

Commercial & Industrial

Wholesale market update

January 2023



EnergyAustralia
LIGHT THE WAY

Introduction

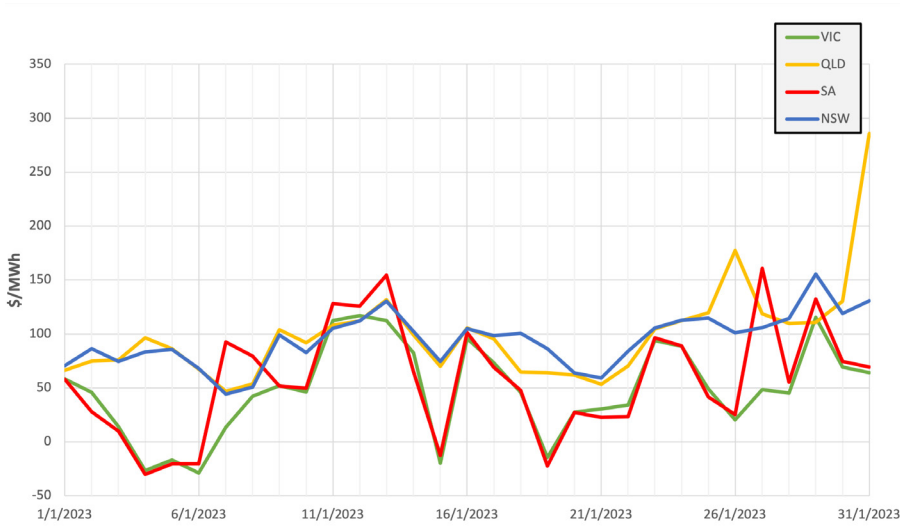
We would like to welcome you to our regular EnergyAustralia Commercial & Industrial wholesale market update.

These reports are designed to help you stay up to date with the latest wholesale market trends and other interesting and relevant organisation or sector initiatives or activities.

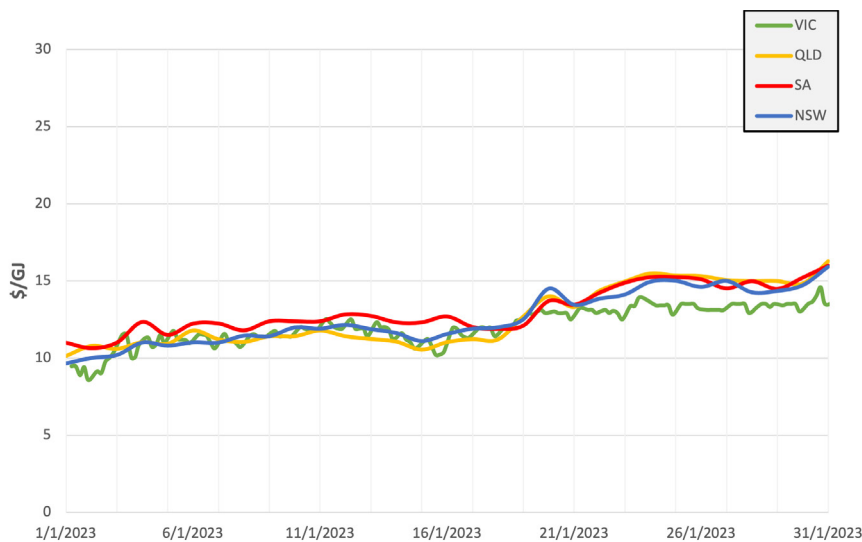
If you have questions about anything in this report or you'd like share your views or feedback, please speak to your Account Manager or get in touch with us [here](#).

