

3 – 9 April 2022

## Weekly Summary

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

At the Wallumbilla upstream supply production hubs (marked H), the average price also increased significantly at each trading location (MOO, WAL and SEQ).



Trading in the Wallumbilla gas supply hub was concentrated around shorter-term deliveries for products at SEQ (5 TJ) and WAL (126 TJ) this week (see section 6).<sup>1</sup>

Mainland gas powered generation decreased in New South Wales, while Victoria and South Australia had notable increases from the previous week. LNG export pipeline flows decreased below 4000 TJ/day on average (see more detailed map and table at figure 5.1).

## 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

<sup>1</sup> The South East Queensland (SEQ) trading point in the Wallumbilla (WAL) Gas Supply Hub (GSH) supplies gas to an in-pipe notional delivery point on the Roma to Brisbane Pipeline (RBP), located in close proximity to a number of large production facilities in the Roma region. The WAL product location covers the remaining gas deliveries between the South West Queensland Pipeline (SWQP), Roma to Brisbane Pipeline (RBP), Queensland Gas Pipeline (QGP) and other interconnected pipelines in Queensland. Trades at Moomba (MOO) occur on the Moomba to Adelaide Pipeline (MAP) and Moomba to Sydney Pipeline (MSP). Southern market locations also exist at Culcain (CUL/VIC) and Wilton (WIL/SYD).

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)<sup>2</sup>**

	Victoria		Sydney		Adelaide		Brisbane	
	Price	Demand	Price	Demand	Price	Demand	Price	Demand
03 Apr - 09 Apr 2022	14.44	441	16.64	272	16.14	49	17.56	79
% change from previous week	19	25	23	8	18	-1	20	-2
21-22 financial YTD	10.00	506	10.68	246	10.95	53	10.80	87
% change from previous financial YTD	92	0	95	-1	88	-2	92	-17

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 Hubs (\$/GJ, TJ)<sup>3</sup>**

	Moomba		South East Queensland		Wallumbilla	
	Price	Quantity	Price	Quantity	Price	Quantity
03 Apr - 09 Apr 2022	16.25	2	19.60	5	16.86	126
% change from previous week	-	-	32	-81	10	-26
21-22 financial YTD	8.50	278	10.60	3175	10.66	14714
% change from previous financial YTD	180	-18	105	-20	106	44

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

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

<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).

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

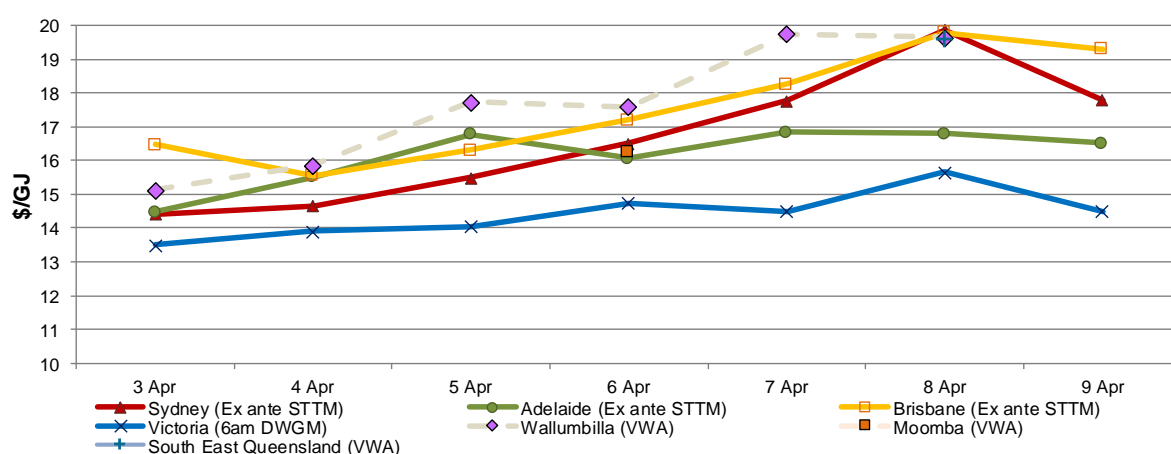


Figure 4 compares average ancillary market payments (for the VGM) and balancing gas service payments (STTM) against historical averages.

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

	Victoria Ancillary Payments*	Sydney MOS	Adelaide MOS	Brisbane MOS
03 Apr - 09 Apr 2022	-	20.57	32.23	0.42
% change from previous week	-	11	106	-2
21-22 financial YTD		19.68	8.19	0.89
% change from previous financial YTD		0	1	-79

\* 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)<sup>4</sup>**

	Moomba		South East Queensland		Wallumbilla*	
	VWA price	Quantity	VWA price	Quantity	VWA price	Quantity
<b>Balance of day</b>	16.25	2.0	19.60	5.0	16.71	67.0
<b>Daily</b>	-	-	-	-	20.00	7.0
<b>Day ahead</b>	-	-	-	-	16.63	52.0
<b>Weekly</b>	-	-	-	-	-	-
<b>Monthly</b>	-	-	-	-	-	-
<b>Total</b>	<b>16.25</b>	<b>2.0</b>	<b>19.60</b>	<b>5.0</b>	<b>16.86</b>	<b>126.0</b>

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

<sup>4</sup> 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	1534	911	1727	4171
Export Pipeline Flows	1616	938	1420	3973
% change from previous week (pipeline flows)	1	-9	2	-1
21-22 financial YTD flows	1477	1074	1367	3918

\* 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

### **Significant increase in prices**

Domestic gas prices started increasing in late March and has remained high during April (\$13-20/GJ). This week, prices again increased significantly (18-23%) across all four downstream wholesale gas markets, most notably in the Sydney market. Prices at the Sydney and Adelaide STTMs continue to follow the Brisbane STTM's price trends. Victorian prices remain lower in comparison to the other downstream markets, reaching a high of \$15.64/GJ on 8 April (see chart below).

