Winter 2020 Market Review

September 2020

Key Messages for Winter[1] 2020

- Winter 2020 was colder than 2019 across all regions except NSW
  - Third coldest winter in Melbourne since 2000
  - Non GPG demand was up 0.5 PJ with Vic up 1.2 PJ
  - This was offset by lower GPG -1.3 PJ
- Demand was down overall however primarily due to QLG LNG
  - QLD LNG -15.4 PJ
  - LNG production was only down 2.1 PJ and excess gas from QLD was offset by supply reductions at Minerva -4.4 PJ (decommissioned September 2019), Longford -3.7 PJ and Otway -1.8 PJ
- Gas prices were the lowest since 2015 & almost halved compared to winter 2019
  - Average $4.35/GJ compared to $8.46/GJ
  - Low international gas & oil prices and lower demand have continued on since March
- Day Ahead Auction usage increased, particularly in July and August
- Despite this, GSH volumes were down -4.2 PJ

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[1] Winter = Jun to Aug

Gas Market Prices

	Average Price ($/GJ)		Movement
	Winter 2020	Winter 2019	
DWGM	4.73	8.85	47% ▼
ADL STTM	5.62	9.54	41% ▼
SYD STTM	4.33	8.75	51% ▼
BRI STTM	3.59	7.78	54% ▼
GSH	3.49	7.41	53% ▼

- All markets saw significant price decreases; lowest prices seen since 2015
- Price decreases continue to be influenced by lower international gas prices
- Adelaide remains the highest priced region, with a notable increase from July compared to other markets

System Demand

Demand Region	System Demand (PJ)			Max Demand (TJ)	HDD and EDD*		
	2020	2019	Move	2020	2020	2019	Move
Brisbane	7.0	8.0	12% ▼	88	206	190	8% ▲
Sydney	25.0	24.7	1% ▲	308	491	497	1% ▼
Victoria	81.1	79.9	2% ▲	1,212	884	845	2% ▲
Adelaide	6.9	6.9	0% ▲	94	625	576	9% ▲
QLD LNG	302.3	317.7	5% ▼	3,586	-	-	

- Small demand increase in Victoria and Sydney
- Adelaide demand was stagnant despite colder weather due to lower industrial demand
- Brisbane decrease due to lower industrial demand
- Lower QLD LNG demand across all 3 participants, particularly GLNG

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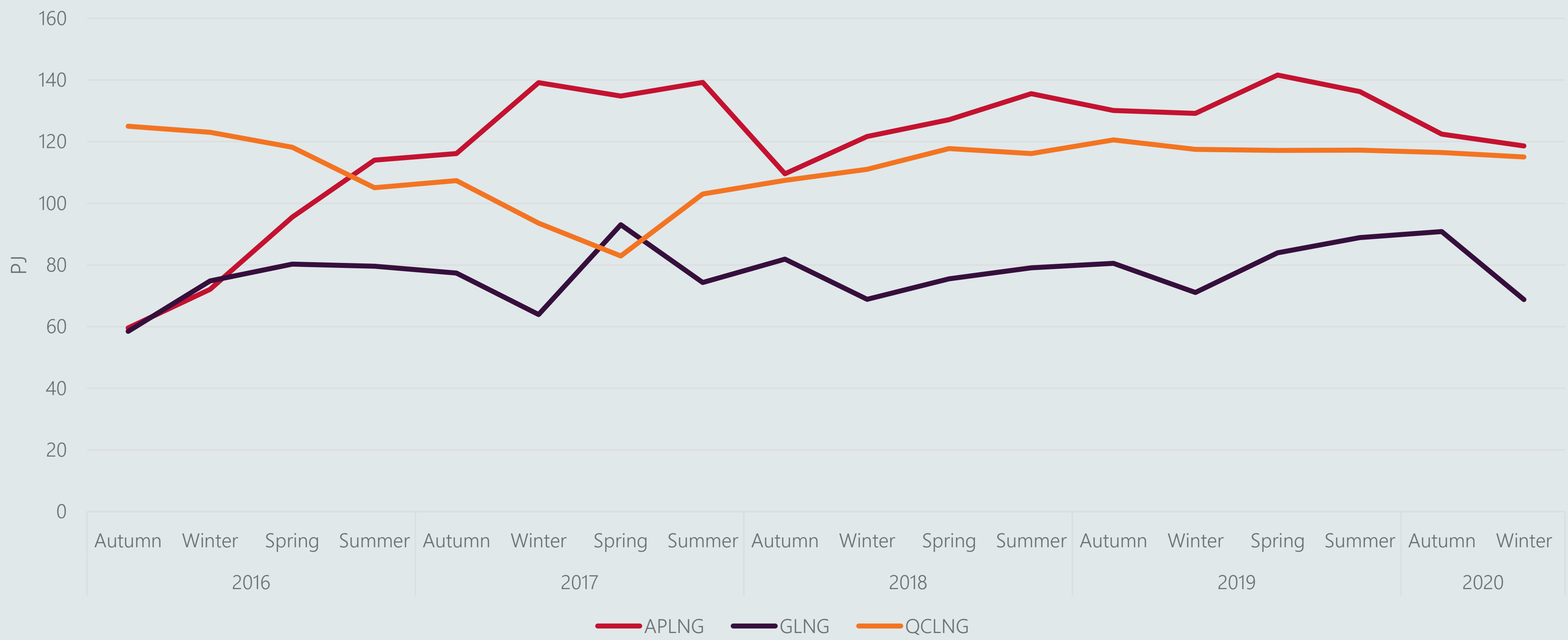
* EDD for DWGM/VIC

