

Commercial & Industrial

Wholesale market update

May 2023



EnergyAustralia
LIGHT THE WAY

Introduction

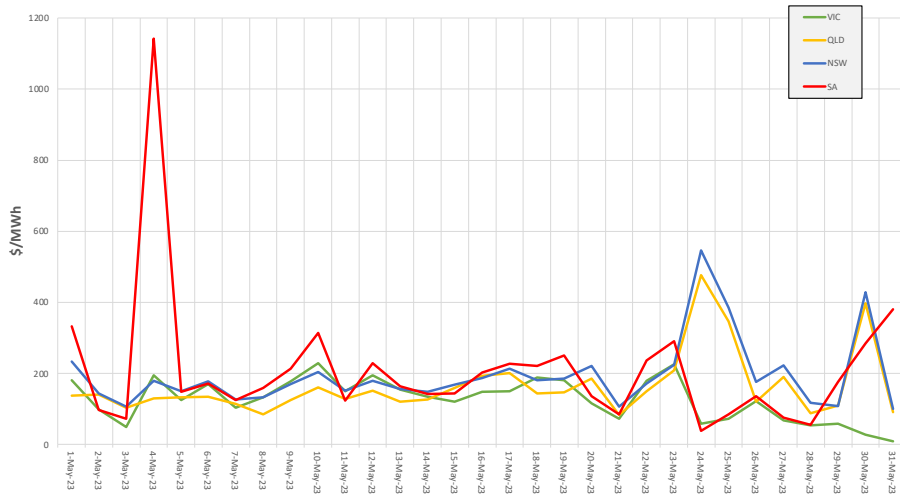
Welcome to the latest edition of your EnergyAustralia Commercial & Industrial wholesale market update.

Our aim in this report, and in every market update we share with you, is to help keep you up to date with the latest energy wholesale market trends, amongst other topical and timely organisation or sector initiatives and insights.

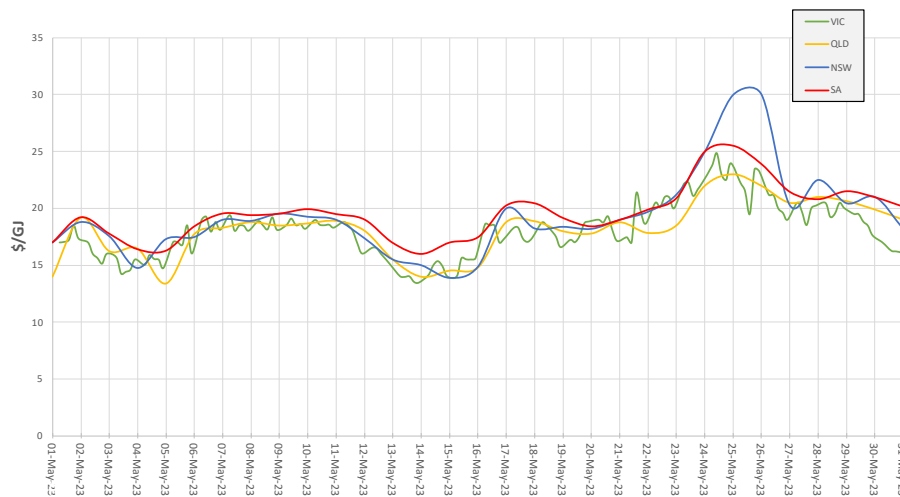
The strength of regular communications like this must first and foremost always be about adding value to your business. That's why we'd welcome the chance to hear from you with feedback, opinions or questions about anything featured here. To join the conversation, please don't hesitate to speak with your Account Manager or [here](#).

