

## 29 November – 5 December 2020

### Weekly Summary

Average prices increased from the previous week in all markets, ranging around \$6-8/GJ. Prices in Brisbane over the end of the year have risen above southern market prices for the first time since late 2018.

In Adelaide, counteracting MOS led to service payments of just over \$53,000 on 2 December.<sup>1</sup>

Export pipeline flows remained high across November, reaching record levels. The highest daily flow level was reached on 4 November at 4157 TJ, with flows exceeding 4100 TJ/day over most of the month.

### 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**).

**Figure 1: Average daily prices and demand – all markets (\$/GJ, TJ)<sup>2</sup>**

	Victoria		Sydney		Adelaide		Brisbane	
	Price	Demand	Price	Demand	Price	Demand	Price	Demand
29 Nov - 05 Dec 2020	6.57	317	7.45	221	6.88	46	7.33	103
% change from previous week	13	1	13	-3	9	16	9	15
20-21 financial YTD	4.91	652	4.99	264	5.62	64	4.95	102
% change from previous financial YTD	-40	-8	-39	3	-36	-1	-31	26

<sup>1</sup> This may have been partially influenced by renominations diverting scheduled supply from the MAP onto the SEAGas pipeline.

<sup>2</sup> Average daily quantities are displayed for each region. The weighted average daily imbalance price applies for Victoria.

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)<sup>3</sup>**

	Moomba		South East Queensland		Wallumbilla	
	Price	Quantity	Price	Quantity	Price	Quantity
29 Nov - 05 Dec 2020	-	-	7.15	46	6.56	244
% change from previous week	-	-	8	109	5	-5
20-21 financial YTD	2.89	324	4.24	2261	4.44	6256
% change from previous financial YTD	-61	-15	-38	-29	-38	-18

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

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

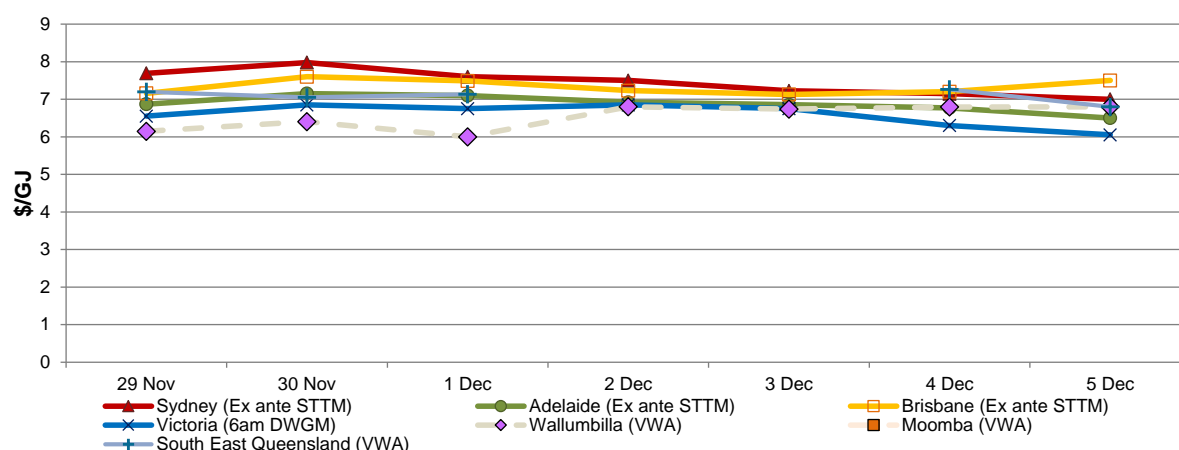


Figure 4 compares average ancillary market payments (VGM) and balancing gas service payments (STTM) against historical averages.

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

	Victoria Ancillary Payments*	Sydney MOS	Adelaide MOS	Brisbane MOS
29 Nov - 05 Dec 2020	-	21.69	17.03	1.07
% change from previous week	-	7	86	300
20-21 financial YTD		21.85	9.66	6.68
% change from previous financial YTD		-2	105	335

\* 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.

<sup>3</sup> 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).

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)**

	Moomba		South East Queensland		Wallumbilla*	
	VWA price	Quantity	VWA price	Quantity	VWA price	Quantity
<b>Balance of day</b>	-	-	7.09	12.0	7.11	41.0
<b>Daily</b>	-	-	7.05	5.0	6.66	100.0
<b>Day ahead</b>	-	-	7.19	29.0	6.36	75.2
<b>Weekly</b>	-	-	-	-	6.00	28.0
<b>Monthly</b>	-	-	-	-	-	-
<b>Total</b>	-	-	<b>7.15</b>	<b>46.0</b>	<b>6.56</b>	<b>244.2</b>

\* 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	1574	910	1730	4214
Export Pipeline Flows	1598	1027	1281	3907
% change from previous week (pipeline flows)	1	-9	-7	-4
20-21 financial YTD Flows	1387	973	1284	3644

\* 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

### Record Queensland LNG exports

LNG export quantities reached record levels in October with export pipeline flows averaging 3889 TJ/day. This level was exceeded in November where flows averaged 4081 TJ/day. Both months reached the highest number of 31 export cargoes shipped from Gladstone. These were the highest flow levels since the previous record set in October 2019 (3861 TJ/day). Production around Roma was also at record levels, consistently above 4200 TJ since 24 October and climbing above 4300 TJ for the first time since October 2019.

Figure 7 show through October and November GLNG pipeline flows reaching new highs alongside high export levels for the other two exporters, particularly APLNG.

