Business and Commercial

Wholesale market update

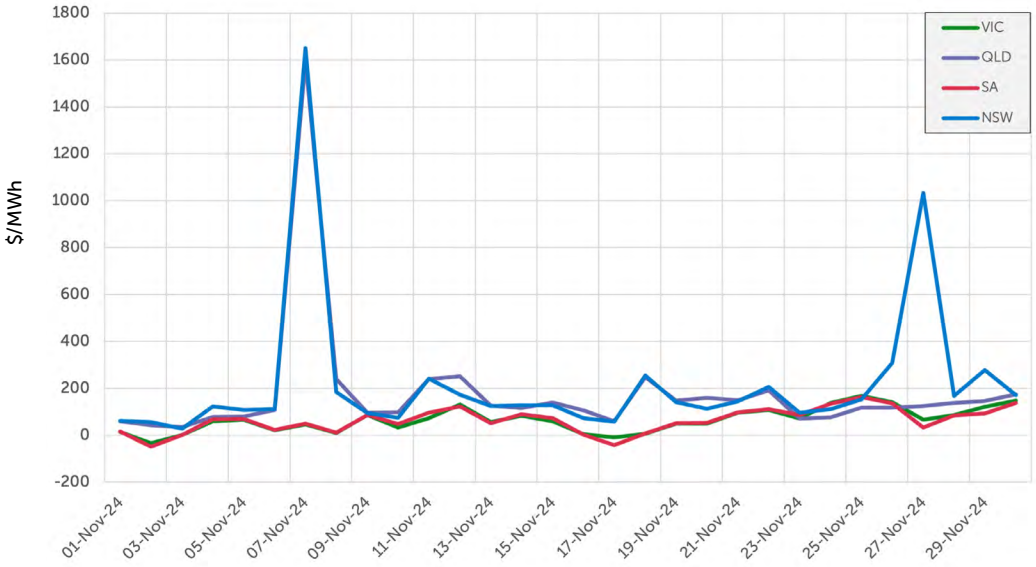
November 2024

EnergyAustralia

LIGHT THE WAY

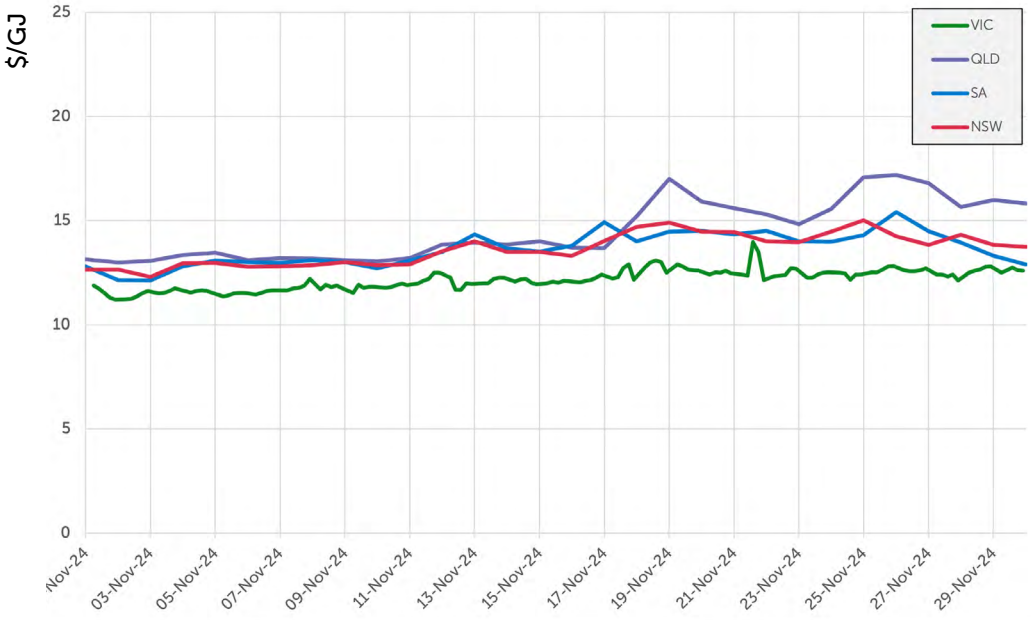
Physical (spot) market summary

November average electricity spot prices



- Average spot prices were up significantly compared to last month and the same time last year – driven by hot weather, reduced unit availability and network outages.
- Both average and maximum demands increased by more than 8% compared to October due to the hot weather.
- Wind output dropped slightly, while solar output increased – both in-line with seasonal trends.
- On 27 November, hot weather combined with five significant unit outages in NSW - Eraring Power Station (ER03), Bayswater Power Station (BW02 and BW03), Vales Point Power Station (VP6), and Tallawarra Power Station (TALWA1) - resulted in a tight supply-demand balance. This pushed the price to the Market Price Cap (MPC) early in the afternoon, prompting AEMO to declare actual LOR1 and LOR2 conditions and activate the RERT mechanism.
- For the coming summer, most of the National Energy Market (NEM) will likely experience above average temperatures, coupled with above average rainfall and cloudiness for coastal areas in NSW and QLD. As a result, it's likely that we'll see demand increases with the extreme heat, and higher chances of price spikes.

