

Good morning All,

For the month of **June 2020** 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 25th of May**, if you would like to offer to purchase all or part of this gas, quoting the indicative daily volumes of gas that you wish to purchase and the Offer Price at which you are prepared to complete the purchase. We will advise successful buyers by **midday** (Perth Time) on **Tuesday the 26th of May** and complete contracts from the **26th** to the **31th of May**.

Market Dynamics

As at the 15th of **May** we are on track to trade over **740 TJ** of gas (On Market), and **57 TJ** of gas (Off Market), for the month of **May 2020**. This volume again consolidates the increased On Market volumes traded since February and is **up 127%** on **April's** final On Market trading volume (**326 TJ**) and **up 86%** on the anticipated **May** sales volume of 397 TJ. The **May** increase in traded volumes is a step up in the organic growth seen in the last few months. Off Market sales volumes were strong at the start of the month but are expected to decline in the second half. So far gasTrading has been able to satisfy the growth in traded volumes, both On and Off Market, without significant price pressure.

The turnaround in traded volumes which started in 2019 has really picked up momentum in April and May. This may be due, in part, to Buyers responding to low gas market prices and positioning themselves to take advantage of low spot gas prices, as older agreements end and buyers contract for take or pay gas at lower levels. It may also reflect the growing acceptance of the market. While this growth is a good sign for the market there is no expectation that the market will continue to trade the May volumes into the second half of 2020. However, we are encouraged by the recent increase in traded volumes to believe that we are delivering a valuable service to the market. This is, therefore, an appropriate time for gasTrading to thank all those buyers and sellers who have supported us in our efforts to develop a viable trade in spot gas in Western Australia. We hope, with your continued support, to deliver a service to the market that generates value to both buyers and sellers.

The gasTrading Spot Market™ Back Up Gas Prices **in May** is down 2% on **April**, to \$2.11 per GJ.

We anticipate that traded volumes may be a little volatile in the short term (following the increase in May volumes) but that overall traded volumes will return to recent levels, perhaps picking up a modest organic growth trend. Traded volumes are still exposed to the threat of aggressive offers of supply from sellers who are keen to capture market share.

For the first trading month since its inception the gasTrading Spot Market™ is not limited by demand alone. Although the increased demand has been met, there are now supply side constraints affecting the market on at least some days. The price at which gas is supplied to the market has stabilised and the Back Up Gas Price, which fell consistently throughout 2019 on each occasion Agora Gas has engaged the market to source additional Back Up Gas, is holding in the \$2.10-2.15 range for the moment. In the absence of a significant lift in demand or supply shortage, our view remains that there appears to be little pressure to increase the price of Back Up Gas. While, at this time, we expect the Back Up Gas Price to remain in the current range in June there is currently some upward pressure on prices going forward. We anticipate an increase in volatility being associated with any emerging price pressure.

Planned Outages

Facility	Start Date	End Date	Nameplate Capacity	Description	Available Capacity
Macedon	1/06/2020	30/06/2020	213	No change	200
Varanus Island	3/06/2020	5/06/2020	297	Planned Maintenance	140
Beharra Springs	15/06/2020	18/06/2020	18	Maintenance Shutdown	0
Goldfields Gas Pipeline	23/06/2020	23/06/2020	203	Planned Maintenance at Wyloo CS	181
Goldfields Gas Pipeline	24/06/2020	24/06/2020	203	Planned Maintenance at Wyloo CS	181

Source WA AEMO GBB - Data Downloaded 1.00 PM 18 May 2020

The Offer Price range remained stable again in **May 2020**, at \$0.25 per GJ, with the range from \$1.95 to \$2.20 per GJ. Five **May** offers were below the Back Up Gas Price as Buyers tested for the bottom of the market. Two of these Buyers were offered, and accepted, the Back Up Gas Price in **May**. No contract came into effect in **May** at a price below \$2.10 per GJ.

The currently anticipated average **May** On Market price is \$2.13 per GJ (as at the 15th of **May**). This average is down 1.5% on the \$2.16 per GJ average **April** price and is the **May** average price anticipated at the start of the month. This average price is down \$0.32 per GJ since the beginning of the year.

