

28 August – 3 September 2022

Weekly Summary

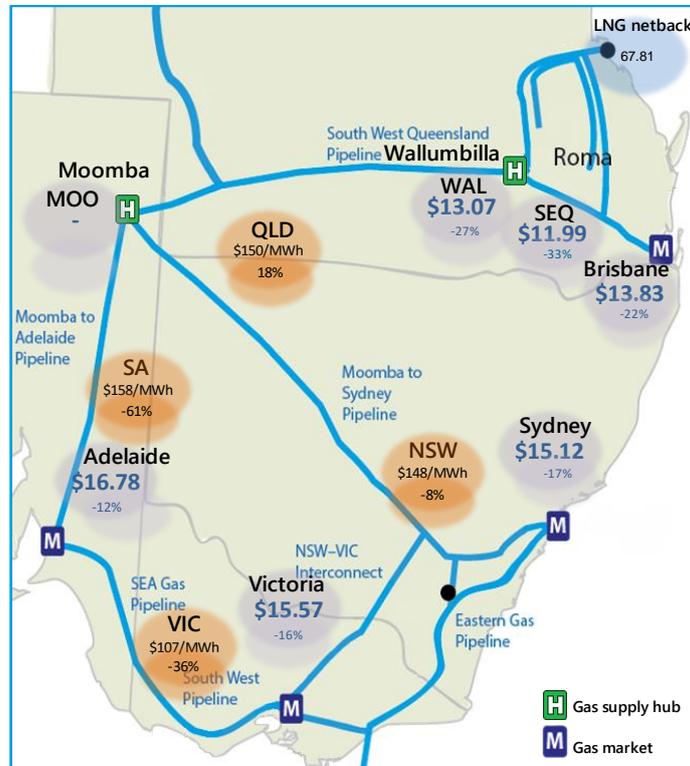
Average prices in the downstream markets remained below \$20/GJ this week and Iona storage levels remained relatively stable.

The APLNG 1 LNG train outage ended on 24 August, with a full return to previous pipeline flows occurring this week. Average daily export gas flows on the APLNG pipeline to Curtis Island increased above 1,000 TJ per day, an increase of 128 TJ per day in comparison to the previous week. LNG export pipeline flows were higher this week (see more detailed map and table at figure 5.1).

Downstream wholesale gas market prices (marked M on the map below) decreased significantly in all four markets (percentage change from previous week shown on map).

At the Wallumbilla upstream supply hub (marked H), the average price decreased significantly at the WAL and SEQ trading points. The map also includes National Electricity Market (NEM) prices for comparison across gas and electricity markets.

Map: Gas Market Prices, LNG netback price (\$/GJ), NEM prices (\$/MWh)



Note: The LNG netback price is the 31 August 2022 assessment for the front month (October) forward LNG netback price assessed: <https://www.accc.gov.au/regulated-infrastructure/energy/gas-inquiry-2017-2025/lng-netback-price-series>

The prices on the map for SEQ, WAL and MOO reflect only trades day ahead, to highlight price differentials between market and arbitrage opportunities.

Trading in the Wallumbilla gas supply hub was concentrated around shorter-term deliveries for products at WAL (466 TJ) this week, with smaller quantities traded at SEQ (53 TJ) (see section 6). Longer term trades also occurred at WAL (40 TJ), for delivery over September.

Mainland gas powered generation decreased from the previous week, most significantly in South Australia, Queensland and Victoria.

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 (or Victorian Gas Market - VGM) and for the Sydney (SYD), Adelaide (ADL) and Brisbane (BRI) Short Term Trading Market hubs (STTM).

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

	Victoria		Sydney		Adelaide		Brisbane	
	Price	Demand	Price	Demand	Price	Demand	Price	Demand
28 Aug - 03 Sep 2022	15.57	761	15.12	278	16.78	71	13.83	88
% change from previous week	-16	-13	-17	-8	-12	0	-22	-3
22-23 financial YTD	26.51	913	29.48	320	29.36	73	27.70	89
% change from previous financial YTD	135	5	137	11	130	0	139	-7

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

¹ Average daily quantities are displayed for each region. The weighted average daily imbalance price applies for Victoria.

Figure 2: Average prices and total quantity – Gas Supply Hubs (\$/GJ, TJ)²

	Moomba		South East Queensland		Wallumbilla	
	Price	Quantity	Price	Quantity	Price	Quantity
28 Aug - 03 Sep 2022	-	-	11.99	53	13.07	506
% change from previous week	-	-	-33	489	-27	-10
22-23 financial YTD	28.89	226	28.43	576	26.97	6911
% change from previous financial YTD	58	4420	151	-51	134	119