Physical market summary

May average electricity spot prices



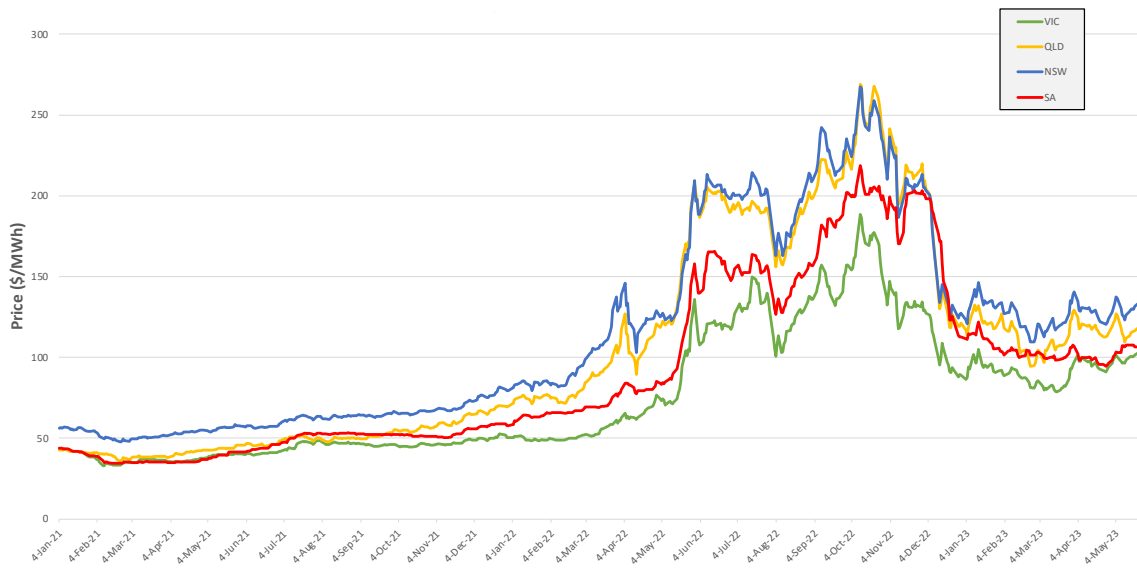
May average gas spot prices



- May saw extremely strong wholesale market prices for the month, characterised by NSW flat ~ \$196 / MWh which included approximately 2 hrs of price volatility
- Key drivers for this include the Liddell Power Station closure at the end of May, various outages at Bayswater, Vales Point and Eraring power stations, and regular transmission outages that reduced supply from the southern states of Australia
- Due to low wind output in the evenings, the system was often tight in NSW, and this was reflected by Australian Energy Market Operator (AEMO) issuing a number of lack of reserve forecast notices that ultimately drove the high price outcomes
- Additionally, a scheduling error by AEMO in the early hours of May 1 caused a few price spikes
- Highly variable outcomes in the wholesale gas markets saw prices ranging from \$14 / GJ to a high of \$30 / GJ in Sydney on May 25 and 26. These were driven by reduced production output by Longford Gas Plant of up to 50%

Futures electricity market summary

2023 CAL FWD SWAP



- The forward markets experienced a number of up and down movements over the past month, with swap prices moving up by around \$10 / MWh in one week, then down \$10 / MWh the next
 - o QLD and SA FIN24 and CAL24 contracts ended up around \$10 / MWh higher compared to the start of May
 - o NSW FIN24 and CAL24 are sitting at the same level as they were at the start of May
 - o Vic has ended up \$10 / MWh lower over the month, due to plenty of inexpensive power available. Mild weather conditions and plenty of renewables flowing across the interconnector from SA helped to keep prices down
- Despite being on an upward trend since March, swap prices appear to be slowing and started to trend downwards – not uncommon as we approach the end of financial year
- Cap prices continue to rise, especially in QLD as sellers are still reluctant to sell caps
- Callide C Power Station announced a 3-month delay to the Unit 3 outage, and a 7-month delay of Unit 4. These units will now be unavailable in QLD until January and May 2024
 - o The swap market initially rose in response to this news, but more recently has come back down
 - o The cap market has moved up, potentially in response to this Callide Power Station news. The market seems to be a little more fearful of not having Callide C units, meaning there is a greater chance of hitting the Market Price Cap

Previous reports

You can access previous versions of these reports on the Wholesale market updates section of our website. [Click here](#) to view now.

Contact us

We hope you found this update of use and once again, I encourage you to reach out to your Account Manager if you'd like a deeper dive into any of the topics covered here. Or if you prefer you can get in touch with us [here](#).

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