Buyers and sellers active in the market are increasing their reliance on the gasTrading Spot Market™ for everyday gas supply and portfolio planning and for the management of take or pay risk. The 2018 shifts in the terms of other short term gas supply contracts impacted on the level of buyer activity in the gasTrading Spot Market™ but this impact has well and truly turned around. The 2018 push by gas producers to capture market share has not re-emerged in response to recent the gasTrading Spot Market™ growth. Where the demand side of the gasTrading Spot Market™ trends as we move further into the middle of 2020 will depend in part on how other short contract gas sellers react to growth in the gasTrading Spot Market™ and, given recent events perhaps, the outworking of the Corvid-19 crisis. At this time we have not seen any Covid-19 impact on the market. In the absence of an attack on market share, there are signs that traded volumes are on the increase. Agora Gas continues to engage the market seeking Back Up Gas. This process of re-contracting, to top up supplies of Back Up Gas, has so far delivered a material reduction in the Back Up Gas Price, down from \$3.19 per GJ (April 2019) to \$2.11 per GJ in **May 2020**. The quantity of gas available at the current Back Up Gas Price is generally sufficient to meet the market requirements but, as noted above, supply side constraints are now coming into play on at least some days. We will publish the Back Up Gas Price for **June 2020** with the Bidding Round Results Summary. If volumes remain high it is possible that the Back Up Gas Price will need to be adjusted intra month, that has only happened in one previous trading period.

The table below summarises Agora Gas' On Market and Off Market spot gas sales since **May** 2019. The volumes at the start of the period reflect the fact that other seller were participating in the market. Recent volumes reflect the continuing market growth and the fact that Agora Gas has recently been the only seller in the market. (Each seller in the market, is entitled to an equal share of all sales.) These data show the steady growth in total traded volumes since early 2019. (See web site for the traded volumes for market as a whole and for data over a longer period.)

	On Market	Off Market	Total	
Month	(TJ)	(TJ)	(TJ)	Comment
May-19	121.200	6.450	127.650	
Jun-19	178.454	0.000	178.454	
Jul-19	125.429	0.000	125.429	
Aug-19	110.798	2.048	112.846	
Sep-19	216.926	1.000	217.926	
Oct-19	153.808	18.500	172.308	
Nov-19	218.348	1.400	219.748	
Dec-19	212.000	0.400	212.400	
Jan-20	275.160	1.760	276.920	
Feb-20	289.014	15.800	304.814	
Mar-20	339.020	0.000	339.020	
Apr-20	326.117	63.080	389.197	
May-20	361.200	54.100	415.300	:to 15 May

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 continues to top up its portfolio. Agora is the only gas seller in the market in **May** and, at this time, is the only confirmed seller in the market in **June**.

We will publish the summary results of the **June 2020 Bidding Round** on or before the **29th** of **May** on the web site link below.

Market Update

The results of the **May 2020 Bidding Round**, and the gasTrading Spot Market™ history to **April 2020**, 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 around \$2.15-\$2.20 per GJ.

Buyers should take note that, if the traded volumes continue at the May levels, the market has changed materially and supply and demand are now much more in balance. The next couple of months is time for buyers to think carefully about bidding strategy and to reflect your reliance on the market for secure supply in your bid price.

As you are aware, in the event of a shortfall in gas supply, gas is allocated by the market first to the top of the buyer bid stack and remaining supplies are then allocated in a cascade down the buyer bid stack. We have noted previously that the true value of the spot market is the capacity it gives buyers to manage take or pay risk, the low prices of the recent past have been a bonus.

The indicated daily volumes available for **June 2020** reflect the traded volumes in recent weeks/months. 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 from buyers and the daily availability of supply. As demonstrated in recent months

additional gas volumes can be brought into the market quickly, over and above those quoted in the table, to meet unexpected spikes in demand.

In **June 2020**, to the 15th, 100% of daily contract volumes were filled in all price quartiles of the market.

Gas Available June 2020	
Date	Quantity TJ
1/06/2020	26.00
2/06/2020	26.00
3/06/2020	26.00
4/06/2020	26.00
5/06/2020	26.00
6/06/2020	26.00
7/06/2020	26.00
8/06/2020	26.00
9/06/2020	26.00
10/06/2020	26.00
11/06/2020	26.00
12/06/2020	26.00
13/06/2020	26.00
14/06/2020	26.00
15/06/2020	26.00
16/06/2020	26.00
17/06/2020	26.00
18/06/2020	26.00
19/06/2020	26.00
20/06/2020	26.00
21/06/2020	26.00
22/06/2020	26.00
23/06/2020	26.00
24/06/2020	26.00
25/06/2020	26.00
26/06/2020	26.00
27/06/2020	26.00
28/06/2020	26.00
29/06/2020	26.00
30/06/2020	26.00
NA	

780.00

Regards
Mike Lauer