

From: Mike Lauer
Sent: Monday, 16 October 2017 4:43 PM
Subject: gasTrading Spot Gas Available November 2017

Good afternoon all,

FIRM GAS AVAILABLE

Agora Gas is able to offer firm gas for any term/volume starting on or after 1 November 2017 and ending any time up to 31 December 2021. This offer reflects recent market price trends and is worthy of serious consideration.

In line with the transparent market culture gasTrading promotes, it would be our preference to publish the Agora Gas offer for all to see. However, recent predatory market behaviour makes publication at this time not tenable. Publication remains our objective.

If you would like to discuss the Agora Gas firm supply offer just give Mike Lauer or Allan McDougall a call on 08 9228 1930 (Allan is still on leave for a couple of weeks).

For the month of **November** 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 **Wednesday the 25th of October**, 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 **COB** (Perth Time) on **Thursday the 26th of October** at the latest and complete contracts from the **26th to the 31st of October**.

Market Dynamics

As at the 15th of **October** we are on track to trade 225 TJ of gas (On Market) for the month of **October**. This volume is significantly higher than the final volumes traded in **September** 2017 (175 TJ) and is also higher than the anticipated **October** sales volume of 182 TJ. There have been no Off Market sales in **October**. Agora Gas is the only seller active in the market in **October**.

The lift in the sales volumes in **October** may reflect a change in conditions from the low shoulder season and winter gas loads, but this remains to be seen. We continue to anticipate traded volumes will hover around 200 TJ per month. We see the softening in the gas prices in October to continue. There are no supply side disturbances anticipated in **November** of which we are currently aware.

The offer price range in **October** increased to \$0.35 per GJ, from \$3.90 to \$4.25 per GJ. The offer price range increased as buyers anticipate the softening in the spot gas price. However, the range remains narrow which is a feature of periods of market stability. Some buyers set out to test the market price boundaries in the October bidding round and got ahead of the market. The Back Up Gas Price was offered to four low bidders in **October**. All accepted the Back Up Gas Price. No contract was written in **September** below \$4.10 per GJ. The **October** Back Up Gas Price is \$4.10 per GJ, down from \$4.13 per GJ in September and \$4.30 per GJ prior to that. There were no buyers expecting/bidding to pick up cheap gas in **October**.

The currently anticipated average **October** On Market price is \$4.11 per GJ (as at the 15th of **October**). This average is down on the \$4.20 per GJ average **September** price and is in line with the anticipated **October** 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 is expected to fall further. The decline in the Back Up Gas Price confirms the softening of the market.

The table below summarises Agora Gas' On Market and Off Market spot gas sales since **October** 2016. As noted previously, recent market traded volumes reflect the mild autumn and winter weather conditions. It is not clear, as yet, whether the October lift in traded volumes is a one off lift or the start of a seasonal swing.

| Month | On Spot Market (TJ) | Off Market (TJ) | Total (TJ) | Comment |
|--------|---------------------------|-----------------------|---------------|----------------|
| Oct-16 | 332.791 | 45.284 | 378.075 | |
| Nov-16 | 359.063 | 109.425 | 468.488 | |
| Dec-16 | 370.279 | 43.200 | 413.479 | |
| Jan-17 | 196.744 | 0.000 | 196.744 | |
| Feb-17 | 258.818 | 0.000 | 258.818 | |
| Mar-17 | 308.747 | 0.000 | 308.747 | |
| Apr-17 | 190.083 | 0.000 | 190.083 | |
| May-17 | 173.800 | 0.000 | 173.800 | |
| Jun-17 | 237.450 | 0.000 | 237.450 | |
| Jul-17 | 214.600 | 0.000 | 214.600 | |
| Aug-17 | 213.800 | 0.000 | 213.800 | |
| Sep-17 | 174.800 | 0.000 | 174.800 | |
| Oct-17 | 98.900 | 0.000 | 98.900 | :to 15 October |

Agora Gas continues to seek out the most attractive sources of Backup Gas to ensure the market remains liquid. Agora Gas is currently expected to be the only market seller in **November** as a result of changes to seller participation in the market in the first half of the year.

We will publish the summary results of the **November 2017 Bidding Round** on or before the 3rd of **November** on the web site link below.

Market Update

The results of the **October 2017 Bidding Round**, and the gasTrading Spot Market history to **September 2017**, 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 around \$4.00 per GJ.

At this time the indicated volumes available for **November 2017** are comparable to the volumes offered in the **October 2017** Invitation. Given that most of this gas is expected to 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.

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

| | | |
|----------------------|------------------------------|---|
| Highest Price | \$4.25 per GJ | Percentage of Contracts filled From 01 Oct 17 to 15 Oct 17 |
| Price Quartile 4 | From \$4.22 to \$4.25 per GJ | 100% |
| Price Quartile 3 | From \$4.19 to \$4.21 per GJ | No sale |
| Price Quartile 2 | From \$4.15 to \$4.18 per GJ | 100% |
| Price Quartile 1 | From \$4.10 to \$4.14 per GJ | 100% |
| Lowest Price | \$4.10 per GJ | |

| Gas Available November 2017 | |
|------------------------------------|--------------------|
| Date | Quantity TJ |
| 1/11/2017 | 8.00 |
| 2/11/2017 | 8.00 |
| 3/11/2017 | 8.00 |
| 4/11/2017 | 8.00 |
| 5/11/2017 | 8.00 |
| 6/11/2017 | 8.00 |
| 7/11/2017 | 8.00 |
| 8/11/2017 | 8.00 |
| 9/11/2017 | 8.00 |
| 10/11/2017 | 8.00 |
| 11/11/2017 | 8.00 |
| 12/11/2017 | 8.00 |
| 13/11/2017 | 8.00 |
| 14/11/2017 | 8.00 |
| 15/11/2017 | 8.00 |
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| 21/11/2017 | 8.00 |
| 22/11/2017 | 8.00 |
| 23/11/2017 | 8.00 |
| 24/11/2017 | 8.00 |
| 25/11/2017 | 8.00 |
| 26/11/2017 | 8.00 |
| 27/11/2017 | 8.00 |
| 28/11/2017 | 8.00 |
| 29/11/2017 | 8.00 |
| 30/11/2017 | 8.00 |
| NA | |

240.00

Regards
Mike Lauer



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