

Commercial & Industrial

Wholesale market update

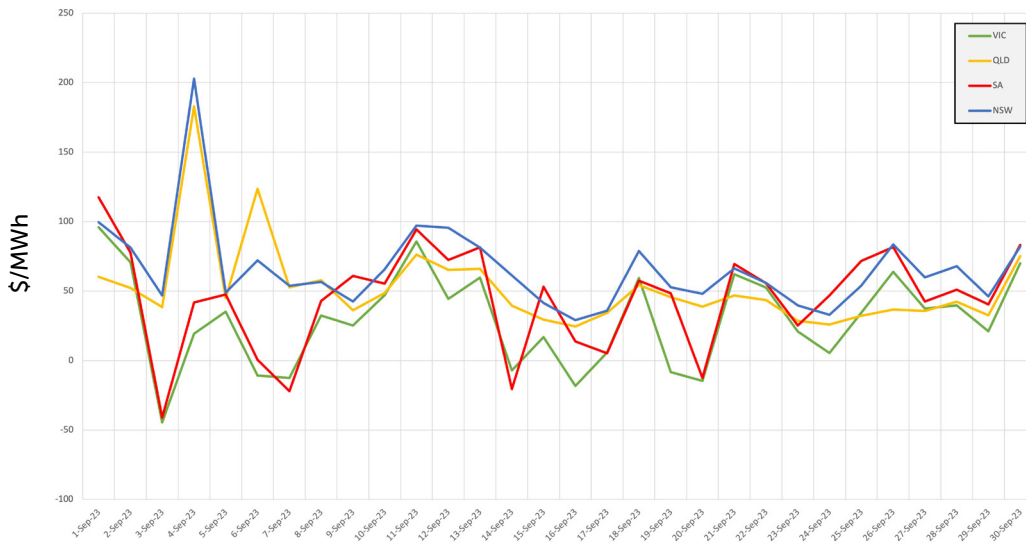
September 2023



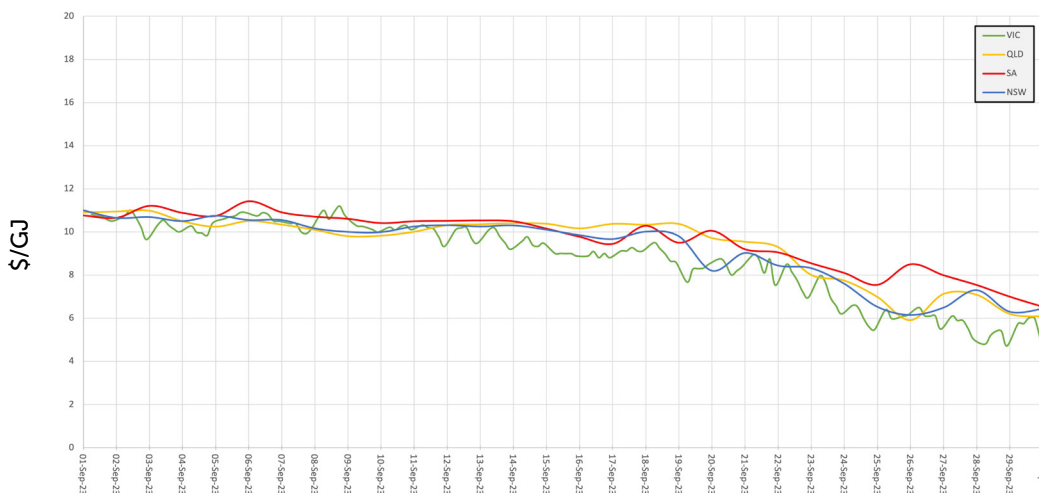
EnergyAustralia
LIGHT THE WAY

Physical (spot) market summary

September average electricity spot prices



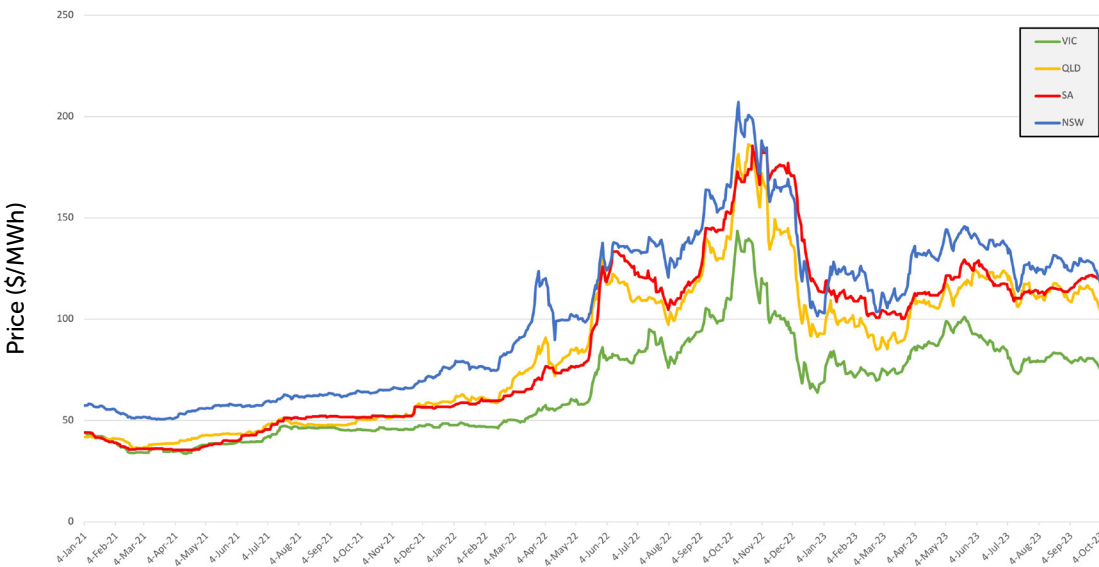
September average gas spot prices



- Average spot electricity prices have fallen considerably since August, primarily driven by lower-than-expected demand and high renewable penetration – especially roof top solar.
- Minimum electricity demand records were broken on multiple occasions this month, with a new National Electricity Market (NEM) record low of 11,393MW at 12:30pm on 17 September.
- A new NEM renewables penetration record of 69.9% was set at 11:30am on 20 September, with a combined generation of 19GW.
- On 20 September the Bureau of Meteorology formally declared an El Niño weather event for the Australian summer and is expected to continue into early Autumn. The effect of El Niño is already being observed with higher-than-average temperatures and lower-than-average rainfall for all regions except Qld.
- NEM-wide battery output set a new record of 774MW on 24 September at 6:20pm.
- After a solid start to September, wholesale gas prices progressively declined throughout the month finishing in the \$5–8/GJ range across all markets.
- Key drivers include mild weather in Vic and NSW translating into low demands and a Culcairn outage limiting gas that could flow north.

Futures electricity market summary

2024 CAL FWD SWAP



- September 2023 saw a continuation of conditions experienced in August with low spot prices (particularly the middle of the day) attributable to high wind and solar generation and soft demand with mild temperatures.
- The Q4-23 swap prices declined in all states. NSW (\$84.85/MWh) and Qld (\$81.90/MWh) retreated by \$8 and \$6.50/MWh respectively. The Vic Q4-23 swap was \$8/MWh lower finishing at \$46/MWh (-15%). The decreases were contained to underlying energy with caps holding their value. SA was only down \$1.75/MWh in the swap, but the underlying energy was more than 10% lower, and the caps increased in value by over 15% to \$25/MWh. The high SA Cap price reflects the reliance on renewables and the gas generation fleet to combat extreme demand days.
