Eastern Australia – Gas Price Outlook

2020-2050

CORE
ENERGY &
RESOURCES

Introduction & Approach

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Core Energy & Resources Pty Limited (CORE) has been engaged by AEMO to provide an independent assessment of three scenarios of future gas price (real FY) for two market segments:

- Gas Powered Generation (GPG)
- Residential & Commercial (R&C)

The approach adopted is consistent with that applied in 2018-19:

- Estimate existing prices as opening position – consistent with disclosures by ACCC
- Estimate known contract prices – Core analysis
- Define floor and cap on pricing – high LNG netback - cap; cost - floor
- Define wholesale price scenarios within the upper and lower boundaries having regard to range of drivers, including:
    - Supply/demand balance
    - Market intervention
    - LNG import
- Determine allocation of transmission cost having regard to source of supply of retailers and generators
- Determine allocation of peak supply cost having regard to portfolio of larger retailers and generator owners

Price scenarios (DRAFT)

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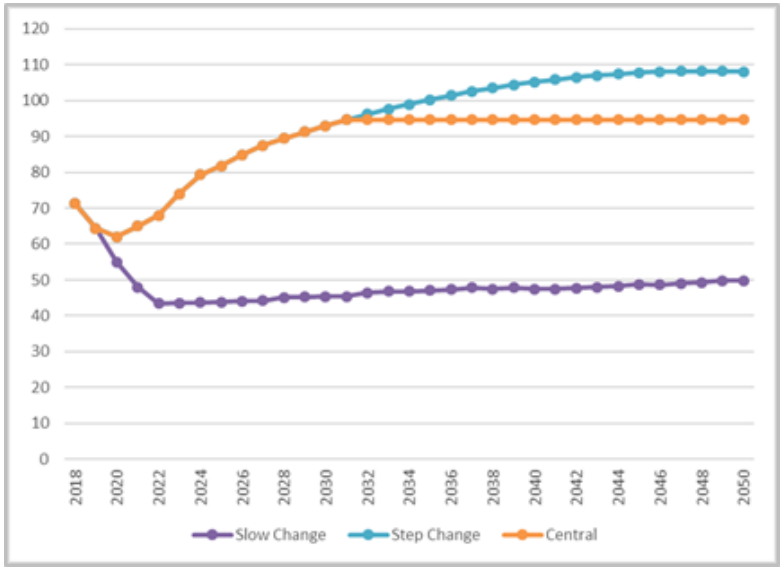
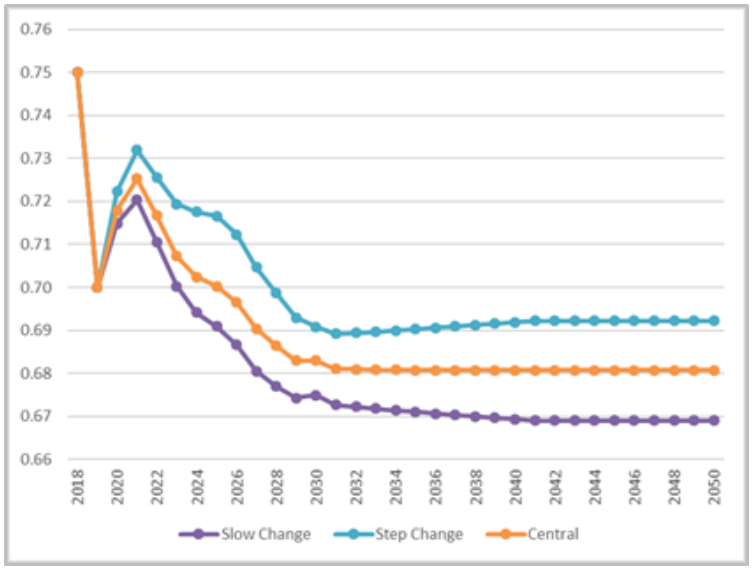
Core assumes that there will be linkage between domestic gas prices and LNG netback during the Gladstone LNG contract period to 2035, to varying degree over time and with a lower level of linkage beyond 2035.

