Business and Commercial

Wholesale market update

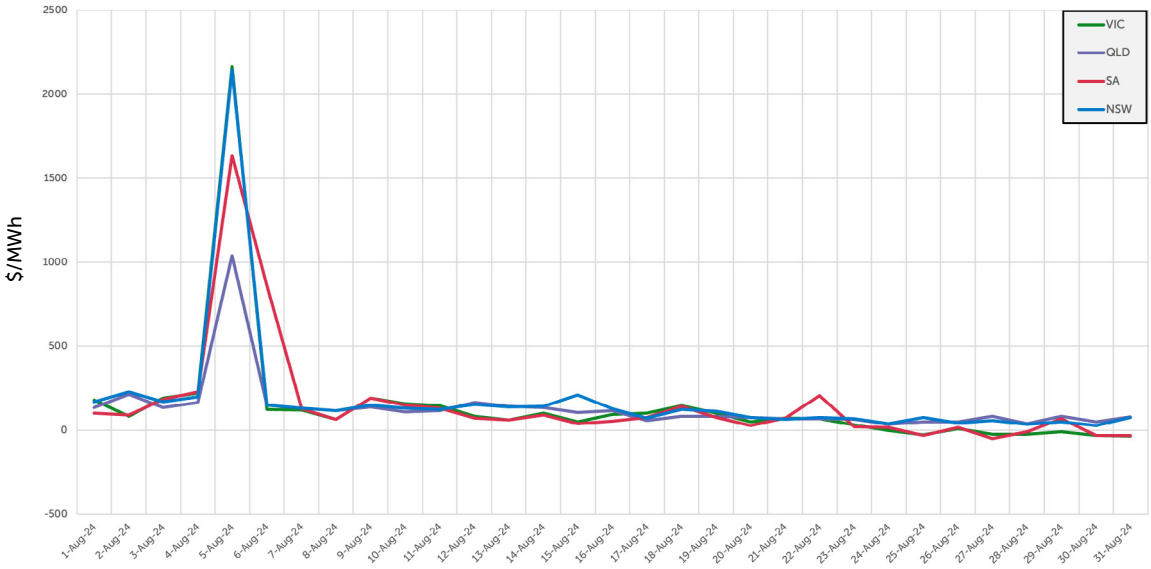
August 2024

EnergyAustralia

LIGHT THE WAY

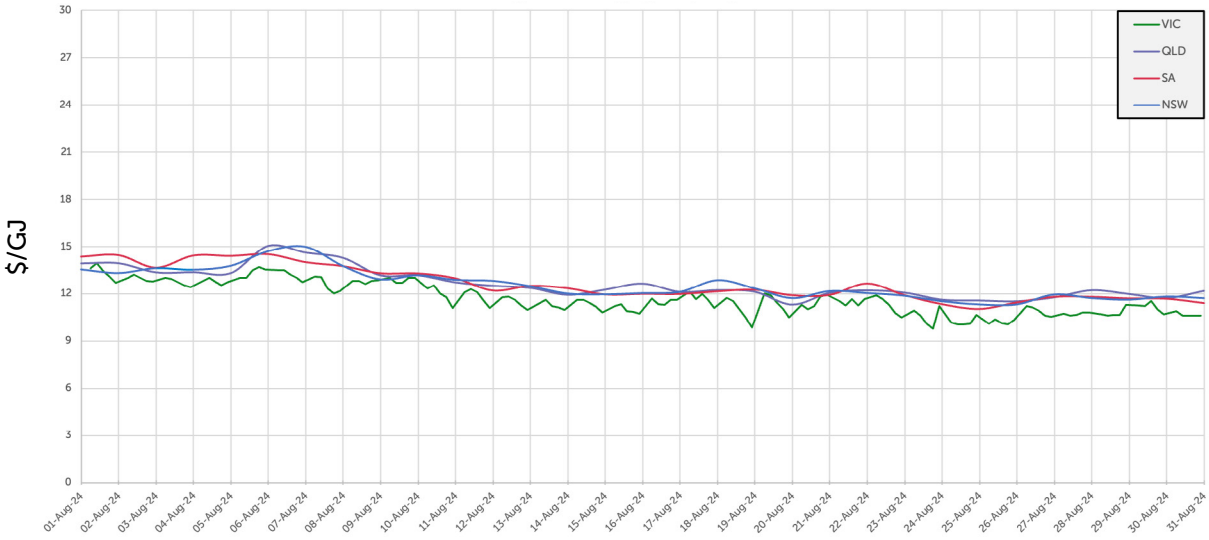
Physical (spot) market summary

August average electricity spot prices



- Average spot prices in August increased by 15%–55% compared to July across all states, except for South Australia. This rise was driven by unplanned baseload outages and NEM-wide (National Electricity Market) spot volatilities on 5 August.
- Both average and maximum demand fell by 10% compared to July, due to warmer weather. The maximum August demand reached 31.536 GW, the second-highest level in the past two decades.
- Wind output remained similar to July, while solar production increased, both aligning with seasonal trends.
- Two late August weather systems caused extremely windy conditions. On 30 August, NEM instantaneous wind production exceeded 8 GW, the third-highest level in history. This strong wind production put downward pressure on spot prices, leading to negative average prices for the last week in Victoria and South Australia.