National Electricity Market (NEM) prices showed a similar trend, with Queensland leading the price increases across the regions. Queensland and New South Wales volume weighted average (VWA) prices have gradually increased across the past month, while there were also significant increases in Victoria and South Australia from the previous week.<sup>5</sup>

### **Gas Powered Generation (GPG) increases**

There was a notable increase (100 TJ) in gas usage by gas powered generation this week, most significantly in South Australia and Victoria. This can be attributed to some coal generation outages in Victoria.<sup>6</sup> Gas powered generation in Queensland was steady from the previous week, following increases over the past fortnight coinciding with a number of base load outages.<sup>7</sup> The higher coincident GPG demand across mainland regions likely put upwards pressure on gas market prices, with NEM price volatility across April following a similar pattern to gas market price increases, indicative of participants placing higher values on the gas supply being provided to both electricity and gas markets.

### **Gas market offers**

In April, most seller groups have increased their price offers into the STTMs. In the Brisbane STTM, 30% of the gas offers are in the \$20-\$50/GJ range. This is in comparison to February and March where respectively, only 9% and 13% of the offer stack were in that range.

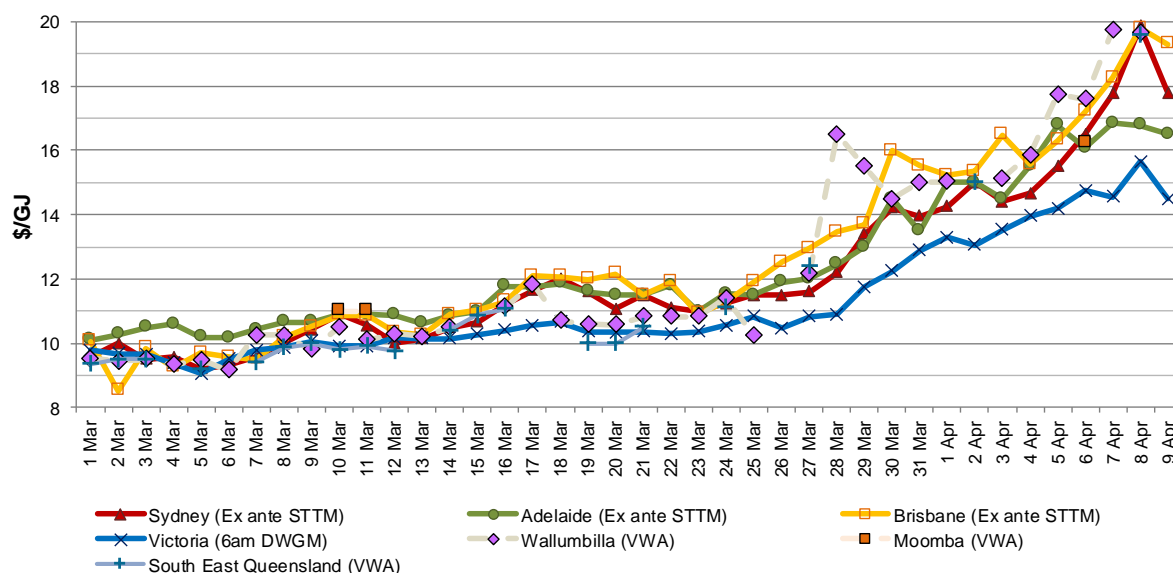
<sup>5</sup> Mainland NEM VWA prices averaged between \$176-261/MWh across the week, up by 52% to 209% from the previous week; Queensland (\$261/MWh, up 52%), New South Wales (\$234/MWh, up 69%), Victoria (\$176/MWh, up 174%) and South Australia (\$205/MWh, up 209%).

<sup>6</sup> In Victoria, baseload generating units at Yallourn and Loy Yang B came offline across most of the week, driving increased gas generation demand in southern regions.

<sup>7</sup> Additional baseload outages occurred this week in New South Wales (including units at Vales Point, Liddell and Bayswater power stations coming offline) and Queensland (a Gladstone unit), alongside ongoing outages from the previous week (Callide C power station, a unit at Callide B, Condamine power station and another Gladstone unit)

However, despite the higher prices in the spot markets, participants haven't strongly sourced gas from Iona storage.<sup>8</sup> This is in comparison to the previous time prices spiked in Victoria in mid-November 2021, where Iona storage quantities fell to low levels supplying a significant proportion of the Victorian market (see [7-13 November 2021 weekly](#)). It is expected that participants will be drawing more from storage facilities during the winter peak demand.

**Figure 7: Daily market spot prices across March and April 2022**



For the Gas Supply Hubs (GSH), sellers' volume weighted average price (VWA) increased significantly for gas delivered in April. Significant price increases occurred from 7 April, with gas trading around \$15/GJ (sold by exporter/producers and GPG gentailers up to 4 April) rising to \$20/GJ for gas sales by exporter/producers (\$19.60/GJ on 7 April), traders (\$20/GJ on 7 April) and GPG gentailers (\$20/GJ on 8 April).

**GSH VWA price for sales by Exporter/Producers (Wallumbilla)**

Trading period	Exporter/producer (\$/GJ)
Jan 22	9.10
Feb 22	10.01
Mar 22	10.37
Apr 22*	17.19

\*Up to and including 9 April 2022

To date, GPG gentailers and traders have predominantly been buying from the GSH nearly every day in April. Whereas exporter/producers have been selling gas.

Trades have not just been short-term with GPG gentailers and exporters/producers buying gas four months ahead for future delivery during winter.

