

Good Afternoon All,

It is that time of year again where we shorten our spot gas bidding round timetable to set the market before the onset of the festive season. Our aim is to have the January 2020 bidding round finalized, and all Confirmation Notices issued and returned, by close of business 20 December. For the month of **January 2020** 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 **Tuesday the 17th of December 2019**, if you propose to purchase all or part of this gas, quoting the indicative daily volumes of gas that you wish to purchase and the Offer Price at which you are prepared to complete the purchase. We will advise successful buyers by **midday** (Perth Time) on **Wednesday the 18th of December** and complete contracts from the **18th to the 20th of December** (although completed Confirmation Notices received before 31 December will still be valid/accepted).

Market Dynamics

As at the 10th of **December** we are on track to trade **228 TJ** of gas (On Market) for the month of **December 2019**. This volume is down on the final volumes traded in **November** (253 TJ) and up by around 5% on the anticipated **December** sales volume of 215 TJ. The November sales volumes kicked at the end of the month as a result of an unanticipated interruption to the supply of Wheatstone gas.

Volumes continue to stabilise as 2019 comes to an end in the low to mid 200 TJ. This may be due in part to Buyers responding to low gas market prices and positioning themselves to take advantage of low spot gas prices as older agreements end and buyers look to contract for take or pay gas at lower levels.

The continued fall in the gasTrading Spot Market™ Back Up Gas Prices, down to \$2.38/GJ for December, may also be helping to stabilise gasTrading Spot Market™ demand.

We anticipate that sales volumes will hold for the moment but, are likely to fall a little as we enter the December/January holiday period. Allowing for the holidays, we anticipate that volumes will continue to trend around the current level with increases in demand possible in the last half of January and as we move into the new year. Volumes are still exposed to aggressive offers of supply from sellers who do not participate in the gasTrading Spot Market™ and are keen for market share.

The gasTrading Spot Market™ continues to be limited only by demand, since substantial volumes of gas remain available. The price at which gas is supplied to the market continues to soften and the Back Up Gas Price has fallen throughout the year on each occasion Agora Gas has engaged the market to source additional Back Up Gas. In the absence of a significant lift in demand, our view remains that there appears to be little pressure to increase the price of Back Up Gas. On the contrary, the Back Up Gas Price may even soften a little further, and perhaps become a little more volatile, in coming months.

Varanus Island production will be back at name plate from mid-December. Dongara has noted no production until the end of December. Telfer Pipeline capacity is currently reduced, to 22.4 TJ until 16 December, for maintenance on Boodarie Compressor Station. The Telfer capacity constraints may have user specific impacts. Given the time of year and low maintenance there is no indication of supply concerns in January, other than the possible impact from cyclonic activity. Currently the western region is in a period of very low likelihood and below average number of cyclones this season.

The Offer Price range remained stable in **December 2019** at \$0.35 per GJ, with the range from \$2.34 to \$2.69 per GJ. Two **December** offers were below the Back Up Gas Price. Buyers are still reacting to recent fall in the Back Up Gas price and they are continuing to look for the bottom of the market. Two buyers were offered, and accepted, the Back Up Gas Price in December. No contract came into effect in **December** at a price below \$2.38 per GJ. The **December** Back Up Gas Price fell to \$2.38 per GJ, a \$0.06 per GJ from November.

The currently anticipated average **December** On Market price is \$2.53 per GJ (as at the 10th of **December**). This average is down \$0.04 on the \$2.57 per GJ average **November** price and is \$0.01 per GJ higher than the anticipated December average of \$2.54 per GJ.

Buyers and sellers active in the market are increasing their reliance on the gasTrading Spot Market™ for everyday gas supply and portfolio planning and for the management of take or pay risk. The 2018 shifts in the terms of other short term gas supply contracts impacted on the level of buyer activity in the gasTrading Spot Market™ but this impact appears, for the moment at least, to be turning around. The availability, from late 2018, of more flexible short term firm and spot contracts revealed that the desire for market share, rather than certainty of sales volumes and price, has been driving some gas sellers in 2019. Where the demand side of the gasTrading Spot Market™ trends as we move into 2020 is not clear and will depend in part on how other short contract gas sellers react to recent growth in the gasTrading Spot Market™. In the absence of an attack on market share, there are signs that traded volumes are on the increase. Agora Gas returned to the market in September to top up Back Up Gas supplies to the end of 2019 and this engagement with the market continues. So far this has resulted in the significant Back Up Gas Price reduction in September and the steady decline thereafter. This process of re-contracting Back Up Gas for the market has so far delivered a material reduction in the Back Up Gas Price, down from \$3.19 per GJ (April 2019) to \$2.38 per GJ in December 2019. The quantity of gas available at the current Back Up Gas Price is sufficient to meet the market requirements at this time. We will publish the Back Up Gas Price for **January 2020** with the Bidding Round Results Summary.

