

9 to 15 March 2014

Weekly summary

Average daily prices ranged from \$3.85/GJ in Sydney to \$4.11/GJ in Brisbane. The average price in Brisbane was 19 per cent higher due to significantly lower prices in the previous week (close to the lowest price levels seen since the commencement of the hub).

Over forecasting of demand on Sunday and Monday in the Sydney hub (figure 2.1) saw the ex post price fall to \$2.81/GJ on both days. There was also around 10 TJ of increase MOS on Sunday and Tuesday. On Sunday, this was the result of a combination of changes to nominations and a number of individual participants under forecasting.

Long term statistics and explanatory material

The AER has published an [explanatory note](#) to assist with interpreting the data presented in its weekly gas market reports. The AER also publish a range of [longer term statistics](#) on the performance of the gas sector including gas prices, production, pipeline flows and consumer demand.

Market overview

Figure 1 sets out the average daily prices (\$/GJ) in the Victorian Declared Wholesale Market (**VGM or Victorian gas market**) and for the Sydney (**SYD**), Adelaide (**ADL**) and Brisbane (**BRI**) Short Term Trading Market hubs (**STTM**) for the current week compared to historical averages.

Figure 1: Average daily prices – all markets (\$/GJ)¹

	Victoria	Sydney	Adelaide	Brisbane
09 Mar - 15 Mar 2014	3.87	3.85	3.92	4.11
% change from previous week	-3	-6	3	19
13-14 financial YTD	3.97	4.14	4.49	5.13
% change from previous financial YTD	-12	-20	-12	-10

Figure 2 compares average weekly gas prices, ancillary market payments and scheduled injections against historical averages for the Victorian gas market.

Figure 2: Victorian gas market

	Price (\$/GJ)	Ancillary payments (\$000)*	BOD forecast demand quantity (TJ)
09 Mar - 15 Mar 2014	3.87	-	302
% change from previous week	-3	-	-7
13-14 financial YTD	3.97	-	517
% change from previous financial YTD	-12	-	-5

* Note: only positive ancillary payments, reflecting system constraints will be shown here.

¹ The weighted average daily imbalance price applies for Victoria.

More detailed analysis on the VGM is provided in section 1.

Figures 3 to 5 show average ex ante and ex post gas prices, Market Operator Service (MOS) balancing gas service payments together with the related daily demand quantities against historical averages for the Sydney, Adelaide and Brisbane STTM hubs, respectively.

Figure 3: Sydney STTM

	Ex ante price (\$/GJ)	Ex post price (\$/GJ)	MOS payments (\$000)	Ex ante quantity (TJ)	Ex post quantity (TJ)
09 Mar - 15 Mar 2014	3.85	3.72	5.91	208	205
% change from previous week	-6	-5	-13	8	9
13-14 financial YTD	4.14	3.99	11.28	234	230
% change from previous financial YTD	-20	-27	5	-2	-3

Figure 4: Adelaide STTM

	Ex ante price (\$/GJ)	Ex post price (\$/GJ)	MOS payments (\$000)	Ex ante quantity (TJ)	Ex post quantity (TJ)
09 Mar - 15 Mar 2014	3.92	3.94	2.49	37	38
% change from previous week	3	5	-57	-16	-14
13-14 financial YTD	4.49	4.49	15.79	66	66
% change from previous financial YTD	-12	-11	94	-3	0

Figure 5: Brisbane STTM

	Ex ante price (\$/GJ)	Ex post price (\$/GJ)	MOS payments (\$000)	Ex ante quantity (TJ)	Ex post quantity (TJ)
09 Mar - 15 Mar 2014	4.11	4.46	0.87	150	152
% change from previous week	19	32	-67	-8	-5
13-14 financial YTD	5.13	5.23	1.60	150	150
% change from previous financial YTD	-10	-8	-37	2	3

More detailed analysis of the STTM hubs is found in sections 2 to 4.

Section 5 provides analysis on production and pipeline flows on the National Gas Bulletin Board (**Bulletin Board**), as well as gas powered generation (**GPG**) volumes in each state.

Significant Market Events or Issues this week

Following recent record low demand levels in Adelaide², there were a number of low demand days this week which broke previous records.³ The quantity recorded on Sunday was a new record low

² Recent low demand in 2014: Friday 17 January (31.3 TJ scheduled, 31.7 TJ delivered), Saturday 18 January (29.9 TJ delivered), Saturday 1 February 2014 (29.36 TJ delivered), Saturday 8 March (28.7 TJ delivered).

³ Forecast low demand: new record low levels of gas were scheduled in Adelaide on a number of days this week (9 March – 28.95 TJ, 10 March – 28.18 TJ, 15 March – 30.7 TJ)

delivery in the ex post schedule (26.24 TJ), while Monday 10 March was a new record low scheduled/delivered quantity for a weekday in the hub (30.04 TJ).

On 12 to 14 March, there was planned maintenance work on the SEA Gas pipeline. This resulted in SEA Gas and Mortlake injections into the Victorian Declared Transmission System (DTS) being restricted to zero. As a result additional gas was delivered from Otway⁴ (18 TJ on Friday) and Iona Underground Storage (23-50 TJ/day), while BassGas also reduced to zero due to planned maintenance during the period (see figure 1.5). This also saw the Bulletin Board linepack capacity adequacy (LCA) flag for the SEAGas pipeline changed to amber⁵ over the period.

