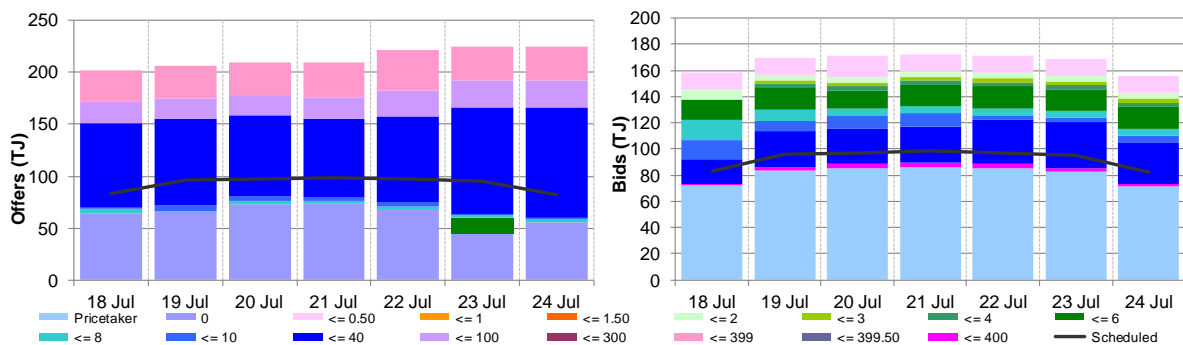


Figure 4.3: BRI net scheduled and allocated gas hub supply (excluding MOS)

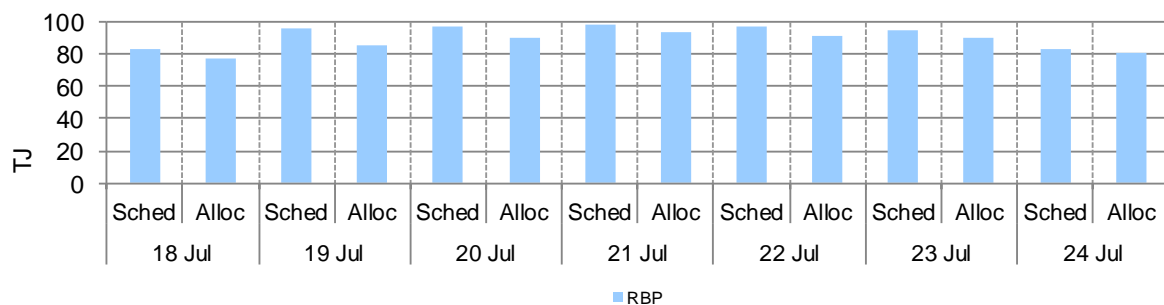
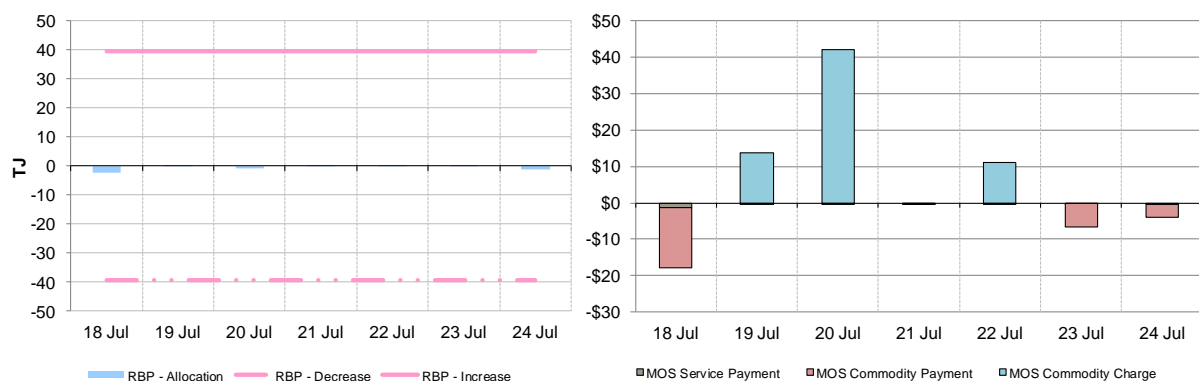