GPG

Demand Region	Total State GPG (PJ)			DWGM/STTM GPG (PJ)		
	2020	2019	Move	2020	2019	Move
QLD	16.4	10.9	51% ▲	3.4	0.5	580% ▲
NSW	2.5	5.0	51% ▼	0.1	0	-
VIC	6.1	9.9	38% ▼	2.5	5.8	57% ▼
SA	18.3	18.8	3% ▼	-	-	-
TAS	598	545	10% ▲	-	-	-
∑GPG	43.8	45.1	3% ▼	3.4	5.7	40% ▼

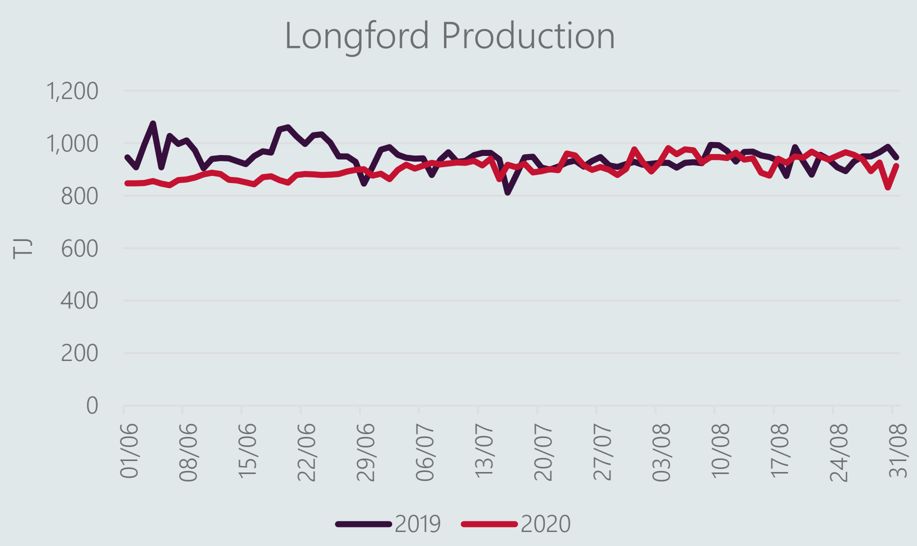
- GPG slightly demand down overall, only significant increase in QLD
- QLD increase mostly due to Darling Downs (+2.3 PJ) and Swanbank E (+2.9 PJ)