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

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

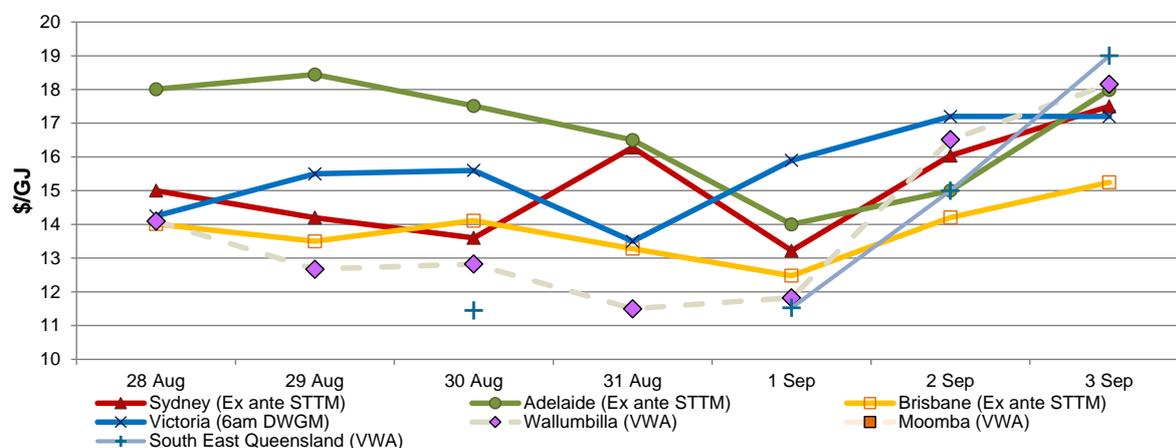


Figure 4 compares average ancillary market payments (for the VGM) and balancing gas service payments (STTM) against historical averages.

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

	Victoria Ancillary Payments*	Sydney MOS	Adelaide MOS	Brisbane MOS
28 Aug - 03 Sep 2022	-	26.87	9.84	0.92
% change from previous week	-	-29	43	29
22-23 financial YTD		38.64	10.12	1.38
% change from previous financial YTD		30	116	78

* 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.

² 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 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)³

	Moomba		South East Queensland		Wallumbilla*	
	VWA price	Quantity	VWA price	Quantity	VWA price	Quantity
Balance of day	-	-	11.81	28.0	12.76	111.0
Daily	-	-	-	-	12.99	205.0
Day ahead	-	-	12.19	25.0	12.45	160.0
Weekly	-	-	-	-	-	-
Monthly	-	-	-	-	18.00	30.0
Total	-	-	11.99	53.0	13.07	506.0

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

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	1423	924	1683	4030
Export Pipeline Flows	1060	1045	1531	3635
% change from previous week (pipeline flows)	14	1	-1	3
22-23 financial YTD flows	1163	1042	1206	3411

* 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.

³ Further information about new product trading locations in Victoria (Culcairn) and Sydney (Wilton) is available in section 6. Gas Supply Hub).

Detailed market analysis

Table 1: Key events this week

Date	Event	Market Affected	Description
11 Jul – 30 Sep (or until AEMO removes)	Threat to System Security	Victoria	Reduction in Iona supply capacity and the risk of supply shortfalls due to Iona inventory depletion this winter.
19 Jul – 30 Sep	Gas Supply Guarantee	NSW, VIC, SA & TAS	Projected shortfall event in NSW, VIC, SA & TAS.
1 Sep	GLNG 1 LNG train outage	n/a	GLNG 1 Train outage for one day.

Threat to System Security in Victoria

The Threat to System Security (TTSS) event on 11 July due to unsustainable storage inventory depletion at Iona continued to be in effect. AEMO has previously issued updates to this TTSS event on 11, 18 July and 2, 10 August.⁴

Based on improved Iona inventory, increased gas supply from Queensland and reduced gas generation demand, AEMO is undertaking a gradual easing of the request to cease purchasing gas from the declared wholesale gas market (DWGM) that are not supported by gas supply into the declared transmission system (DTS). The last change to restrictions occurred on 10 August.

East Coast Gas Supply Guarantee event continues

The Gas Supply Guarantee event continues for NSW, VIC, SA and TAS regions this week.

GLNG 1 LNG train outage on 1 September

On 1 September, GLNG experienced a 1 LNG train planned outage. Pipeline flows to Curtis Island on the GLNG pipeline dropped to 768 TJ on that day, in comparison to an average daily flow of 1,060 TJ this week. Pipeline flows recovered the next day on 2 September, jumping up to 1,015 TJ.

⁴ See [10 – 16 July](#) weekly, [17 – 23 July](#) weekly, [31 July – 6 August](#) weekly and [7 – 13 August](#) weekly respectively.

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 price⁵ which is the schedule at which most gas is traded.

The main drivers⁶ 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 forecasts⁷, 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 4.