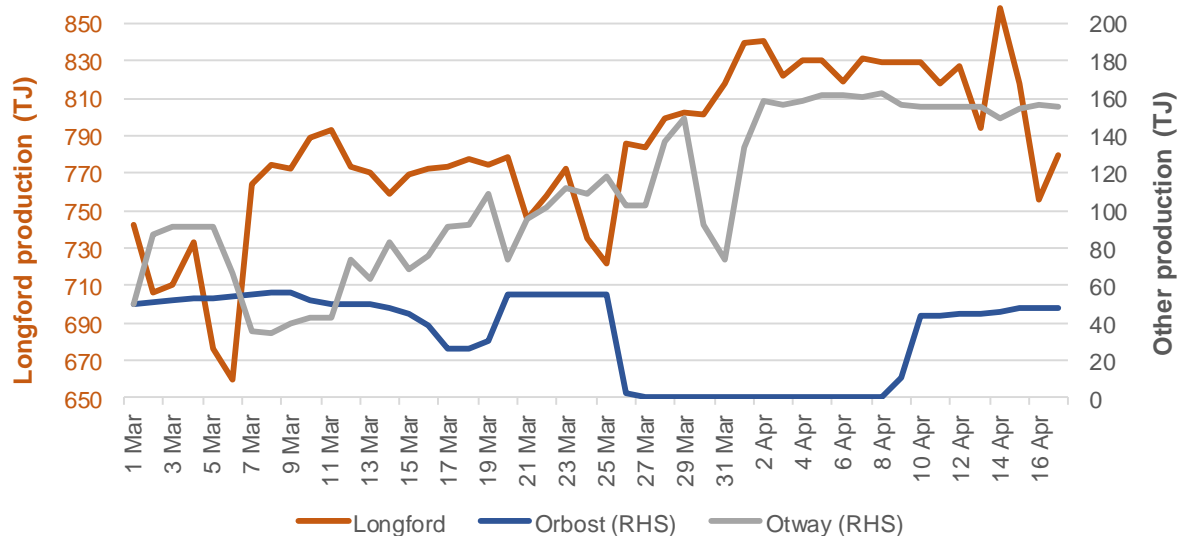
**Orbost gas plant outage**

Between 27 March and 8 April, production at the Orbost gas plant was at 0 TJ/day, down from the average daily production of 45 TJ/day in February. The Longford gas plant

<sup>8</sup> While gas was supplied from Iona on 5 April (figure 1.5), the facility has been gradually filling up towards maximum capacity ahead of winter. Recent reductions in refill rates at the facility coincided with maintenance works being carried out on the South West Pipeline (SWP, at the Brooklyn compressor station) across late-March to early-April.

responded by increasing production by approximately the same amount, with Esso offering gas into Sydney in April for the first time since November 2021.<sup>9</sup> Production from Otway also increased to just under 160 TJ/day from the start of the week, compared to an average of under 85 TJ/day over March.

**Figure 8: Orbst production outage**



**Market Operator Service**

In the Adelaide STTM on 3 April, the MOS<sup>10</sup> service payment was \$76,331. There was around 15 TJ of scheduled MAP pipeline supply into the Adelaide STTM. However, all pipeline supply was renominated to SEAGAS on the gas day alongside participants’ increases to MAP backhaul demand requirements. This resulted in physical deliveries to the hub on the MAP being allocated as increase MOS, offsetting undelivered SEAGas supply stored on the pipeline (allocated as decrease MOS) and leading to elevated MOS allocations and service payments.

<sup>9</sup> Esso’s gas supply into Sydney for 1-18 April was offered at the market floor price, essentially ensuring the scheduling of supply while ex ante prices were high. This is the first time since February 2020 they have offered floor priced gas.

<sup>10</sup> MOS is an ancillary service providing balancing gas on a pipeline where there is a difference between scheduled/nominated supply/demand and actual delivered gas quantities.

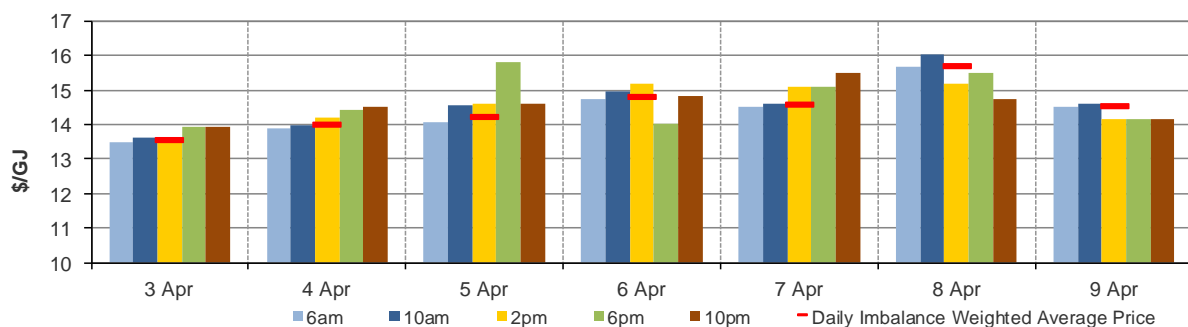
## 1. Victorian Declared Wholesale Market

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>11</sup> which is the schedule at which most gas is traded.

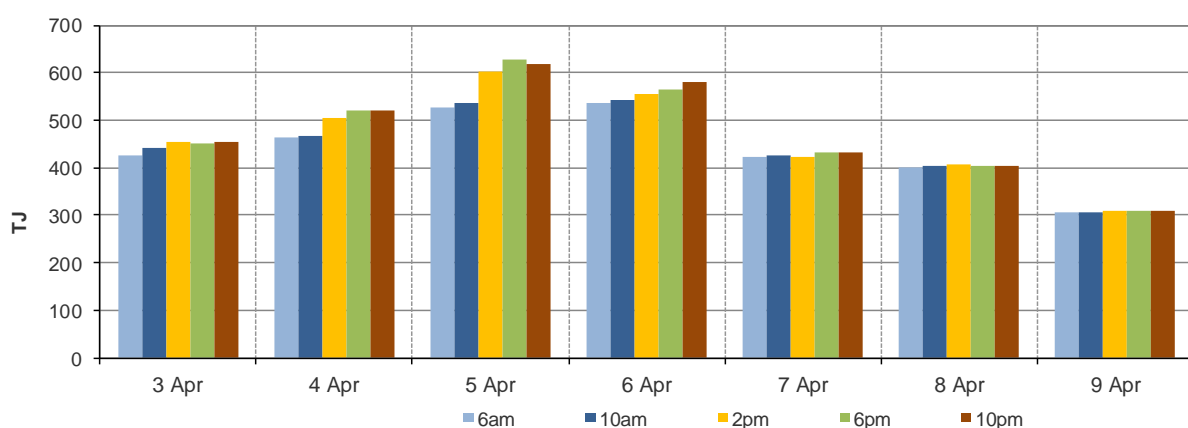
The main drivers<sup>12</sup> of price are demand forecasts and bids to inject or withdraw gas from the market. Figures 1.1 to 1.4 below show the daily prices, demand forecasts<sup>13</sup>, and injection/withdrawal bids for each of the five pricing schedules. Figure 1.5 provides information on which 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 4.

