

Good Afternoon All,

Welcome to the gasTrading Spot Market™ for 2020. For the month of **February 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 **Monday the 27<sup>th</sup> of January 2020**, 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 **Tuesday the 28<sup>th</sup> of January** and complete contracts from the **28<sup>th</sup>** to the **31<sup>st</sup> of January**.

### Market Dynamics

As at the 15<sup>th</sup> of **January** we are on track to trade over **300 TJ** of gas (On Market) for the month of **January 2020**. This volume is up on the final volumes traded in **December** (237 TJ) and up by over 25% on the anticipated **January** sales volume of 235 TJ. Sales volumes kicked in November, as a result of an unanticipated interruption to the supply of Wheatstone gas, and have kicked up again in January with out, in this case, an identifiable trigger.

After volumes stabilised as 2019 came to an end (in the low to mid 200 TJ) The turnaround appears to have picked up momentum in January this year. 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 \$2.20/GJ for January, may be adding to growth in gasTrading Spot Market™ demand.

We are not sure volumes will continue to grow at recent rates but anticipate they will hold at current levels for the moment. Traded 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 2019 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. The Back Up Gas Price may even soften a little further, and perhaps become a little more volatile, in coming months but we do not foresee major changes.

### Planned Outages

Facility	Description	Capacity	Start	Finish	Days	Month
Devil Creek	planned maintenance	0	1/02/2020	1/02/2020	1	Feb
Devil Creek	planned maintenance	110	2/02/2020	12/02/2020	11	Feb
Devil Creek	planned maintenance	140	15/02/2020	13/03/2020	28	Feb
Varanus Island	planned maintenance	284	14/02/2020	22/02/2020	9	Feb

No pipeline capacity reductions are foreshadowed in February. It is unclear what arrangements, if any, have been put in place for 1 February, but otherwise, given the time of year and the available capacity there is no indication of supply concerns in February.

The Offer Price range remained stable in **January 2020** at \$0.31 per GJ, with the range from \$2.28 to \$2.59 per GJ. No **January** 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. No contract came into effect in **January** at a price below \$2.28 per GJ. The **January** Back Up Gas Price fell again to \$2.20 per GJ, an \$0.18 per GJ drop from December.

The currently anticipated average **January** On Market price is \$2.44 per GJ (as at the 15<sup>th</sup> of **December**). This average is down \$0.07 on the \$2.51 per GJ average **December** price and is the January average price anticipated at the start of the month.

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 has well and truly turned 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 will depend in large 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 to top up Back Up Gas supplies on several occasions in 2019. This engagement with the market continues. Agora Gas delivered significant Back Up Gas Price reductions right through 2019. This process of re-contracting and topping up 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 \$2.20 per GJ in **January 2020**. 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 **February 2020** with the Bidding Round Results Summary.

The table below summarises Agora Gas' On Market and Off Market spot gas sales since **January 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 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
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	212.000	0.400	212.400	
Jan-20	120.100	0.000	120.100	:to 15 January

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 several times in 2019 for Back Up Gas and continues to top up its portfolio. Agora was the only gas seller in the market at the beginning of December but was joined by a second seller during the month. Agora Gas is the only seller to date in January, the new seller apparently has resolved its portfolio issues. At this time the expectation is that Agora Gas will be only seller in the market in February 2020.

We will publish the summary results of the **February 2020 Bidding Round** on or before the **31<sup>st</sup> of January** on the web site link below.

### Market Update

The results of the **January 2020 Bidding Round**, and the gasTrading Spot Market™ history to **December 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 \$2.20 per GJ. To understand buyer bidding behaviour it may be helpful to note that gas is allocated first to the top of the buyer bid stack and available supplies are allocated in a cascade down the buyer bid stack.

The indicated daily volumes available for **February 2020** are up on previous levels and reflect the traded volumes in recent weeks/months. Given that 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 2019 and January 2020, additional gas volumes can be brought into the market quickly over and above those quoted in the table.

In **January 2020**, to the 15<sup>th</sup>, 100% of daily contract volumes were filled in all price quartiles of the market.

<b>Gas Available February 2020</b>	
<b>Date</b>	<b>Quantity TJ</b>
1/02/2020	10.00
2/02/2020	10.00
3/02/2020	10.00
4/02/2020	10.00
5/02/2020	10.00
6/02/2020	10.00
7/02/2020	10.00
8/02/2020	10.00
9/02/2020	10.00
10/02/2020	10.00
11/02/2020	10.00
12/02/2020	10.00
13/02/2020	10.00
14/02/2020	10.00
15/02/2020	10.00
16/02/2020	10.00
17/02/2020	10.00
18/02/2020	10.00
19/02/2020	10.00
20/02/2020	10.00
21/02/2020	10.00
22/02/2020	10.00
23/02/2020	10.00
24/02/2020	10.00
25/02/2020	10.00
26/02/2020	10.00
27/02/2020	10.00
28/02/2020	10.00
29/02/2020	10.00
NA	
NA	

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**290.00**

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 wish you a great 2020.