On 13 March the RBP pipeline returned to its full capacity of 206 TJ after the completion of maintenance work at Sandy Creek.

⁴ The Otway injection point has not been used to supply gas to the DTS since March 2012, with gas sourced from this region usually injected through the SEAGas injection point due to operational constraints.

⁵ An amber LCA flag indicates potential load shedding of one or more interruptible gas customers.

Detailed Market Analysis

9 - 15 March 2014

1 Victorian Declared Wholesale Market

In the Victorian gas market, gas is priced five times daily at 6 am, 10 am, 2 pm, 6 pm and 10 pm. However, the volume weighted gas price on a gas day tends towards the 6 am price which is the schedule at which most gas is traded.

The main drivers of price are demand forecasts together with bids to inject or withdraw gas from the market. For each of the five gas day pricing schedules, figures 1.1 to 1.4 below show the daily prices, demand forecasts⁶, and injection/withdrawal bids.⁷ Figure 1.5 provides information on which system injection points were used to deliver gas, in turn indicating the location and relative quantity of gas bids cleared through the market. Gas is priced five times daily (at 6 am, 10 am, 2 pm, 6 pm and 10 pm) when the first schedule and four reschedules apply, while the last 8-hour schedule has been separated into two 4-hour blocks for a consistent comparison with other scheduled injection volumes. The main drivers of price are demand forecasts and gas bids.⁸

Figure 1.1: Prices by schedule

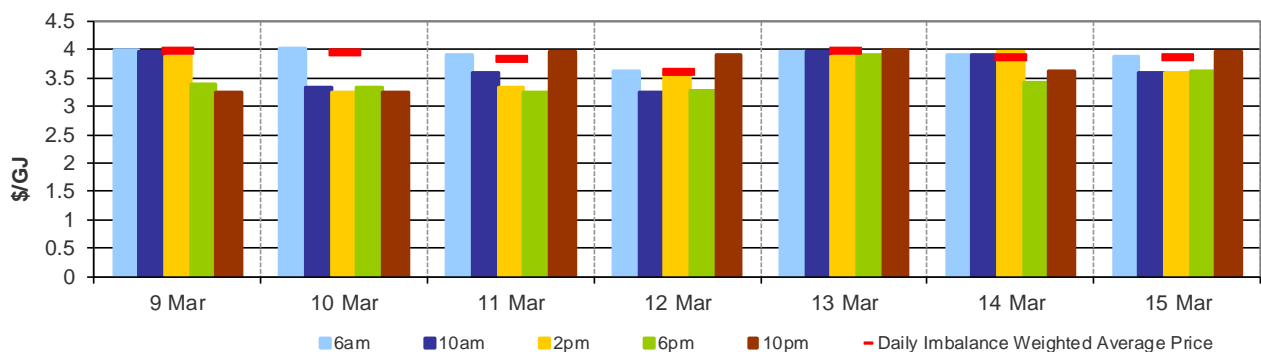
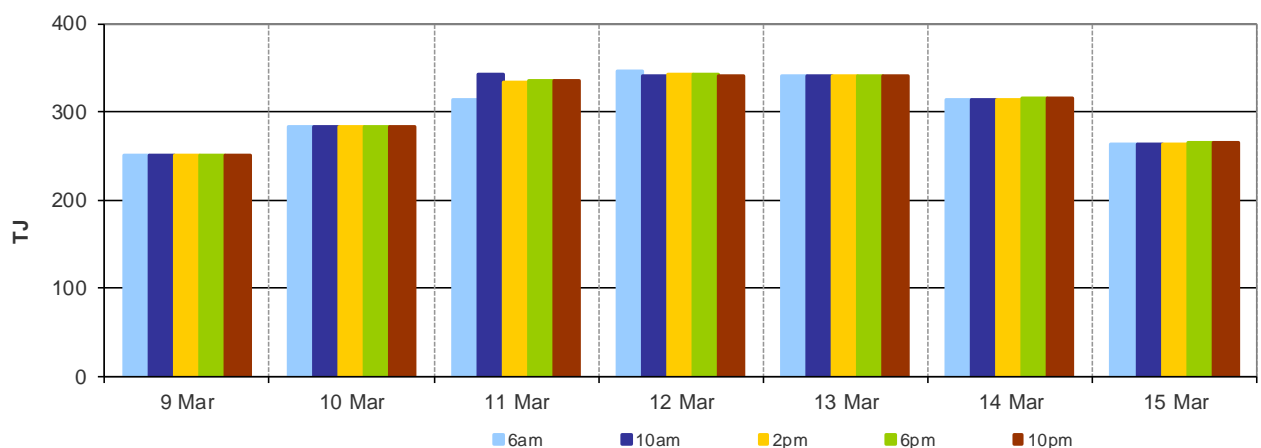


Figure 1.2: Demand forecasts



⁶ These are Market Participants' aggregate demand forecasts adjusted for any override as applied by AEMO from time to time. The main driver of the amount of gas scheduled on a gas day are these forecasts which are forecasts that cannot respond to price or in other words is gas delivered regardless of the price.

⁷ The price might also be affected by transmission or production (contractual) constraints limiting how much gas can be delivered from a locale or System Injection Point (SIP) from time to time.