November average gas spot prices



- The average gas prices for the Short Term Trading Market (STTM) increased by $0.93/GJ (+7%) to $13.92/GJ, while the Declared Wholesale Gas Market (DWGM) increased by $0.52/GJ (+4%) to $12.17/GJ. The increase in price was largely driven by high GPG usage due to significant plant and network outages in the NEM. The maximum price reached was $17.20/GJ (in Brisbane STTM) while the minimum price was $11.20/GJ (DWGM).

- Combined gas demand in the DWGM and STTM decreased further as temperatures increased leading into summer. We saw a 3.6 PJ drop (17% reduction) to 18.32 PJ relative to the previous month.
- Gas Powered Generation (GPG) demand jumped significantly as baseload outage season starts coupled with hot days and network outages – requiring more supply in the NEM. The increase was 3.88 PJ (+98%) to 7.83 PJ.
- Iona Gas Storage Facility moved slightly, net refilling only 600 TJ. Participants were generally taking gas out of the storage to make room for summer excess gas and to meet the extra GPG demand. Balance ended at 13.38 PJ or 55% full.

Futures electricity market summary

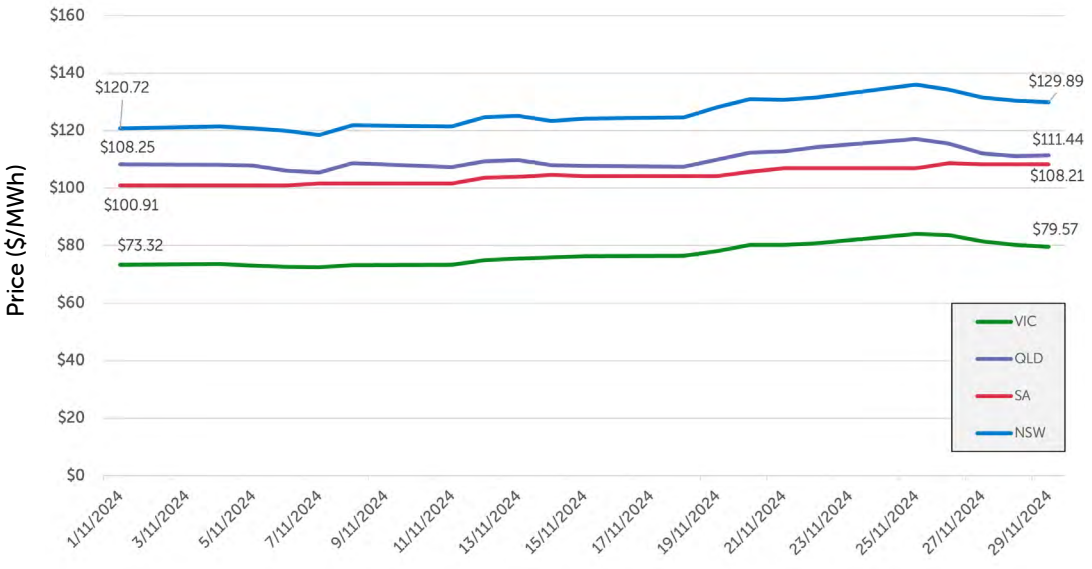
CAL25 FWD SWAP (Jan 22 to Nov 24)

- **Volatility in NSW and QLD due to hot weather, coal outages, and transmission outages:** Hot weather in NSW and QLD, combined with eight coal plant outages and a major transmission line outage (VIC to NSW) caused multiple Market Price Cap (MPC) price intervals ($17,500/MWh) on 7 and 27 of November. However, the combined NSW and QLD demand for those days was lower than the demand typically observed on an extreme-heat day. The occurrence of high prices at relatively benign demands provided bullish market sentiment, leading to rises in both swap and cap prices for Cal-25. Cal-26 forward curve for NSW and QLD did not increase.
- **Cap prices increased over the month in response to November volatility:** The volatility in November saw cap prices rise sharply in NSW and QLD with +$5/MWh movements in the 2025 yearly calendar strips. VIC and SA also increased, but only by $1 to $2/MWh. Cap prices for the upcoming Q1 2025 are quite strong, with higher demands expected during peak summer. If transmission line outages continue to combine with reduced plant reliability, then volatility will be more likely to occur.
- **Swap prices increased over the month due to strong underlying volatility:** The underlying component (prices below $300/MWh) was strong throughout November. Early Q4 is where major plant outages usually occur in preparation for summer, so it is not unexpected to see strong prices. The high spot prices at lower demands, however, have led the market to push the swap price up beyond these average expectations.