Oil prices (EIA – hybrid of ST, LT scenarios) and Exchange rates (AEMO) used are as follows:

Brent USD



Exchange Rates: AEMO



Price scenarios (DRAFT)

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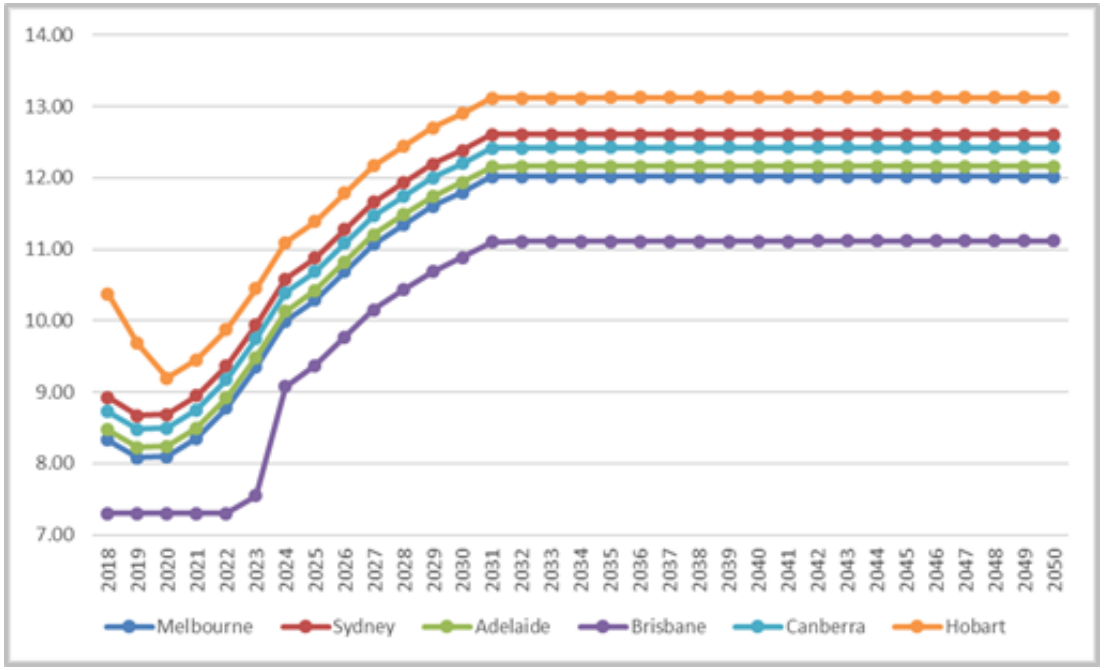
Central Scenario – R&C



Price scenarios (DRAFT)

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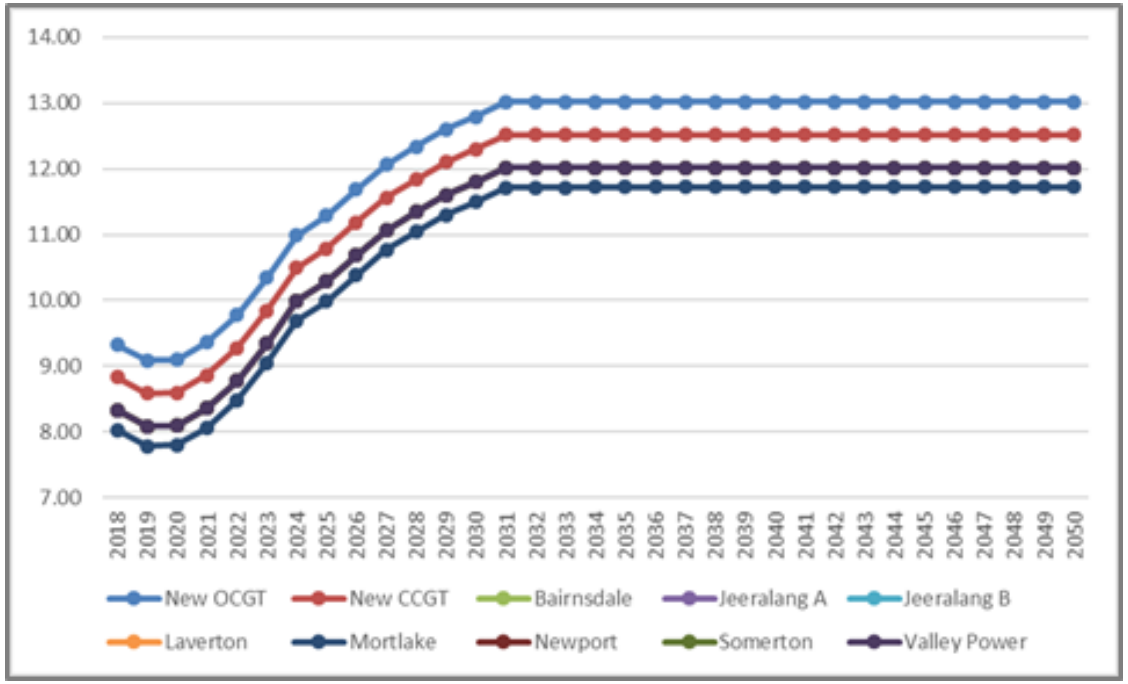
Central Scenario – GPG Vic



Price scenarios (DRAFT)