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



**Figure 1.2: Demand forecasts (TJ)**

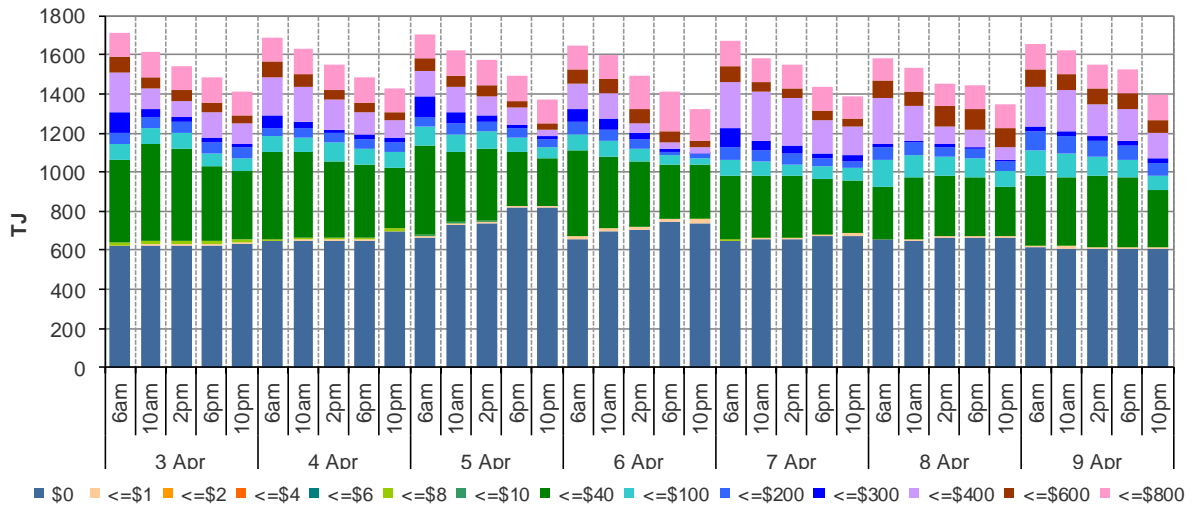


<sup>11</sup> Prices for subsequent schedules are applied only to the differences in scheduled quantities (imbalances) to calculate the weighted price. The 6 am price applies to the entire scheduled quantity in the initial schedule.

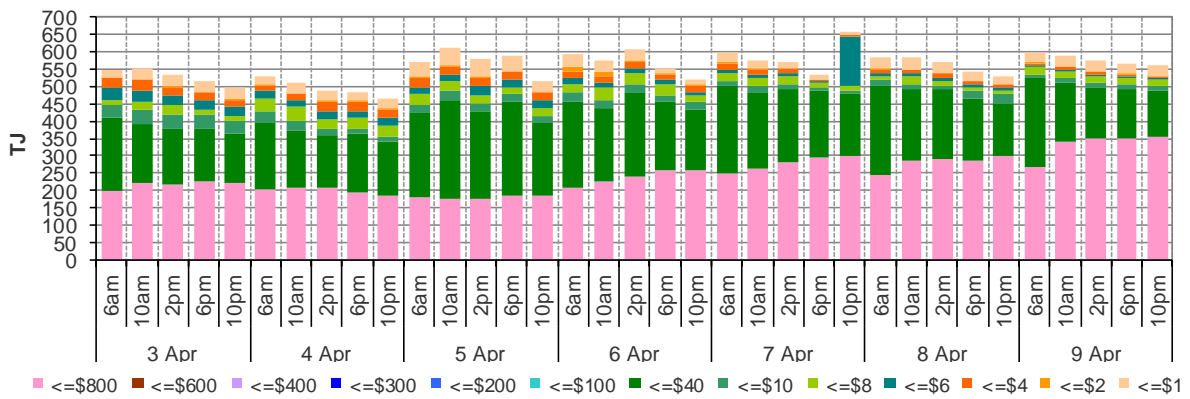
<sup>12</sup> The price might also be affected by transmission or production (contractual) constraints limiting how much gas can be delivered from a locale or System Injection Point (SIP) from time to time.

<sup>13</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.

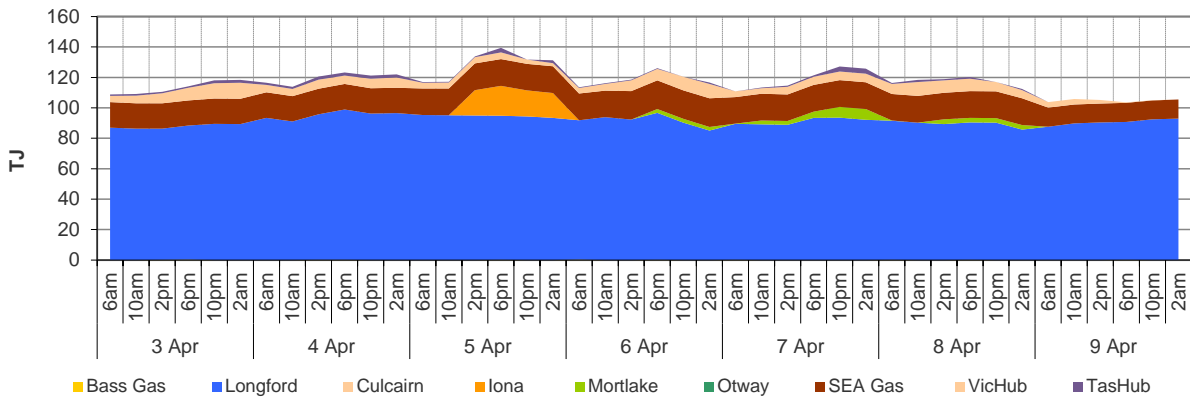
**Figure 1.3: Injection bids by price bands (TJ)**