Figure 7: Daily LNG export pipeline flows (TJ)

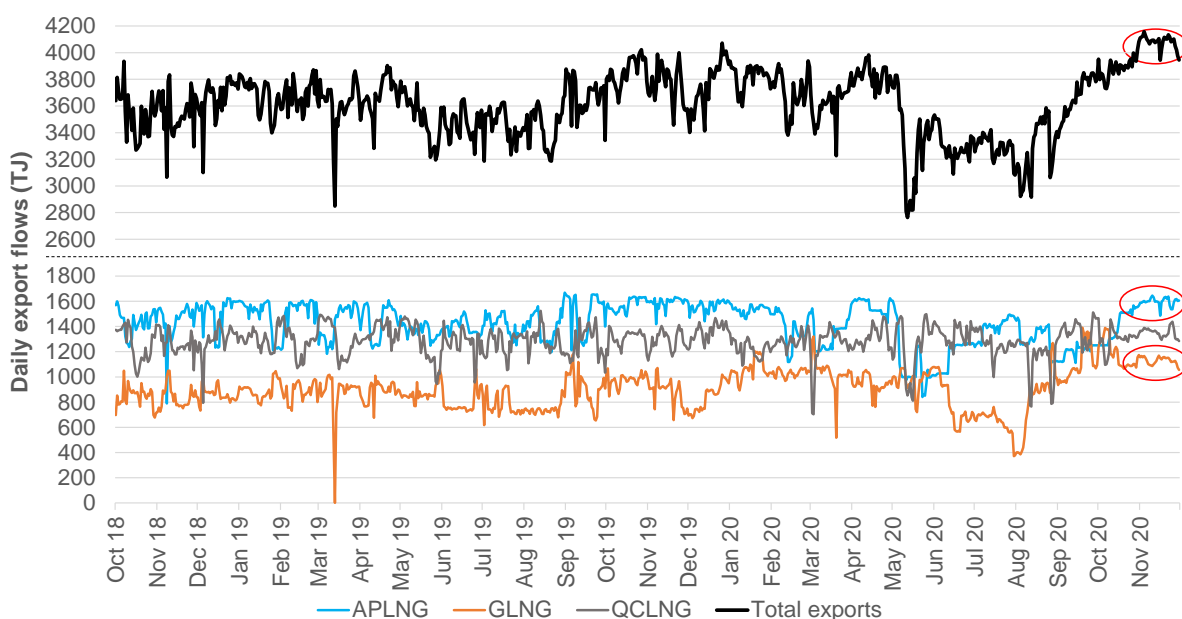


Figure 8 shows the daily production levels from producers in the Roma region.

Figure 8: Daily Roma production levels (TJ)

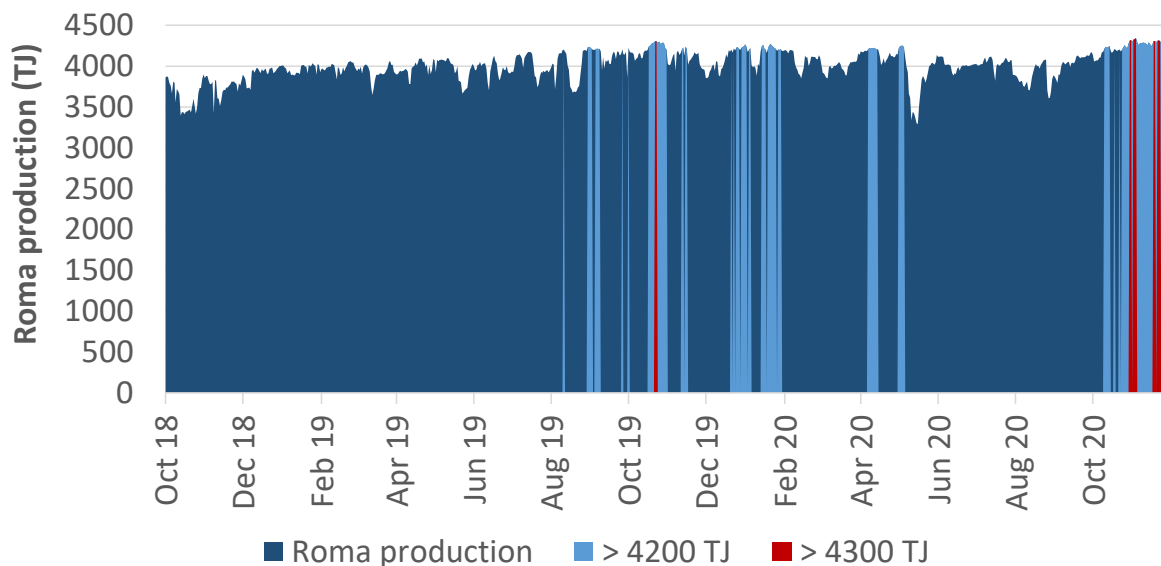
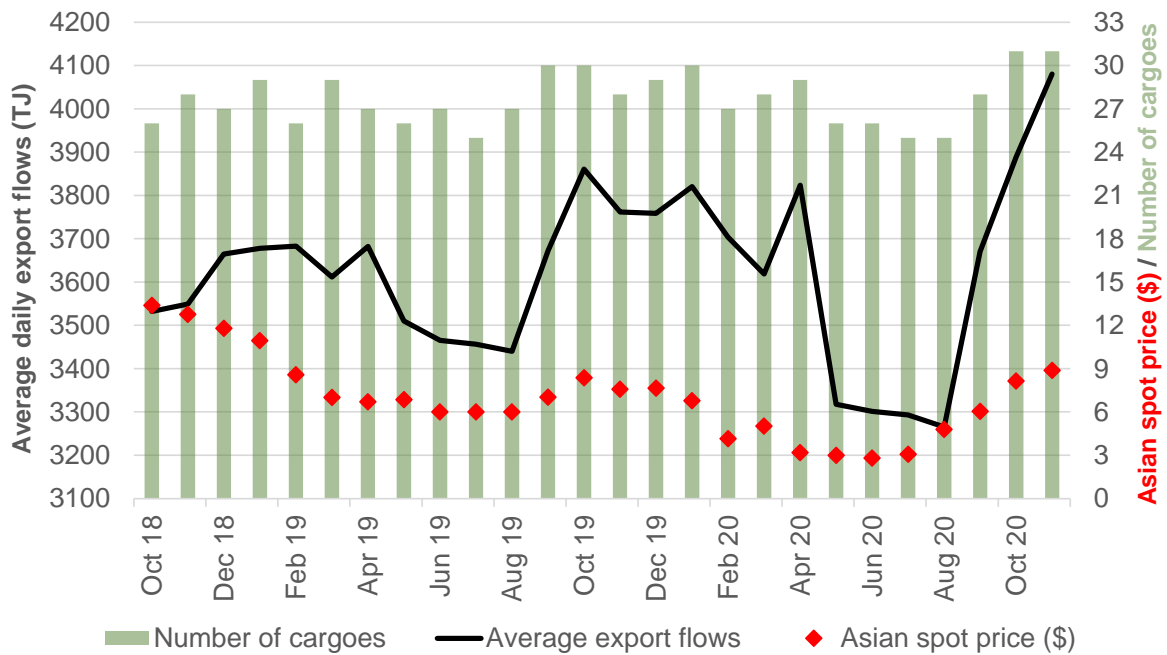


Figure 9 shows the average daily export pipeline flows, which reached close to 4100 TJ/day across November. The figure also shows the number of cargoes shipped since October 2018 and the monthly Asian spot price.