August average gas spot prices



- Average gas prices for the Short Term Trading Market (STTM) decreased by $0.68/GJ, or 5%, to $12.59/GJ, while the Declared Wholesale Gas Market (DWGM) dropped by $1.28/GJ, or 10%, to $11.64/GJ. This price decrease was largely due to a significant reduction in demand as the cold winter weather began to taper off. The maximum price reached was $15/GJ, while the minimum was $9.80/GJ.
- Combined gas demand in the DWGM and STTM decreased by 9.56 PJ, or 24%, to 30.44 PJ.
- Gas Powered Generation (GPG) usage dropped by 4 PJ, or 27%, due to less demand in the National Electricity Market (NEM).
- With the drop in demand and prices, the Iona Gas Storage Facility switched to refill mode for the entire month, achieving a total of 1 PJ at an average rate of 33 TJ/day. The balance ended at 11.9 PJ, or 49% full.

Futures electricity market summary

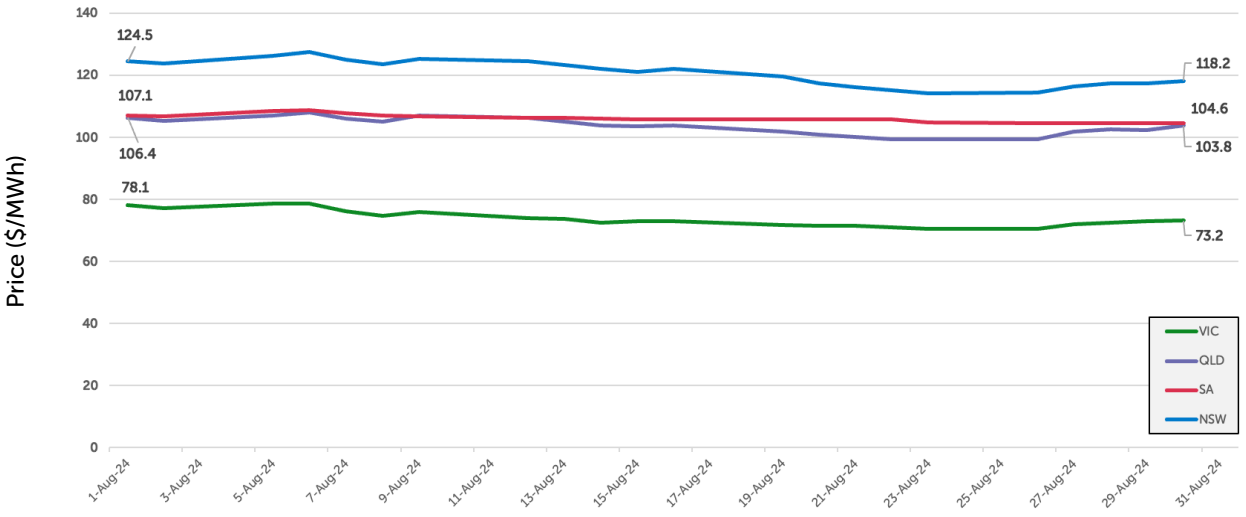
CAL25 FWD SWAP (Jan 22 to August 24)

- **Market trending downwards:** The CAL25 curve trended downwards, finishing $3–$6/MWh lower. The longer-dated CAL26 curve was more resilient, falling by a smaller percentage. Both CAL25 and CAL26 experienced a strong sell-off during August.
- **NEM volatility at the start of August:** The first week of August saw simultaneous spot volatility across all regions. SA frequently came close to the cumulative price threshold (CPT), which would have capped prices at $600/MWh, but did not reach this point. This early volatility caused a brief increase in forward market prices before the rally stalled.
- **Wind and solar power output rose over the month:** After a long wind drought in the NEM, wind power increased, combined with higher solar output as we entered Spring. This resulted in intraday negative spot prices towards the end of August, driving the forward curve down.
- **Cap prices remained stable:** Despite the fall in swap forward prices, cap prices stayed stable. Network constraints and industrial action in New South Wales are raising the probability of spot price volatility at lower demand levels, and the forward market is reflecting this.

