

Commercial & Industrial

Wholesale market update

February 2023



EnergyAustralia
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Introduction

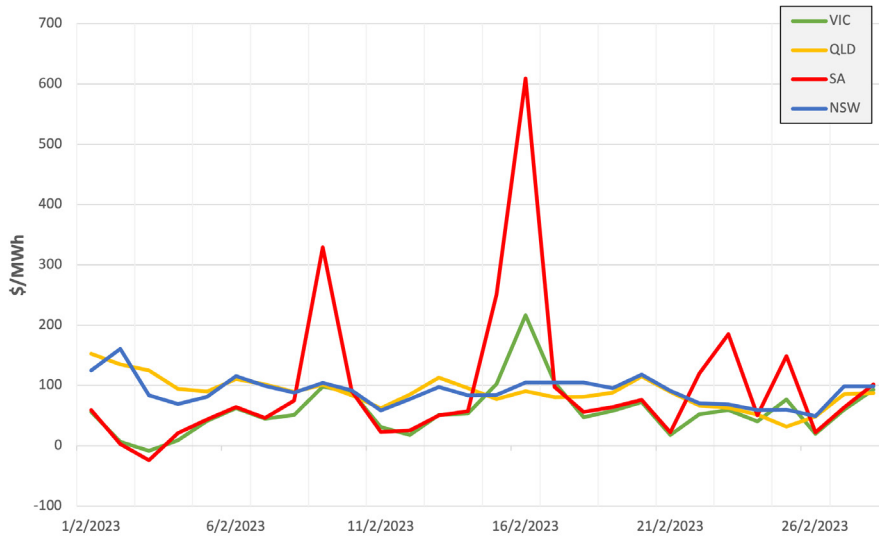
Welcome once again to our regular EnergyAustralia Commercial & Industrial wholesale market update. If you're receiving this for the first time, we trust that you will find it both informative and useful.

These reports are designed to help keep you up to date with the latest energy wholesale market trends and other topical and timely organisation or sector initiatives or activities.

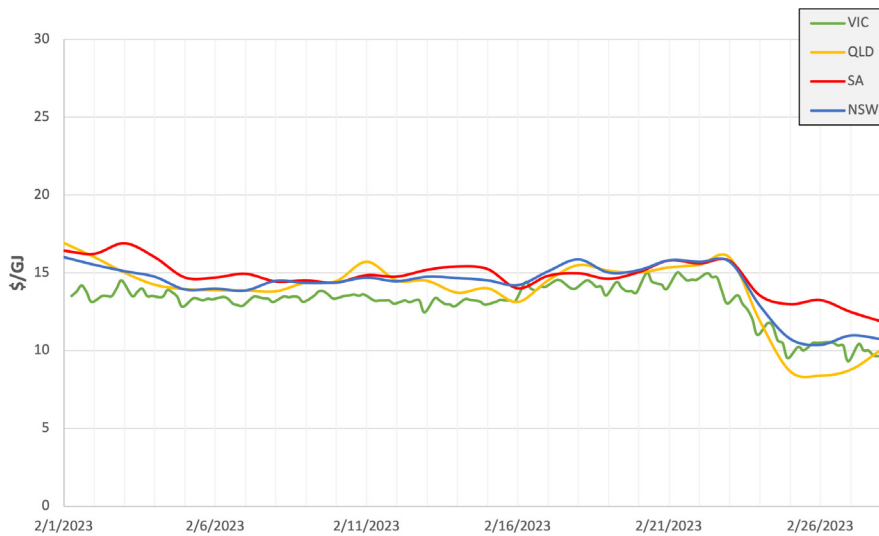
If you'd like to share your views, feedback or questions about anything featured in this report, please don't hesitate to speak with your Account Manager or get in touch with us [here](#).