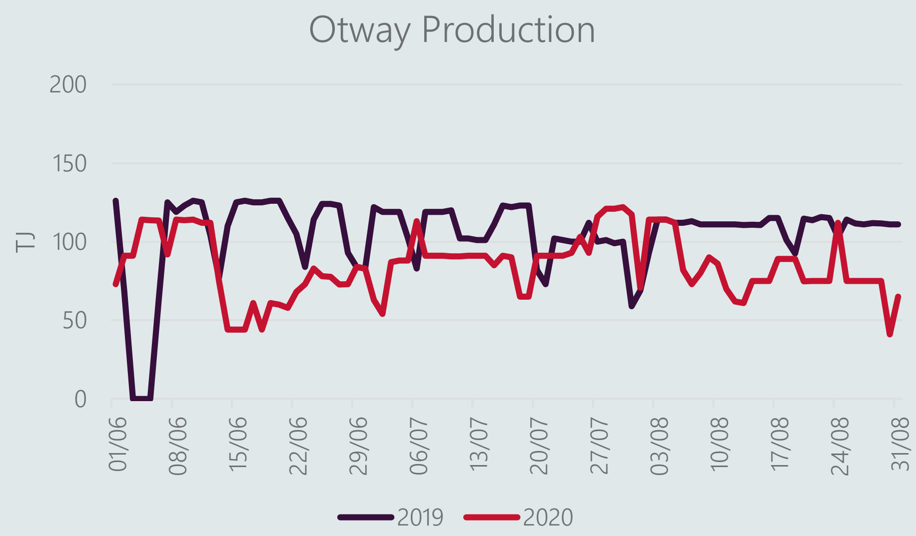
QLD LNG Demand

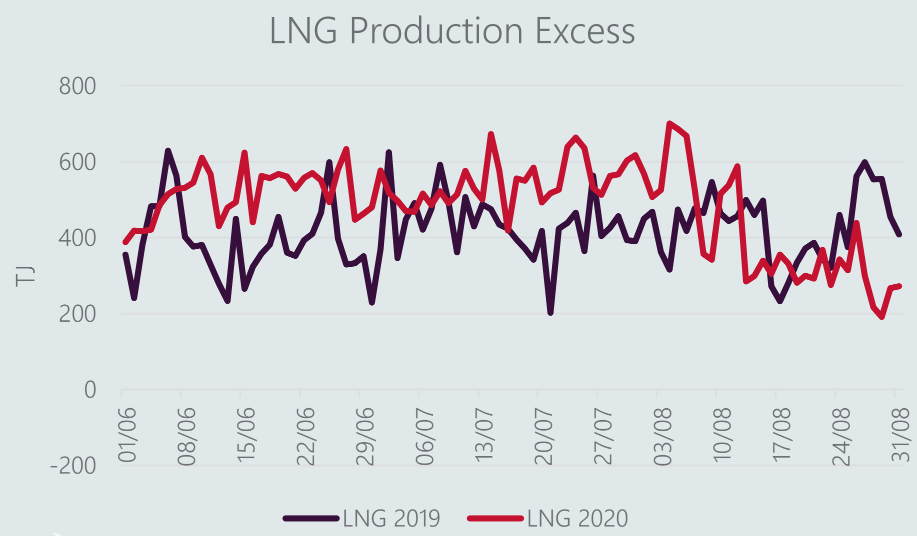


- Lowest QLD LNG demand since winter 2018
- GLNG demand decreased the most, however Roma Underground Gas Storage (RUGS) levels increased by 6 PJ