⁸ The price might also be affected by transmission or production (contractual) constraints limiting how much gas can be delivered from a locale or SIP from time to time.

Figure 1.3: Injection bids by price bands

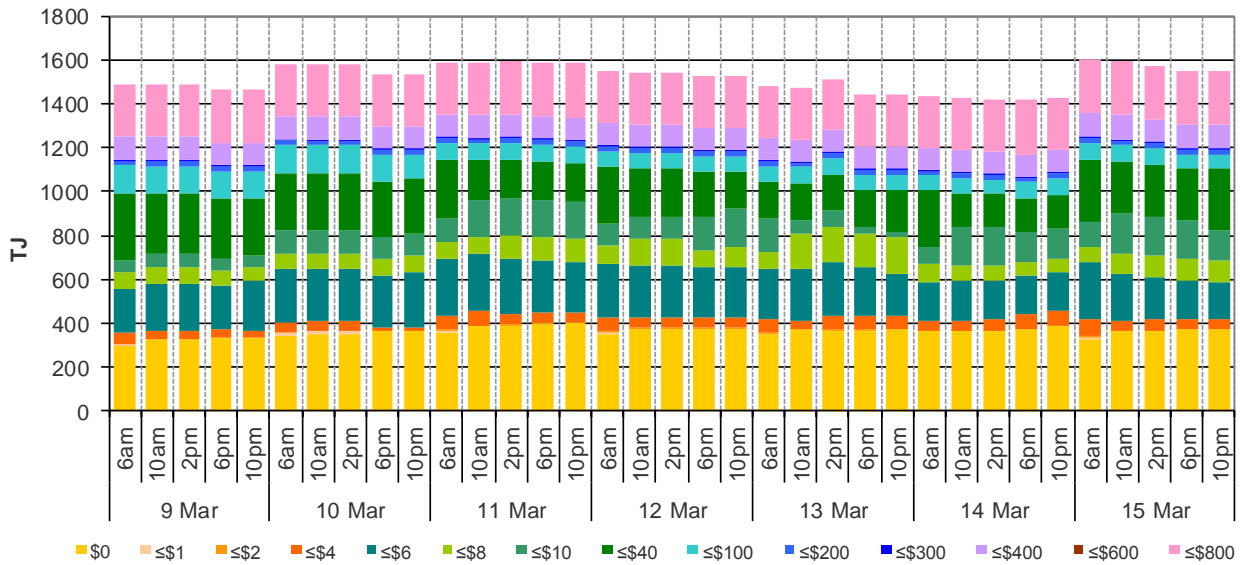


Figure 1.4: Withdrawal bids by price bands

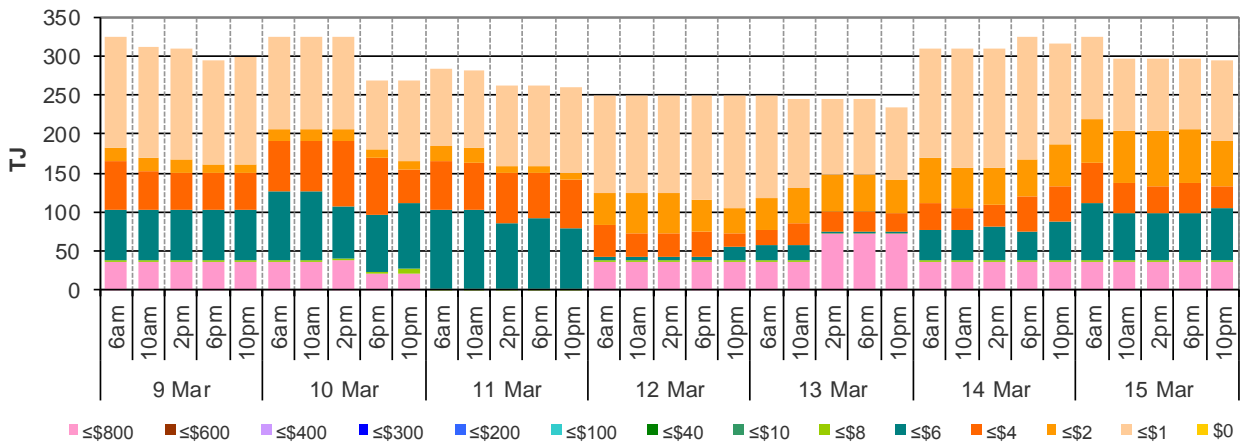
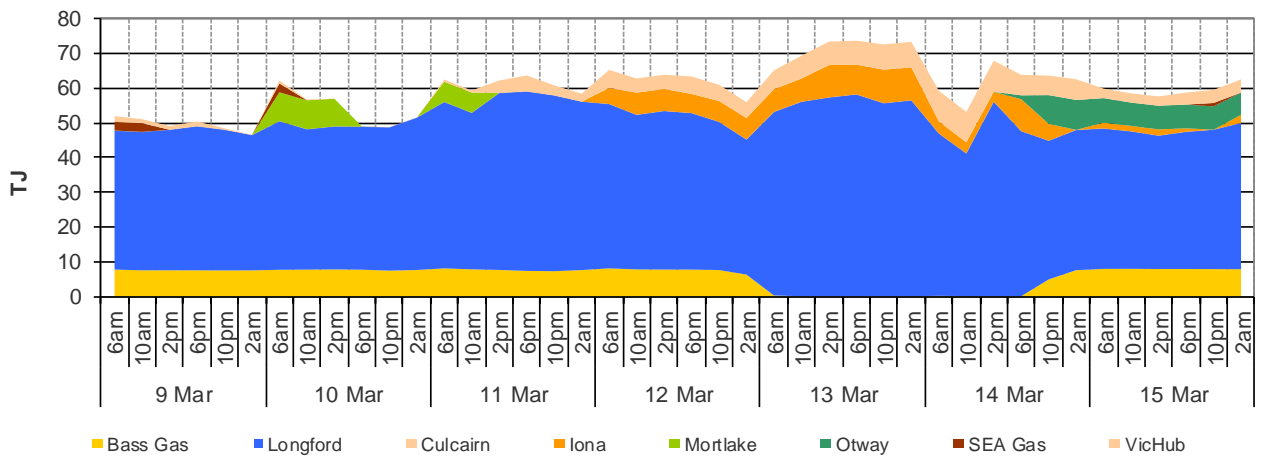