Physical market summary

February average electricity spot prices



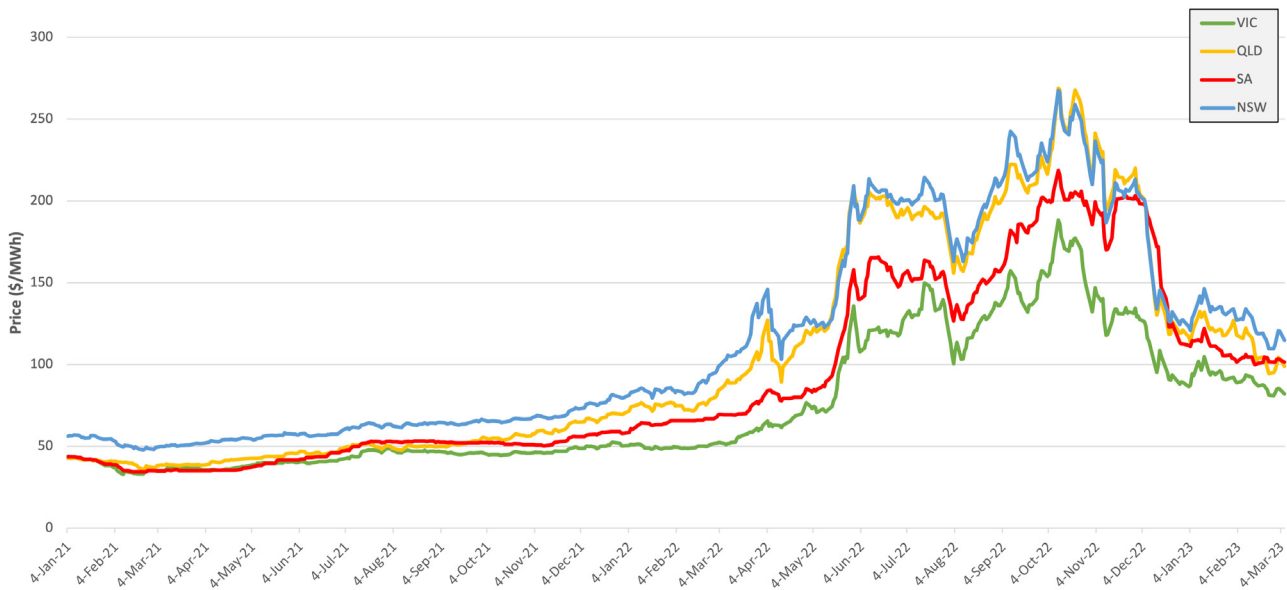
February average gas spot prices



- Wholesale electricity price outcomes in February were similar to January. NSW was again solid (but not extreme), averaging \$90/MWh and also similar to last month, trading at a premium to Vic, where the flat price was \$57/MWh
- The two key drivers for these stable prices were continuing strong generator availability in NSW with a number of days having all baseload units online, and demand not exceeding 12GW in the state
- Vic price outcomes were lower, driven (in a similar vein to January) by a number of days of strong wind and solar output which translated into middle of the day negative price outcomes
- The exception was SA which was impacted by extreme heat towards the end of the month. This led to demand exceeding 3.1GW on February 23, the highest for a decade. Consequently, there was 30 minutes of market price cap equivalent (\$15,000/MWh) for the month
- Wholesale gas markets were in the \$13 – \$16/GJ range across all markets until February 22. At this point a step change triggered firstly by a fire, and then another unrelated issue, resulted in an unplanned QCLNG train outage. This freed up 600 – 800 TJ of gas supply that could not be exported to the domestic market. Consequently, less gas was required to flow to northern states and prices landed around, and sometimes below, \$10/GJ

Futures electricity market summary

2023 CAL F SWAP



- Electricity futures have settled into a lower price, lower volatility environment, due to three drivers:
 - Global fuel prices have eased significantly as Europe made it through winter without Russian gas
 - Local fuel prices in some states have been capped by the federal government
 - Mild summer conditions continued, giving no reason for concern
- CAL24 swap markets show NSW as the highest at \$108/MWh and Victoria as the lowest at \$73/MWh
- Our focus now turns to winter with question marks remaining over how the Liddell Power Station's electricity output is replaced following the closure scheduled for April 2023
- In the medium term we are closely observing Eraring Power Station which is the next large coal power station scheduled to close in 2025. NSW policy makers are hinting at a need to step in and keep Eraring Power Station running post this date to ensure replacement energy and capacity is secured

Directions Compensation Charges: Second revision statement and upcoming invoices

EnergyAustralia has received the second revision settlement statement from AEMO. The charges for Directions Compensation and Suspension Pricing Compensation have been finalised and will be sent to customers on a cost recovery basis in March with invoices issued in early April 2023.

Watch our compensation charges information session recording

To help explain why and how the charges will be passed on, we recently held an online webinar to provide clear answers to the questions asked most by customers. As EnergyAustralia's Head of Commercial & Industrial Vaughan Furniss says in the webinar, "We're committed to helping our customers at this complex time."

To see more, just click [here](#).

Gas market price cap update

Our gas trading team is currently in the process of executing a transaction with Australia Pacific LNG (APLNG) to access new firm gas and determine options and costs to bring it to the southern states. This new gas supply is intended to support EnergyAustralia's Commercial & Industrial customers.

Q1 Wholesale market update

Vaughan Furniss, Head of Commercial & Industrial, will host a live webinar on Wednesday, 5th April, from 12pm to 12.45pm. In this session, you will meet some new members of our trading teams who will provide an update on their areas. In addition, you will hear about the Q2 planned plant outages and receive an update on relevant regulatory matters. There will also be time for questions. This is a great opportunity to keep abreast of what's happening right now in the energy sector.

[Register here](#)

Tallawarra B on track to be commissioned in Summer 2023/2024

Tallawarra B, EnergyAustralia's gas/hydrogen energy project, is on track to be commissioned ahead of the summer of 2023-24 following the completion of agreements involving EnergyAustralia, Westbuild, GE and Deloitte. This is an important milestone ensuring that Tallawarra B will be online supporting peak summer demand in NSW following the scheduled retirement of the Liddell coal-fired power station.

[Read more](#)

Liddell closure announced

The Hunter Valley, NSW Liddell power station will shut down permanently on 28 April 2023. This is Australia's oldest operating coal-fired power plant which has been operating since 1971 and has produced 430,952 GWh of power in its lifetime.

[Read more](#)

Contact us

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