

Commercial & Industrial

Wholesale market update

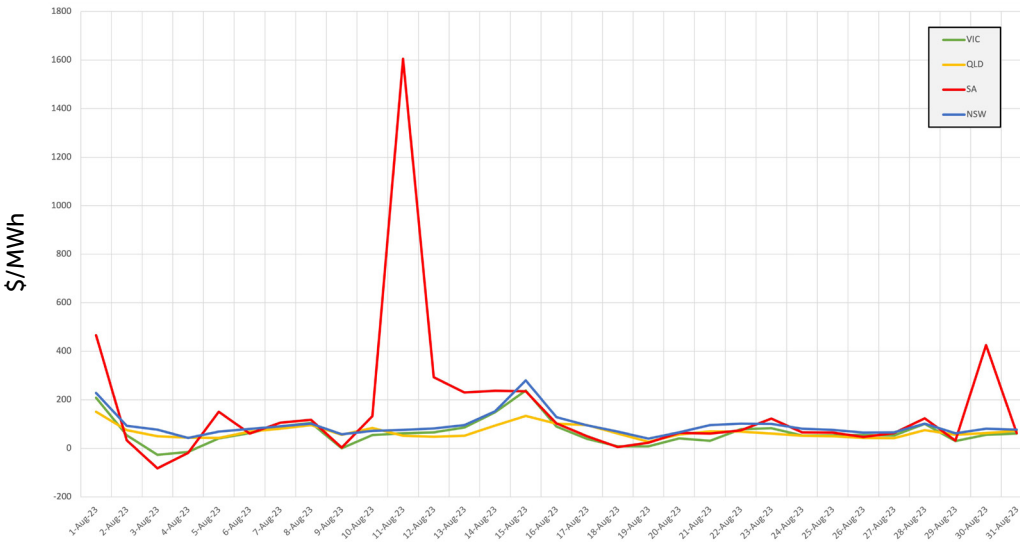
August 2023



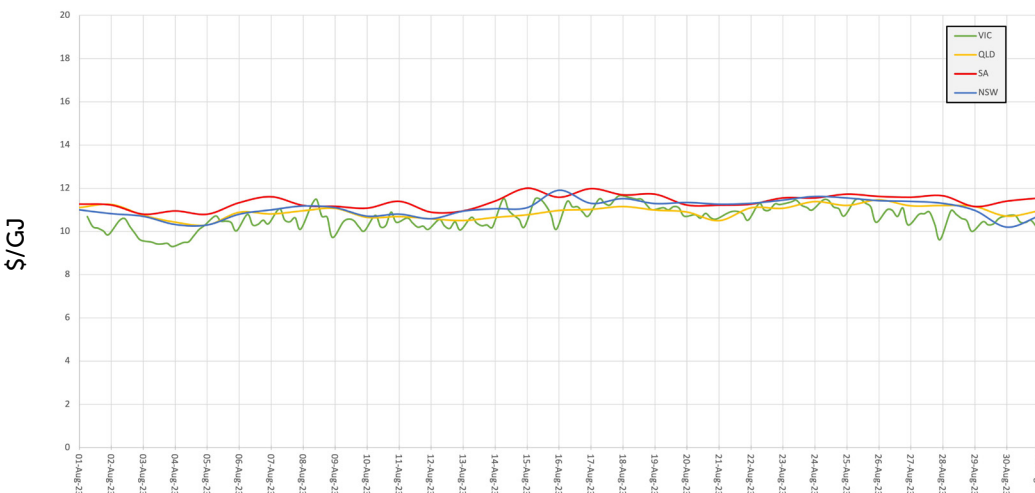
EnergyAustralia
LIGHT THE WAY

Physical (spot) market summary

August average electricity spot prices



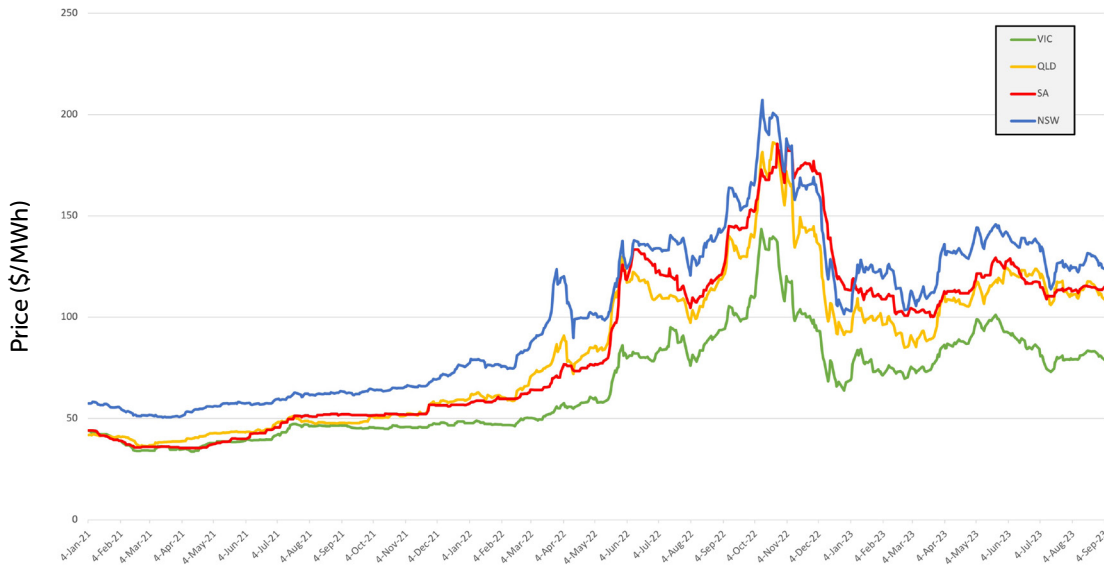
August average gas spot prices



- Average electricity prices rose this month compared to July, due to lower baseload availability (average of 1,000MW less than July across the mainland) and unseasonably low wind generation (approx. 21% lower than July 2023 and approx. 19% lower than August 2022)
- SA had significant volatility, approximately 3.3 hours Market Price Cap (MPC) equivalent driven by periods of low wind and network outages impacting Heywood limits
- The new 2023/24 MPC of \$16,600/MWh was reached in SA at 18:35pm on 1 August for the first time for a dispatch (5 minute) interval
- Growth in Qld residential solar resulted in a new minimum demand record of 3,459 MW and a new National Electricity Market (NEM) winter minimum of 13,538 MW
- NEM wide battery output reached a record high of 600MW at 8:40am on 22 August
- In a similar vein to July, on the back of milder than average conditions, wholesale gas price sat in the \$10–12/GJ range for August in all regions

Futures electricity market summary

2024 CAL FWD SWAP



- Throughout August the Q4 2023 swaps for NSW and Qld finished at \$11 and \$14 lower respectively, mostly driven by the low spot outcomes across Q3. (\$102.65 - \$88.55, \$103.25 to \$92.90). The low spot prices in Qld have been driven by many solar and interconnector restrictions. This meant that Qld energy couldn't flow south giving price separations across NSW and Vic. NSW demands were low with strong wind and solar across the mainland.
- Vic and SA remain the cheaper of the states for Q4 2023, with SA at \$74/MWh and Vic at \$54/MWh. Higher average prices occurred in SA mainly caused by Heywood interconnector restrictions preventing lower price Vic volume flowing into SA.
- However, the CAP price for Q4 2023 remains strong in NSW, Qld, and SA at \$18–\$22/MWh, while Vic is \$7/MWh. The NEM is heading into the first summer in three years without a La Niña event, which could see a return to some extreme heat days causing the cap to be priced high. Energy prices have retreated given strong renewables, lower demand, and good baseload generator reliability. However, the threat of hotter days to come with El Niño has prevented the cap price from falling in proportion to the swap.