Supply

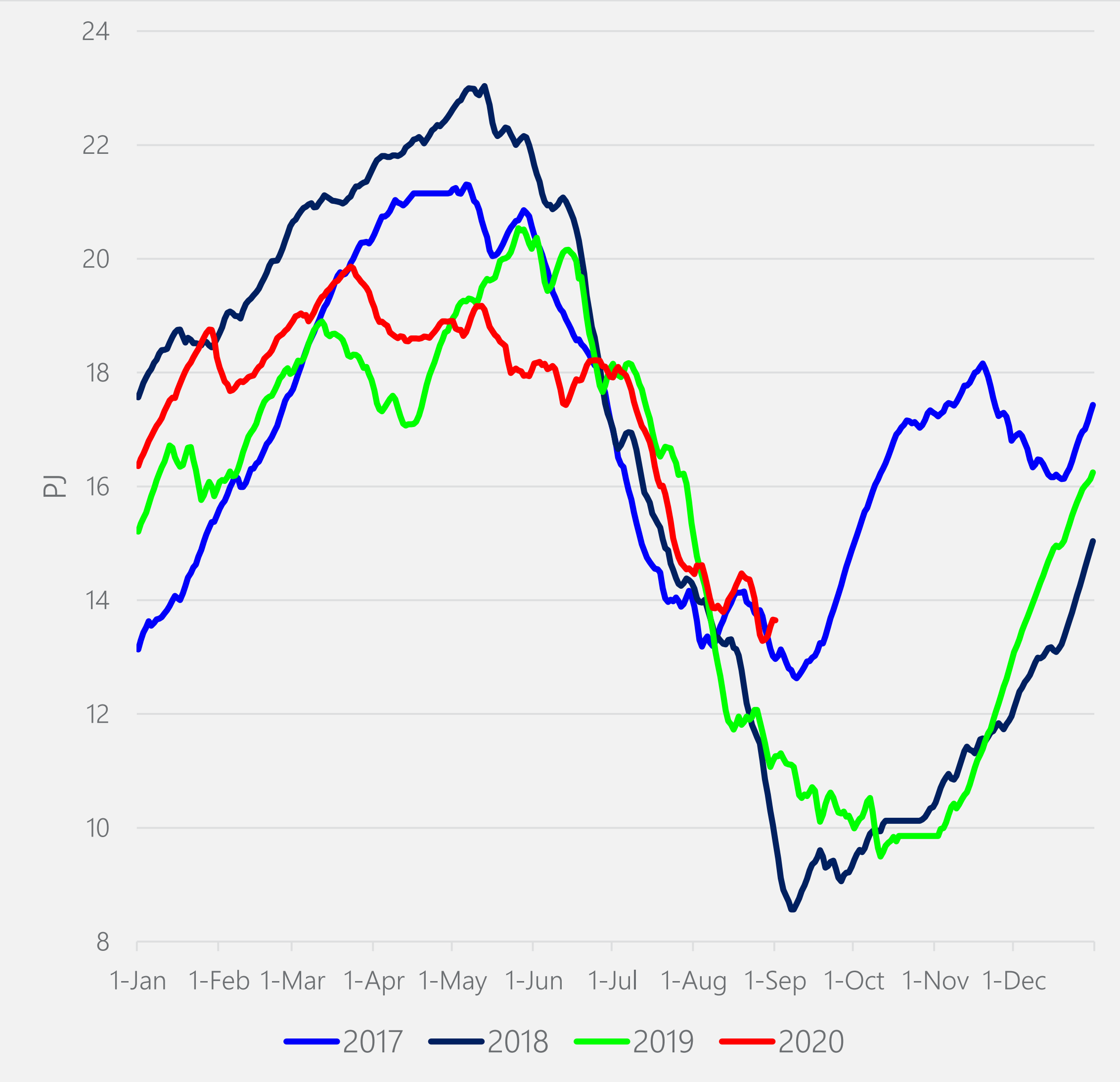






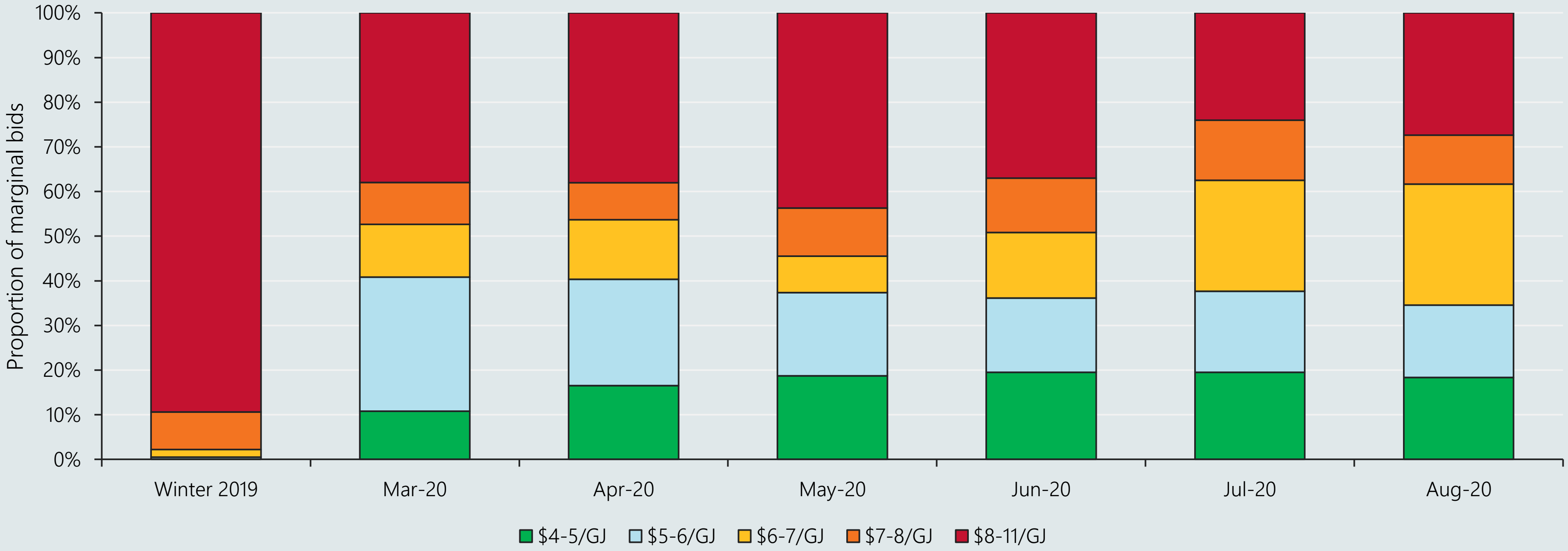
- Longford production lower (-3.7 PJ)
- Otway production lower (-1.8 PJ)
- Bass Gas production higher (+1.2 PJ)
- Orbost supplied 2.7 PJ
- Moomba production higher (+1.0 PJ)
- LNG production excess to the domestic market higher (+6.3 PJ)
- Northern Territory supply to QLD lower (-0.7 PJ)

Iona Gas Storage



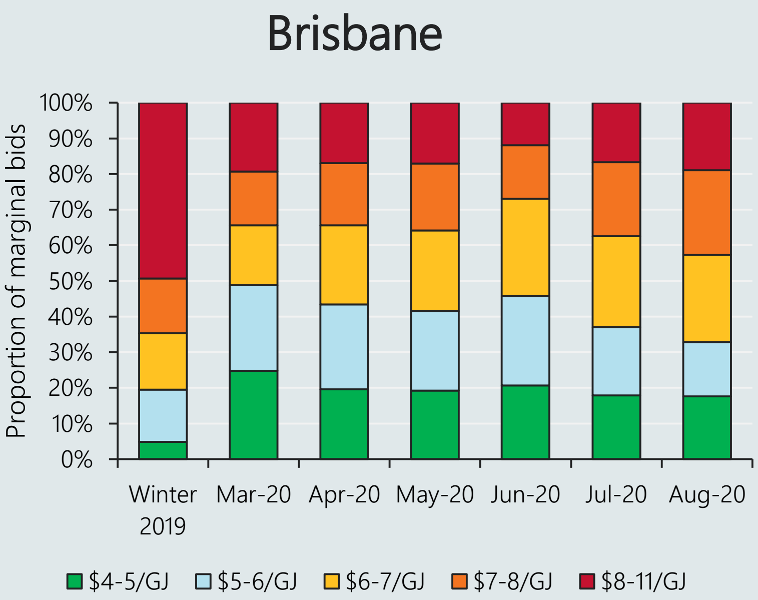
- Despite beginning winter 2 PJ lower than 2019, Iona was 2.4 PJ higher than at the end of winter 2019
- Contributing factors to this were lower GPG demand in Victoria, SA and NSW, as well as an increase in supply from Queensland to the southern regions