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

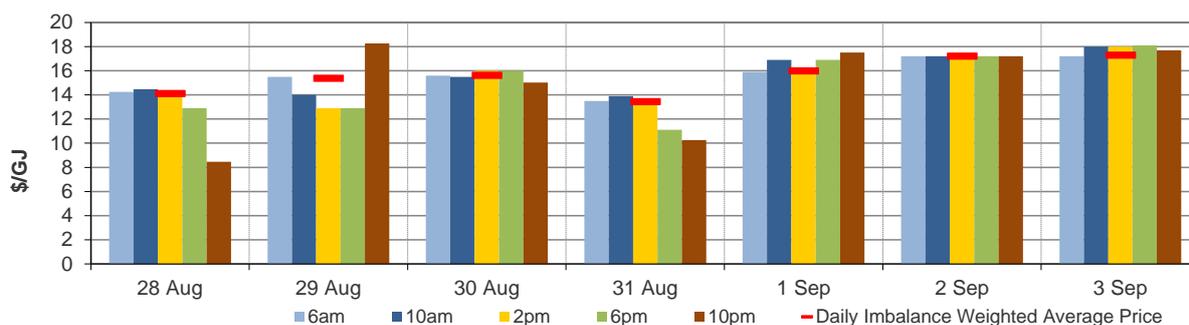
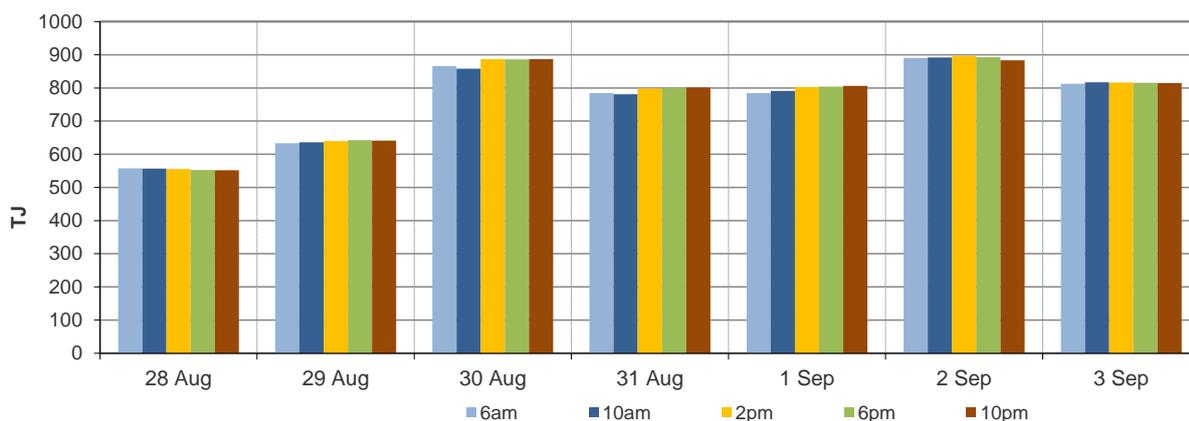


Figure 1.2: Demand forecasts (TJ)



⁵ 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.

⁶ 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.

⁷ 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)

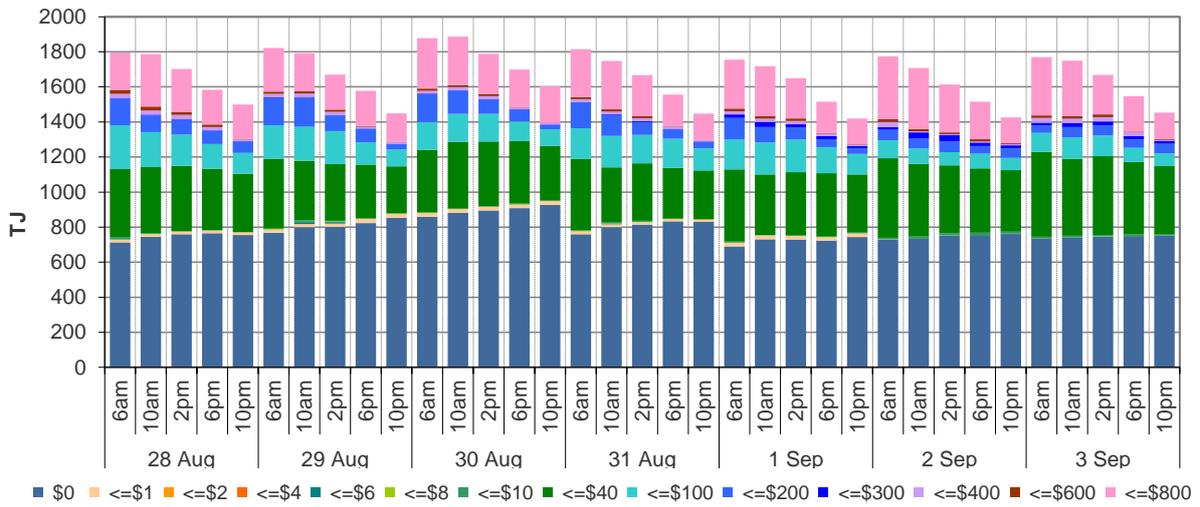


Figure 1.4: Withdrawal bids by price bands (TJ)