November 2024 Spot Outcomes ($/MWh)			
Region	Average Spot $/MWh	Average Underlying (<$300/MWh)	Average Volatility (>$300/MWh)
NSW	$219.67	$115.94	$103.73
QLD	$177.48	$112.05	$65.43
VIC	$64.08	$64.01	$0.07
SA	$60.91	$60.45	$0.45

CAL25 Swap Curve ($/MWh)						
Region	Max Trade Price	Average Trade Price	1st Trade Day (1 July 24)	Last Trade Day (31 July 24)	Variance (Last minus 1st) $/MWh	Variance %
NSW	136	126	121	130	9	8%
QLD	117	110	108	111	3	3%
VIC	84	77	73	80	6	9%
SA	109	104	101	108	7	7%

CAL25 FWD SWAP (October-24)



CAL26 swap curve ($/MWh)						
Region	Max Trade Price	Average Trade Price	1st Trade Day (1 November 24)	Last Trade Day (29 November 24)	Variance (Last minus 1st) $/MWh	Variance %
NSW	126	122	121	121	0	0%
QLD	105	102	101	100	(1)	-1%
VIC	76	72	71	74	3	4%
SA	106	103	101	105	4	4

Wholesale market update: Reliability measures

RERT Activation on 27 November 2024 – NSW
A heatwave and unavailability of major power stations reduced forecast electricity supply in NSW on 27 November 2024. AEMO activated the Reliability and Emergency Reserve Trader (RERT) and deployed all available resources to maintain supply and meet consumer demand.

Interim Reliability Reserves for Summer 2024/25
To address reliability gaps forecast in NSW (265 MW), SA (200 MW), and VIC (10 MW) this summer, AEMO is securing Interim Reliability Reserves (IRR) from 1 December 2024 to 31 March 2025 to ensure stability during peak demand periods.

Cost Recovery
Costs from market interventions, such as RERT, Directions, and IRR, are recovered from wholesale electricity market participants, based on the consumption at the time the costs were incurred. Customers active in 2025 may see IRR-related charges reflected in bills issued up to June.

This highlights the importance of AEMO's emergency mechanisms in maintaining supply reliability under extreme conditions. For more information on the November low reserves visit the AEMO website or read more about the IRR for summer in NSW here.

Did you know Demand Response can help businesses generate a revenue?

EnergyAustralia's Demand Response program incentivises businesses for reducing the amount of electricity they take from the grid during extreme market conditions. This might include when there are high wholesale electricity prices or when the electricity system is jeopardised (demand and supply imbalances) during extreme weather conditions.

How does Demand Response work?
When a Demand Response event has been called (typically in the evening when solar PV comes off), customers who have opted into the program will be sent an event notification text message or email. If those customers are able to reduce their consumption from the grid, they can earn credits on their electricity bill. Of course, there is no obligation to participate, but you'll be helping to make a vital contribution to relieving pressure on the grid and reducing the risk of shortages or blackouts.

Who can participate?
EnergyAustralia has a Demand Response product suitable for businesses of all sizes. Customers who can reduce their consumption or have behind the meter generation may be able to participate in Demand Response. Want to know more? If you are interested in discussing opportunities for your organisation's participation in the program, please get in contact with your Account Manager; reach out to our Demand Response Manager, Navjeet Randhawa, via email: navjeet.randhawa2@energyaustralia.com.au; or visit our website.

Putting customers at the centre of everything we do

Business (Small and Medium Enterprise) Transactional NPS Score: +61 Year-to-date (as at 8 December 2024)
We're proud to announce that our business transactional Net Promoter Score (NPS) has reached an all-time high of +61 in the year-to-date for 2024. This reflects feedback gathered after phone and online chat interactions through surveys conducted internally by our research team.

Our small-to-medium business customers consistently provide feedback on the friendly, professional, and helpful service provided by our teams. They commend our staff for going above and beyond to build strong personal relationships and deliver positive experiences.

This milestone underscores our commitment to placing customers at the heart of everything we do. Thank you to our teams for their dedication and to our customers for their trust and feedback.

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