August 2024 Spot Outcomes ($/MWh)			
Region	Average Spot $/MWh	Average Underlying (<$300/MWh)	Average Volatility (>$300/MWh)
NSW	174.44	108.90	65.54
QLD	130.10	101.34	28.74
VIC	143.41	81.97	61.44
SA	149.52	79.45	70.07

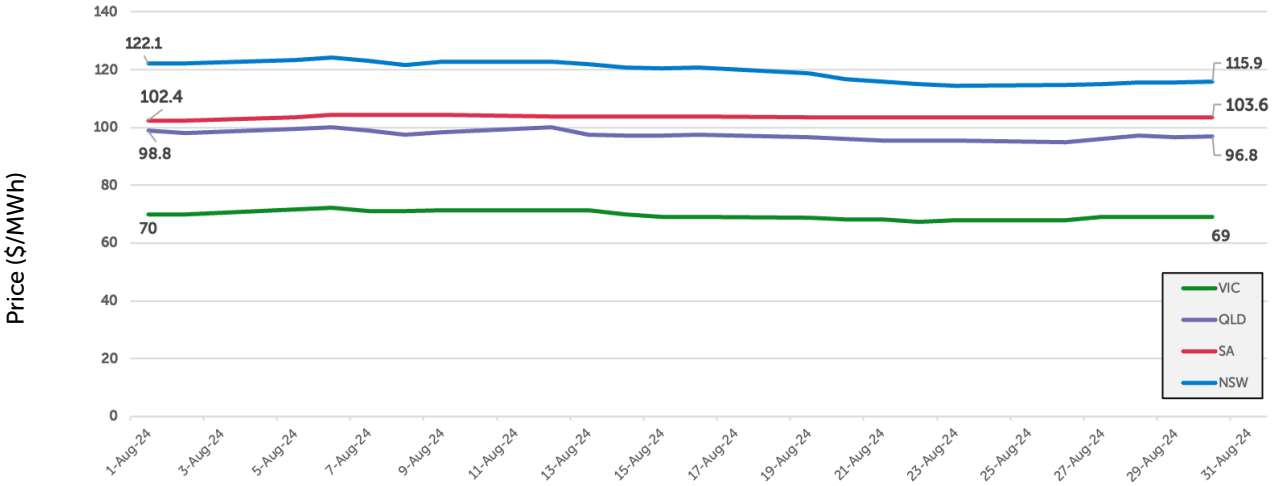
CAL25 Swap Curve ($/MWh)						
Region	Max Trade Price	Average Trade Price	1st Trade Day (1 July 24)	Last Trade Day (31 July 24)	Variance (Last minus 1st) $/MWh	Variance %
NSW	128	121	125	118	(6)	(5%)
QLD	108	104	106	104	(3)	(2%)
VIC	79	74	78	73	(5)	(6%)
SA	109	106	107	105	(3)	(2%)

CAL25 FWD SWAP (August-24)



FY-26 Futures Swap Curve ($/MWh)						
Region	Max Trade Price	Average Trade Price	1st Trade Day (3 June 24)	Last Trade Day (28 June 24)	Variance (Last minus 1st) $/MWh	Variance %
NSW	124	119	122	116	(6)	(5%)
QLD	100	97	99	97	(2)	(2%)
VIC	72	70	70	69	(1)	(1%)
SA	104	104	102	104	1	1%

FY-26 FWD SWAP August-24)



AEMO's 2024 ESOO Report: Renewable investments improve reliability outlook

The Australian Energy Market Operator (AEMO) has published its 2024 Electricity Statement of Opportunities (ESOO). This report provides a 10-year outlook of investment required to maintain reliability of Australia's National Electricity Market.

The report outlines that investments in renewable generation and storage capacity continue to increase and compared to last year's report, the reliability outlook has improved. This improvement is supported by the progress of 5.7 gigawatts of grid-scale generation and storage, along with 365 km of new transmission developments.

This progress, combined with the delivery of transmission projects, the Eraring Power Station extension, and higher contribution from rooftop solar, has improved the reliability outlook and consequently removed the T-1 requirement for a Retailer Reliability Obligation (RRO) in the 2025/2026 summer period in South Australia and New South Wales.

For more information read the AEMO press release.

EnergyAustralia's battery storage projects in Victoria and South Australia to power 480,000 homes by 2027

EnergyAustralia has welcomed the Australian Government's support for its two major battery storage projects in Victoria and South Australia through the Capacity Investment Scheme. The 350 MW Wooreen Battery Energy Storage System (BESS) in Victoria's Latrobe Valley and the 50 MW Hallett BESS in South Australia will provide a combined storage capacity of 400 MW by 2027, powering over 480,000 homes.

EnergyAustralia is committed to supporting a smooth transition to clean energy and will continue investing in flexible capacity initiatives while supporting local communities through scholarships and partnerships as part of its broader Community Benefit Sharing program.

Read more about these initiatives on the EnergyAustralia website.

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