

**From:** Mike Lauer <[mike@gastrading.com.au](mailto:mike@gastrading.com.au)>

**Sent:** Monday, 18 March 2019 1:05 PM

**Subject:** gasTrading Spot Market™ April Gas Market Invitation

Good Afternoon All,

For the month of **April 2019** 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 25<sup>th</sup> of March 2019**, if you propose to purchase all or part of this gas, quoting the indicative daily volumes 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 **start of business** (Perth Time) on **Tuesday the 26<sup>th</sup> of March** and complete contracts from the **26<sup>th</sup>** to the **29<sup>th</sup> of March**.

### **Market Dynamics**

As at the 15<sup>th</sup> of **March** we are on track to trade 136 TJ of gas (On Market) for the month of **March 2019**. This volume is higher than the final volumes traded in **February** (124 TJ) but down on the anticipated **March** sales volume of 153 TJ. The shortfall appears to reflect unplanned load reductions/maintenance.

The lower trading volumes which manifest in March 2018 (as a result of gas sellers cutting price, and offering greater off take flexibility, to capture increased market share) appears to be slowly turning around. Aggressive marketing of gas at competitive prices, with increased flexibility in the offtake obligations, saw a number of buyers leave the gasTrading Spot Market™ (at least temporarily) early in 2018. The drop in the January and February gasTrading Spot Market™ price has stimulated revived interest in the market. Perhaps some of those buyers who left the gasTrading Spot Market™ last year have found themselves stranded on 2018 prices. The gasTrading Spot Market™ contraction halted by the middle of last year and is now turning around. The entry of new gas buyers to the market since October 2018 has lifted traded volumes modestly above earlier lows. Agora Gas was joined in the gasTrading Spot Market™ by a second gas seller in June and a third seller entered the market in November. One of those sellers left the market in mid-March having achieved its portfolio management objectives.

We expect sales volumes to remain at current levels or to lift further in **April 2019**. The period since the end of 2017 has marked a dynamic phase for the market. While we still find it difficult to predict how market demand might behave in the next few months we are anticipating an upswing. 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. The price at which gas is supplied to the market softened in January and remained generally at that level in February and March. In the absence of a significant lift in demand, the cost of gas is not expected to move much in coming months. Macedon capacity will be marginally down on nameplate capacity in April and Pluto production will be 0.0 (down from small recent volumes) from the 20<sup>th</sup> to 30<sup>th</sup> of April. The Goldfields Gas Pipeline and Telfer Gas Pipeline have planned maintenance 24 and 25 April (Paraburdoo CS) and 4, 5 and 6 April (Boodarie CS), both of which will reduce capacity. At this time, however, there is no notification that maintenance driven supply side disturbance is anticipated in March.

The offer price range in **March 2019** was \$0.30 per GJ, from \$3.00 to \$3.30 per GJ, up on recent months, as buyers continued to react to the drop in the Back Up Gas Price in January and continue to search for the bottom of the market price range. The narrow offer price range (seen for the last year) reflects the market's stability in this period. There were three **March 2019** price offers below the Back Up Gas Price. One seller declined to participate in these sales and the remaining sellers

accepted the sales for the March (only). Since these sales were covered by the market the Back Up Gas Price did not come into play in **March**. No contract was written in **March** below \$3.00 per GJ. The **March** Back Up Gas Price remained steady at \$3.19 per GJ.

The currently anticipated average **March** On Market price is \$3.20 per GJ (as at the 15<sup>th</sup> of **March**). This average is down seven cents on the \$3.27 per GJ average **February** price and is equal to the **March** 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 to manage take or pay risk. The 2018 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. Where the demand side of the market moves in 2019 is not clear at this time although there are signs that traded volumes may be on the increase. Agora Gas returned to the market in December for Back Up Gas and delivered an anticipated reduction in the Back Up Gas Price. 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 **March** 2018. The decline in Agora Gas' traded volumes since March 2018 reflects the shrinkage of the market and the sharp declines in Agora Gas spot sales in June and December reflect the fact that a second and then a third gas seller entered the market on each occasion. These new sellers are entitled to an equal share of the market. The Off Market spot sales in November and December 2018 did not carry over to 2019.

	<b>On Market</b>	<b>Off Market</b>	<b>Total</b>	
<b>Month</b>	<b>(TJ)</b>	<b>(TJ)</b>	<b>(TJ)</b>	<b>Comment</b>
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	60.481	42.600	103.081	
Dec-18	48.900	68.730	117.630	
Jan-19	36.150	4.000	40.150	
Feb-19	39.099	5.900	44.999	
Mar-19	16.858	2.000	18.858	<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 returned to the market in December for Back Up Gas. Agora Gas is currently expected to be one of at least two gasTrading Spot Market™ sellers in **April**.

We will publish the summary results of the **April 2019 Bidding Round** on or before the **29<sup>st</sup> of March** on the web site link below.

### **Market Update**

The results of the **March 2019 Bidding Round**, and the gasTrading Spot Market™ history to **February 2019**, 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 \$3.20 per GJ. To understand buyer bidding behaviour 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 daily volumes available for **April 2019** are inline with the volumes offered in the **March 2019** Invitation. However, given that a significant portion of 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 from buyers. Additional gas volumes can be brought into the market above those quoted in the table.

In **March 2019**, to the 15<sup>th</sup>, 100% of daily contract volumes were filled in all price quartiles of the market.

**gasTrading is working to build its gasTrading Sport Market™ book out of the Northern Territory and Queensland and has signed up its first participants. Agora Gas made its first Northern Territory Off Market spot trades in November. The Northern Gas Pipeline is now operating although those operations are still settling down. If the development of an east coast spot market 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.**

**Gas Available April 2019**

<b>Date</b>	<b>Quantity TJ</b>
1/04/2019	6.00
2/04/2019	6.00
3/04/2019	6.00
4/04/2019	6.00
5/04/2019	6.00
6/04/2019	6.00
7/04/2019	6.00
8/04/2019	6.00
9/04/2019	6.00
10/04/2019	6.00
11/04/2019	6.00
12/04/2019	6.00
13/04/2019	6.00
14/04/2019	6.00
15/04/2019	6.00
16/04/2019	6.00
17/04/2019	6.00
18/04/2019	6.00
19/04/2019	6.00
20/04/2019	6.00
21/04/2019	6.00
22/04/2019	6.00
23/04/2019	6.00
24/04/2019	6.00
25/04/2019	6.00
26/04/2019	6.00
27/04/2019	6.00
28/04/2019	6.00
29/04/2019	6.00
30/04/2019	6.00
<b>NA</b>	

---

**180.00**

Regards  
Mike Lauer