Figure 1.5: Metered Injections by System Injection Point



2 Sydney STTM

In each STTM hub, gas is priced once before each gas day (the ex ante price) and once after the gas day (the ex post price). The main drivers of ex ante and ex post prices are demand forecasts, together with participant offers and offers to inject or bids to withdraw gas traded through the hub.⁹ Prices before and after the gas day may also vary depending on how much gas is scheduled before the gas day (setting the ex ante price) and how much gas is consumed in the hub on a gas day (setting the ex post price).

Market Operator Service balancing gas (MOS) payments arise because the amount of gas nominated on pipelines for delivery on a gas day will either exceed or fall short, by some amount, of the amount of gas consumed in the hub. In such circumstances, MOS payments are made to participants for providing a service to park gas on a pipeline or to loan gas from a pipeline to the hub.¹⁰

Figures 2.1 and 2.2 show daily prices, demand, offers and bids. Figures 2.3 and 2.4 show gas scheduled and allocated on pipelines, indicating the location and relative quantity of gas offers across pipelines and also the amount of MOS allocated for each pipeline.

Figure 2.1: SYD STTM daily ex ante and ex post prices and quantities

	Sun	Mon	Tue	Wed	Thu	Fri	Sat
Ex ante price (\$/GJ)	3.32	3.90	3.91	3.16	4.30	4.15	4.20
Ex ante quantity (TJ)	197	214	197	215	216	225	190
Ex post price (\$/GJ)	2.81	2.81	4.20	3.70	4.89	3.34	4.27
Ex post quantity (TJ)	187	189	208	222	223	217	192

Figure 2.2 (a): Daily hub offers in price bands (\$/GJ)

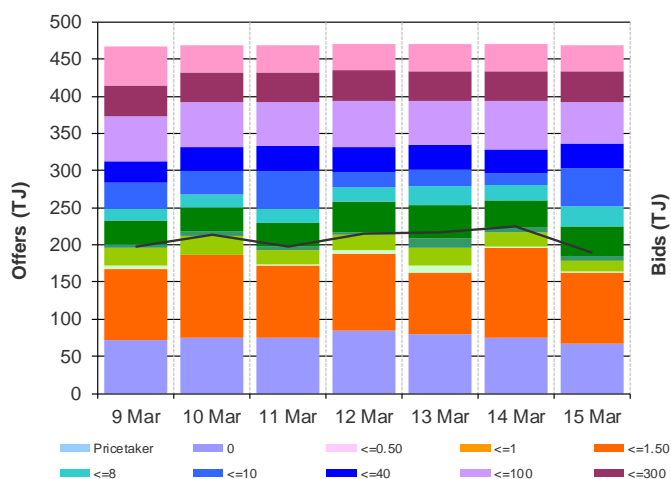
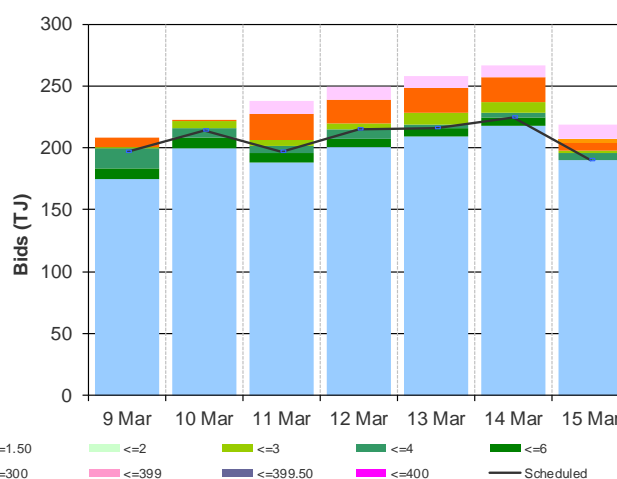


Figure 2.2 (b): Daily hub bids in price bands (\$/GJ)



⁹ The main driver of the amount of gas scheduled on a gas day is the ‘price-taker’ bid, which is forecast hub demand that cannot respond to price and which must be delivered, regardless of the price.

