

# Commercial & Industrial

Wholesale market update

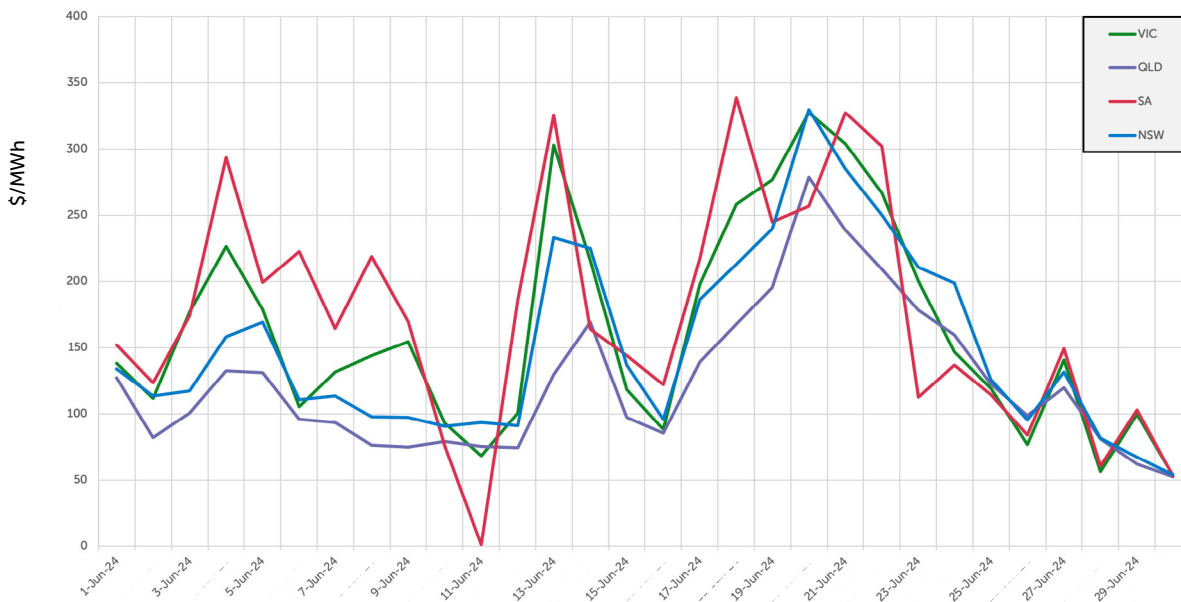
June 2024



**EnergyAustralia**  
LIGHT THE WAY

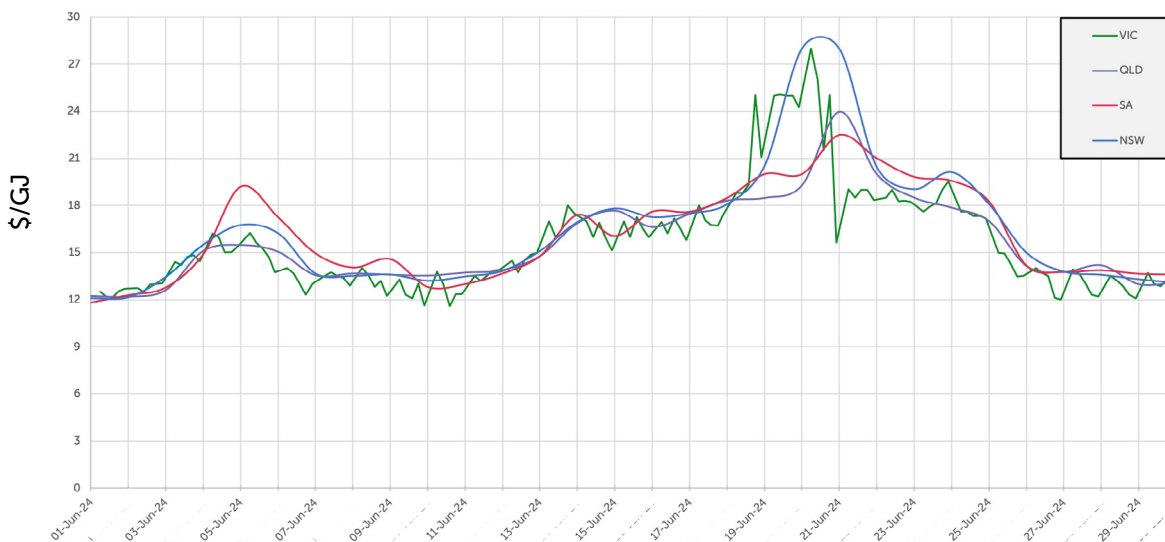
# Physical (spot) market summary

## June average electricity spot prices



- Average spot prices in June were strong and up 20%–35% on May prices, across all states except for NSW. This was driven by wind drought, colder weather and limited running of hydro plants.
- A slow-moving low-pressure system has caused colder-than-usual June temperatures for large parts of Australia. Combined with the uptick in electric vehicle and electric heating usage, demand trended up. Maximum demand is at the third highest level since 2004 at 32.58 GW and average demand is the second highest since 2013 at 23.89 GW.
- Solar output dropped to its lowest YTD (seasonal), and wind dropped even further compared to May, now 40% below the same time last year and 25% below the 2022 level.
- Tallawarra B – our newest gas-fired power station – became available to be dispatched in the market on 18 June, right in time to help keep the lights on for NSW customers. The recent supply tightness highlights the critical role of fast-start gas fired electricity generation in the system.

## June average gas spot prices



- After a strong second half of May 2024, prices continued to rally in June 2024 as demand for heating increased by 7.65 PJ or 25%. Gas-fired Power Generation (GPG) requirements also increased by 4.6 PJ or 38% to supply the higher peak demands of the National Energy Market (NEM). The average gas price for the Short Term Trading Market (STTM) increased by \$2.62/GJ or 19% to \$16/GJ, while the Declared Wholesale Gas Market (DWGM) increased by \$2.86/GJ or 22% to \$15.67/GJ. Prices reached a maximum of \$28/GJ in the Sydney STTM hub and DWGM on the 20 June, while the minimum price was \$12/GJ – increasing from \$10/GJ the previous month. The overall price movement was a \$2.68/GJ or 20% increase, driven by both supply and demand factors.