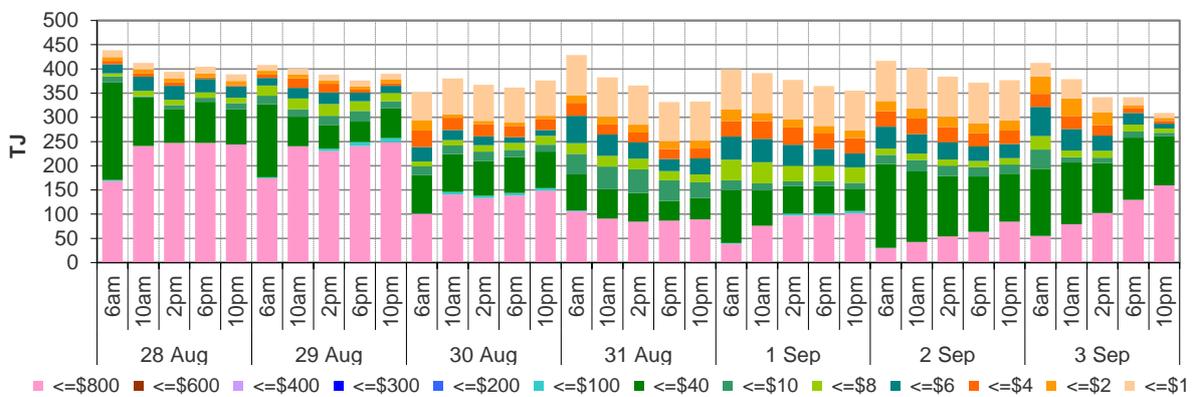
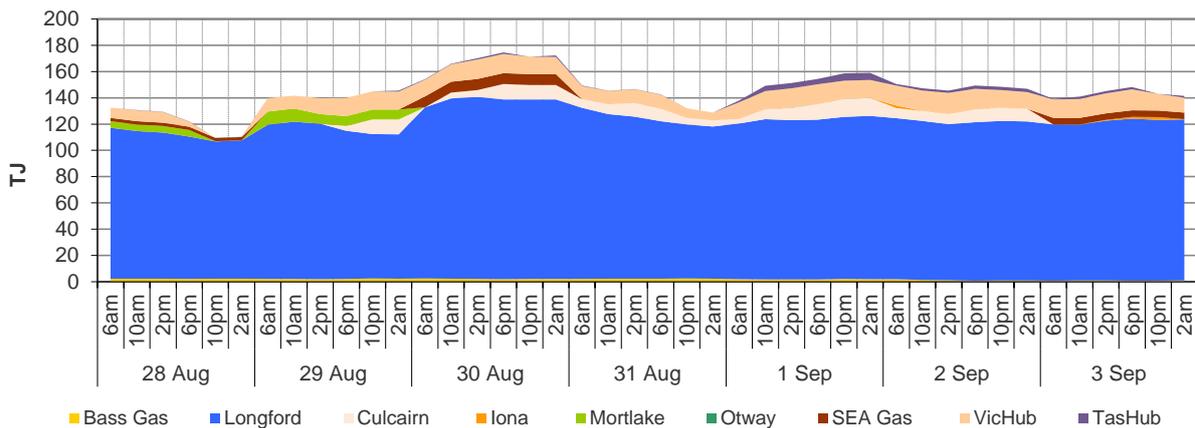


Figure 1.5: Metered Injections by System Injection Point (TJ)



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.⁸ 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](#).

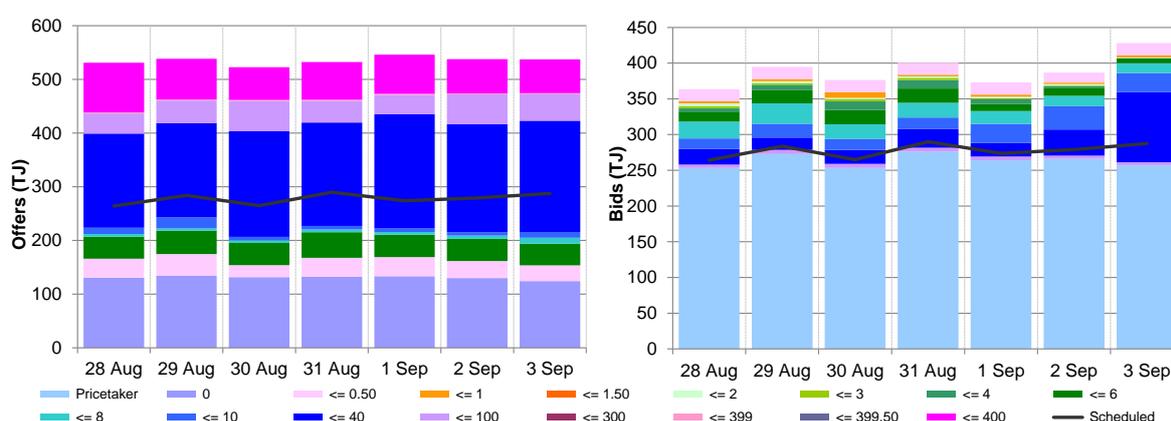
Market Operator Service balancing gas (MOS) payments arise because the amount of gas nominated on pipelines for delivery on a gas day will either exceed or fall short, by some amount, of the amount of gas consumed in the hub. In such circumstances, MOS payments are made to participants for providing a service to park gas on a pipeline or to loan gas from a pipeline to the hub.⁹

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)	15.00	14.20	13.60	16.28	13.22	16.04	17.50
Ex ante quantity (TJ)	264	284	265	290	274	279	287
Ex post price (\$/GJ)	14.50	14.50	13.60	17.08	14.00	17.61	18.50
Ex post quantity (TJ)	254	290	262	293	281	299	305

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



⁸ 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.

⁹ 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.