¹⁰ MOS service payments involve a payment for a MOS increase service when the actual quantity delivered exceeds final gas nominations for delivery to a hub, and a payment for a MOS decrease service when the actual quantity delivered is less than final nominations. As well as a MOS ‘service’ payment, as shown in figure 2.4, MOS providers are paid for or pay for the quantity of MOS sold into the market or bought from the market (MOS ‘commodity’ payments/charges).

Figure 2.3: SYD net scheduled and allocated gas volumes (excluding MOS) by STTM facility

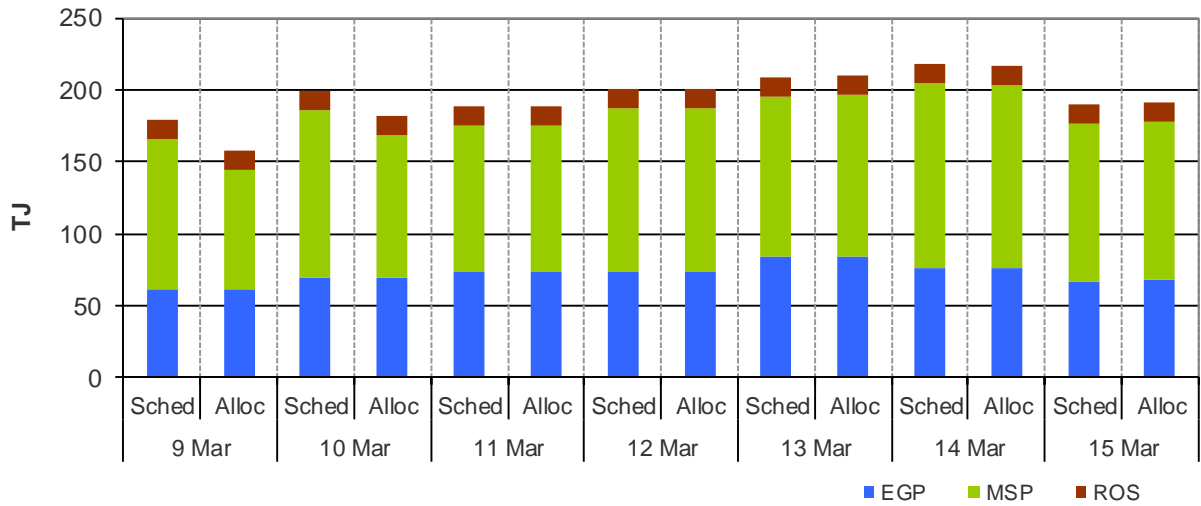


Figure 2.4 (a): SYD STTM MOS allocations (TJ)

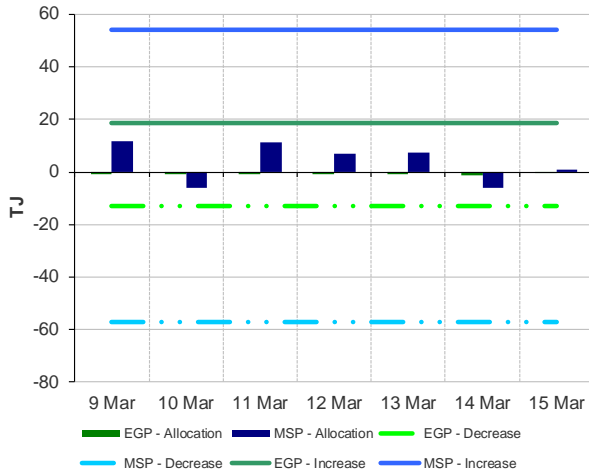
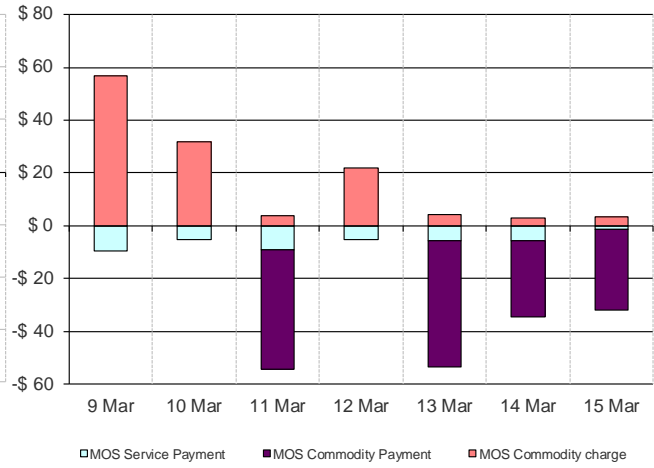


Figure 2.4 (b): Service payments and commodity payments/charges (\$000)



3 Adelaide STTM

The Adelaide STTM hub functions in the same way as the Sydney STTM hub. The same data that was presented for the Sydney hub is presented for the Adelaide hub in the figures below.