**Figure 9: Daily LNG export pipeline flows (TJ)**



Higher export demand has also coincided with prices increasing in spot markets across the east coast, with the sustained period of sub-\$5/GJ prices across the markets starting to diminish from the start of October. With expected cold temperatures in the Asian region in coming months, this could be a driver of continued higher local spot prices over the medium term.

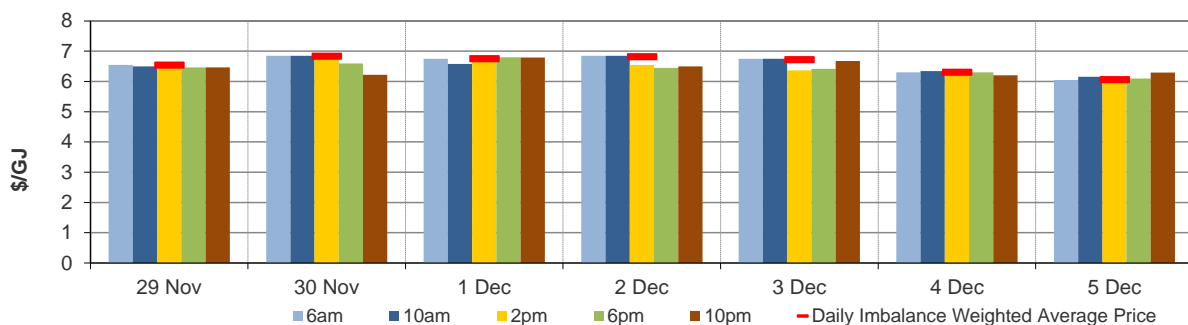
## 1. Victorian Declared Wholesale Market

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 price<sup>4</sup> which is the schedule at which most gas is traded.

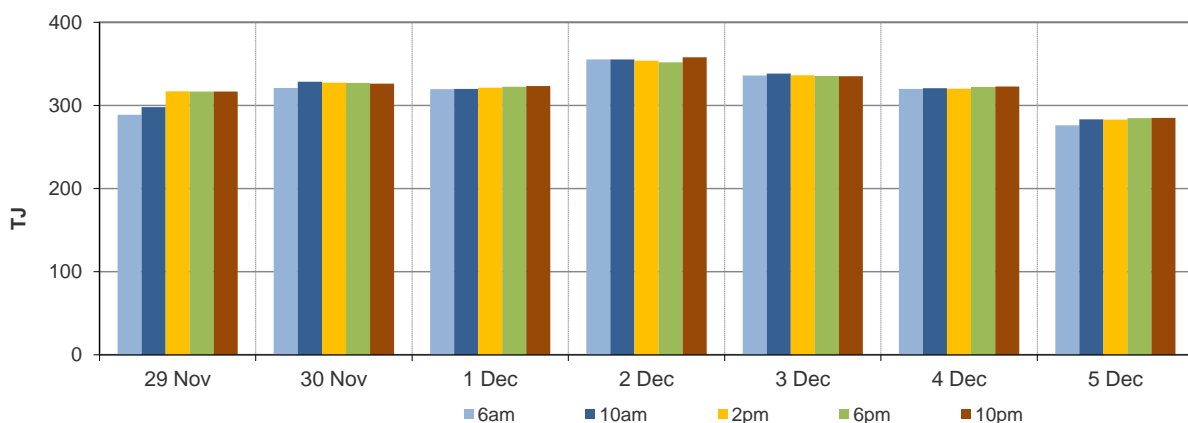
The main drivers<sup>5</sup> of price are demand forecasts and bids to inject or withdraw gas from the market. Figures 1.1 to 1.4 below show the daily prices, demand forecasts<sup>6</sup>, and injection/withdrawal bids for each of the five pricing schedules. Figure 1.5 provides information on which system 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)**

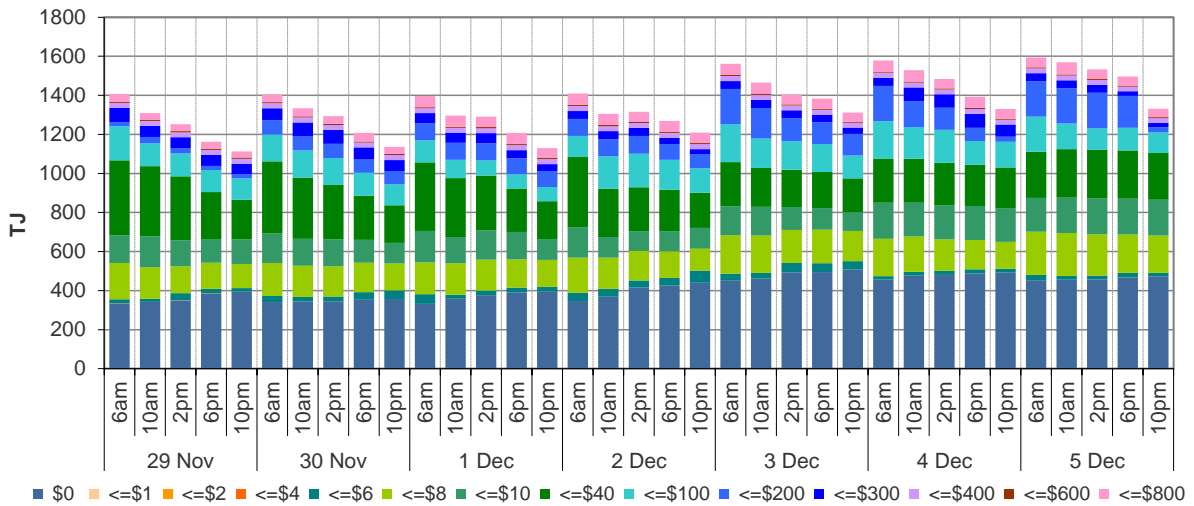


<sup>4</sup> Prices for subsequent schedules are applied only to the differences in scheduled quantities (imbalances) to calculate the weighted price. The 6 am price applies to the entire scheduled quantity in the initial schedule.