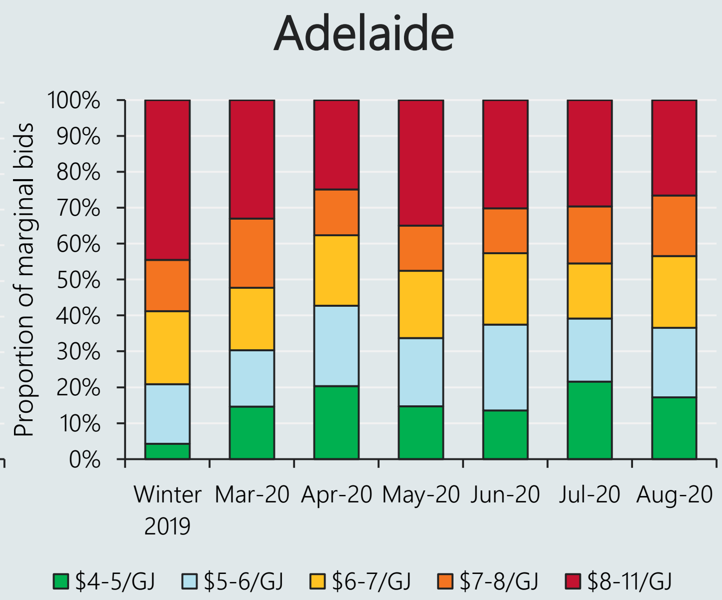
DWGM Marginal Injection Bids

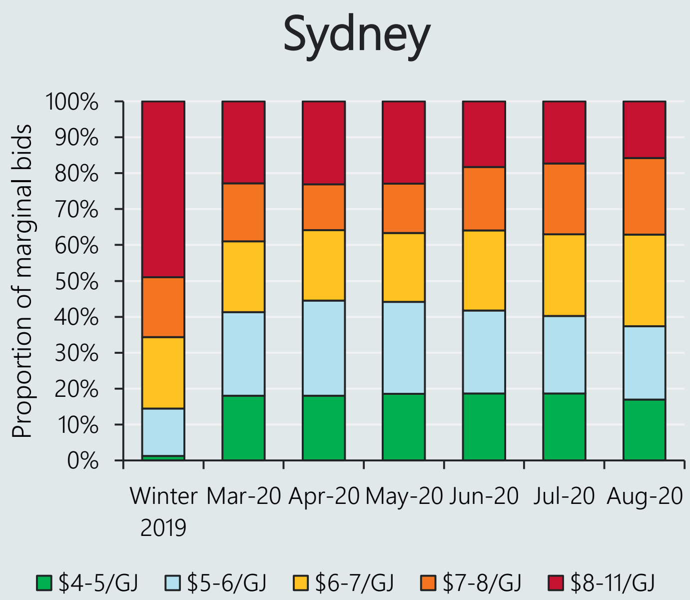


- Lower 2020 prices influenced by large increase in marginal bids priced between $4-6/GJ across all months
- Winter saw little change from bidding behaviour in autumn 2020