Figure 3.1: ADL STTM daily ex ante and ex post prices and quantities

	Sun	Mon	Tue	Wed	Thu	Fri	Sat
Ex ante price (\$/GJ)	3.87	3.60	3.62	4.12	4.12	4.12	4.00
Ex ante quantity (TJ)	29	29	44	44	44	40	31
Ex post price (\$/GJ)	3.60	3.87	3.62	4.12	4.12	4.12	4.11
Ex post quantity (TJ)	26	31	45	45	45	40	32

Figure 3.2 (a): Daily hub offers in price bands (\$/GJ)

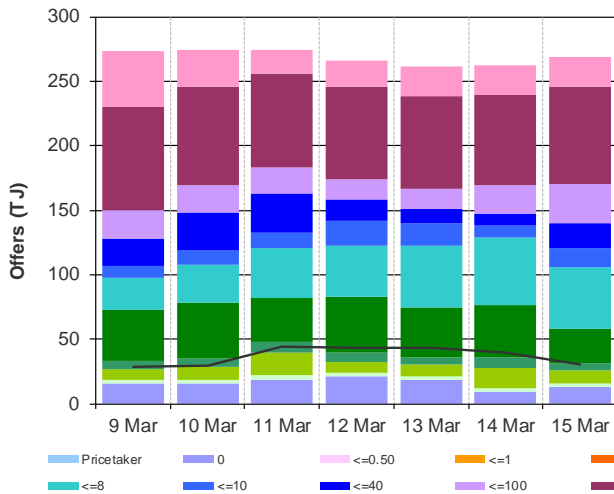


Figure 3.2 (b): Daily hub bids in price bands (\$/GJ)

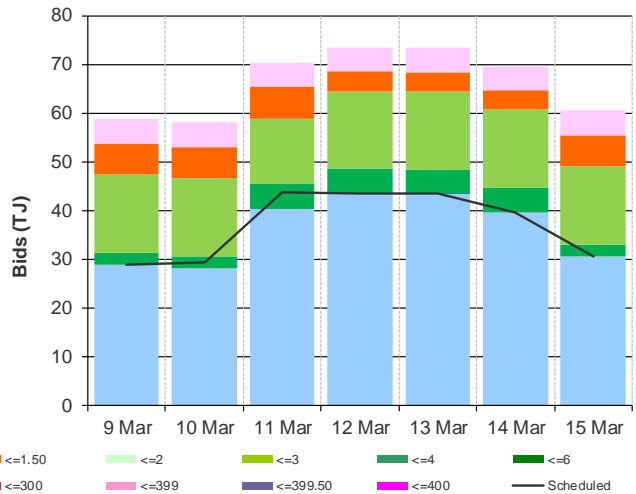


Figure 3.3: ADL net scheduled and allocated gas volumes (excluding MOS) by STTM facility

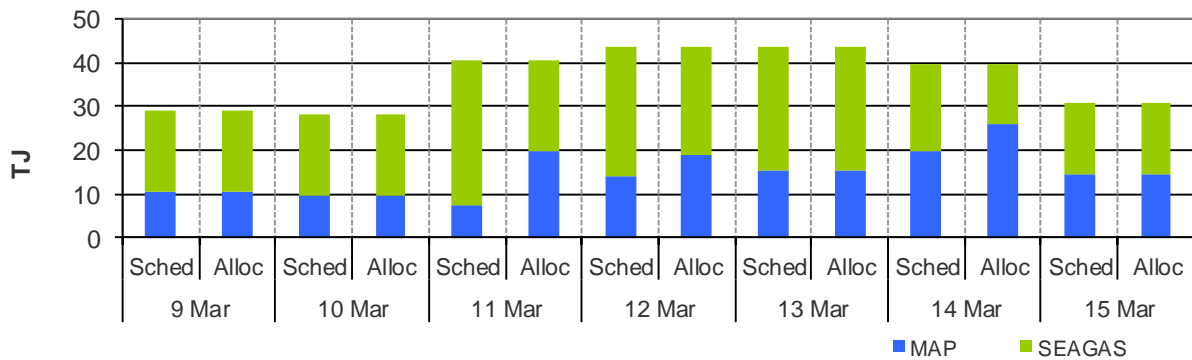


Figure 3.4 (a): ADL STTM MOS allocations (TJ)

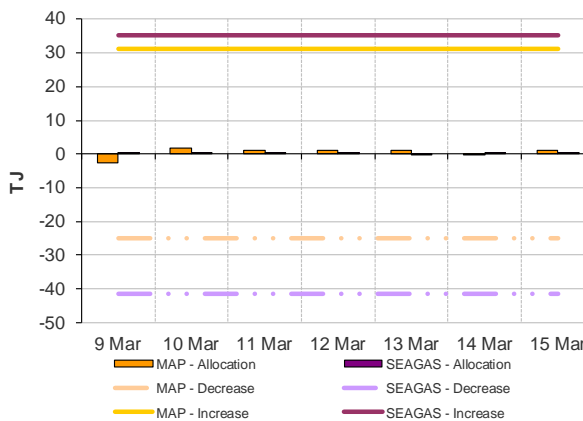
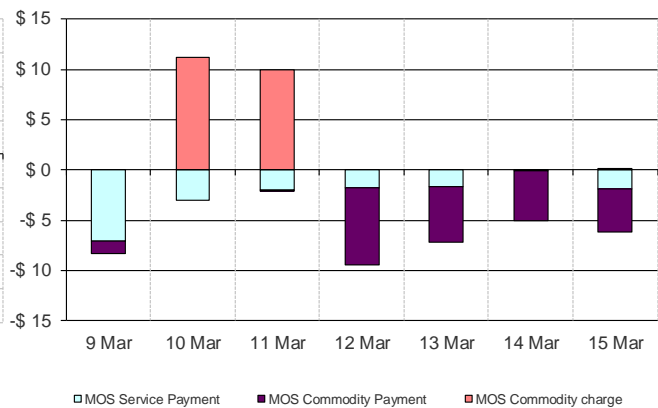


Figure 3.4 (b): Service payments and commodity payments/charges (\$000)



4 Brisbane STTM

The Brisbane STTM hub functions in the same way as the Sydney STTM hub. The same data that was presented for the Sydney hub is presented for the Brisbane hub in the figures below.