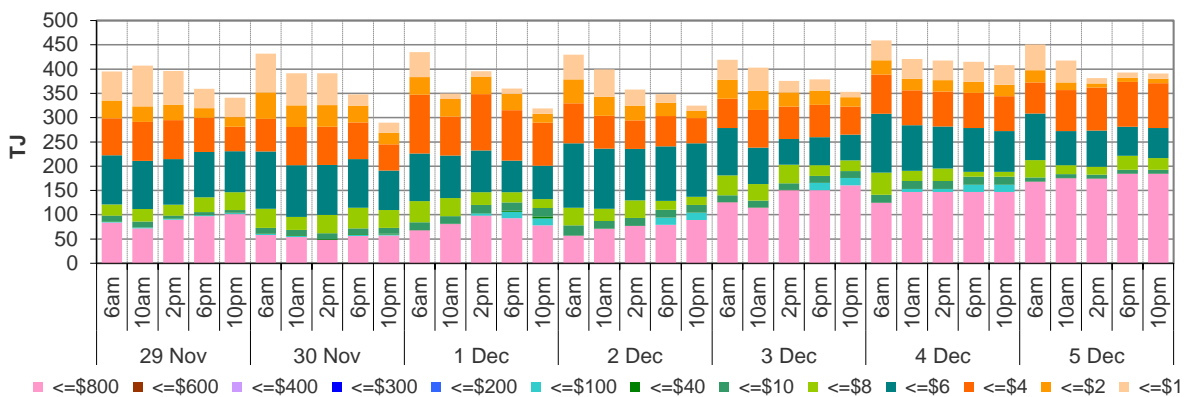
<sup>5</sup> The price might also be affected by transmission or production (contractual) constraints limiting how much gas can be delivered from a locale or System Injection Point (SIP) from time to time.

<sup>6</sup> 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.

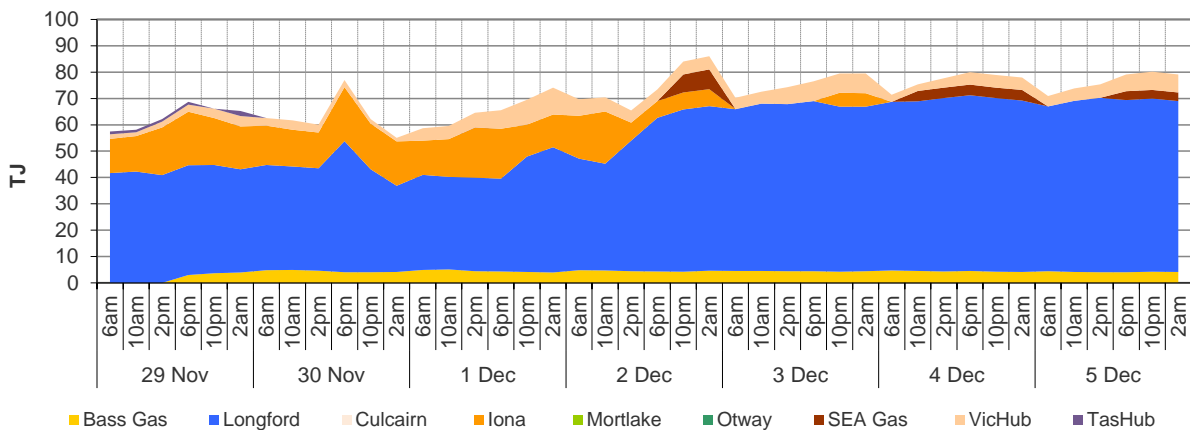
**Figure 1.3: Injection bids by price bands (TJ)**



**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.<sup>7</sup> 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](#).

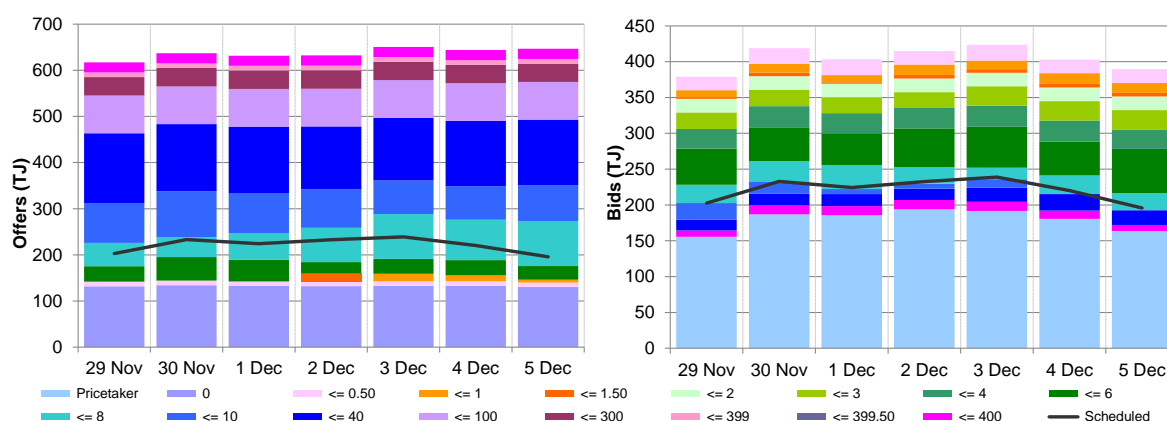
Market Operator Service balancing gas (MOS) payments arise because the amount of gas nominated on pipelines for delivery on a gas day will either exceed or fall short, by some amount, of the amount of gas consumed in the hub. In such circumstances, MOS payments are made to participants for providing a service to park gas on a pipeline or to loan gas from a pipeline to the hub.<sup>8</sup>