- Looking ahead to CAL24, forward prices have been range bound across all 4 regions, with only a few dollars of fluctuations across the month. However, intra month NSW and Qld rose approximately \$10 and retreated by a similar amount.
- In 2024 the main quarter to pay attention is Q1. SWAP prices remain strong in NSW (\$135), Qld (\$147), SA (\$131) with Vic sitting at \$88/MWh.
- Q1 2024 CAPS are now sitting in the \$60 range for both Qld and SA. Qld currently lacks two Callide C units, and SA needs to rely on a strong renewables and gas generation fleet to meet any extreme demand days.

EnergyAustralia launches its Climate Transition Action Plan

In late August EnergyAustralia released our inaugural Climate Transition Action Plan (CTAP). It sets out plans to achieve Net Zero by 2050 across Scopes 1 and 2 emissions and our vision to develop a decarbonisation pathway for Scope 3 emissions by the end of 2024. [Read the full story](#) on our milestone journey to reach Net Zero by 2050.

Electricity Statement of Opportunities (ESOO) released

The Australian Energy Market Operator (AEMO) recently issued the 2023 Electricity Statement of Opportunities (ESOO), stating that both Vic and SA are at risk of blackouts this summer (Dec 2023 to Feb 2024). Further to this the Bureau of Meteorology has now formally declared an El Niño event over the next three months.

In long-dated contracts, the ESOO is predicting a reliability issue from 2025 to 2027 for both NSW and Vic. NSW reliability is largely linked to the early closure of Eraring Power Station (the NSW Treasurer recently stated there was no funding in the budget for extending), as well as higher forecast demands, higher unplanned outage rates and a reduced contribution from the NSW Peak Demand Reduction Scheme (**PDRS**). The case is different in Vic where the reliability shortfall aligns with the closure of Torrens Island and Osborne in SA, causing less interconnector flow into Vic, as well as an increase in probability between high demand/low wind periods and higher unplanned outage rates.

EnergyAustralia hosts key customers and brokers at Sydney Zoo

In September the Commercial and Industrial team had the pleasure of hosting an eagerly anticipated event at Sydney Zoo in Bungarribee, New South Wales. Judging by the engagement and feedback from our key customers, brokers, and consultants that attended, it was a huge success! As we shared and discussed industry insights and updates, the meerkats stood watch adding a special charm to the occasion that we don't often get to experience. Thank you to everyone who joined us for this event. [Read more](#) about what we saw and heard.

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