Figure 4.1: BRI STTM daily ex ante and ex post prices and quantities

	Sun	Mon	Tue	Wed	Thu	Fri	Sat
Ex ante price (\$/GJ)	4.50	3.55	3.98	3.97	4.31	4.31	4.14
Ex ante quantity (TJ)	133	145	161	153	161	159	139
Ex post price (\$/GJ)	4.50	5.90	3.75	4.50	4.31	4.14	4.11
Ex post quantity (TJ)	134	156	159	161	161	157	138

Figure 4.2 (a): Daily hub offers in price bands (\$/GJ)

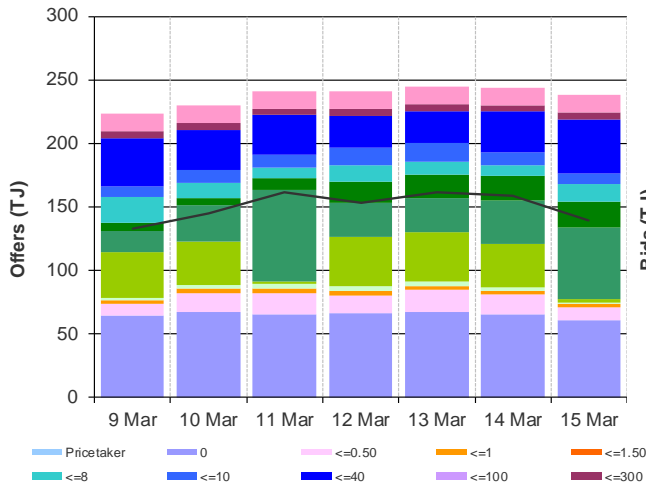


Figure 4.2 (b): Daily hub bids in price bands (\$/GJ)

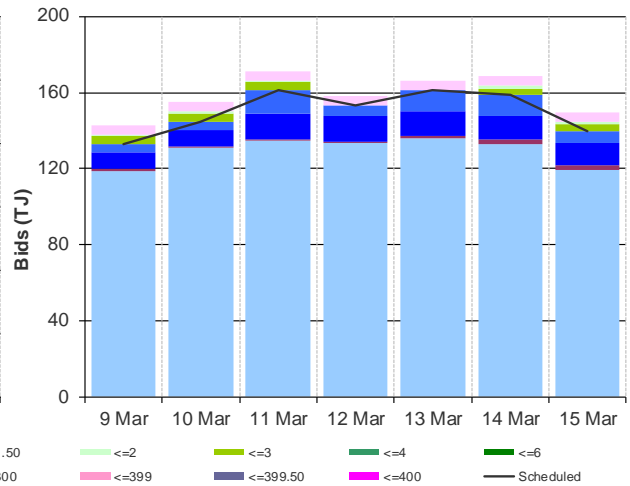


Figure 4.3: BRI net scheduled and allocated gas volumes (excluding MOS) by STTM facility

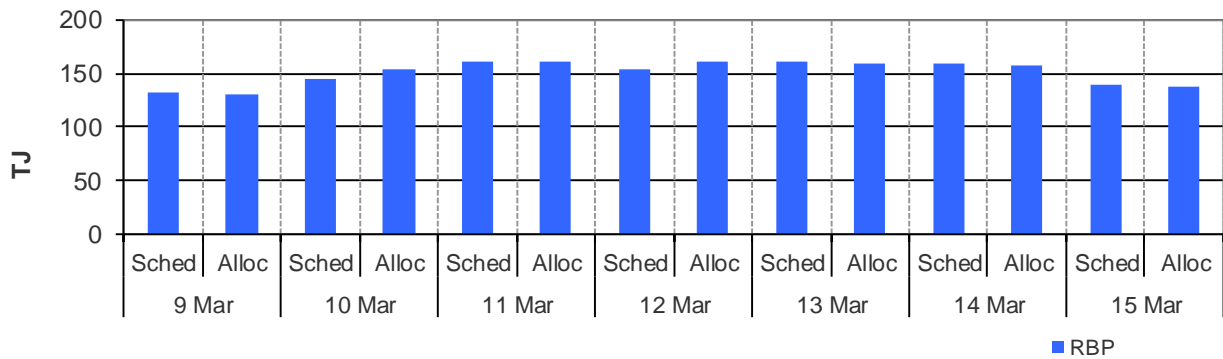


Figure 4.4 (a): BRI STTM MOS allocations (TJ)

