

Commercial & Industrial

Wholesale market update

November 2023



EnergyAustralia
LIGHT THE WAY

AER approves AEMO's Retailer Reliability Obligation (RRO) requests for South Australia

As reported in the October Wholesale Market update, the Australian Energy Regulator (AER) approved the Australian Energy Market Operators (AEMO) requests for Retailer Reliability Obligation (RRO) for New South Wales and Victoria. **On 28 November it was also approved for South Australia for the 2026/27 period.**

The details of the T-3 South Australia reliability instrument are:

- Working weekdays from 1 December 2026 to 28 February 2027 (inclusive), for the trading periods between 5.00pm and 9.00pm AEST (National Electricity Market time).

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

Compensation charges related to June 2022 market suspension

The Australian Energy Market Commission (AEMC) continues to finalise negotiations for compensation with Generators that were directed on by Australian Energy Market Operator (AEMO) during June's 2022 market suspension. At this stage, there has still been no update from AEMO since their [compensation update in June 2023](#). AEMC's negotiations with Generators is ongoing. As soon as we have more information, we will share this with you. If you're interested in reading more about the market suspension, just visit the [AEMO website](#).

EnergyAustralia's demand response programs

Did you know demand response can help businesses generate revenue?

As Australia continues its journey to a clean energy transition, there are times when peak demand and extreme weather can risk energy shortages or even blackouts across the country. One way Australian businesses can help mitigate these shortfalls is to participate in one of EnergyAustralia's demand response programs – where large companies who can reduce their energy usage at critical times can help take pressure off the grid and earn financial rewards linked to that reduced energy use.

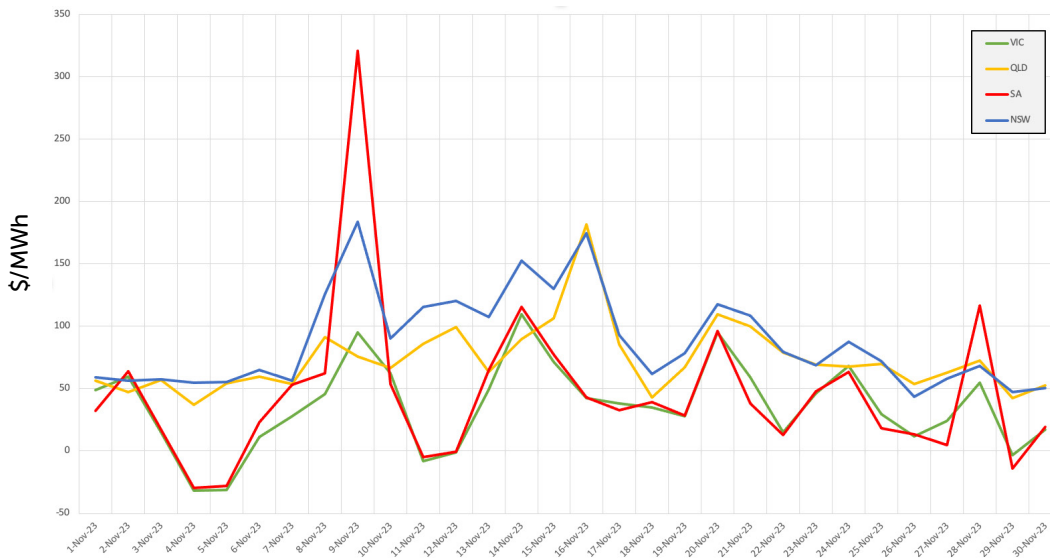
To learn more about how your business may take advantage of these programs, you can read more on our [demand response](#) page. If you prefer, just call your Account Manager, or register your interest by this [secure form](#).

Year-end wrap up webinar

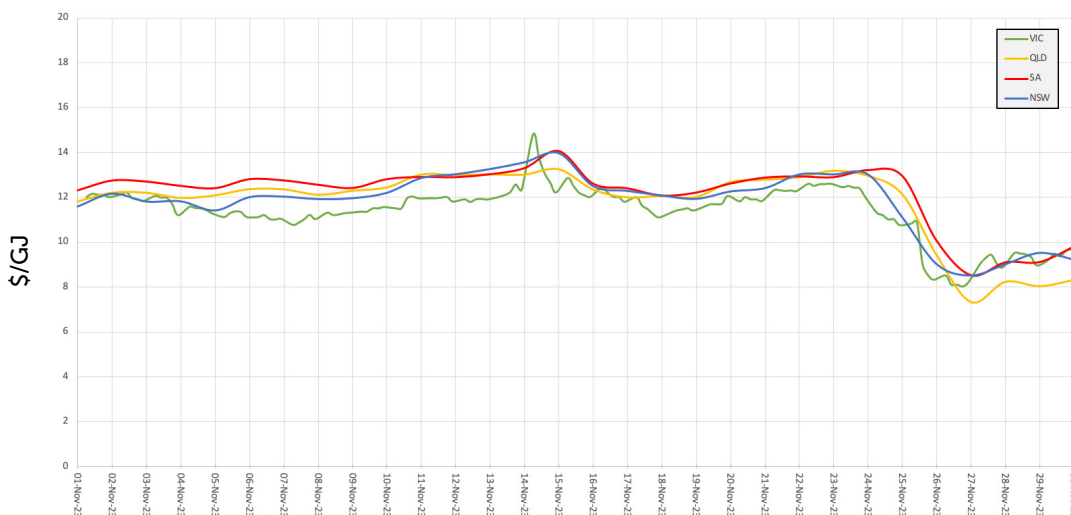
In early December, Vaughan Furniss, Commercial and Industrial hosted an insightful live webinar event for key customers. Participants gained valuable insights into the latest advancements in the commercial and industrial sector. A recording of the webinar and a copy of the slides is available on our [Commercial & Industrial website](#).