STTM Marginal Injection Bids

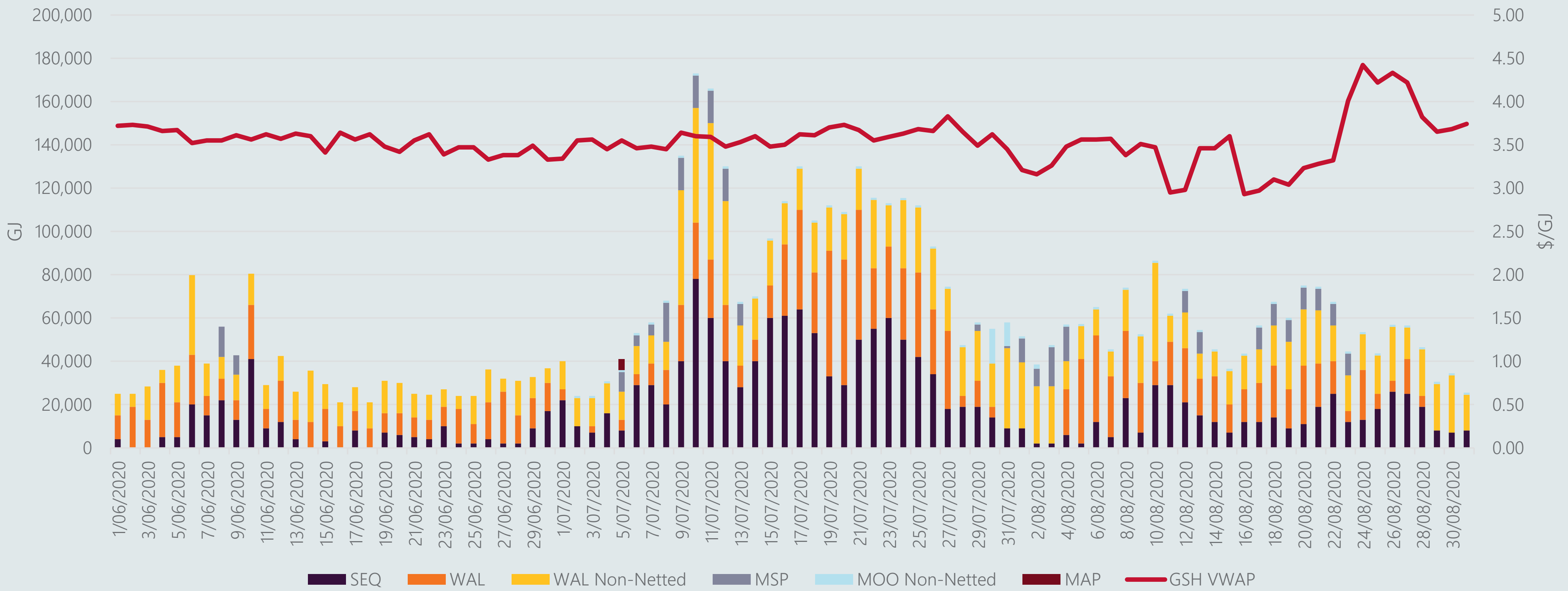






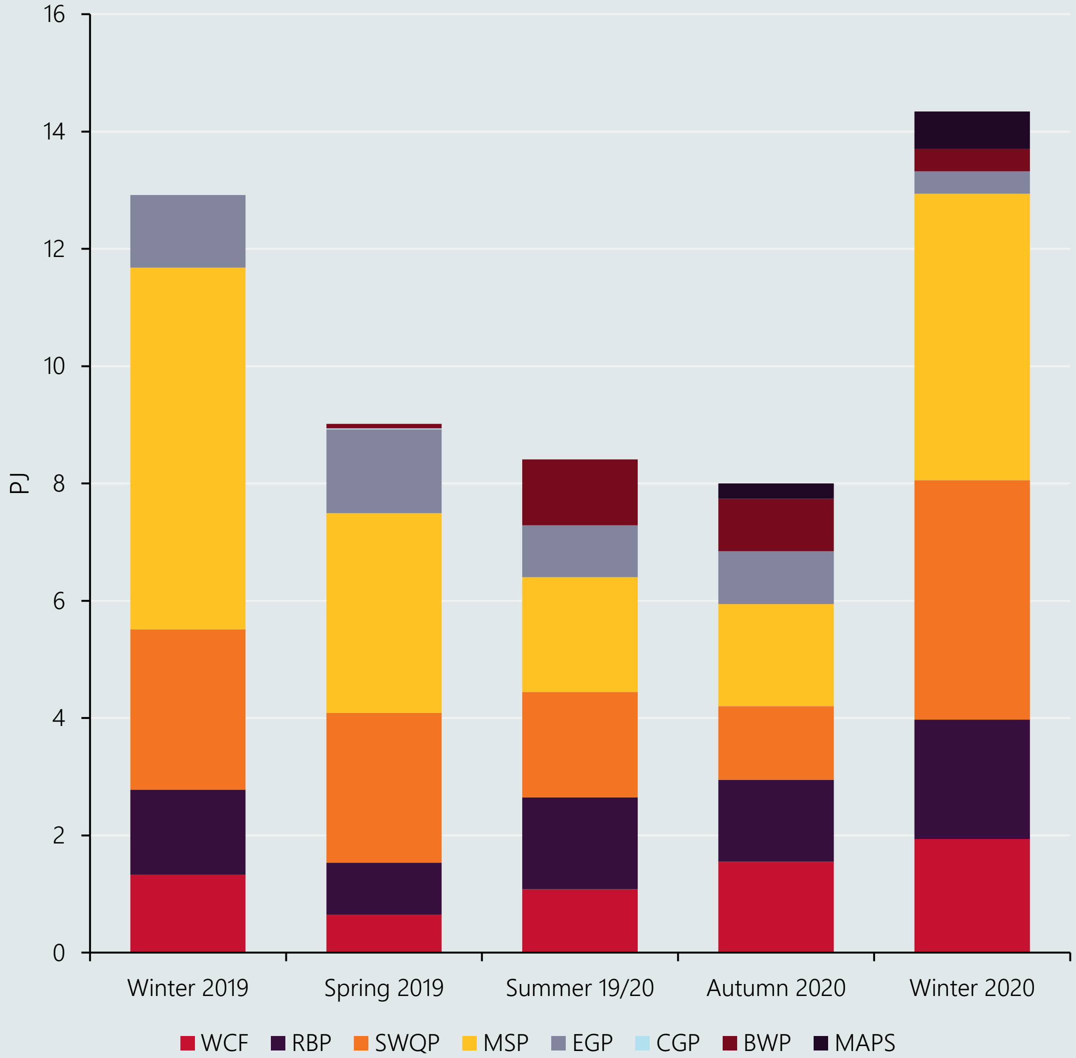
- All hubs have seen substantial shift in volumes priced below $5/GJ

