

Commercial & Industrial

Wholesale market update

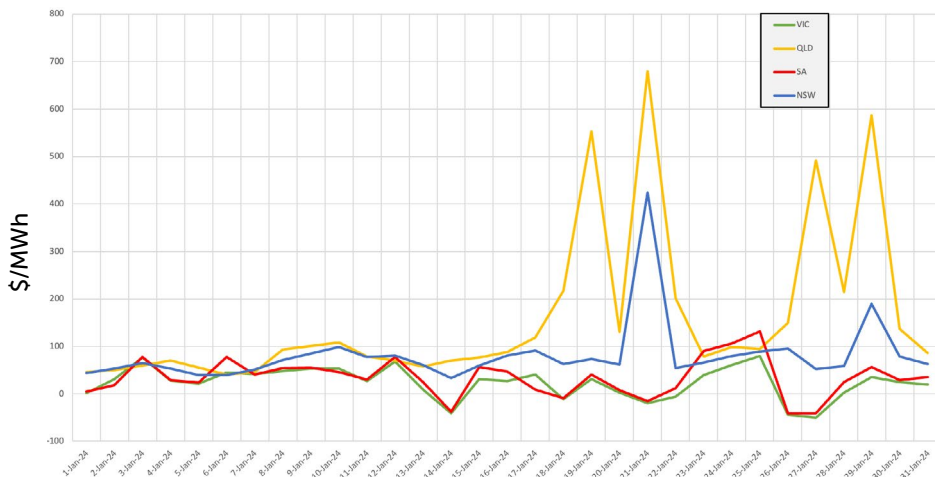
January 2024



EnergyAustralia
LIGHT THE WAY

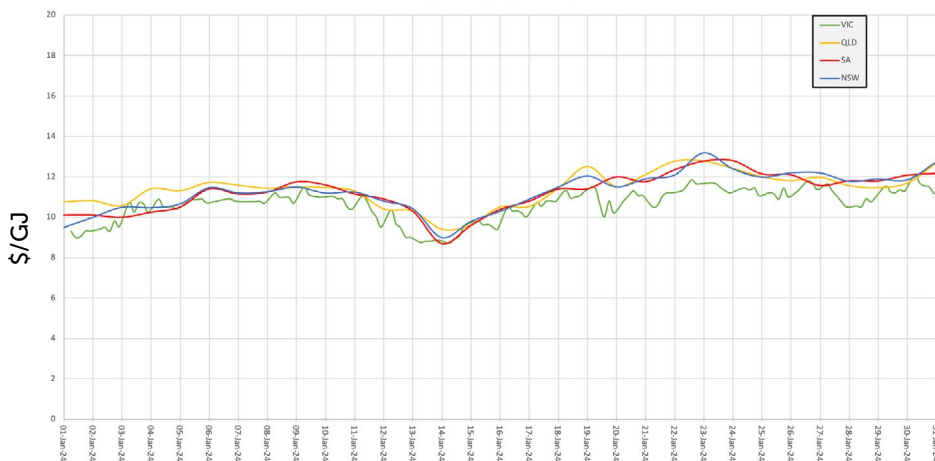
Physical (spot) market summary

January average electricity spot prices



- Compared to the same time last year, average electricity spot prices were down 15%–50% across all states except Qld. Constraints were restricting the flow of energy from Vic/SA into NSW, causing higher price separation between regions.
- Average January National Energy Market (NEM) demand of 21.6GW was higher than December, driven by warmer weather conditions. Despite this, it was still the third lowest average January demand since 2006 (which was the all-time low January demand for the NEM excluding Qld).
- Qld had a few record demand days driven by extreme weather – January 19 achieved a record operational demand of 10,191MW, which was surpassed three days later on January 22, with 11,112MW. Supply was tight, which prompted AEMO to issue a forecast Lack of Reserves [LOR2 notice](#).