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)	7.69	7.98	7.60	7.50	7.23	7.15	7.00
Ex ante quantity (TJ)	203	233	224	233	239	220	196
Ex post price (\$/GJ)	7.96	7.96	7.49	7.30	7.20	7.10	7.10
Ex post quantity (TJ)	209	231	221	227	237	213	214

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



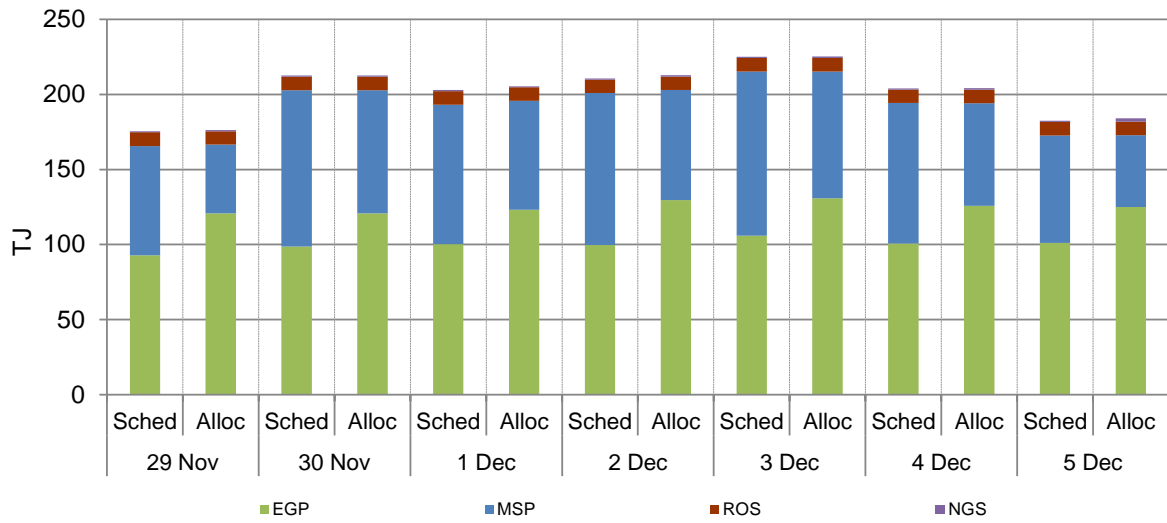
<sup>7</sup> The main driver of the amount of gas scheduled on a gas day is the 'price-taker' bid, which is forecast hub demand that cannot respond to price and which must be delivered, regardless of the price.

<sup>8</sup> 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).

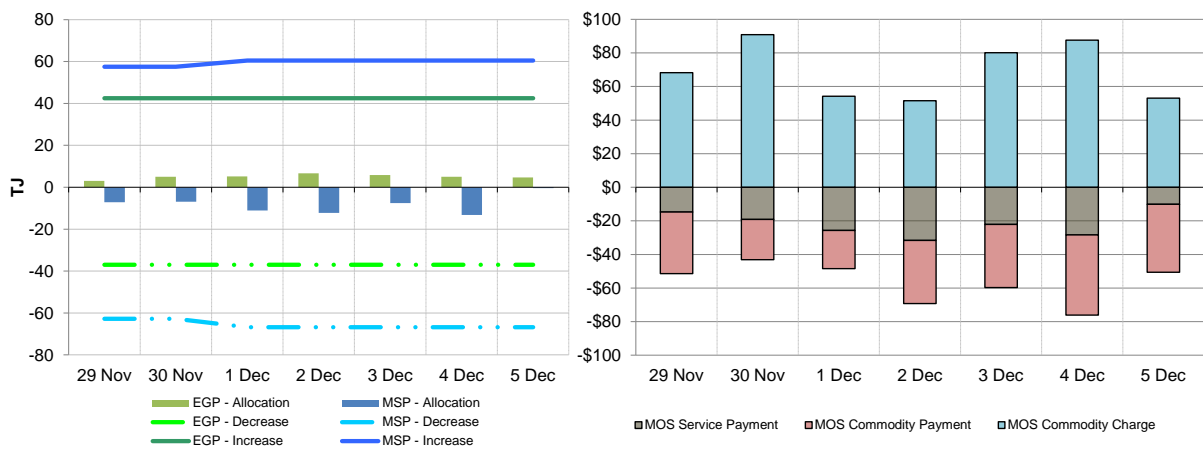


**Figure 2.3: SYD net scheduled and allocated gas hub supply (excluding MOS)**

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)<sup>9</sup>**



<sup>9</sup> 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.

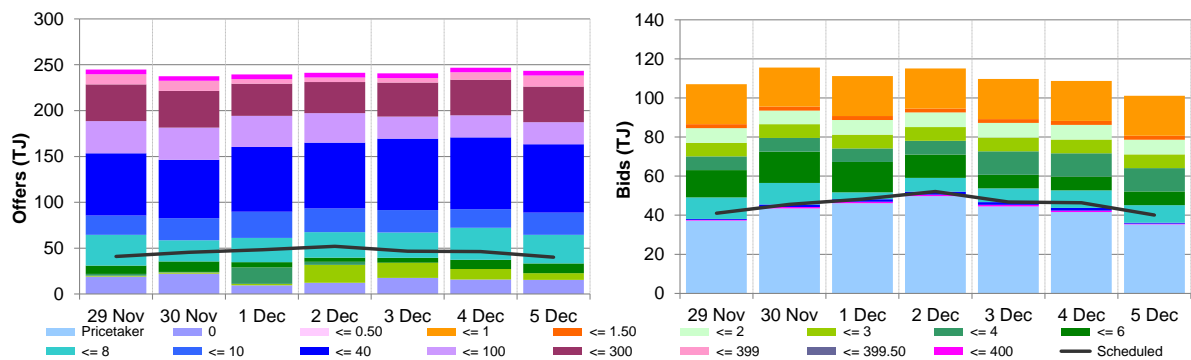
### 3. Adelaide STTM

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.