**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>14</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](#).

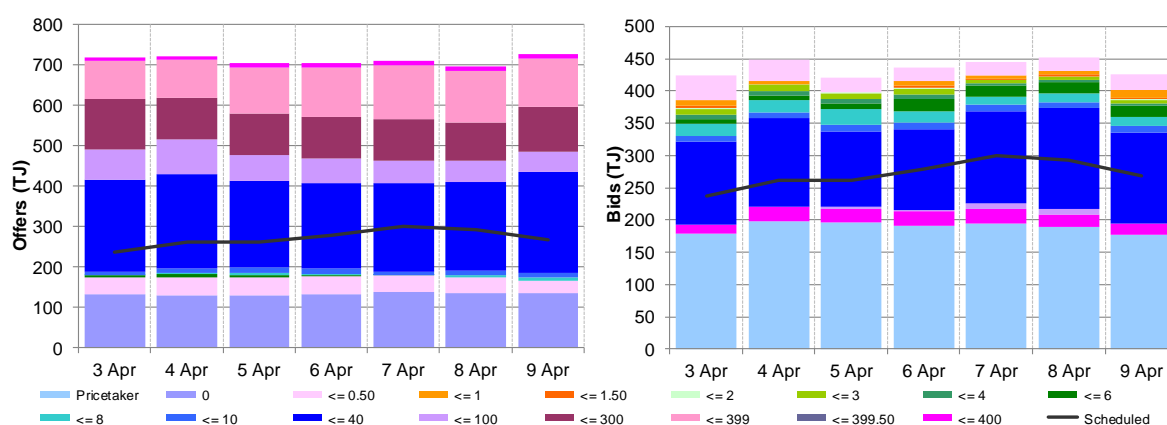
Market Operator Service balancing gas (MOS) payments arise because the amount of gas nominated on pipelines for delivery on a gas day will either exceed or fall short, by some amount, of the amount of gas consumed in the hub. In such circumstances, MOS payments are made to participants for providing a service to park gas on a pipeline or to loan gas from a pipeline to the hub.<sup>15</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)	14.41	14.65	15.49	16.51	17.77	19.87	17.79
Ex ante quantity (TJ)	237	262	261	279	300	293	268
Ex post price (\$/GJ)	14.79	15.00	16.00	17.00	18.00	19.89	17.49
Ex post quantity (TJ)	251	270	292	290	305	300	262

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

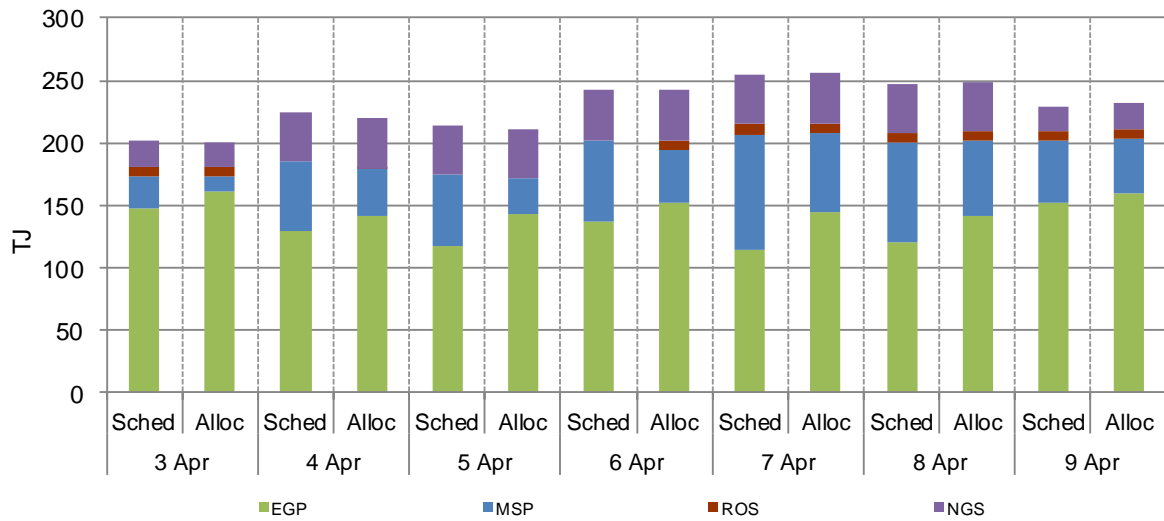


<sup>14</sup> The main driver of the amount of gas scheduled on a gas day is the 'price-taker' bid, which is forecast hub demand that cannot respond to price and which must be delivered, regardless of the price.

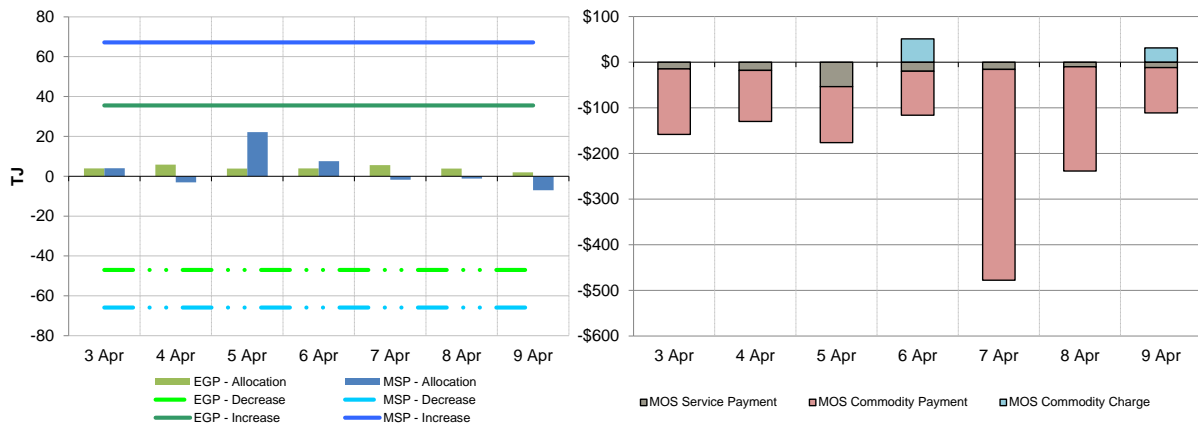
<sup>15</sup> MOS service payments involve a payment for a MOS increase service when the actual quantity delivered exceeds final gas nominations for delivery to a hub, and a payment for a MOS decrease service when the actual quantity delivered is less than final nominations. As well as a MOS 'service' 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>16</sup>**



<sup>16</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.

