

# Commercial & Industrial

Wholesale market update

October 2023



**EnergyAustralia**  
LIGHT THE WAY

# AER approves AEMO's Retailer Reliability Obligation (RRO) requests for New South Wales and Victoria

On 31 October, The Australian Energy Regulator (**AER**) completed its review and consultation of the reliability instrument requests from the Australian Energy Market Operator (**AEMO**) for South New South Wales and Victoria in the 2026/27 period.

Following the review and consideration of submissions, the AER have decided to make T-3 reliability instruments for New South Wales and Victoria.

## The details of the T-3 New South Wales reliability instrument are:

- Working weekdays from 1 December 2026 to 31 March 2027 (inclusive), for the trading periods between 3.00pm and 10.00pm AEST (National Electricity Market time).

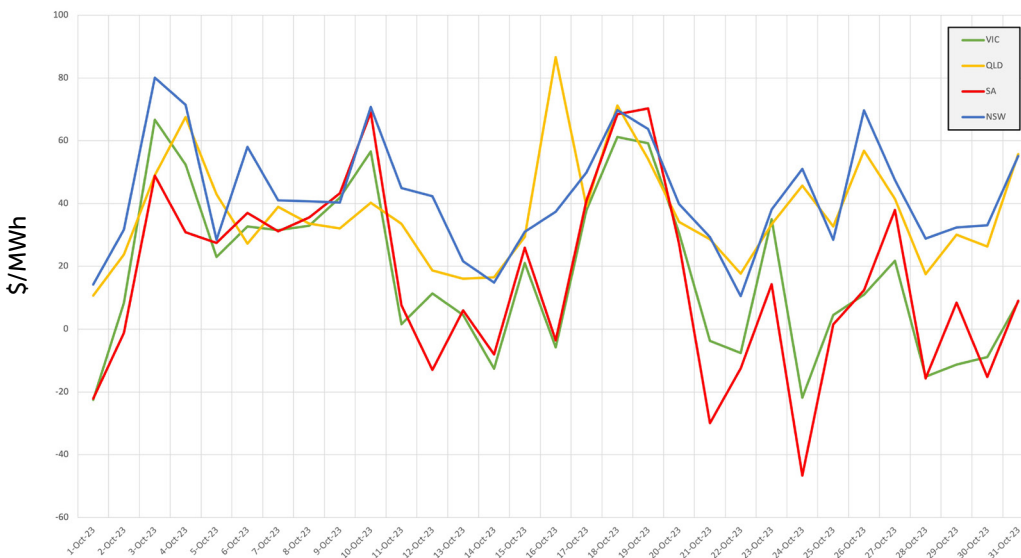
## The details of the T-3 Victoria reliability instrument are:

- Weekdays from 1 December 2026 to 28 February 2027 (inclusive), for the trading periods between 3.00pm and 9.00pm AEST (National Electricity Market time).

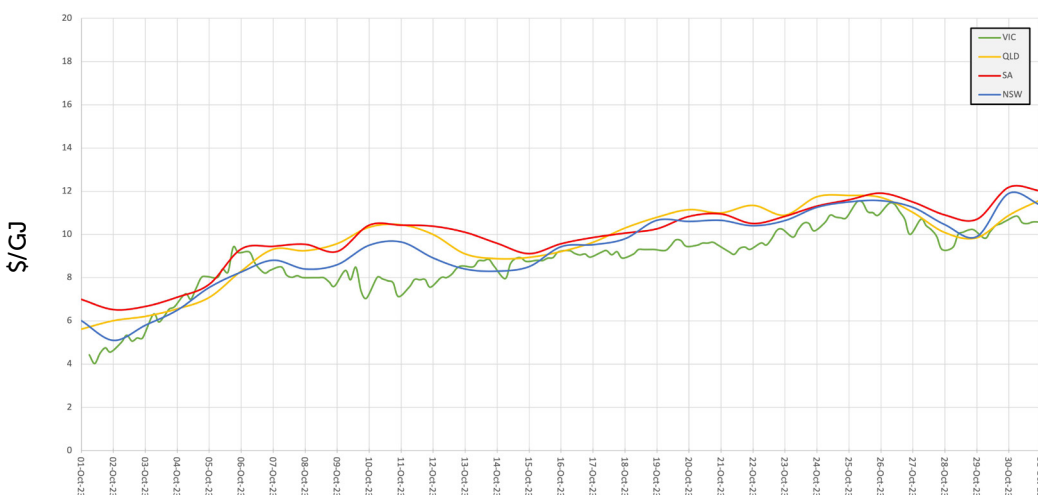
Further details on what the RRO means and your business can be found on the [AER website](#).