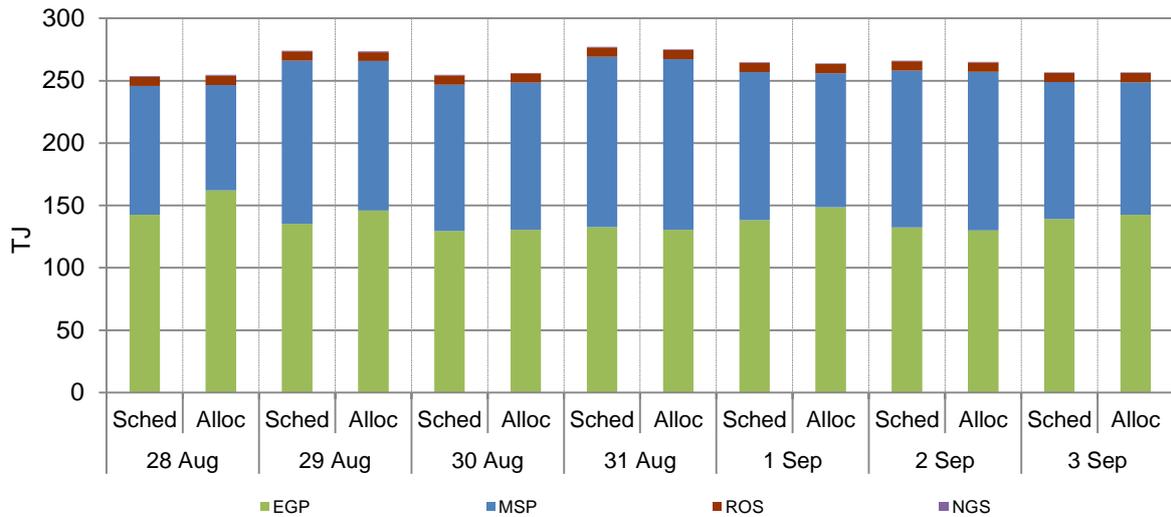
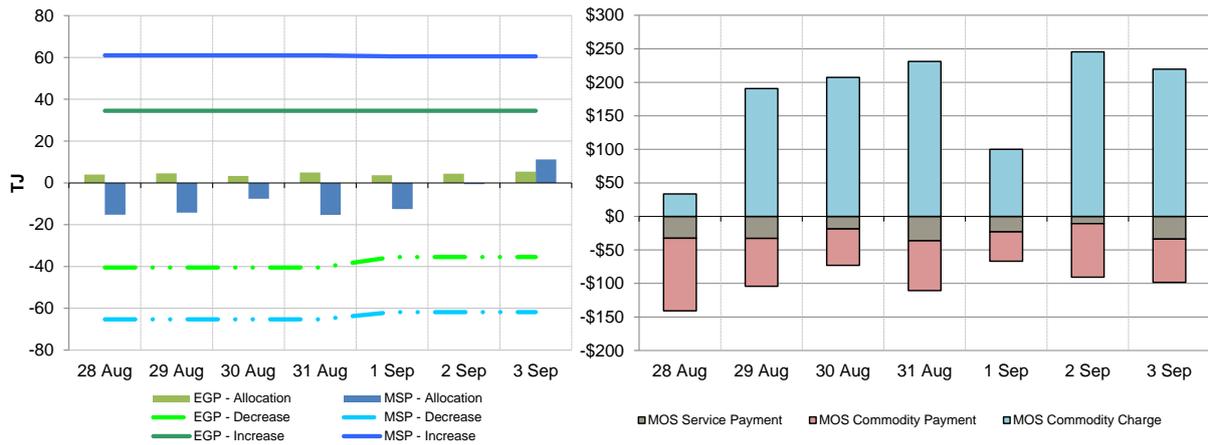


Figure 2.4: SYD MOS allocations (TJ), service payments and commodity payments/charges (\$000)¹⁰



¹⁰ 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)	18.01	18.44	17.51	16.50	14.00	15.00	17.99
Ex ante quantity (TJ)	49	72	78	79	73	80	63
Ex post price (\$/GJ)	17.51	19.05	17.01	15.28	17.49	15.50	18.23
Ex post quantity (TJ)	45	75	76	75	80	85	64

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

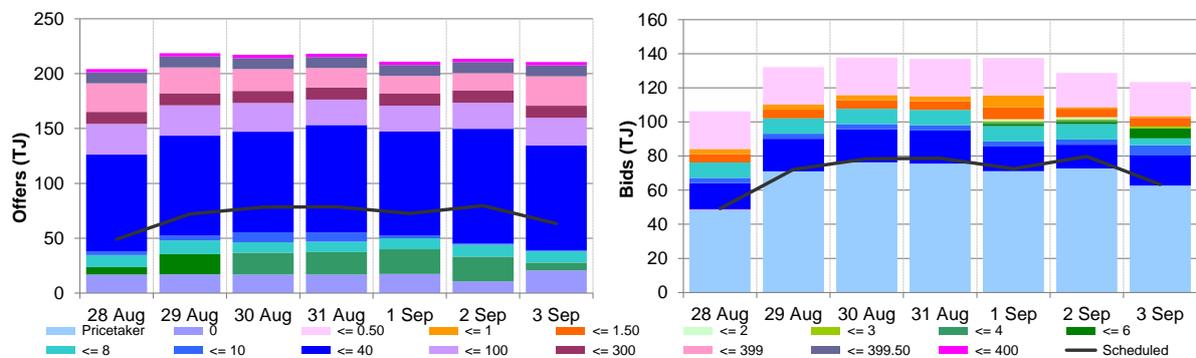


Figure 3.3: ADL net scheduled and allocated gas hub supply (excluding MOS)