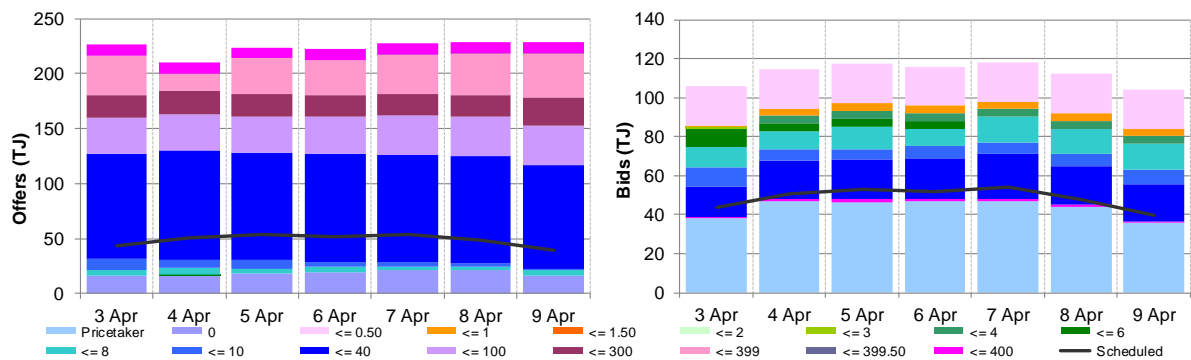
### 3. Adelaide STTM

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.

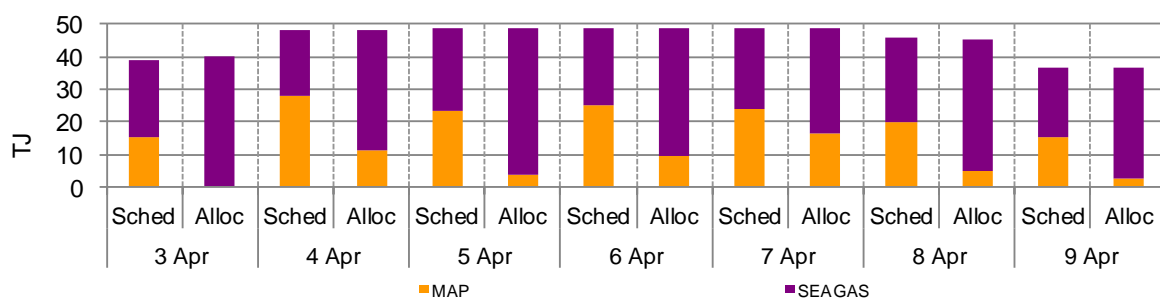
**Figure 3.1: ADL STTM daily ex ante and ex post prices and quantities**

	Sun	Mon	Tue	Wed	Thu	Fri	Sat
Ex ante price (\$/GJ)	14.48	15.51	16.78	16.07	16.84	16.79	16.51
Ex ante quantity (TJ)	44	51	53	52	54	48	40
Ex post price (\$/GJ)	15.05	16.90	17.51	16.91	16.84	17.58	16.80
Ex post quantity (TJ)	49	56	63	58	55	53	45

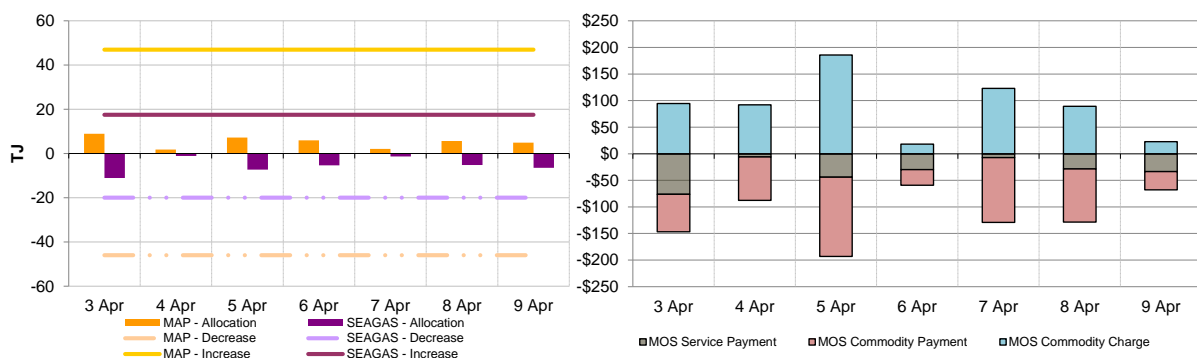
**Figure 3.2: ADL daily hub offers and bids in price bands (\$/GJ)**



**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)**



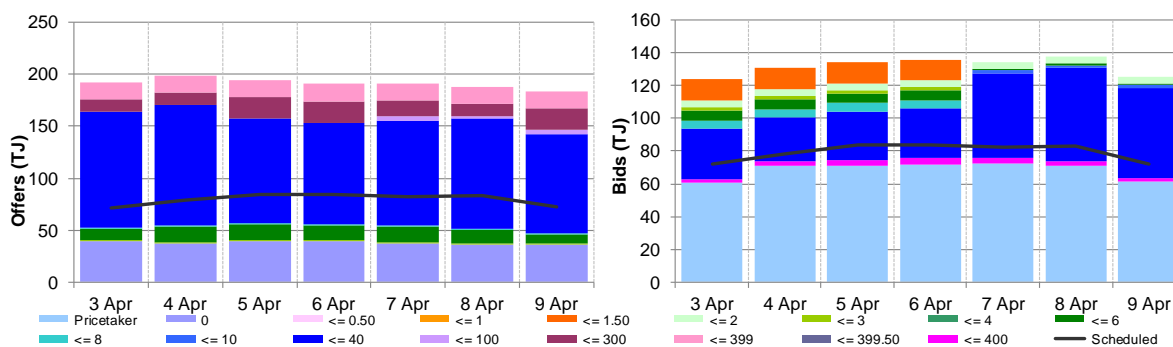
## 4. Brisbane STTM

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.