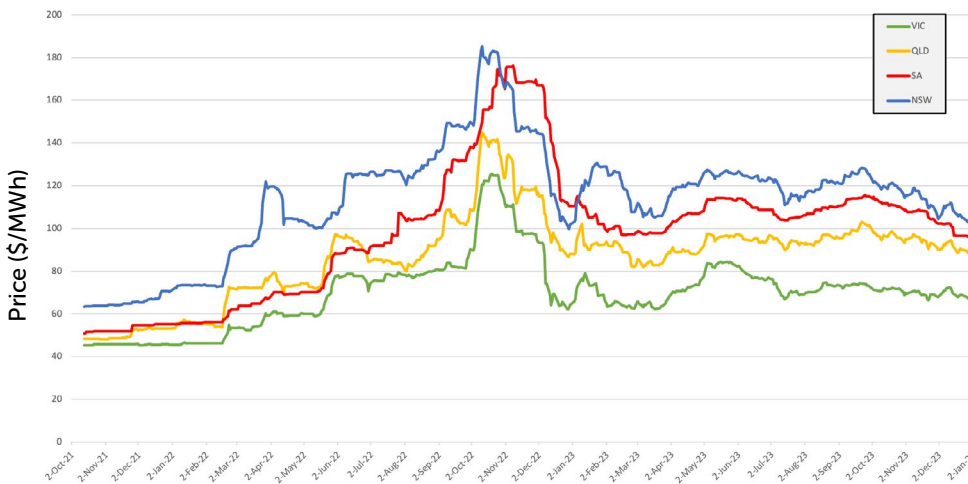
January average gas spot prices



- The average gas price for January 2024 has stayed close to December 2023's \$11/GJ. Despite the 9% drop in mass market and C&I demand with the warmer weather, the 5% increase in gas powered generation (GPG) usage occurred mostly during the second half of the month. This increase, coinciding with the 23% lower production from Longford due to maintenance, helped sustain the gas prices from where they were the month before. In fact, the early part of January was trading in the \$10's but was pulled by prices reaching the high \$12's during hot days in Qld and NSW when GPG was required.
- The Declared Wholesale Gas Market (DWGM) traded the lowest at \$10.70/GJ avg while Brisbane Short Term Trading Market (STTM) traded the highest at \$11.40/GJ avg.
- Iona gas storage remains full at 22 PJ at the end of January 2024. However, the maintenance at Longford helped slow down the refill rate and there was even a total of 480 TJ of gas withdrawn in late January.

Futures electricity market summary

2025 CAL FWD SWAP



- Qld was the only region in the NEM in January to experience high spot prices and significant volatility, in line with the strong Q1-24 cap prices. The high spot prices were a result of:
 - high demand in Qld,
 - generator outages at the back end of the month (Millmerran, Tarong #2) and
 - binding QNI interconnector constraints forcing flow from Qld to NSW.

The Qld Q1-24 Swap was \$111/MWh on January 2 and increased by \$27.50/MWh (25%) to \$138.5/MWh by January 31

- The low spot outcomes in southern states, excluding Qld, resulted from benign weather combined with strong renewable generation and high reliability of the baseload generators.

- NSW Q1-24 swap held up well, but Vic and SA's extremely low spot prices saw the Q1-24 swap fall sharply by over 40% in both regions.

- The longer-dated NSW and Qld curves held up reasonably well, but the extremely low spot prices in Vic and SA transferred their bearish sentiment to the forward swap curve, which saw falls of 7.1% to 9.1%, respectively, for the Vic and SA FY-25 contract.

- The FY-25 forward swap contract is regressing towards the Cal-23 actual spot outcomes. All regions are trading at a premium to Cal-23 actuals, but the gap is closing. The baseload fuel costs should increase when the coal compensation ends on June 30 2024.

Q1-24				
Region	2-Jan-24	31-Jan-24	Variance \$/MWh	Variance %
NSW	99.25	91	(8.3)	(8.3%)
QLD	111	138.5	27.5	25%
VIC	65	36.5	(28.5)	(43.8%)
SA	99	54	(45.0)	(45.5%)

FY-25				
Region	2-Jan-24	31-Jan-24	Variance \$/MWh	Variance %
NSW	100.1	99.4	(0.6)	(0.6%)
QLD	90.8	91.3	0.5	0.5%
VIC	68.1	63.3	(4.8)	(7.1%)
SA	122.6	111.4	(11.2)	(9.1%)

Cal-23 Actuals versus FY-25 Forward Curve				
Region	Cal-23 Actual	FY-25 @ 31/01/2024	Variance \$/MWh	Variance %
NSW	95.9	99.4	3.5	4%
QLD	90.8	91.3	0.5	0.6%
VIC	55	63.3	8.3	15%
SA	80	111.4	31.4	39%

EnergyAustralia unveils 50 MW battery project at Hallett South Australia

EnergyAustralia has unveiled its intentions to construct a grid-scale battery adjacent to the Hallett Power Station in Canowie, 210km north of Adelaide.

This battery storage initiative, named the Hallett Battery Energy Storage System (BESS), is designed with an initial storage capacity of 50MW and a discharge capacity of up to 200MWh. It will have the capability to power approximately 81,000 homes and small businesses for up to four hours. The Hallett battery is expected to be operational as early as the beginning of 2026.

[Read more on our website.](#)

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