Physical (spot) market summary

November average electricity spot prices



November average gas spot prices

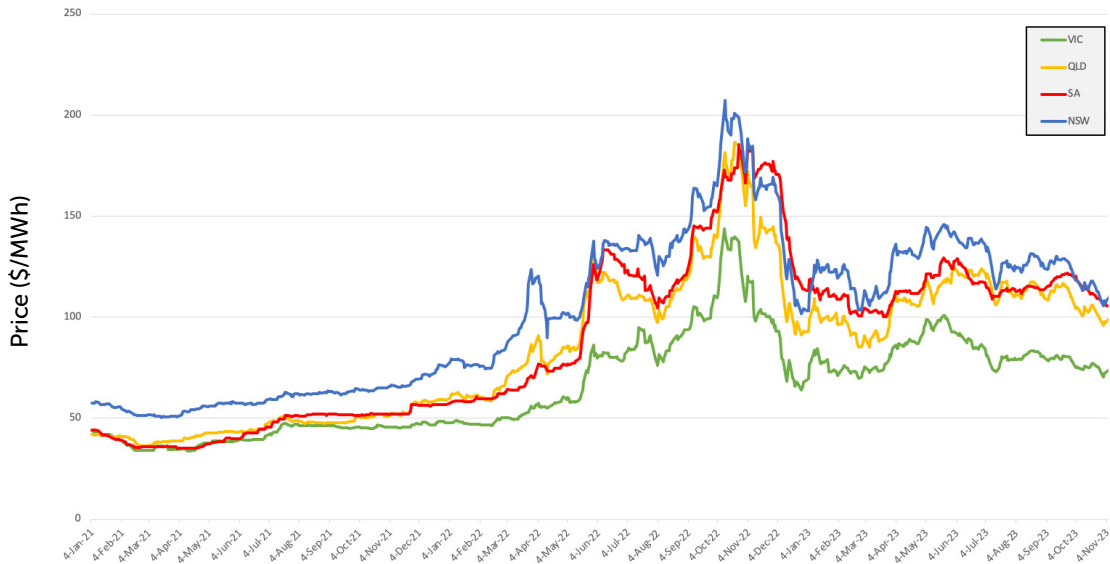


- Average spot prices in November were more than double October prices across all states. This was driven by warmer weather and seasonal reduction in wind output. Notwithstanding, prices were still down more than 30% compared to the same time last year.
- November saw the second lowest average monthly demand in more than two decades at 19.72GW, predominantly caused by high distributed PV output.
- Instantaneous NEM renewable generation hit a new record of 72.9% at 12.45PM on 12 November (rooftop PV accounted for 44% of total generation).
- Callide Power Station Unit C3 and C4's return to service have been delayed significantly with Unit C3 expected to be back to 50% capacity by late January 2024 and Unit C4 out for the entire summer.
- November wholesale gas prices increased by 25% relative to October. The increase in price (despite the drop in mass market and C&I demand due to season change) was primarily due to three reasons:
 1. Significant buying of Liquefied Natural Gas (LNG) participants
 2. Lower Longford Plant capacity due to onshore maintenance
 3. Planned maintenance of Iona Processing Plant on 14 and 15 November.

Prices ranged between \$7.30-\$14.80/GJ with an average of \$11.77/GJ. The average price would have been stronger if not due to the breakdown of Cesi Qingdao, Australia Pacific LNG (APLNG) vessel, which forced APLNG to drop their LNG supply by 80% to 300 TJ/day from 25 to 30 November and caused the spot price to trade between \$7-\$10/GJ.

- Iona gas storage for November ended at 20.35 PJ which was only a slight movement upward from October. This still represents a historically high storage level at this time of the year.

Futures electricity market summary



- November 2023 spot price outcomes were higher than October, particularly in the first half of the month. This was primarily due to greater demand and a series of base-load generators being offline (both planned and unplanned).
- These higher spot prices caused the Q4-23 swap prices to track sideways or lift in all states. Vic remained low and steady around \$30/MWh, whereas Qld lifted by \$7/MWh to \$61.25/MWh, and NSW increased by \$9/MWh to \$65.75/MWh.
- Higher spot prices would usually translate to a longer-term forward swap curve lift. However, the lack of volatility, even with significant baseload generation offline, placed a general bearish sentiment over the forward curve.
- The Cal 24 forward curve remained stable in early November, whilst spot prices were higher. Even so, the return of the base-load generation and strong renewables translated to softer spot prices and a rapid decline in swap prices following the option expiration day on 20 November.
- The Qld Cal 24 swap traded down more than 10% from \$101.40/MWh on 14 November to \$90.50/MWh on 1 December. NSW Cal 24 peaked on 9 November at \$115.80/MWh but finished the month below \$100/MWh, a decrease of more than \$15/MWh. The Vic contract held up throughout, and finished the month only marginally lower at \$69.45/MWh. However, this is the first time the Vic Cal 24 swap traded below \$70/MWh since February 2023.
- The continued decline in the forward curve also flowed through to the back end of the curve (Cal 25 and Cal 26).
- The lack of spot volatility saw the Cal 24 cap prices traded lower. The Q1 2024 cap prices fell sharply in NSW and Qld. The fear of El Niño dissipated, with NSW Q1 24 cap price declining more than \$7/MWh, from \$38/MWh to \$31/MWh, and Qld fell \$10/MWh from \$51/MWh to \$41/MWh at month end.

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