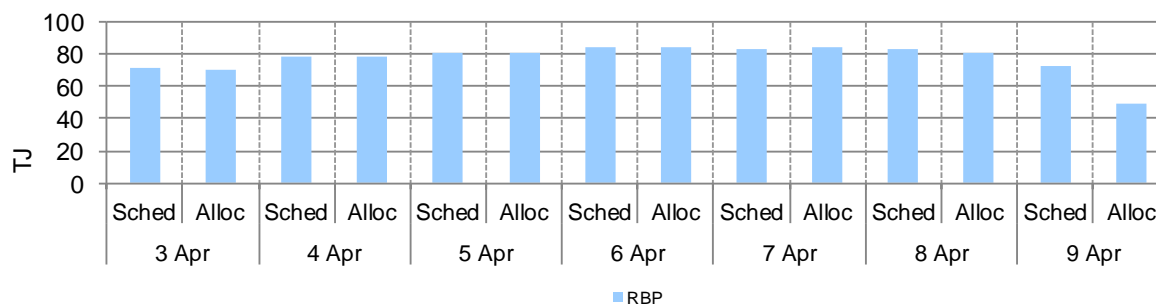
**Figure 4.1: BRI STTM daily ex ante and ex post prices and quantities**

	Sun	Mon	Tue	Wed	Thu	Fri	Sat
Ex ante price (\$/GJ)	16.48	15.56	16.31	17.21	18.26	19.80	19.31
Ex ante quantity (TJ)	72	79	84	84	82	83	72
Ex post price (\$/GJ)	16.00	15.56	16.31	16.98	18.26	19.00	16.78
Ex post quantity (TJ)	69	78	84	82	82	80	49

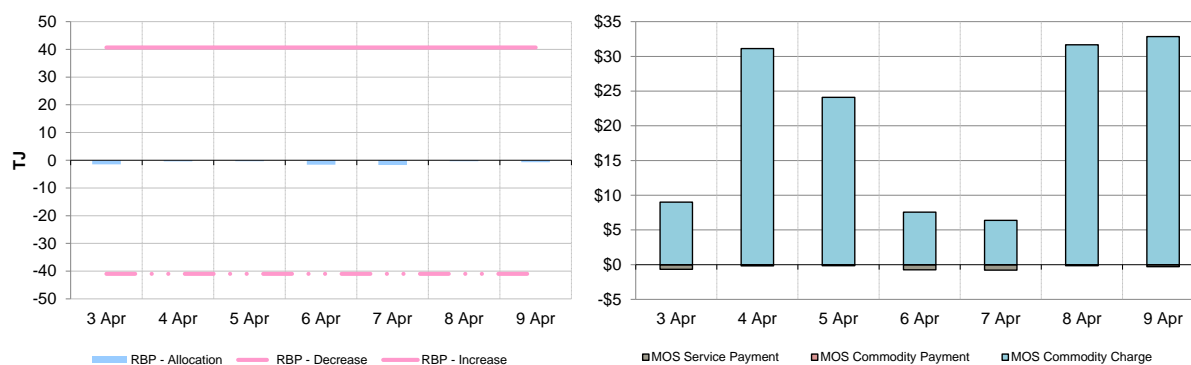
**Figure 4.2: BRI daily hub offers bids in price bands (\$/GJ)**



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



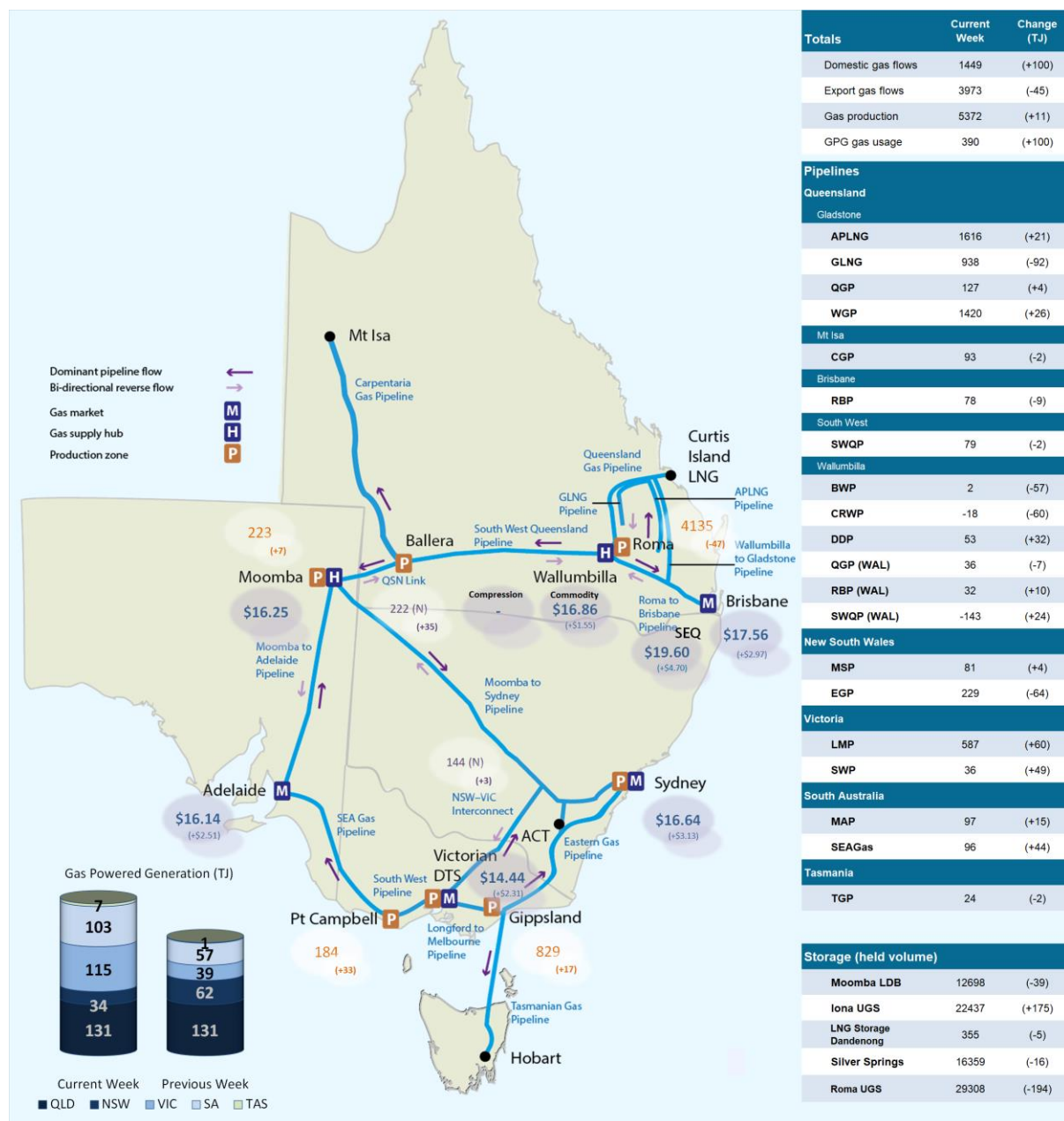
**Figure 4.4: BRI MOS allocations (TJ), service payments and commodity payments/charges (\$000)**



## 5. National Gas Bulletin Board

Figure 5.1 shows average daily actual flows for the current week<sup>17</sup> from the Bulletin Board (changes from the previous week's average are shown in brackets). Average daily prices<sup>18</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/day); Bulletin Board flows (TJ/day)<sup>19</sup>



<sup>17</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.