- The Longford Gas Plant capacity increase was further delayed until mid-month due to extended maintenance but eventually ramped up to 755 TJ/d later in the month, helping to slow down Iona gas storage withdrawals. The facility still aims to reach a capacity of 775 TJ/d next month.
- Iona storage played a crucial role in supplying the gap between the lower supply from Longford and unexpectedly prolonged and strong gas demands. Total gas drawn out for the month was 6 PJ, with a daily average drawdown of 200 TJ/d. The storage balance had a steep decline from 12–24 June at a rate of 350 TJ/d, causing AEMO to issue an “East Coast Gas System Risk or Threat Notice.” Essentially, AEMO was raising a potential gas supply shortfall due to high gas demand, Longford capacity issues, and very high Iona utilisation. The end-of-month balance of Iona is down to 14.8 PJ or 61% full.
- Aside from Iona, the flows from northern gas production also supported the gas requirement in southern regions, with the South West Queensland Pipeline (SWQP) flowing up to its expanded capacity of 512 TJ/d. Culcairn was able to flow 3 PJ for the month, or an average of 100 TJ/d. Moreover, Otway plant production increased by almost a PJ with its new capacity of 193 TJ/d due to the successful commissioning of the Enterprise gas field.
- LNG exports remained steady at 3.7 PJ/d. QCLNG was back to 1.4 PJ/d production after its train outage last month, however, APLNG’s production dropped to 1.38 PJ/d due to its half-train outage for most of the month.