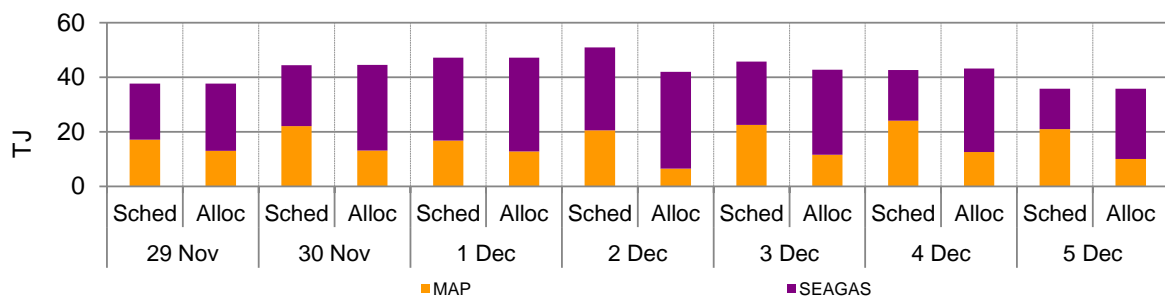
**Figure 3.1: ADL STTM daily ex ante and ex post prices and quantities**

	Sun	Mon	Tue	Wed	Thu	Fri	Sat
Ex ante price (\$/GJ)	6.87	7.15	7.10	6.92	6.86	6.77	6.50
Ex ante quantity (TJ)	41	46	48	52	47	46	40
Ex post price (\$/GJ)	6.87	7.15	7.15	6.54	6.86	6.78	6.78
Ex post quantity (TJ)	42	46	51	41	46	49	45

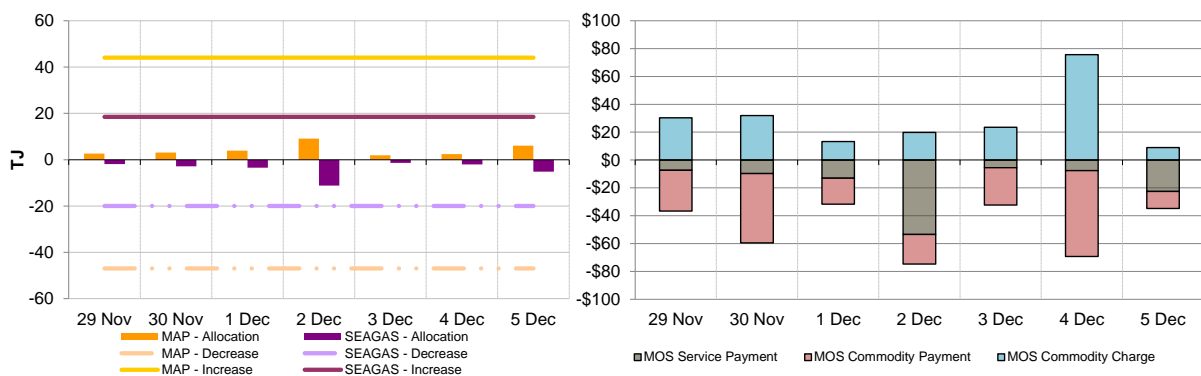
**Figure 3.2: ADL daily hub offers and daily hub bids in price bands (\$/GJ)**



**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)**



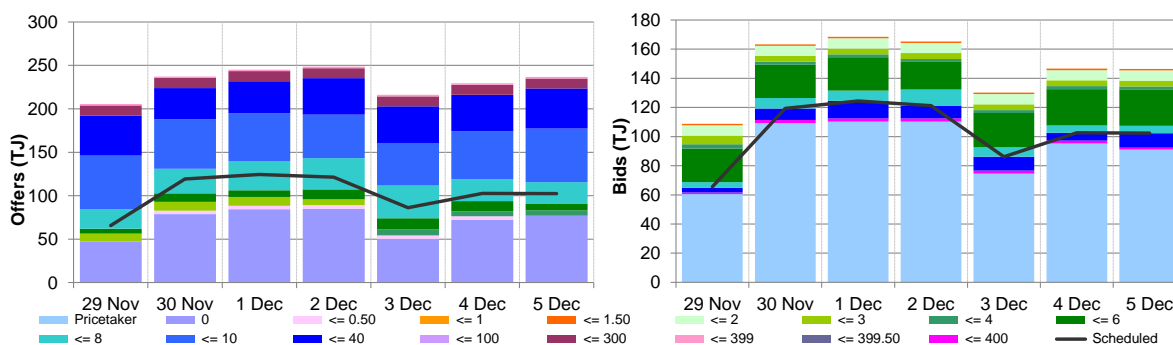
## 4. Brisbane STTM

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.

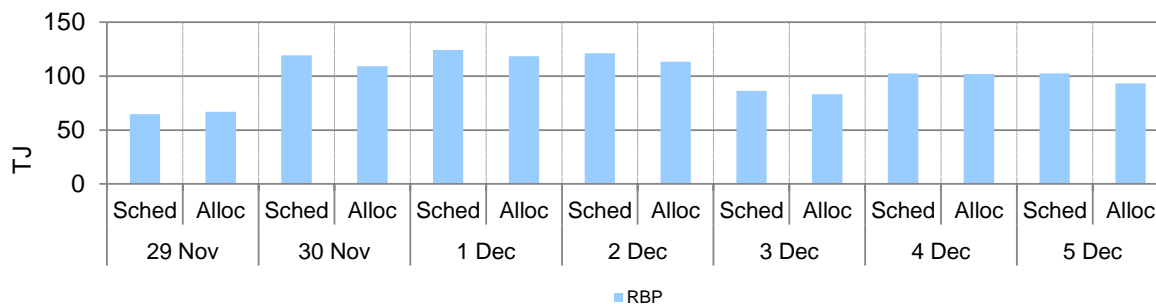
**Figure 4.1: BRI STTM daily ex ante and ex post prices and quantities**