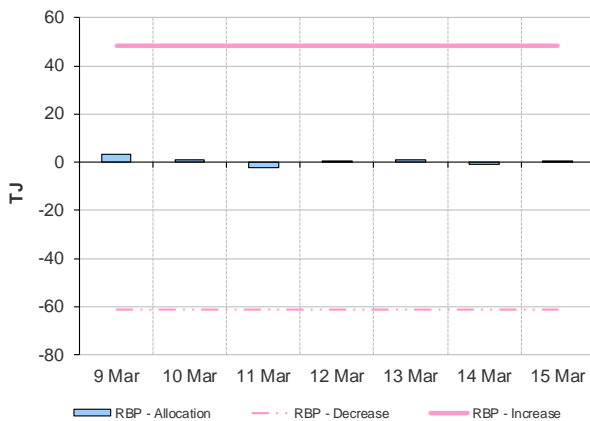


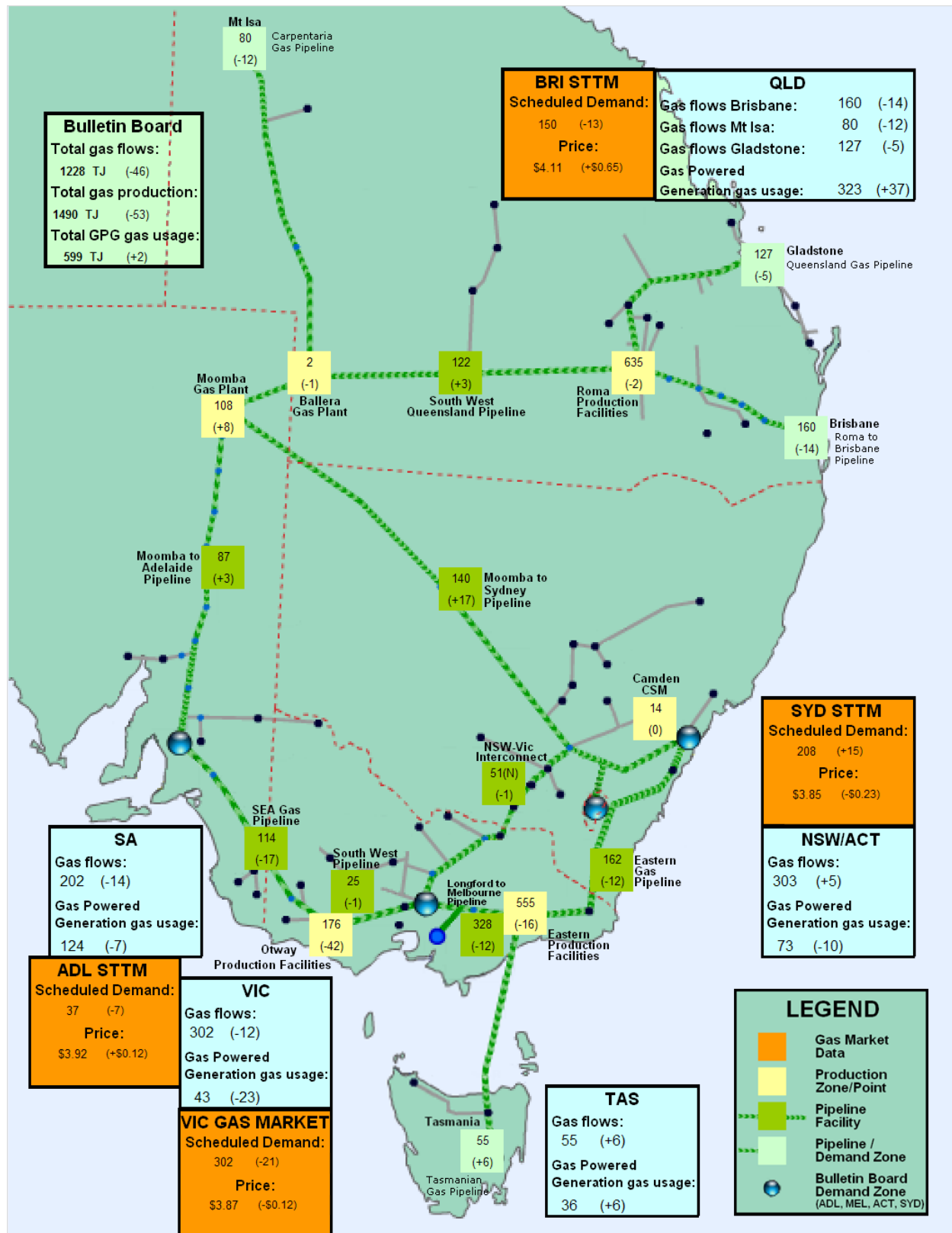
Figure 4.4 (b): Service payments and commodity payments/charges (\$000)



5 National Gas Bulletin Board

Figure 5.1 shows average daily actual flows for the current week in the aqua boxes¹¹ from the Bulletin Board (changes from the previous week's average are shown in brackets). Gas powered generation (GPG) gas usage is also shown in each region in the aqua boxes. In the orange boxes average daily scheduled volumes and prices for each gas market are provided.

Figure 5.1: Gas market data (\$/GJ, TJ); Production, Consumption and Pipeline flows (TJ)



¹¹ Regional Gas Flows: SA = MAP + SEAGAS, VIC = SWP + LMP – negative(NSW-VIC), NSW/ACT = EGP + MSP, TAS = TGP, QLD (Brisbane) = RBP, QLD (Mt Isa) = CGP, QLD (Gladstone) = QGP
GPG volumes include gas usage that may not show up on Bulletin Board pipeline flows.