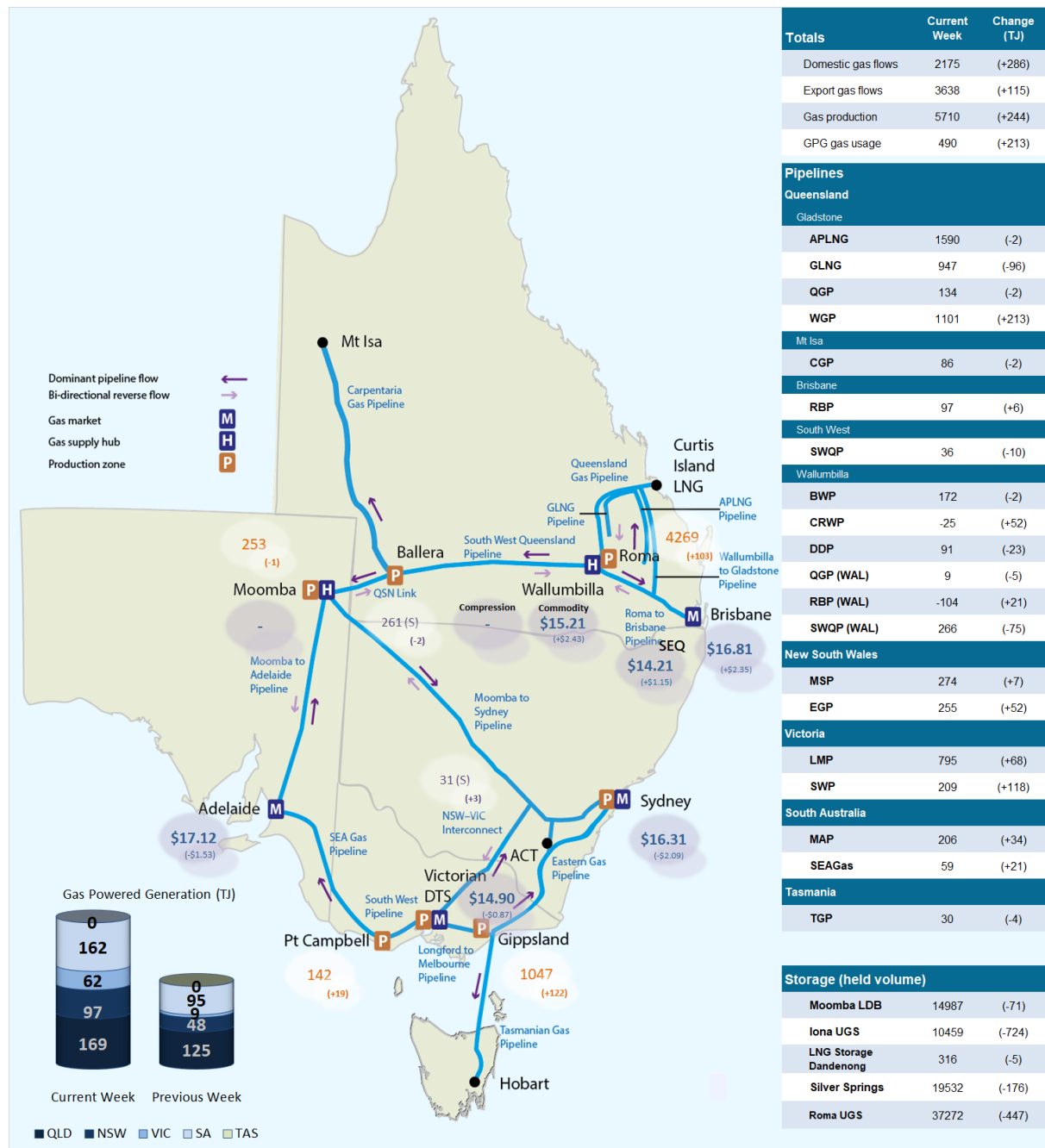
Figure 4.4: BRI MOS allocations (TJ), service payments and commodity payments/charges (\$000)



5. National Gas Bulletin Board

Figure 5.1 shows average daily actual flows for the current week¹⁷ from the Bulletin Board (changes from the previous week's average are shown in brackets). Average daily prices¹⁸ are provided for gas markets and gas supply hubs. Average daily quantities are provided for gas powered generation for each region.

