

From: Mike Lauer
Sent: Monday, 19 March 2018 7:44 AM
Subject: Gas Available April 2018

Good morning all,

For the month of **April 2018** we anticipate having the quantities of gas set out below available for sale. You will appreciate that the Easter celebration means a shorter bidding period for **April** gas. You are invited to submit your offer, before **midday** (Perth Time) on **Friday the 23rd of March**, if you wish to purchase all or part of this gas, quoting the volume of gas that you wish to purchase and the price at which you are prepared to complete the purchase. We will advise successful buyers by **COB** (Perth Time) on **Friday the 23rd of March** and complete contracts from the **23rd** to the **27st** of **March**.

Market Dynamics

As at the 15th of **March** we are on track to trade 115 TJ of gas (On Market) for the month of **March**. This volume is well down on the final volumes traded in **February** (191 TJ) and is also down on the anticipated **March** sales volume of **124 TJ**. The decrease in **March** traded volumes reflects the shrinkage of the spot market as gas sellers cut price and offer greater off take flexibility to consolidate market share. Aggressive marketing of competitively priced and flexible firm gas contracts has seen a number of buyers leave the spot market since the end of December 2017. That pattern continued in **March**. There have been minimal Off Market spot sales in **March**. Agora Gas is the only seller active in the market in **March**.

We do not expect the slide in sales volumes we observed in **January, February and March** to turn around until Sellers satiate their hunger for market share or until Buyers place value in the transparency, and the absence of take or pay obligations, in the spot market. The period since the end of 2017 has marked a very dynamic phase for the market. As a result of this dynamism we are unable to foreshadow how the market might behave in the next few months. While the lower limit on the size of near term spot sales is unknown the upper upside for traded volumes is limited only by demand. There may be some further softening in spot price but we do not anticipate that the price at which gas is supplied to the market will soften too much further. There are no supply side disturbances anticipated in **April** of which we are currently aware.

In our July 2017 Invitation we outlined the position we will take in circumstances where the spot market comes under attack, we commend that advice to you. In summary, we believe that the real time transparency of market data and the no take or pay trading environment in the gasTrading Spot Market is of value to all market participants and that we will not react to attacks on the market in any way that will undermine the truly spot character of that market.

The offer price range in **March** was \$0.20 per GJ, from \$3.55 to \$3.75 per GJ. The bid range is narrowing as buyers recognise that the softening in the spot gas price is slowing down and because of the stability of the market. The Back Up Gas Price was offered to two contracts in **March**, and was accepted by one. No contract was written in **March** below \$3.65 per GJ. The **March** Back Up Gas Price is \$3.65 per GJ.

The currently anticipated average **March** On Market price is \$3.68 per GJ (as at the 15th of **March**). This average is down on the \$3.72 per GJ average **February** price and is one cent above the **March** average price anticipated when the market was set at the start of the month (\$3.67 per GJ).

Buyers and sellers continue to use the gasTrading Spot Market as part of their everyday gas supply planning. Recent shifts in the terms of firm gas supply contracts are impacting activity in the spot market. These more flexible firm contract terms are proof that market share, rather than certainty of sales volumes and price, is driving sellers of firm

gas in the current market. The average spot market price may fall a little further but we anticipate that it does not have much more to give up. Where the market moves later in 2018 is an unknown at this time. The decline in the Back Up Gas Price confirms the further softening of the market but no reduction in the Back Up Gas Price is expected in April. We will publish the Back Up Gas Price for April with the Bidding Round Results Summary.