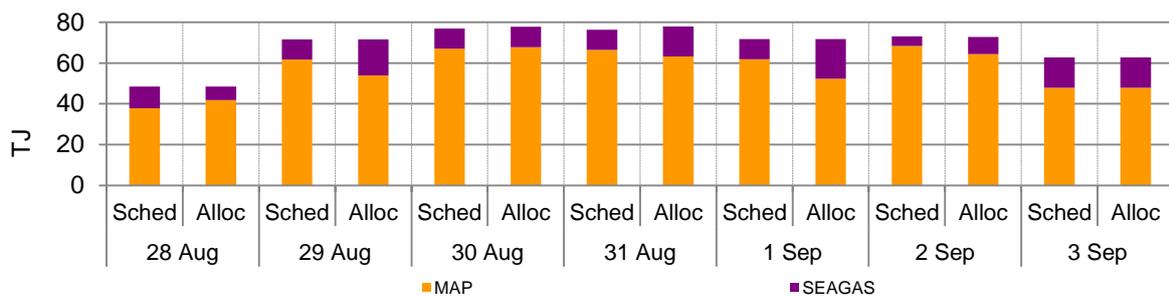
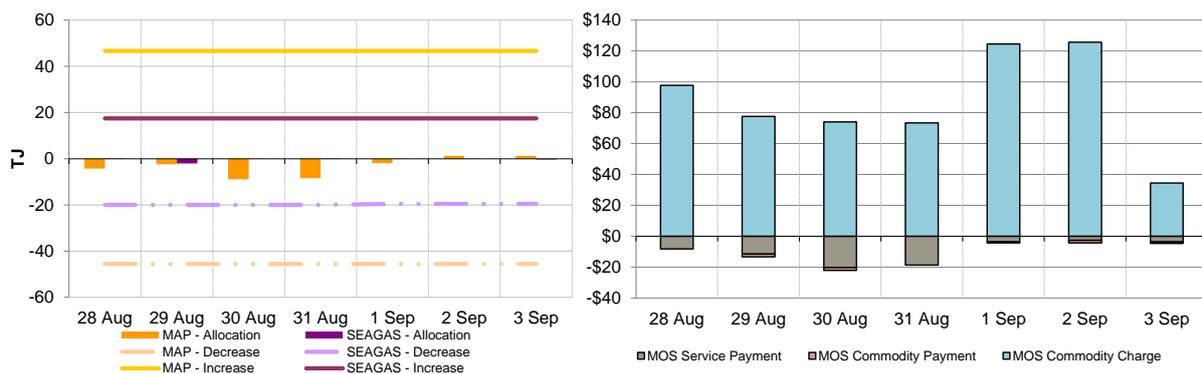


Figure 3.4: ADL MOS allocations (TJ), service payments and commodity payments/charges (\$000)



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)	14.01	13.50	14.11	13.28	12.48	14.21	15.25
Ex ante quantity (TJ)	73	91	96	95	92	93	77
Ex post price (\$/GJ)	14.01	13.50	13.68	13.28	12.35	11.56	15.25
Ex post quantity (TJ)	73	92	92	95	87	84	77

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

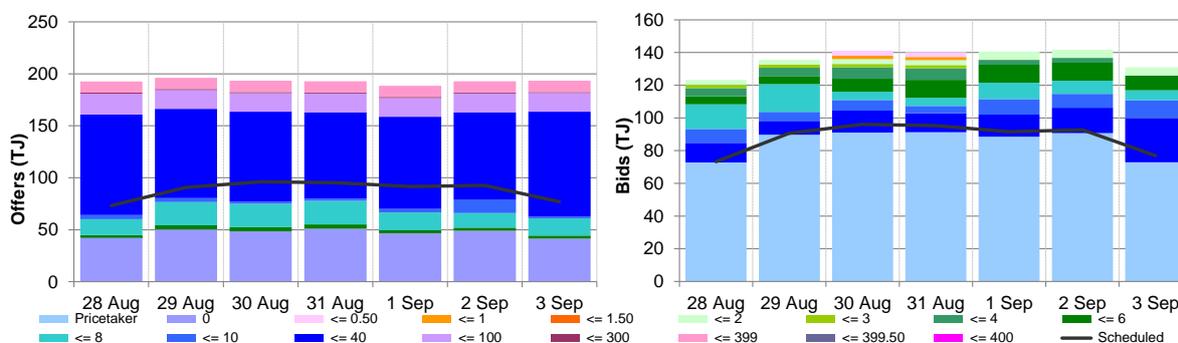


Figure 4.3: BRI net scheduled and allocated gas hub supply (excluding MOS)

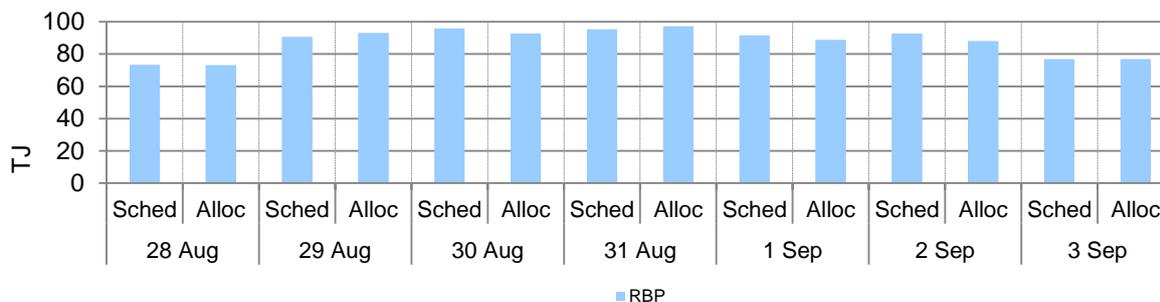
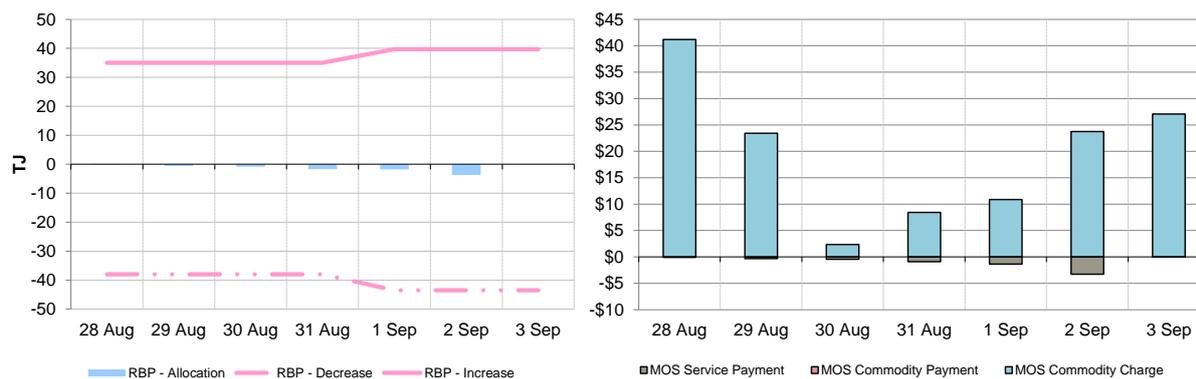