The table below summarises Agora Gas' On Market and Off Market spot gas sales since **December** 2018. The volatility in Agora Gas' spot sales primarily reflects the number of sellers active in the market at any time. When a new seller enters the market, it is entitled to an equal share of all sales. When adjusted to account for the number of sellers in the market, these data show the modest but steady growth in total traded volumes (see web site) since early 2019. The impact of additional sellers on Agora Gas' monthly sales volumes varies depending on the day to day engagement of these additional sellers with the market.

	On Market	Off Market	Total	
Month	(TJ)	(TJ)	(TJ)	Comment
Dec-18	48.900	68.730	117.630	
Jan-19	36.150	4.000	40.150	
Feb-19	39.099	5.900	44.999	
Mar-19	65.800	8.200	74.000	
Apr-19	83.400	10.900	94.300	
May-19	121.200	6.450	127.650	
Jun-19	178.454	0.000	178.454	
Jul-19	125.429	0.000	125.429	
Aug-19	110.798	2.048	112.846	

Sep-19	216.926	1.000	217.926	
Oct-19	153.808	18.500	172.308	
Nov-19	218.348	1.400	219.748	
Dec-19	67.800	0.400	68.200	:to 10 December

Agora Gas continues to seek out the most attractive sources of Back Up Gas to ensure the market remains liquid and competitively priced. Agora returned to the market in December 2018 and in June and September 2019 for Back Up Gas and has sourced top up gas subsequently. There were two gas sellers in the market at the beginning of December but by the end of December it is anticipated that Agora Gas will be the only remaining seller. One active seller left the market in **November** and another will leave in the last part of **December**. At this time the expectation is that Agora Gas will be only seller in the market in January 2020.

We will publish the summary results of the **January 2020 Bidding Round** on or before the **31st of December** on the web site link below.

Market Update

The results of the **December 2019 Bidding Round**, and the gasTrading Spot Market™ history to **November 2019**, can be found at <http://www.gastrading.com.au/spot-market/historical-prices-and-volume>

We have continued strong supply side support for the market. This support is currently looking for Buyer Offer Prices around \$2.40 per GJ. To understand buyer bidding behavior it may be helpful to note that gas is allocated first to the top of the bid stack and available supplies are allocated in a cascade down the bid stack.

The indicated daily volumes available for **January 2020** reflect the traded volumes in recent months. Given that a significant portion of this gas will 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 from buyers. As demonstrated in November, additional gas volumes can be brought into the market above those quoted in the table.

In **December 2019**, to the 10th, 100% of daily contract volumes were filled in all price quartiles of the market.

Gas Available January 2020	
Date	Quantity TJ
1/01/2020	7.50
2/01/2020	7.50
3/01/2020	7.50
4/01/2020	7.50
5/01/2020	7.50
6/01/2020	7.50
7/01/2020	7.50
8/01/2020	7.50
9/01/2020	7.50
10/01/2020	7.50
11/01/2020	7.50
12/01/2020	7.50

13/01/2020	7.50
14/01/2020	7.50
15/01/2020	7.50
16/01/2020	7.50
17/01/2020	7.50
18/01/2020	7.50
19/01/2020	7.50
20/01/2020	7.50
21/01/2020	7.50
22/01/2020	7.50
23/01/2020	7.50
24/01/2020	7.50
25/01/2020	7.50
26/01/2020	7.50
27/01/2020	7.50
28/01/2020	7.50
29/01/2020	7.50
30/01/2020	7.50
31/01/2020	7.50

232.50

gasTrading is working to build its gasTrading Sport Market™ book out of the Northern Territory and Queensland and has signed up its first participants. Agora Gas has already made its first Northern Territory Off Market spot trades. The Northern Gas Pipeline is now operating although those operations are still settling down. If the development of an east coast spot market interests you and we have not made contract please give Allan or me a call. If this market development might interest a related operation or an associate, please pass on this invitation. At the moment it is not possible to physically move surplus/spot gas out of the Northern Territory. **Unfortunately, to date, there is no Amadeus Gas Pipeline Capacity available to move spot gas out of the Northern Territory**

The team at gasTrading would like to thank you for your interest in, and support for, the gasTrading Spot Market™ in 2019. We take this opportunity to wish you every blessing during the festive season and look forward to your continued engagement with the market, and with the gasTrading team, in 2020.

Regards
Mike Lauer