Gas Supply Hub



- 5.4 PJ was traded and delivered across winter, compared to 9.6 PJ in 2019
- After a quiet June, volumes rebounded in July before easing off again in August

Day Ahead Auction Results



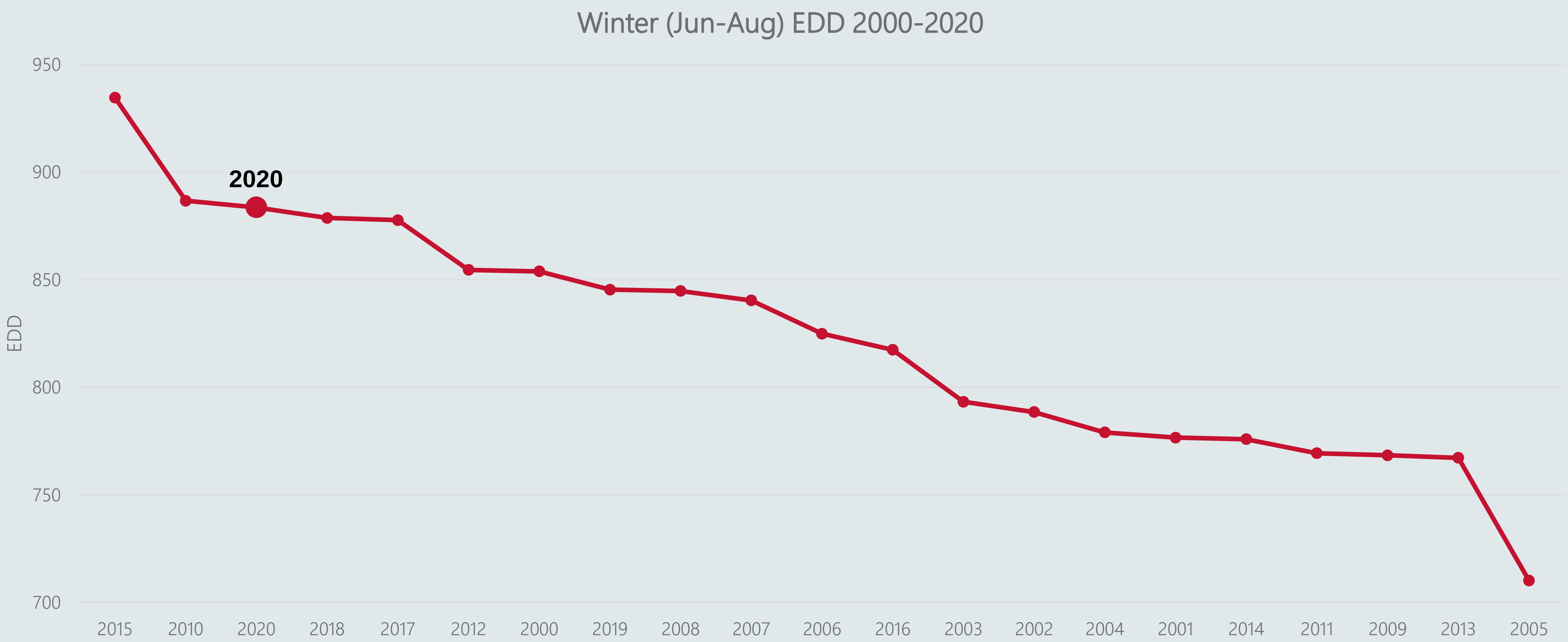
Summary

A Strong auction volumes, particularly in July and August

B MSP still the most utilised pipeline, followed by SWQP; MAPS volumes have increased

C Average auction clearing prices have increased on MSP, averaging $0.42/GJ to Sydney and $0.36/GJ to Culcairn. RBP has increased to $0.12/GJ, with other pipelines at or close to zero