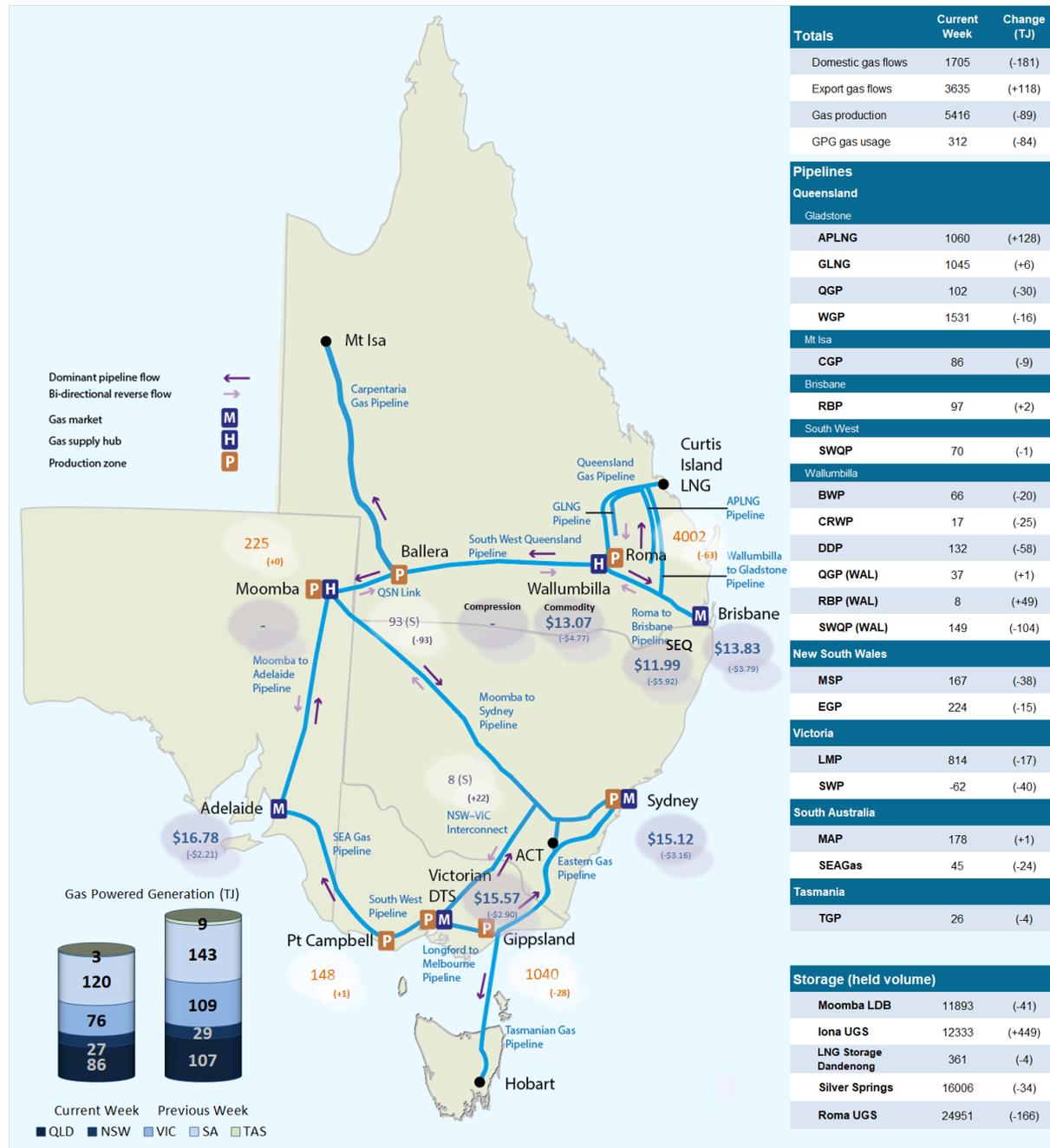
Figure 4.4: BRI MOS allocations (TJ), service payments and commodity payments/charges (\$000)



5. National Gas Bulletin Board

Figure 5.1 shows average daily actual flows for the current week¹¹ from the Bulletin Board (changes from the previous week's average are shown in brackets). Average daily prices¹² 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/day); Bulletin Board flows (TJ/day)¹³



¹¹ 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.

¹² 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.

¹³ Net flows are shown for Bulletin Board facilities, as outlined in the [user guide](#).