## Physical (spot) market summary

### October average electricity spot prices



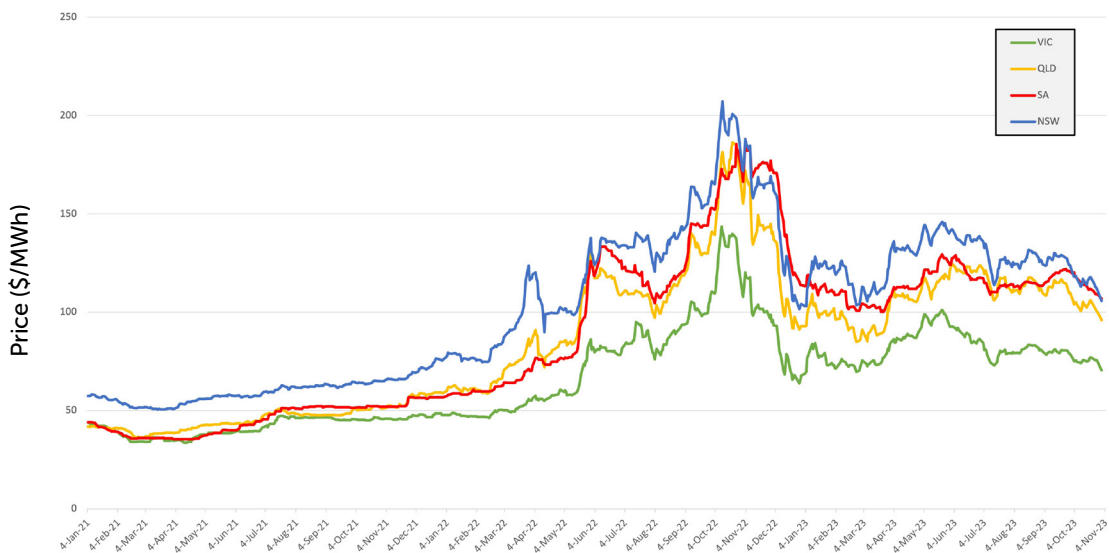
### October average gas spot prices



- Average spot prices continue to fall, down >30% on September prices across all regions, driven by lower demand and higher Variable Renewable Energy (VRE) output
- October saw the lowest average monthly electricity demand in more than two decades at 19.17GW, a result of mild weather and high distributed Solar PV output
- Rooftop Solar PV output hit a new record of 48.6% of total NEM generation at 1.50pm on 29 October, sending NEM operational demand to a record low of 11,009MW on the same day
- Instantaneous NEM renewable generation also hit a record of 72.5% at 1.05PM on 24 October (70.9% from wind and solar). That figure could have been higher had renewable generators not voluntarily curtailed to avoid negative prices
- October wholesale gas prices increased by 2.5% relative to September prices, an approximately 50% reduction compared to the same month last year. Prices ranged between \$4-12/GJ with an average of \$9.44/GJ. The big swing in gas prices intramonth is influenced by a cooler than expected Spring, but more significantly due to the increase in trading prices in Qld related to a rise in LNG export volumes and price
- Iona gas storage is still sitting at a very high balance at 19.8PJ and only moved down by 1PJ for this month.

## Futures electricity market summary

### 2024 CAL FWD SWAP



- October saw a continuation of conditions experienced in September, with low spot prices attributable to increased renewable generation, behind-the-meter solar, soft demand and mild temperatures. Power plant unit availability was also high, driving strong negative prices during the day. The underlying spot sentiment has been grinding the forward curve lower.
- Q4-23 swap prices declined in all states. NSW (\$56/MWh) and Qld (\$54/MWh) were lower by \$28/MWh (34%). Vic Q4-23 swap was \$18/MWh lower finishing at \$28.5/MWh (38%). Last month the decreases were contained to underlying energy with caps holding their value. However, this month both caps and swap were lower in similar proportions.
- The rapid decline of Q4-23 flowed into Q1-24. Swap prices fell lower for all states and dramatically in the last trading week of October. Qld & NSW were down \$25/MWh or 18% for the month. The market is still wary of El Niño, but the cap prices appear to have been fully priced and have fallen in almost equal ratio to the energy in October. Q1-24 NSW cap is down \$10/MWh to \$36/MWh.
- CAL-24 fell more than 13% in October for NSW, Qld and SA, with NSW finishing at \$106/MWh and Qld at \$96/MWh. Qld Cal-24 fell below \$100 for the first time since 27 March 2023. Vic Cal-24 has been marginally more resilient, falling 10% to \$70.4/MWh.

- The sell-off in October wasn't only contained to the front of the curve, with Cal-25 and Cal-26 closing lower by 5-8% for all states other than SA, which was more resilient.
- Futures liquidity increased in October and significantly more futures swap volume traded in October than the previous month. For Cal-24, Qld swap futures traded almost three times the volume of contracts in October than in September. NSW was close to double, whilst Vic was 1.75 times greater. Qld and NSW swap volume traded more than 700MW in all quarters, whereas Vic was less than 475MW in all quarters. The increased liquidity indicates a stronger directional, bearish sentiment with the sustained lower spot prices.

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