Figure 5.1: Gas market data (\$/GJ, TJ); Bulletin Board flows (TJ)¹⁹



¹⁷ Domestic gas flows are calculated as the total of: SA = MAP + SEAGAS; VIC = SWP + LMP + (flows towards Victoria on the 'NSW-VIC interconnect'); NSW/ACT = EGP + MSP; TAS = TGP; QLD (Brisbane) = RBP; QLD (Mt Isa) = CGP; and QLD (Gladstone) = QGP.

Export gas flows are calculated as the total of: the APLNG pipeline; the GLNG pipeline; and the Wallumbilla to Gladstone pipeline.

GPG volumes may include gas usage that does not show up on Bulletin Board pipeline flows.

¹⁸ GSH supply is the average daily volume of gas 'traded', while price is a volume weighted average. Optional hub services (for compression and redirection) are shown separately from commodity trades.

¹⁹ Net flows are shown for Bulletin Board facilities, as outlined in the [user guide](#).

6. Gas Supply Hub

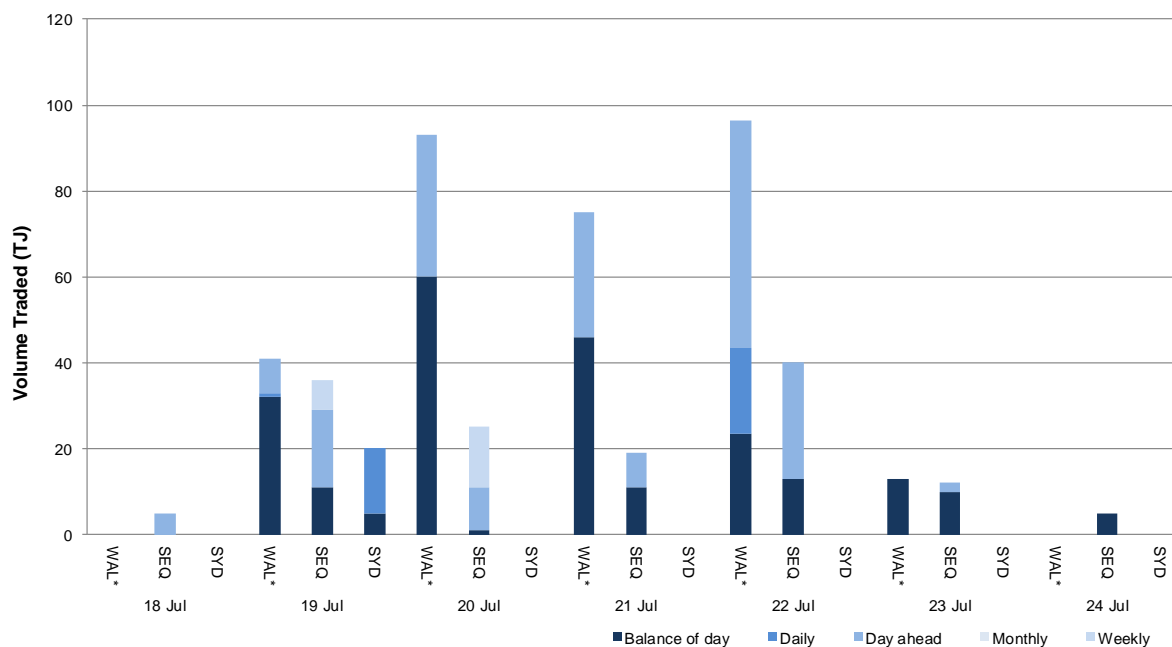
The gas supply hub was established at Wallumbilla in March 2014 to facilitate the voluntary trading of gas between participants, with products listed for sale and purchase at delivery points on three major connecting pipelines. There are separate products for each trading location and delivery period (daily, day-ahead, balance-of-day, weekly and monthly products).²⁰

The Moomba hub commenced operation from June 2016 to further facilitate trading on the **MAP** and **MSP**, with trading between the two hubs on the SWQP via a spread product (representing the price differential between the hubs). From October 2016, the addition of a Wallumbilla Compression Product was introduced to facilitate the supply hub's transition from three different trading locations into one. From March 2017, Wallumbilla transitioned into an optional hub services model, replacing the three trading locations (QGP, SWQP and RBP) with a single product at Wallumbilla (**WAL**) and an in-pipe RBP trading location at South East Queensland (**SEQ**). On 28 January 2021, trading locations at Wilton (Sydney) and Culcairn (Victoria) were introduced.