## Futures electricity market summary

### 2025 CAL FWD SWAP

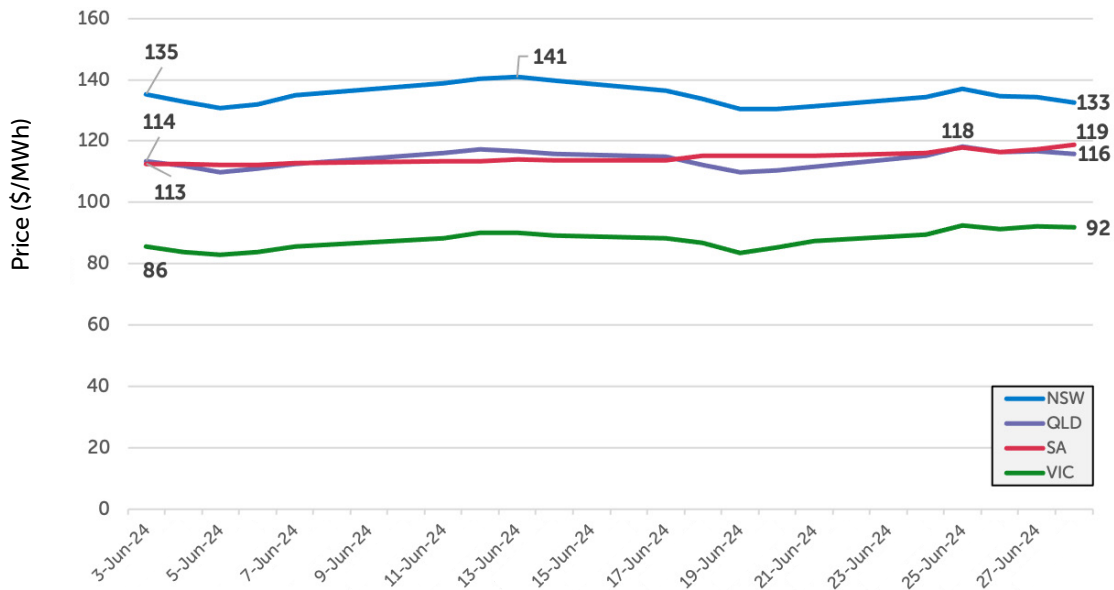


- **Strong spot outcomes in VIC:** A wind drought and low solar output because of overcast weather saw a lack of renewable generation output. This, combined with higher demand due to colder weather, produced high spot prices in Victoria. This led to a steady rise of \$6/MWh in the forward curve for FY25 across the month, finishing at \$92/MWh (up 7%). A large proportion of this rise was in Q3 2024 futures, which saw an increase of \$20/MWh from 19-28 June. Additionally, Tasmania imported more energy from Victoria due to lower water storage levels.
- **Faster than usual gas withdrawals from Iona storage:** Cold temperatures and increased gas power generation accelerated gas withdrawals, creating concerns about gas storage running out before the end of winter. The Q3-24 curve lifted sharply as gas prices in the spot market rose above \$20/GJ, amplifying concerns about potential gas shortfalls.
- **VIC and SA spot prices increased higher than NSW prices:** The lack of renewables in VIC and SA led to higher spot outcomes and a subsequent increase in the forward curve.
- **Steady QLD forward curve:** The forward curve remained stable due to lower spot prices relative to other regions.
- **Increasing SA forward curve:** The curve continuously increased over the month, likely due to higher volatility outcomes in June.

