

Good afternoon All,

For the month of August 2021 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 July, 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 27th of July and complete contracts from the 27th to 30th of July.

Buyers, please note that offers should be directed only to [Spot\\_Market\\_Offers@gastrading.com.au](mailto:Spot_Market_Offers@gastrading.com.au).

### Market Dynamics

As at the 15<sup>th</sup> of July we are on track to trade over 580 TJ of gas (On Market), and 295TJ (Off Market), for the month of July 2021. Traded volumes have increased this month. The July On Market volumes are up 37% on June's final On Market trading volume (425 TJ) and up 8% on the anticipated July sales volume of 541 TJ. Off Market sales volumes have increased relative to June (see table below) but is expected to soften in the second half.

We would be kidding if we suggested we can unpack what is currently going on in the market. Having received offers to buy 756TJ of gas in July and having over 200TJ of gas of those offers withdrawn when we published the bidding round price, additional demand has been channeled in to off market sales. The unanticipated demand reflects a complex mix of unanticipated operating requirements, peak winter demand for gas and the entry of new buyers into the market. We will not be able to identify the underlying trend in the market until the winter peak has ended and demand returns to more normal levels. At that time, we will be able to assess whether there is an underlying increase in demand and, or, demand volatility.

Traded volumes have broken out of the 400 to 500TJ per month range, but this may only reflect short run circumstances. It is becoming clear that sellers are influencing the direction of the market presently. The continuing price rise is impacting market confidence. All of the difference between offers to purchase and contracted volumes for July is explained as a response to increased price.

Although the market was supply constrained at the end of June, those constraints have not limited market traded volumes in July. The market remains hypersensitive to price and gas plant outages.

### Planned Outages

Prod. Facility	Start Date	End Date	Nameplate Capacity (TJ/d)	Description	Available Capacity (TJ/d)
Pluto	07-Aug-21	15-Aug-21	25	Planned maintenance	0
Varanus Island	26-Jul-21	19-Aug-21	345	Planned maintenance	260

*Source WA AEMO GBB - Data Downloaded at 14:39 on Thursday 15 July 2021*

The recent press reports regarding Karratha Gas Plant corrosion issues and remediation are not affecting GBB (WA) reports.<sup>1</sup>

For the month of August, Varanus Island is expected to have around a 25% reduction on nameplate capacity for a period of 19 days ending 19 August. Pluto is expected to reduce 100% on nameplate capacity over 8 days, ending 15 August. We note that Xyris is showing a nameplate capacity of 28TJ per day which is increased from 9.6 TJ per day last month. Despite the reduction in production capacity at Varanus Island and Pluto, there is significant unutilised production capacity in the market.

Pipeline	Start Date	End Date	Nameplate Capacity (TJ/d)	Description	Available Capacity (TJ/d)
Goldfields Gas Pipeline	06-Aug-21	26-Aug-21	202.5	Planned Maintenance at Ilgarari, Wyloo West CS	190

*Source WA AEMO GBB - Data Downloaded at 14:39 on Thursday 15 July 2021*

Pipelines should be largely unaffected apart from a slight reduction in capacity on the GGP for 7 days in August.

The Offer Price range increased in July, to \$ 1.46 per GJ, with the range from \$3.39 to \$4.85 per GJ. All bids below \$5.14 per GJ were offered supply at the Bidding Round Price of \$5.14 per GJ. Three bidders declined the Bidding Round price during the month. No contract came into effect in July at a price below \$5.14 per GJ. The Back Up Gas price for July is \$ 5.64 per GJ. The difference between the Back Up Gas Price of \$5.64 per GJ and the Bidding Round price of \$5.14 per GJ reflects the fact that gas available to meet sales above the Bidding Round quantities is more expensive.

The currently anticipated average July On Market price is \$ 5.14 per GJ (as at the 15<sup>th</sup> of July). This average is twenty nine cents above the \$4.85 per GJ average June price and is the July average price anticipated at the start of the month.

Some buyers in the market have recently reduced their reliance on the gasTrading Spot Market™ in light of increased prices, turning instead to other supply portfolio options, but new buyers continue to enter the market. Where the demand side of the gasTrading Spot Market™ trends in coming months will depend on the perceived spot price path, on how other short contract gas sellers engage the market and the appetite of buyers to move to take or pay contracts.

Agora Gas continues to engage the market and will seek additional Back Up Gas for the August market. Current feedback indicates the purchasing behaviour of major buyers is being significantly affected by the increase in the spot price. We anticipate that the Back Up Gas Price will stabilise or fall but it will not return to historically low levels in the foreseeable future. The quantity of gas available at the current Back Up Gas Price is sufficient to meet the market requirement although the situation is under constant review. We will publish the Back Up Gas Price for August with the Bidding Round Results Summary.

<sup>1</sup> <https://www.reuters.com/business/energy/woodside-rectifying-corrosion-issue-australias-karratha-gas-plant-2021-07-09/>

The table below summarises Agora Gas' On Market and Off Market spot gas sales since July 2020. (See web site for the traded volumes for the 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>
Jul-20	346.450	150.800	497.250	
Aug-20	607.991	517.900	1125.891	
Sep-20	218.800	171.900	390.700	
Oct-20	303.100	142.850	445.950	
Nov-20	465.350	88.235	552.585	
Dec-20	305.800	99.000	404.800	
Jan-21	503.500	100.500	604.000	
Feb-21	378.920	66.300	445.220	
Mar-21	448.725	77.200	525.925	
Apr-21	400.065	87.600	487.665	
May-21	442.650	141.800	584.450	
Jun-21	425.200	162.800	588.000	
Jul-21	310.400	166.400	476.800	<i>:to 15 July</i>

Agora Gas continues to seek the most attractive sources of Back Up Gas to ensure the market remains liquid and competitively priced. Although Agora is the principal seller in the market, it is, at this time, one of two gas sellers in the market in July. We anticipate there will be two sellers in the market in August.

We will publish the summary results of the August **Bidding Round** as soon as possible but no later than the 30th of July on the web site link below.

### **Market Update**

The results of the July **Bidding Round**, and the gasTrading Spot Market™ history to June 2021, 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 at or above \$5.00 per GJ.

The indicated daily volumes available for August 2021 represent recent market trading volumes. Given that this gas will largely 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.

In July 2021, to the 15<sup>th</sup>, 100% of daily contract volumes were filled in all price quartiles of the market. There was tightness in the market at the end of June and beginning of July but the supply situation has improved as the month progresses.

**Gas Available August 2021**

<b>Date</b>	<b>Quantity TJ</b>
1/08/2021	15.00
2/08/2021	15.00
3/08/2021	15.00
4/08/2021	15.00
5/08/2021	15.00
6/08/2021	15.00
7/08/2021	15.00
8/08/2021	15.00
9/08/2021	15.00
10/08/2021	15.00
11/08/2021	15.00
12/08/2021	15.00
13/08/2021	15.00
14/08/2021	15.00
15/08/2021	15.00
16/08/2021	15.00
17/08/2021	15.00
18/08/2021	15.00
19/08/2021	15.00
20/08/2021	15.00
21/08/2021	15.00
22/08/2021	15.00
23/08/2021	15.00
24/08/2021	15.00
25/08/2021	15.00
26/08/2021	15.00
27/08/2021	15.00
28/08/2021	15.00
29/08/2021	15.00
30/08/2021	15.00
31/08/2021	15.00

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465.00