The table below summarises Agora Gas’ On Market and Off Market spot gas sales since **February 2017**.

| | On Market | Off Market | Total | |
|--------------|------------------|-------------------|--------------|---------------------|
| Month | (TJ) | (TJ) | (TJ) | Comment |
| Mar-17 | 308.747 | 0.000 | 308.747 | |
| Apr-17 | 190.083 | 0.000 | 190.083 | |
| May-17 | 173.800 | 0.000 | 173.800 | |
| Jun-17 | 237.450 | 0.000 | 237.450 | |
| Jul-17 | 214.600 | 0.000 | 214.600 | |
| Aug-17 | 213.800 | 0.000 | 213.800 | |
| Sep-17 | 174.800 | 0.000 | 174.800 | |
| Oct-17 | 240.900 | 0.000 | 240.900 | |
| Nov-17 | 322.902 | 0.000 | 322.902 | |
| Dec-17 | 372.300 | 2.000 | 374.300 | |
| Jan-18 | 168.700 | 1.000 | 169.700 | |
| Feb-18 | 192.755 | 1.000 | 193.755 | |
| Mar-18 | 57.100 | 1.000 | 58.100 | <i>:to 15 March</i> |

Agora Gas continues to seek out the most attractive sources of Back Up Gas to ensure the market remains liquid and competitively priced. Agora Gas is currently expected to be the only market seller in **April** as a result of changes to seller participation in the market in 2017.

We will publish the summary results of the **April 2018 Bidding Round** on or before the **1st of April** on the web site link below.

Market Update

The results of the **March 2018 Bidding Round**, and the gasTrading Spot Market history to **February 2018**, can be found at <http://www.gastrading.com.au/spot-market/historical-prices-and-volume>

We have continued strong supply side support for the market. This support is currently looking for Buyer offer prices at and above \$3.65 per GJ. To understand bidding behavior it is worth remembering that gas is allocated first to the top of the bid stack and available supplies are allocated in a cascade down the bid stack.

At this time the indicated volumes available for **April 2018** are in line with the volumes offered in the **March** Invitation. Given that this gas will be procured for the market by Agora Gas’ Off Market purchases, these volumes are very price sensitive and will increase or decrease in response to offers received. Additional gas volumes can be brought into the market on any day above those quoted in the table.

In **March**, to the 15th, 100% of daily contract volumes were filled in all price quartiles of the market.

| Gas Available April 2018 | |
|---------------------------------|--------------------|
| Date | Quantity TJ |

| | |
|------------|------|
| 1/04/2018 | 8.00 |
| 2/04/2018 | 8.00 |
| 3/04/2018 | 8.00 |
| 4/04/2018 | 8.00 |
| 5/04/2018 | 8.00 |
| 6/04/2018 | 8.00 |
| 7/04/2018 | 8.00 |
| 8/04/2018 | 8.00 |
| 9/04/2018 | 8.00 |
| 10/04/2018 | 8.00 |
| 11/04/2018 | 8.00 |
| 12/04/2018 | 8.00 |
| 13/04/2018 | 8.00 |
| 14/04/2018 | 8.00 |
| 15/04/2018 | 8.00 |
| 16/04/2018 | 8.00 |
| 17/04/2018 | 8.00 |
| 18/04/2018 | 8.00 |
| 19/04/2018 | 8.00 |
| 20/04/2018 | 8.00 |
| 21/04/2018 | 8.00 |
| 22/04/2018 | 8.00 |
| 23/04/2018 | 8.00 |
| 24/04/2018 | 8.00 |
| 25/04/2018 | 8.00 |
| 26/04/2018 | 8.00 |
| 27/04/2018 | 8.00 |
| 28/04/2018 | 8.00 |
| 29/04/2018 | 8.00 |
| 30/04/2018 | 8.00 |
| NA | |

240.00

Regards
Mike Lauer



Phone Perth: 08 9228 1930
Fax Perth: 08 9228 1932
Phone Melb: 03 9614 8489
Fax Melb: 03 9614 3786
Mobile: 04 1788 4670

E-mail: mike@gastrading.com.au

Perth Office: Suite 1, 160 Newcastle Street Perth WA 6000

Melb Office: Level 8, 10 Queen Street, Melbourne Vic 3000

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