	Sun	Mon	Tue	Wed	Thu	Fri	Sat
Ex ante price (\$/GJ)	7.16	7.60	7.49	7.23	7.13	7.20	7.50
Ex ante quantity (TJ)	66	119	124	121	86	103	102
Ex post price (\$/GJ)	7.19	7.25	7.25	6.99	7.10	7.25	7.20
Ex post quantity (TJ)	69	113	121	113	84	104	97

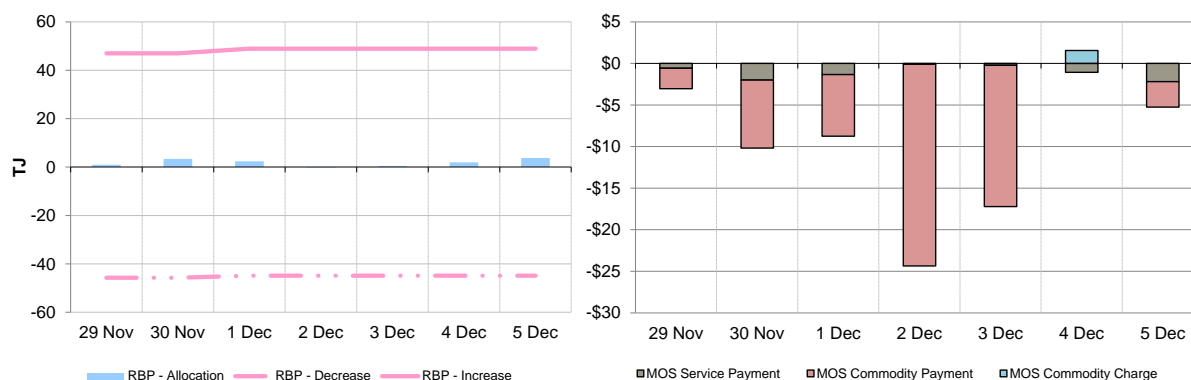
**Figure 4.2: BRI daily hub offers and daily hub bids in price bands (\$/GJ)**



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



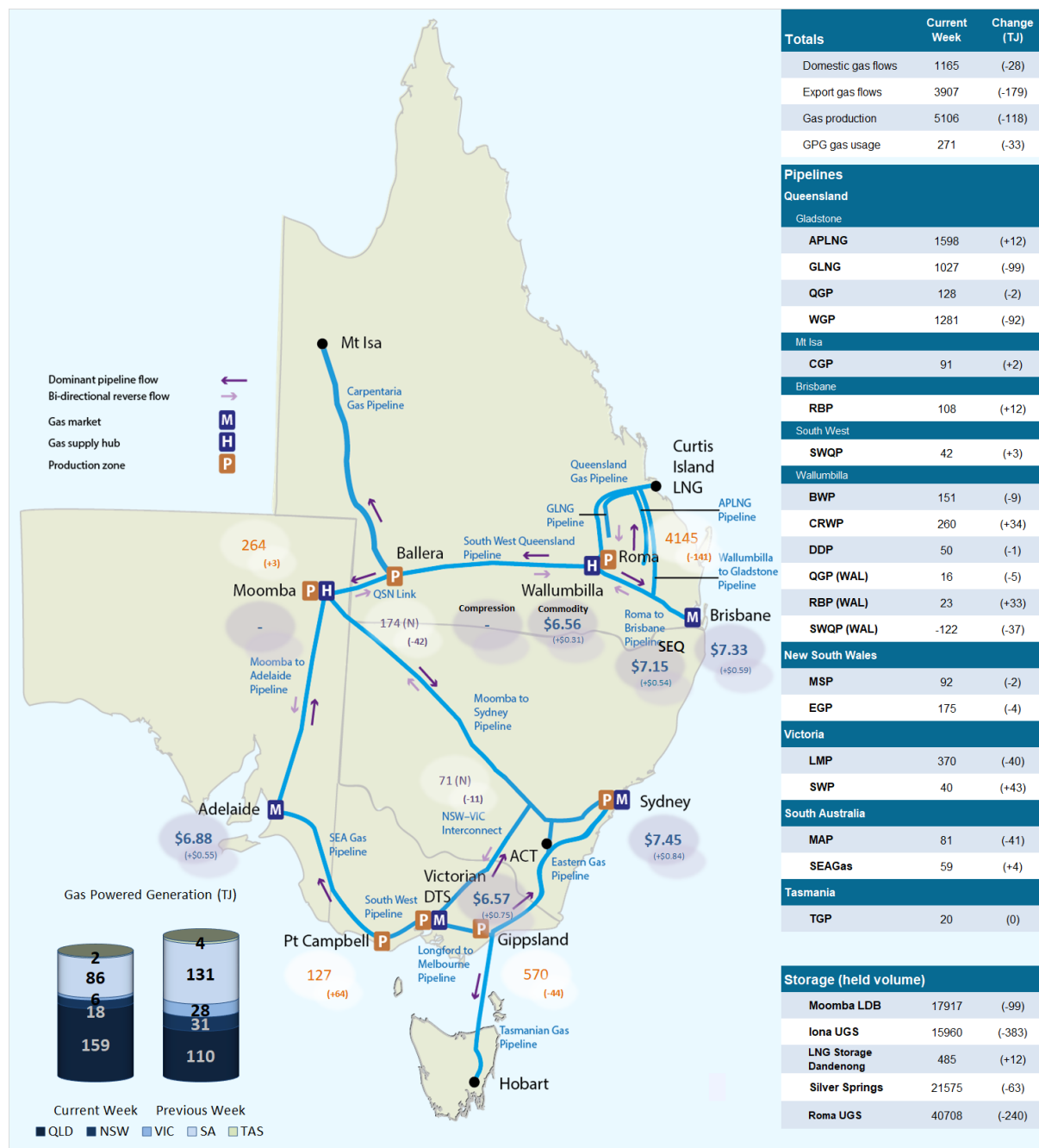
**Figure 4.4: BRI MOS allocations (TJ), service payments and commodity payments/charges (\$000)**



## 5. National Gas Bulletin Board

Figure 5.1 shows average daily actual flows for the current week<sup>10</sup> from the Bulletin Board (changes from the previous week's average are shown in brackets). Average daily prices<sup>11</sup> 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)<sup>12</sup>



<sup>10</sup> 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.