This week there were 84 trades for 480.5 TJ of gas at a volume weighted price of \$14.94/GJ. These consisted of 53 trades at WAL (318.5 TJ at \$15.21/GJ), 29 trades at SEQ (142 TJ at \$14.21/GJ) and 2 trades at SYD (20 TJ at \$15.90/GJ). There were 4 spread trades this week between SEQ and WAL.

Figure 6.1 shows the quantity of gas traded by product type for each trading day on pipeline trading locations in the Wallumbilla and Moomba Gas Supply Hubs.²¹

Figure 6.1: GSH traded quantities



²⁰ Additional information on trading locations and available products is detailed in the [user guide](#).

²¹ Non-netted (off-market) trades, allowing the selection of specific delivery point at a trading location, are included with other Wallumbilla trades (WAL*). Non-netted trades at Moomba are shown separately (MOO) from MAP and MSP.

7. Day Ahead Auction

The DAA is a centralised auction platform providing the release of contracted but un-nominated transportation capacity on designated pipelines and compression facilities across eastern Australia. The auction, enables transportation facility users to procure residual capacity on a day-ahead basis after nomination cut-off, with a zero reserve price and compressor fuel provided.

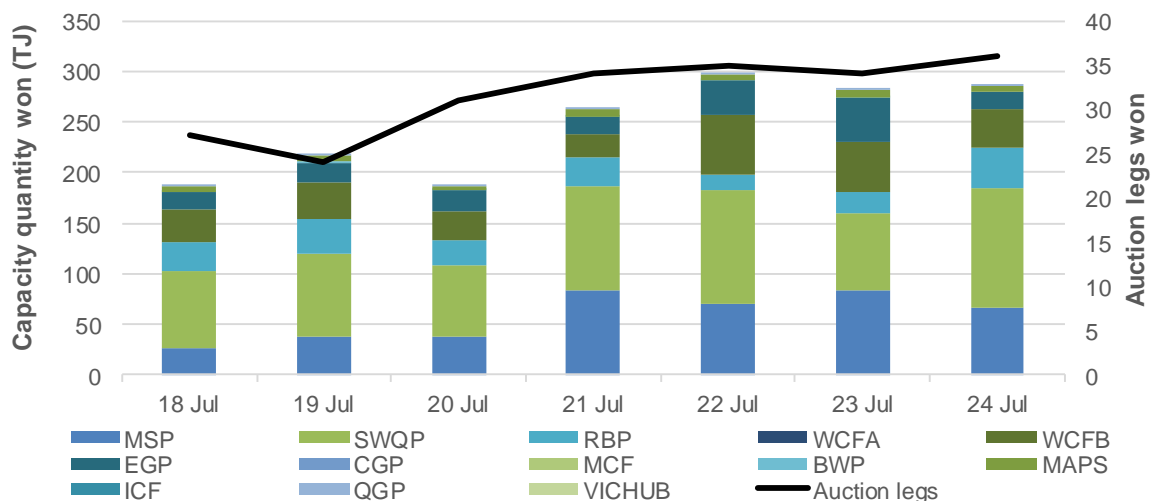
Participants may bid in to the DAA in order to procure the following services:

- park services;
- forward haul pipeline services with products offered in both directions on bi-directional pipelines;
- interruptible backhaul services; and
- stand-alone compression services.

This week, 13 participants took part in the DAA, winning 1732 TJ of capacity across 8 different facilities.

Figure 7.1 shows the quantities of gas and auction legs won through the DAA by gas date, with gas deliverable up to the level of capacity procured. Auction legs reflect each individual facility transaction.²²

Figure 7.1: DAA traded quantities and auction legs won



Australian Energy Regulator
August 2021

²² Additional information is available in the [user guide](#) to the AER gas weekly report.