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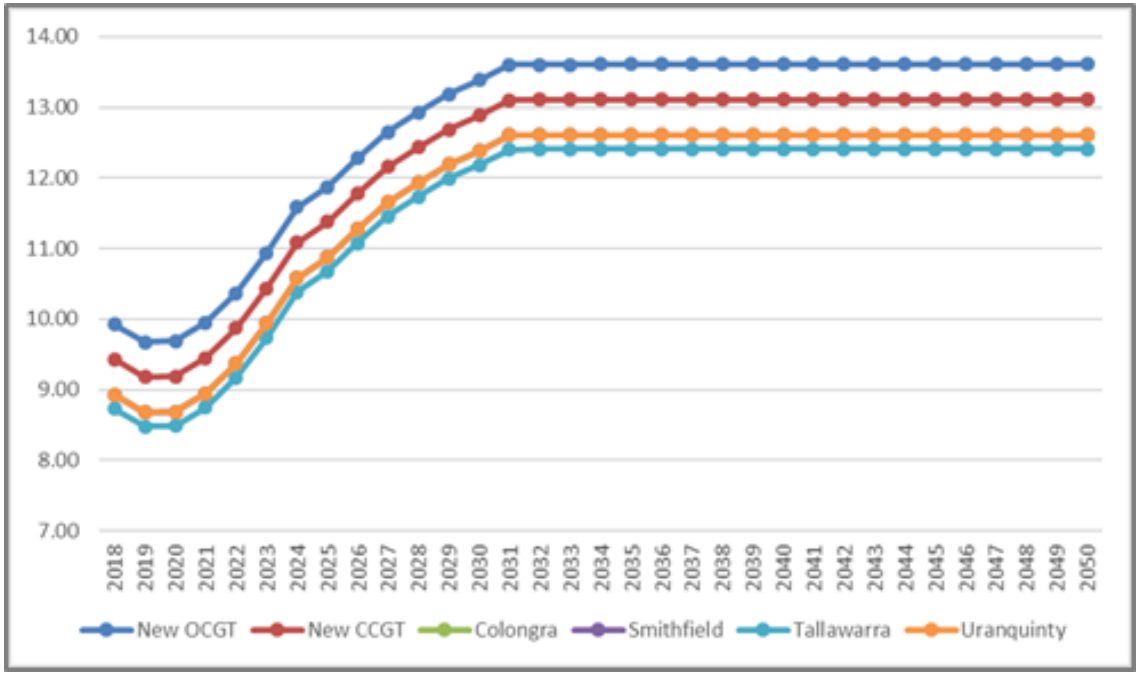
Central Scenario – GPG NSW



Price scenarios (DRAFT)

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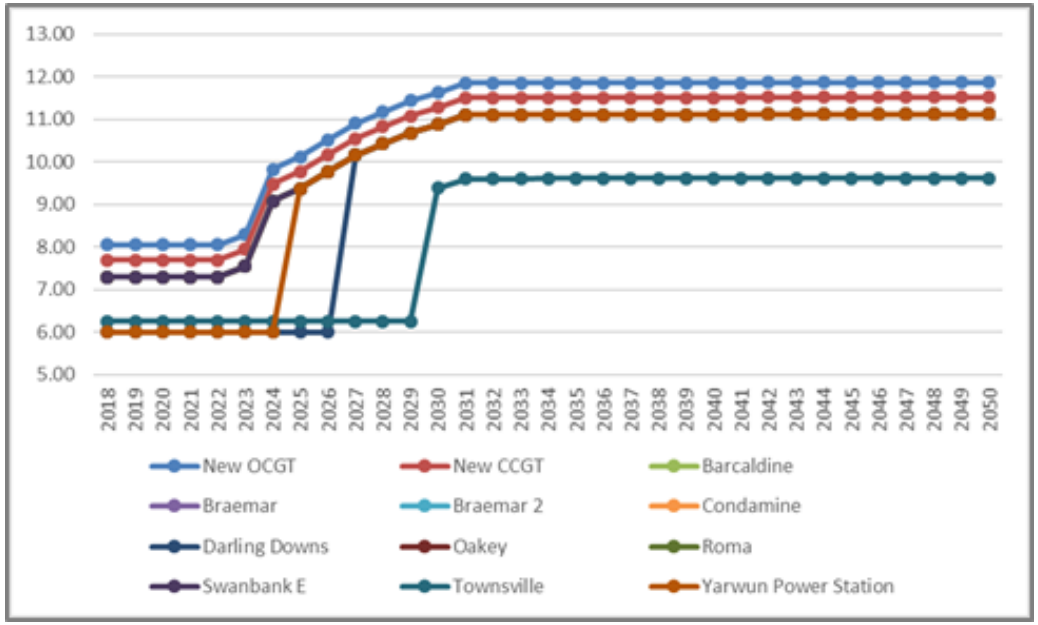
Central Scenario – GPG Qld