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Sent: Monday, 19 November 2018 8:08 AM

Subject: gasTrading Spot Market™ - December 2018 Invitation

Good Morning All,

For the month of **December 2018**, we anticipate having the quantities of gas set out below available for sale. You are invited to submit your offer, before **close of business** (Perth Time) on **Monday the 26th of November**, if you propose 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 **midday** (Perth Time) on **Tuesday the 27th of November** and complete contracts from the **27th** to the **30st of November**.

Market Dynamics

As at the 15th of **November** we are on track to trade 131 TJ of gas (On Market) for the month of **November**. This volume is around 25% up on the final volumes traded in **October** (104 TJ) and is a little below the anticipated **November** sales volume of 136 TJ.

The lower trading volumes seen since March 2018 reflect the contraction of the spot market as gas sellers cut price, and offer greater off take flexibility, to capture increased market share. Aggressive marketing of gas at competitive prices, with increased flexibility in the offtake obligations, has seen a number of buyers leave the gasTrading Spot Market™ (at least temporarily) since the end of February 2017. The gasTrading Spot Market™ contraction seems to have stopped for the moment and the recent entry of new gas buyer to the market has increased the traded volumes. There has also been an increase in Off Market spot sales in **November**. Agora Gas was joined in the gasTrading Spot Market™ by a second gas seller in June **and a third seller has entered the market in November**. Both new sellers are active in the market.

We expect sales volumes to remain at current levels or to lift further in December, off the recent low base. The period since the end of 2017 has marked a very dynamic phase for the market. Even seeing the first signs of increased sales volumes it is difficult to confidently predict how market demand might behave in the next few months. While the lower limit on the size of our near term spot sales is unknown the upside for traded volumes is limited only by demand, since substantial volumes of gas are available. We do not anticipate that the price at which gas is supplied to the market will soften much further. Varanus Island is affected by planned maintenance early in **December 2018** but no maintenance driven supply side disturbance in the market is foreshadowed at this time. The Telfer Gas Pipeline is subject to planned maintenance, also in early December, with an indicated restriction of capacity.

The offer price range in **October** was \$0.11 per GJ, from \$3.32 to \$3.42 per GJ, as one buyer tested the bottom of the price range. This is a larger offer price range than we have seen in the market recently but it is consistent with the October offer price range. All but two of the November offer prices fell within a \$0.04 per GJ price range (\$3.39 to \$3.42) reflecting recent tight market bidding behavior. The Back Up Gas Price was offered to, and accepted by, the low price bidder in **November**. No contract was written in **November** below \$3.39 per GJ. The **November** Back Up Gas Price is \$3.41 per GJ.

The currently anticipated average **November** On Market price is \$3.41 per GJ (as at the 15th of **November**). This average is identical to the \$3.41 per GJ average **October** price and the **November** average price anticipated when the market was set at the start of the month.

Buyers and sellers active in the market continue to use the gasTrading Spot Market for everyday gas supply planning and for take or pay risk management. Recent shifts in the terms of other gas supply contracts have impacted on the level of buyer activity in the gasTrading Spot Market™. The availability of more flexible firm and spot contract terms are proof that the desire for market share, rather than certainty of sales volumes and price, is driving gas sellers in the current market. We do not anticipate that the spot price will decline further. Where the demand side of the market moves as 2018 draws to a close and we launch into 2019 is an unknown at this time although there are signs that traded volumes may increase. The Back Up Gas Price is not expected to change in **December**. We will publish the Back Up Gas Price for **December** with the Bidding Round Results Summary.

The table below summarises Agora Gas' On Market and Off Market spot gas sales since **November** 2017. The decline in Agora Gas' traded volumes since March 2018 reflects the shrinkage of the market and winter demand levels and the sharp decline since June reflects that the fact that a second seller entered the market in June. The entry of a third seller to the market in November will see a further dilution of Agora's sales to the market (even though the volumes of gas traded in the market n-may be higher).

	On Market	Off Market	Total	
Month	(TJ)	(TJ)	(TJ)	Comment
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	110.700	1.800	112.500	
Apr-18	105.000	1.500	106.500	
May-18	119.400	3.400	122.800	
Jun-18	69.843	0.000	69.843	
Jul-18	52.900	1.700	54.600	
Aug-18	53.280	2.200	55.480	
Sep-18	48.640	1.130	49.770	
Oct-18	53.700	2.100	55.800	
Nov-18	29.991	5.800	35.791	<i>:to 15 November</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 one of at least three gasTrading Spot Market™ sellers in **December**.

We will publish the summary results of the **December 2018 Bidding Round** on or before the **30th** of **November** on the web site link below.

Market Update

The results of the **November 2018 Bidding Round**, and the gasTrading Spot Market™ history to **October 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 \$3.41 per GJ. To understand buyer bidding behavior it may be helpful to note that gas is allocated first to the top of the bid stack and available supplies are allocated in a cascade down the bid stack.

The indicated volumes available for **December 2018** have increased over the volumes offered in the **November** Invitation. However, given that a significant portions of this gas will still 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 from buyers. Additional gas volumes can be brought into the market above those quoted in the table.

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

gasTrading continues to build its gasTrading Sport Market™ book out of the Northern Territory and Queensland and has signed up its first participants. If this market development interests you and we have not made contract please give Allan or me a call. If this market development might interest a related operation or an associate please pass on this invitation.

To this end Agora Gas completed its first off market spot trade in the Northern Territory in November.

Gas Available December 2018	
Date	Quantity TJ
1/12/2018	7.10
2/12/2018	7.10
3/12/2018	7.10
4/12/2018	7.10
5/12/2018	7.10
6/12/2018	7.10
7/12/2018	7.10
8/12/2018	7.10
9/12/2018	7.10
10/12/2018	7.10
11/12/2018	7.10
12/12/2018	7.10
13/12/2018	7.10
14/12/2018	7.10
15/12/2018	7.10
16/12/2018	7.10
17/12/2018	7.10
18/12/2018	7.10
19/12/2018	7.10
20/12/2018	7.10
21/12/2018	7.10
22/12/2018	7.10
23/12/2018	7.10
24/12/2018	7.10
25/12/2018	7.10

26/12/2018	7.10
27/12/2018	7.10
28/12/2018	7.10
29/12/2018	7.10
30/12/2018	7.10
31/12/2018	7.10

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Regards
Mike Lauer