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.

<sup>18</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>19</sup> Net flows are shown for Bulletin Board facilities, as outlined in the [user guide](#).

## 6. Gas Supply Hub

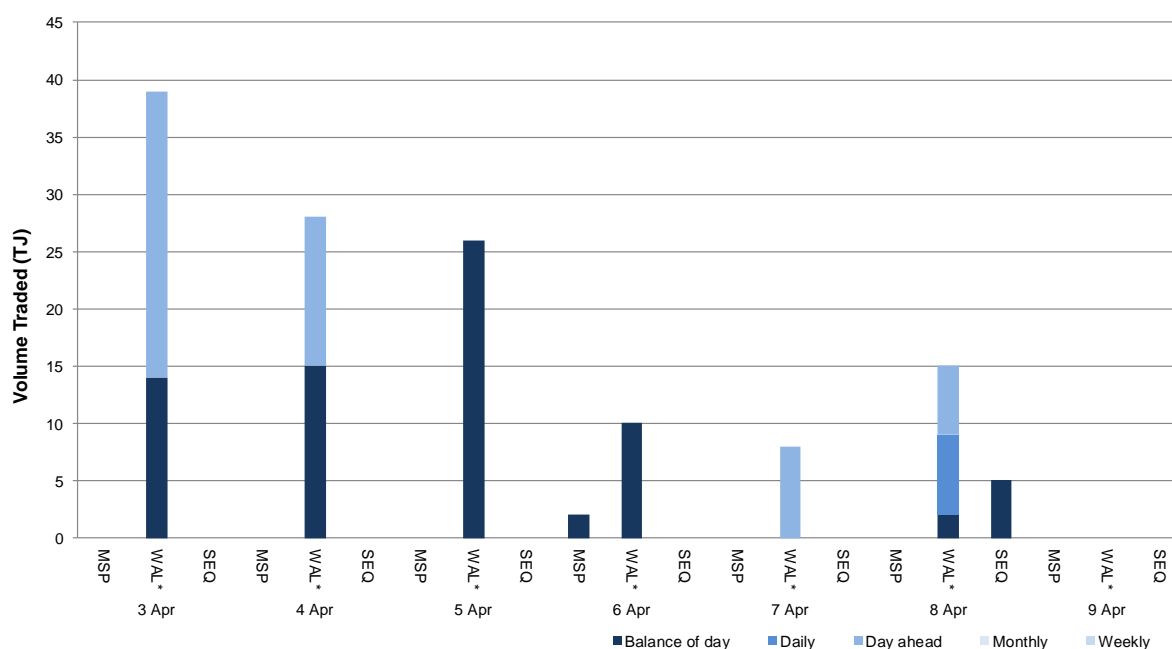
The gas supply hub was established at Wallumbilla in March 2014 to facilitate the voluntary trading of gas between participants, with products listed for sale and purchase at delivery points on three major connecting pipelines. There are separate products for each trading location and delivery period (daily, day-ahead, balance-of-day, weekly and monthly products).<sup>20</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**). On 28 January 2021, trading locations at Wilton (Sydney) and Culcairn (Victoria) were introduced.

This week there were 28 trades for 133 TJ of gas at a volume weighted price of \$16.95/GJ. These consisted of 26 trades at WAL (126 TJ at \$16.86/GJ), 1 trade at SEQ (5 TJ at \$19.60/GJ) and 1 trade at MSP (2 TJ at \$16.25/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>21</sup>

**Figure 6.1: GSH traded quantities**



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

<sup>21</sup> 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.

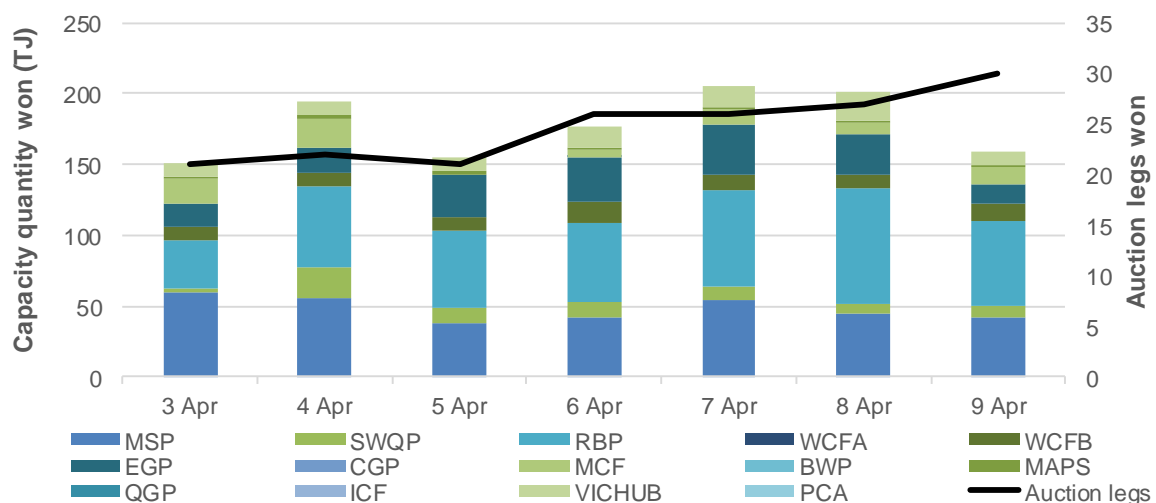
Participants may bid in to the DAA in order to procure the following services:

- 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, 12 participants took part in the DAA, winning 1243 TJ of capacity across 9 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.<sup>22</sup>

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



Australian Energy Regulator  
May 2022

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