<sup>11</sup> Export gas flows are calculated as the total of: the APLNG pipeline; the GLNG pipeline; and the Wallumbilla to Gladstone pipeline.

<sup>12</sup> GPG volumes may include gas usage that does not show up on Bulletin Board pipeline flows.

<sup>11</sup> 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.

<sup>12</sup> Net flows are shown for Bulletin Board facilities, as outlined in the [user guide](#).

## 6. Gas Supply Hub

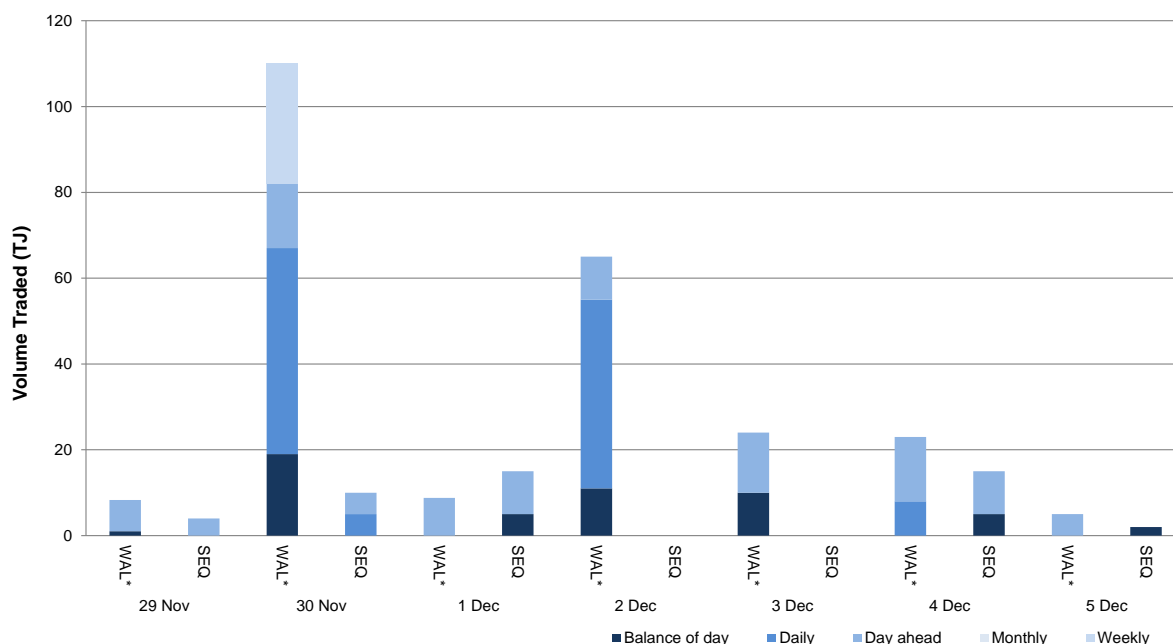
The gas supply hub was established at Wallumbilla in March 2014 to facilitate the voluntary trading of gas between participants, with products listed for sale and purchase at delivery points on three major connecting pipelines. There are separate products for each trading location and delivery period (daily, day-ahead, balance-of-day, weekly and monthly products).<sup>13</sup>

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**).

This week there were 44 trades for 290 TJ of gas at a volume weighted price of \$6.66/GJ. These consisted of 30 trades at WAL (244 TJ at \$6.56/GJ) and 14 trades at SEQ (46 TJ at \$7.15/GJ).

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.<sup>14</sup>

**Figure 6.1: GSH traded quantities**



<sup>13</sup> Additional information on trading locations and available products is detailed in the [user guide](#).

<sup>14</sup> Non-netted (off-market) trades, allowing the selection of specific delivery point at a trading location, are included with other Wallumbilla trades (WAL\*).

## 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.

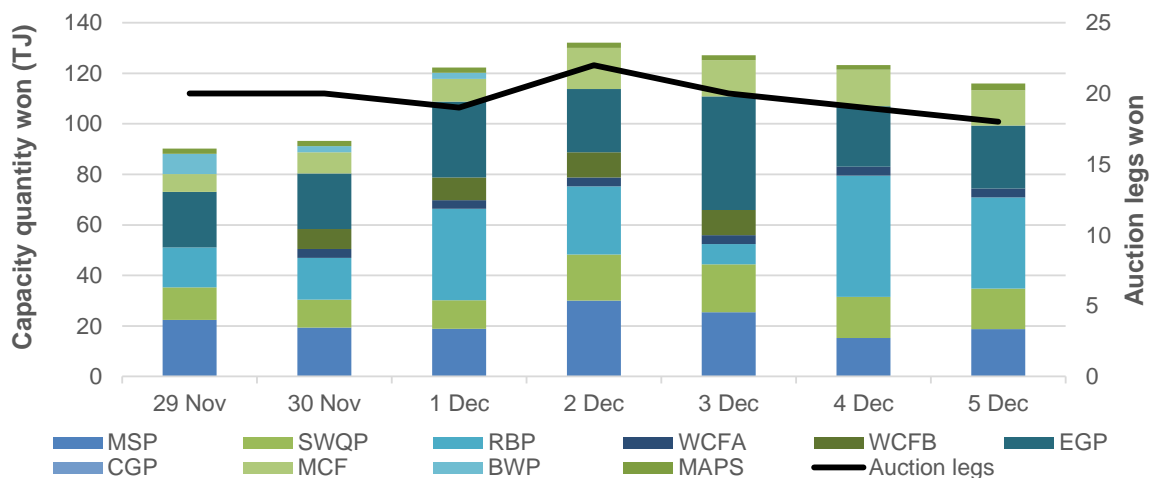
Participants may bid in to the DAA in order to procure the following services:

- 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 986 TJ of capacity across 11 different facilities.

Figure 7.1 shows the quantities of gas and auction legs won through the DAA by auction date, with gas deliverable the following gas day up to the level of capacity procured. Auction legs reflect each individual facility transaction.<sup>15</sup>

**Figure 7.1: DAA traded quantities and auction legs won**



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<sup>15</sup> Additional information is available in the [user guide](#) to the AER gas weekly report.