June 2024 Spot Outcomes (\$/MWh)			
Region	Average Spot \$/MWh	Average Underlying (<\$300/MWh)	Average Volatility (>\$300/MWh)
NSW	152.8	146.8	6
QLD	124.7	120.9	3.8
VIC	164.2	158.8	5.4
SA	176.7	163.5	13.2

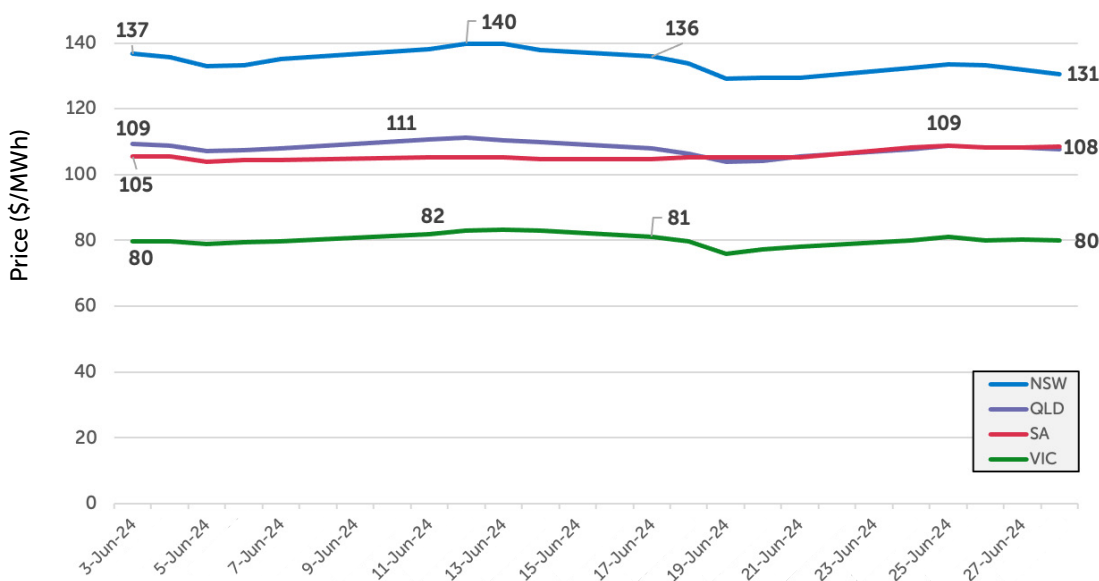
FY-25 Swap Curve (\$/MWh)						
Region	Max Trade Price	Average Trade Price	1st Trade Day (3-June-24)	Last Trade Day (28-June-24)	Variance (Last minus 1st) \$/MWh	Variance %
NSW	141	135	135	133	(3)	(2%)
QLD	118	114	114	116	2	2%
VIC	92	88	86	92	6	7%
SA	119	115	113	119	6	6%

FY-25 FWD SWAP (June-24)



FY-26 Futures Swap Curve (\$/MWh)						
Region	Max Trade Price	Average Trade Price	1st Trade Day (3-June-24)	Last Trade Day (28-June-24)	Variance (Last minus 1st) \$/MWh	Variance %
NSW	140	134	137	131	(6)	(4%)
QLD	111	108	109	108	(2)	(1%)
VIC	83	80	80	80	0	0%
SA	109	106	105	108	3	3%

FY-26 FWD SWAP (June-24)



## Australia's largest coal-fired power plant Eraring in Lake Macquarie to stay open for two additional years

Australia's largest coal-fired power plant, Eraring in Lake Macquarie (2,880 MW), will remain open for an additional two years beyond its original August 2025 closure date in a deal between Origin Energy and the NSW state government. This extension aligns with considerations in the Australian Energy Market Operator's (AEMO) Integrated System Plan (ISP), which factors in such changes to ensure a reliable transition in the energy market. Read the full ISP report on the [AEMO website](#).

## Administered Price Cap (APC)

The Australian Energy Market Commission (AEMC) is anticipated to finalise all outstanding claims with generators by the end of 2024 (for the June 2022 events). Commercial and industrial customers should continue to set aside provisions for APC charges. EnergyAustralia will keep you informed as we receive updates on the amounts and timing of APC cost recovery.

Further information on the APC claims relating to the June 2022 event can be found on the [AEMC website](#).

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