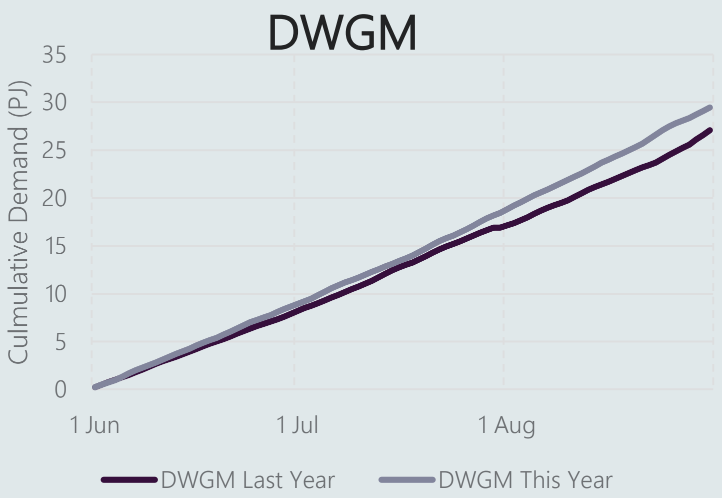
DWGM EDD

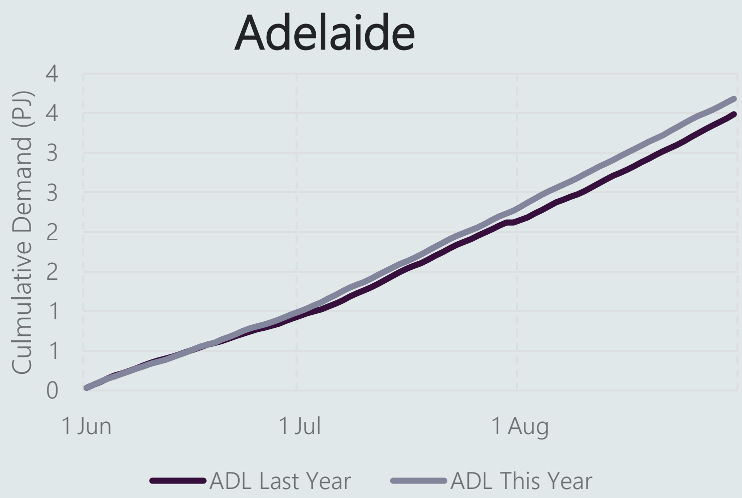


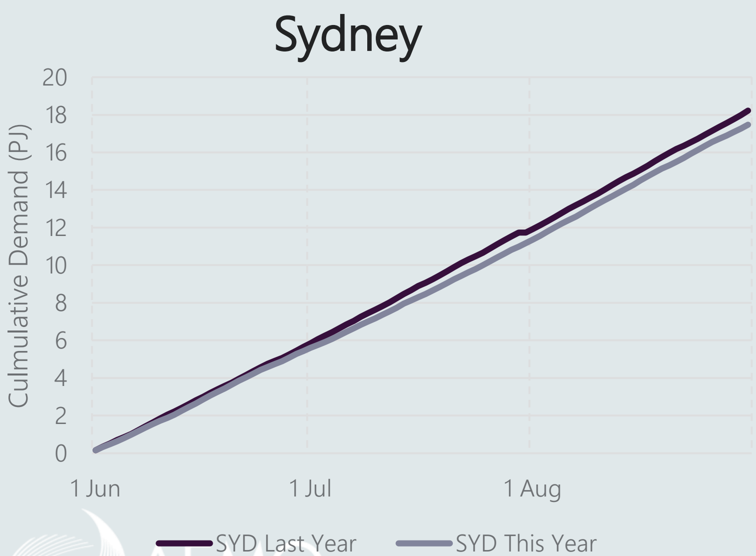
- 2020 was the third coldest winter in Victoria since 2000
- Highest EDD of 15.3 occurred on 4 August (record since 2000 is 16.8)

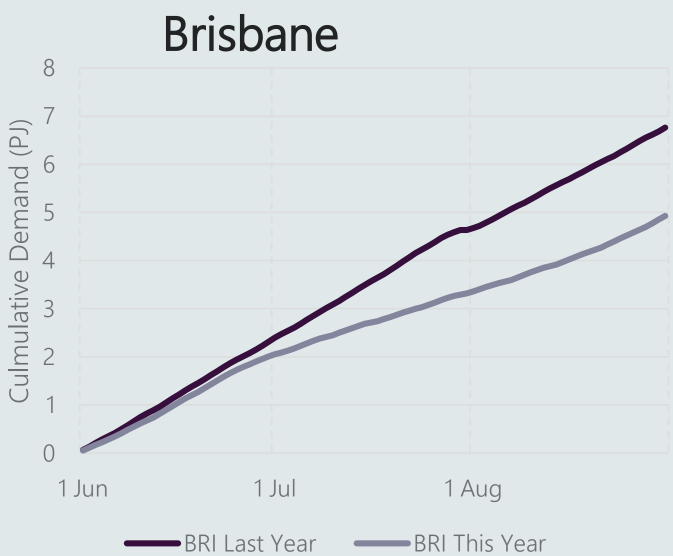
* EDD for DWGM/VIC

Winter Demand Comparisons









- DWGM increase coincided with colder weather, particularly in August
- Adelaide also had a colder August
- Brisbane continues to trail well behind 2019 due to lower industrial demand

Web Links

Pipeline Flows, Production Flows, Capacity and GPG Data

https://www.aemo.com.au/energy-systems/gas/gas-bulletin-board-gbb/data-portal

DWGM

Gas Held in Storage

https://www.aemo.com.au/energy-systems/gas/gas-bulletin-board-gbb/data-portal

Market Price (INT310), Bid Stack (INT314)

https://aemo.com.au/energy-systems/gas/declared-wholesale-gas-market-dwgm/data-dwgm/daily-dwgm-reports

STTM

Ex-Ante Market Price (INT651) & Schedule Quantity (INT652)

https://aemo.com.au/energy-systems/gas/short-term-trading-market-sttm/data-sttm/daily-sttm-reports

Gas Supply Hub

Traded Volume and Volume Weighted Average Price

http://nemweb.com.au/Reports/Current/GSH/GSH_Historical_Trans_Summary/