Physical market summary

January average electricity spot prices



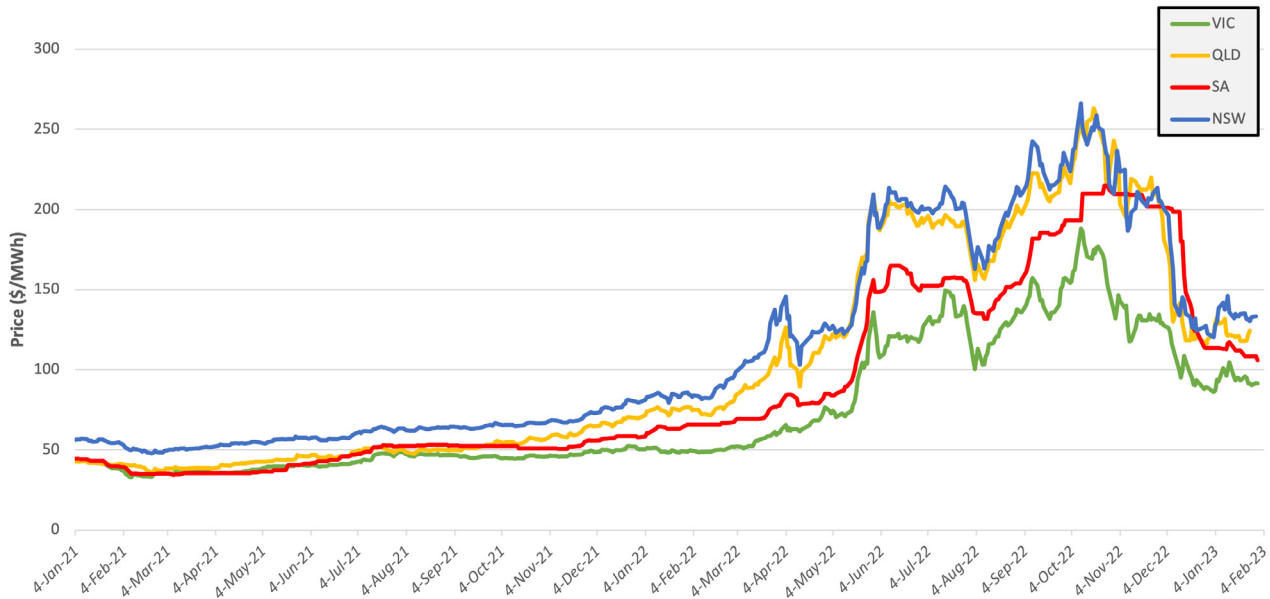
January average gas spot prices



- The impact of La Nina was in force, particularly in southern states with higher wind generation prevailing and mild temperatures, resulting in relatively low demands of electricity in January
- Co-incident maximum system demand of 29.5 GW was the lowest since 2015 and, NSW maximum demand of 11 GW was the lowest January since 2002. This contributed to spot prices that were lower than the market expected leading into the quarter, although it is worth noting NSW was still solid at \$94/MWh which was above January 2022
- Recent southern states trading at a discount with VIC at \$48/MWh was influenced by strong Latrobe Valley generator reliability, and occasional oversupply of renewables and network limitations on the amount of energy able to be exported to northern states
- Wholesale gas prices hovered in the \$10-\$12/GJ range until mid-month when there was a step change driven by a return to service of a Queensland Curtis LNG train. This saw higher gas volumes flowing north via Culcairn. That extra demand saw Short Term Trading Market prices sitting in the \$14-15/GJ range to finish the month of January

Futures electricity market summary

2023 CAL F SWAP



- The Futures Market is typically quiet in January and traded volumes have been low across all regions and forward years
- Prices have been relatively stable after backwardation in 2022, other than a brief rally in early January
- We've recently seen small volumes begin to be traded in 2025 as traders open books for future years. This has been with a degree of caution however, given yet to be determined future outcomes on generation closures and government intervention (read further below)

Did you know Demand Response can help businesses generate a revenue?

EnergyAustralia's Demand Response program incentivises businesses for reducing the amount of electricity it takes from the grid during extreme market conditions, such as high wholesale electricity prices or when the electricity system is jeopardized (demand and supply imbalances), for example, during extreme weather conditions.

How does Demand Response work?

When a Demand Response event has been called (typically in the evening when solar PV comes off), customers who have opted into the program will be sent an event notification text message or email. If those customers are able to reduce consumption from the grid, they can earn credits on their electricity bill. Of course, there is no obligation to participate but the incentives are both financial and also helps support the clean energy transformation for all.

Who can participate?

EnergyAustralia has a Demand Response product suitable for businesses of all sizes. Any customers who can reduce their consumption or have behind the meter generation could participate in Demand Response.

Want to know more?

If you are interested to discuss your organisations suitability for the program, please get in contact with your Account Manager or reach out to our Demand Response Manager Jacquie Hiller via email: Jacquie.Hiller@energyaustralia.com.au

Interventions in the National Electricity Market (NEM) in June 2022

The outcome of the compensation and Reliability and Emergency Reserve Trader (RERT) charges, for the market event in June 2022, are due to be finalised in February 2023. These additional charges will be passed onto energy retailers, including EnergyAustralia, and we in turn, will pass these costs onto our customers. EnergyAustralia is expecting final charges to be allocated in the coming weeks and will then pass these through on a cost recovery basis. All details will be communicated as soon as they become available to us.

We understand that some businesses may be encountering financial stress and we are committed to finding solutions that are mutually beneficial. That's why encourage any business facing this challenge to reach out to their account manager for a discussion.

Gas market price cap update

We are working with governments and with gas producers to implement recent interventions to help minimise future impacts on prices for customers. However, we have not yet been able to access new firm gas under the government's cap.

Our trading team is in discussions with upstream suppliers on accessing new firm gas and determining transportation options to bring it to southern states. We are offering short- term or spot contracts to allow customers the option to access cheaper firm gas if and when it becomes available in the future.

Contact us

If you'd like to discuss anything featured here, please don't hesitate to talk with your Account Manager or get in touch with us [here](#).

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