

Good morning All,

For the month of July 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 Wednesday the 24th of June, 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 Thursday the 25th of June and complete contracts from the 25th to the 30th of June.

### **Market Dynamics**

As at the 15<sup>th</sup> of June we are on track to trade over 765 TJ of gas (On Market), and 70 TJ of gas (Off Market), for the month of June 2020. This volume again consolidates the increased On Market volumes traded since February and is up 6% on May's final On Market trading volume (725 TJ) and down 1% on the anticipated June sales volume of 772 TJ. The latest increases in traded volumes is a step up in the organic growth seen in the last few months. Off Market sales volumes were negligible at the start of the month but are expected to increase in the second half. 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 the last quarter. 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 current 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.

The gasTrading Spot Market™ Back Up Gas Prices in June is up 4% on April, to \$2.19 per GJ.

We anticipate that traded volumes may decline a little and become more volatile in the short term (following the increase in recent traded volumes). Traded volumes are still exposed to the threat of aggressive offers of supply from sellers who are keen to capture market share.

In May and June, for the first time, the gasTrading Spot Market™ has been subject to both supply and demand constraint. 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 has increased. Our current view is that while there is little long term pressure to increase the price of gas, we anticipate that the Back Up Gas Price will increase in the near term as a result of recent rapid growth and observed supply side constraints. 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	1/07/2020	31/07/2020	213	Change to capacity	195
Goldfields Gas Pipeline	2/07/2020	3/07/2020	203	Planned Maintenance at Paraburdoo CS	185

*Source WA AEMO GBB - Data Downloaded 3.25 PM 16 June 2020*

The Offer Price range remained stable again in June 2020, at \$ 0.23 per GJ, with the range from \$1.95 to \$2.18 per GJ. All but two June offers were below the Back Up Gas Price as Buyers continued to test for the bottom of the market. Twelve Buyers were offered, and accepted, the Back Up Gas Price in June. No contract came into effect in June at a price below \$ 2.18 per GJ.

The currently anticipated average June On Market price is \$ 2.19 per GJ (as at the 15<sup>th</sup> of June). This average is up 2.90% on the \$ 2.13 per GJ average May price and is the June average price anticipated at the start of the month. This average price is down \$0.24 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 gasTrading Spot Market™ growth. Where the demand side of the gasTrading Spot Market™ trends as we move into the second half 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 Covid-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, we anticipate traded volumes will stabilise and even decline in the near term.

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 \$2.19 per GJ in June 2020. We do expect a short term increase in the Back Up Gas Price in July and August. 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 on the market are now coming into play on at least some days. We will publish the Back Up Gas Price for July 2020 with the Bidding Round Results Summary.

The table below summarises Agora Gas' On Market and Off Market spot gas sales since June 2019. The volumes at the start of the period reflect the fact that other sellers 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.)

	<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>
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	725.120	95.300	820.420	
Jun-20	390.680	6.300	396.980	<i>:to 15 June</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 continues to top up its portfolio. Agora is the only gas seller in the market in June and, at this time, is the only confirmed seller in the market in July.

We will publish the summary results of the July 2020 **Bidding Round** on or before the 30th of June on the web site link below.

### **Market Update**

The results of the June 2020 **Bidding Round**, and the gasTrading Spot Market™ history to May 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. At this time, we expect that market support will be looking to buyers in the price range \$2.60 to \$2.90/GJ.

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

***Should supply constrain the quantity of gas available in the market low price bidders will be, via the Back Up Gas mechanism, offered supply at a price sufficient to bring additional gas into the market.***

The indicated daily volumes available for July 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 15<sup>th</sup>, 100% of daily contract volumes were filled in all price quartiles of the market.

**Gas Available July 2020**

<b>Date</b>	<b>Quantity TJ</b>
1/07/2020	30.00
2/07/2020	30.00
3/07/2020	30.00
4/07/2020	30.00
5/07/2020	30.00
6/07/2020	30.00
7/07/2020	30.00
8/07/2020	30.00
9/07/2020	30.00
10/07/2020	30.00
11/07/2020	30.00
12/07/2020	30.00
13/07/2020	30.00
14/07/2020	30.00
15/07/2020	30.00
16/07/2020	30.00
17/07/2020	30.00
18/07/2020	30.00
19/07/2020	30.00
20/07/2020	30.00
21/07/2020	30.00
22/07/2020	30.00
23/07/2020	30.00
24/07/2020	30.00
25/07/2020	30.00
26/07/2020	30.00
27/07/2020	30.00
28/07/2020	30.00
29/07/2020	30.00
30/07/2020	30.00
31/07/2020	30.00

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**930.00**

Regards  
Mike Lauer