

From: Mike Lauer
Sent: Tuesday, 18 April 2017 11:09 AM
Subject: Gas Available May 2017

Good morning all,

For the month of **May** 2017 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 24th of April**, if you wish 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 **Wednesday the 26th of April** at the latest and complete contracts from the **26th** to the **28th of April**.

Market Dynamics

As at the 15th of **April** we are on track to trade 183 TJ of gas (On Market) for the month of **April**. This volume is down significantly on the volumes traded in **March** 2017 (349 TJ) and is 100TJ below the anticipated **April** sales volume of 280 TJ. There have been no Off Market sales in **April**. In addition to Agora Gas, one On Market seller remained active in the market in **April**. Agora sourced gas from two Off Market sellers thus far in April.

The reduction in sales volumes in April can be attributed to the failure of an anticipated "shutdown" load to eventuate (a shutdown load was responsible to inflating March traded volumes) and normal mild weather/shoulder season gas demand reduction. It may also have been impacted by an incursion into the market based on prices below the gasTrading Spot Market published price range. The market is entering into another period of readjustment. We are anticipating that there may be a further contraction in traded volumes in the short term but, given the current supply situation, prices are expected to respond only modestly if at all. The current production difficulties at the North West Shelf gas plant have not affected the market and, given they are not expected to continue, should not do so. There are no supply side disturbances anticipated in **May** of which we are currently aware.

The activity of an aggregator offering gas below our published prices may have reduced the market in April but any impact is difficult to untangle from weather related impacts. It remains to be seen whether this activity will lead to a contraction in demand in **May**.

The offer price range in **April** was \$0.15 per GJ, from \$4.30 to \$4.45 per GJ. The Back Up Gas Price was not called in **April** but it was applied to one late offer. No contract was written in **April** below \$4.30 per GJ. The April Back Up Price is \$4.45 per GJ. There were no buyers expecting/bidding to pick up cheap gas in **April**.

Successful buyers in **April** needed to pay at least \$4.30 per GJ. The currently anticipated average **April** On (Spot) Market price is \$4.39 per GJ (as at the 15th of **April**). This average is down one cent on the \$4.40 per GJ average **March** price and is the anticipated **April** average price.

Buyers and sellers appear to be using the gasTrading Spot Market as part of their everyday gas supply planning. In the foreseeable future the average spot market price looks stable but traded volumes may be under pressure. Market disruptions, such as the sudden tightening of the supply side of the market in September and October and the unexpected demand contraction over Christmas and New Year are still likely to destabilise the market. For the moment you might add market incursion to the list until we see how the current situation unfolds.

When considering forward commitments it may be well to note that there are no take or pay obligations applicable to gasTrading Sport Market purchases.

The table below summarises Agora Gas' On Market and Off Market spot gas sales since **April 2016**. As noted above the results for **April 2017** (to date) reflect the failure of a planned shutdown load to eventuate and milder shoulder season weather conditions and may include some movement of buyers out of the market. The contribution of each of the last two components is as yet unclear.

Month	On (Spot) Market (TJ)	Off Market (TJ)	Total (TJ)	Comment
Apr-16	167.519	10.4	177.919	
May-16	230.939	32.4	263.339	
Jun-16	221.767	315.1	536.867	
Jul-16	243.774	99.389	343.163	
Aug-16	186.24	144.356	330.596	
Sep-16	232.338	115.235	347.573	
Oct-16	332.791	45.284	378.075	
Nov-16	359.063	109.425	468.488	
Dec-16	370.279	43.2	413.479	
Jan-17	196.744	0	196.744	
Feb-17	258.818	0	258.818	
Mar-17	308.747	0	308.747	
Apr-17	79.085	0	79.085	:to 15 April

Agora Gas will continue to seek out the most attractive sources of Backup Gas from the market. Agora's market share is expected to increase again in May as changes to seller participation in the market are resolved.

We will publish the summary results of the **May 2017 Bidding Round** on or before the 5th of **May** on the web site link below.

Market Update

The results of the **April 2017 Bidding Round**, and the gasTrading Spot Market history to **March 2016**, can be found at <http://www.gastrading.com.au> and at <http://www.gastrading.com.au/spot-market/historical-prices-and-volume.html> in particular.

We have continued strong supply side support for the market. This support is now looking for Buyer offer prices at and above \$4.30 per GJ.

At this time the indicated volumes for **May 2017** are comparable to the volumes offered in the **April 2017** Invitation. Given that most of this gas will be procured for the market by Agora's Off Market purchases, these volumes are very price sensitive and will increase or decrease in response to offers received.

The table below shows the percentage of the daily contract volumes for the period 1 **April** to 15 **April** filled in each price quartile of the market.



Highest Price	\$4.45 per GJ	Percentage of Contracts filled From 01 Apr 17 to 15 Apr 17
Price Quartile 4	From \$4.42 to \$4.45 per GJ	100%

Price Quartile 3	From \$4.39 to \$4.41 per GJ	100%
Price Quartile 2	From \$4.35 to \$4.38 per GJ	100%
Price Quartile 1	From \$4.30 to \$4.34 per GJ	100%

Lowest Price **\$4.30** per GJ

Gas Available May 2017	
Date	Quantity TJ
1/05/2017	9.00
2/05/2017	9.00
3/05/2017	9.00
4/05/2017	9.00
5/05/2017	9.00
6/05/2017	9.00
7/05/2017	9.00
8/05/2017	9.00
9/05/2017	9.00
10/05/2017	9.00
11/05/2017	9.00
12/05/2017	9.00
13/05/2017	9.00
14/05/2017	9.00
15/05/2017	9.00
16/05/2017	9.00
17/05/2017	9.00
18/05/2017	9.00
19/05/2017	9.00
20/05/2017	9.00
21/05/2017	9.00
22/05/2017	9.00
23/05/2017	9.00
24/05/2017	9.00
25/05/2017	9.00
26/05/2017	9.00
27/05/2017	9.00
28/05/2017	9.00
29/05/2017	9.00
30/05/2017	9.00
31/05/2017	9.00

279.00



Regards

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