6. Gas Supply Hub

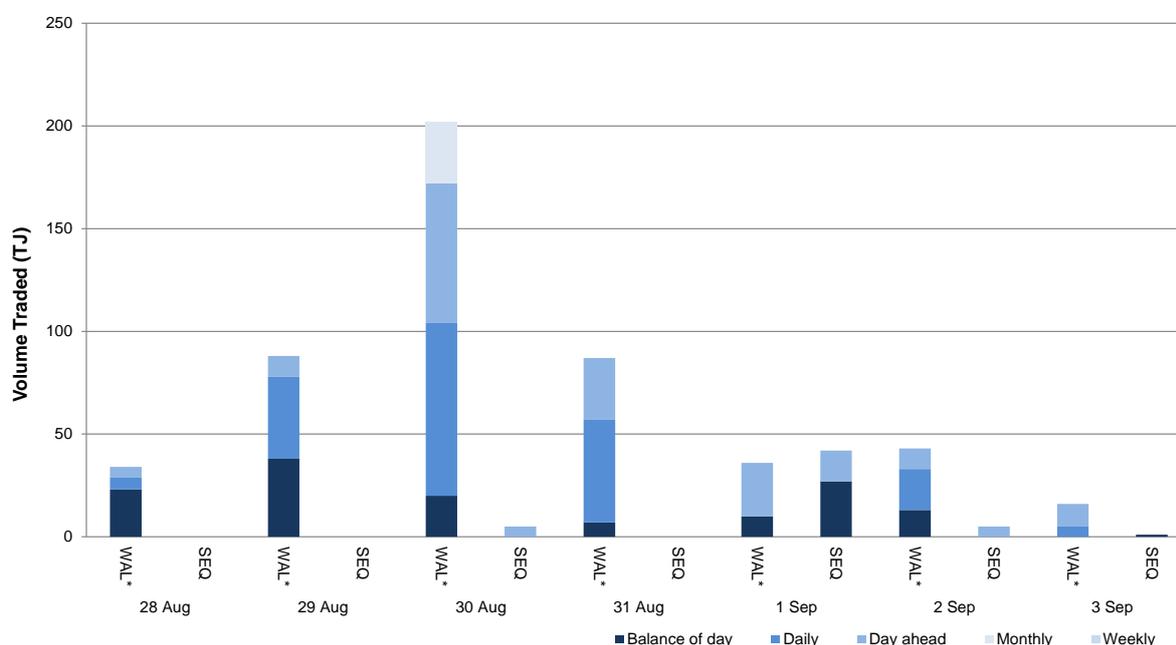
The gas supply hub was established at Wallumbilla in March 2014 to facilitate the voluntary trading of gas between participants, with products listed for sale and purchase at delivery points on three major connecting pipelines. There are separate products for each trading location and delivery period (daily, day-ahead, balance-of-day, weekly and monthly products).¹⁴

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 77 trades for 559 TJ of gas at a volume weighted price of \$12.96/GJ. These consisted of 69 trades at WAL (506 TJ at \$13.07/GJ) and 8 trades at SEQ (53 TJ at \$11.99/GJ). There were 2 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.¹⁵

Figure 6.1: GSH traded quantities



¹⁴ Additional information on trading locations and available products is detailed in the [user guide](#).

¹⁵ 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.

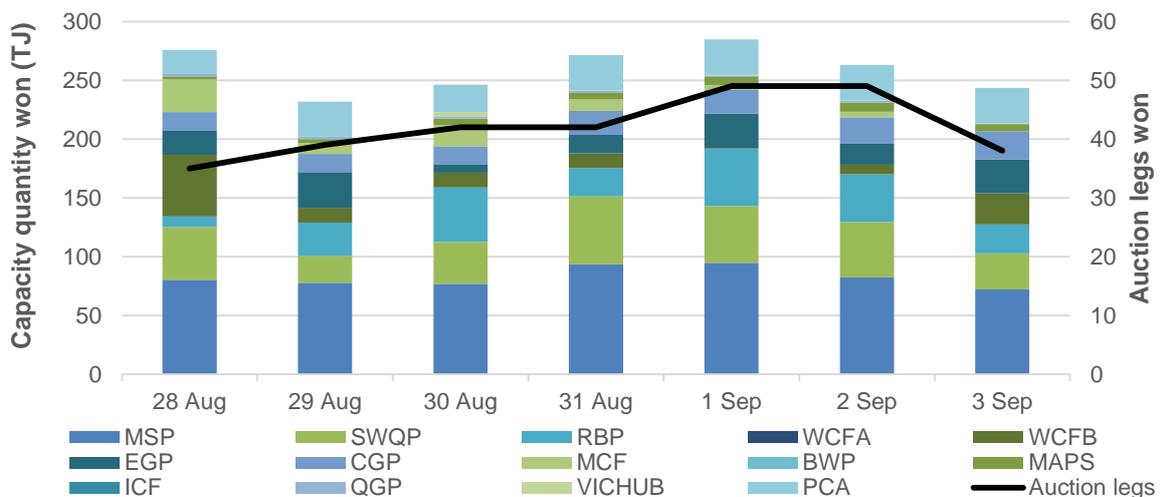
Participants may bid in to the DAA in order to procure the following services:

- 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, 17 participants took part in the DAA, winning 1816 TJ of capacity across 11 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.¹⁶

Figure 7.1: DAA traded quantities (TJ) and auction legs won



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¹⁶ Additional information is available in the [user guide](#) to the AER gas weekly report.