- The Q1-24 forward curve was a similar story. The swap prices drifted lower for all states except SA, but the cap prices remained strong. Vic was the weakest performer with the swap price down to \$84.25/MWh, and the underlying energy was down close to 10%. Q1-24 feels very similar to Q4-23. The underlying energy is soft but the officially proclaimed El Niño event has market participants wary of volatility.
- CAL24, forward prices were range bound across all four states, with only a few dollars of fluctuations across the month.
- CAL25 & CAL26 forward prices have continued to trend higher in September 2023 for NSW, Qld & SA. All three states were higher by \$4-5/MWh. Since mid-July, NSW CAL25 has risen \$14/MWh from \$111 to \$125/MWh. Potential drivers of the drift higher are lack of liquidity, the removal of coal caps and continued speculation of Eraring's retirement date.
- Australian Energy Market Operator's (AEMO) August 2023 Electricity Statement of Opportunities (ESOO) identified reliability gaps from 2025-2026 aligning to the retirement of Eraring Power Station. AEMO's modelling illustrated extending 2 units of Eraring (1.4GW) by 2 years to August 2027 reduces reliability risks and brings expected Unserved Energy (USE) within the reliability standard. [Read more about the 2023 ESOO report.](#)
- The first few days of trading in Q4-23 has seen a strong correction with NSW CAL24 and CAL25 falling \$8/MWh and \$5/MWh respectively. The correction is across all regions.

EnergyAustralia announces commercial operation for New South Wales' largest energy storage system

The largest energy storage system in New South Wales, the Riverina Stage 2 and Darlington Point Batteries, is now available for commercial operation as part of an exclusive 10-year off-take agreement with Edify Energy. The system has a two-hour duration providing enough energy for around 49,000* NSW homes before being recharged. [Read more about this exciting project.](#)

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