

Good afternoon All,

For the month of December 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 23<sup>rd</sup> of November, if you would like to offer 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 24<sup>th</sup> of November and complete contracts from the 24<sup>th</sup> to the 30<sup>th</sup> of November.

**Just a reminder that the invitation to buy January gas will be moved earlier in the month so that the market for January can be finalised on or before the 21<sup>st</sup> of December.**

Buyers, please note that offers should be directed only to [Spot\\_Market\\_Offers@gastrading.com.au](mailto:Spot_Market_Offers@gastrading.com.au).

### **Market Dynamics**

As at the 15<sup>th</sup> of November we are on track to trade over 457 TJ of gas (On Market), and 65 TJ of gas (Off Market), for the month of November 2020. The increase in traded volumes in November reflects organic swings in buyer demand for gas. The November On Market volumes are up 47% on October's final On Market trading volume (312 TJ) and up 1% on the anticipated November sales volume of 455 TJ. Off Market sales volumes have declined in November (see table below) and are expected to continue at a lower rate in the second half.

The turnaround in traded volumes, which started in 2019, plateaued in August and has returned to pre-February 2018 volumes. Where the market is headed in the as we close out 2020 remains to be seen.

We anticipate that traded volumes will remain around current levels but will be subject to market conditions as we saw in July and August. Traded volumes are still exposed to the threat of aggressive offers of supply from sellers who are keen to capture market share.

The supply side constraints on the market, which emerged in May and June and continued into August are still affecting the market. This is driving the latest price movement.

The recent gasTrading Spot Market™ traded volumes are in line with historical volumes for this time of the year.

Even though the winter peak in demand has diminished, we have not seen the anticipated increase in competitive pressure amongst Sellers with unutilised capacity. What we are seeing in the market at this time is increased demand for as available supply and significant capacity not engaging with the market. The market is, therefore, hypersensitive to gas plant outages and uplift in demand for "as available" supply, as buyers withdraw from and re-enter the market month to month creating upward pressure on prices.

### **Planned Outages**

Facility	Start Date	End Date	Nameplate Capacity (TJ/d)	Description	Available Capacity (TJ/d)
Varanus Island	11-Dec-20	11-Dec-20	345	Planned maintenance	310
Varanus Island	12-Dec-20	12-Dec-20	345	Planned maintenance	164
Varanus Island	13-Dec-20	13-Dec-20	345	Planned maintenance	36
Varanus Island	14-Dec-20	14-Dec-20	345	Planned maintenance	320
Beharra Springs	14-Dec-20	15-Dec-20	9	3M compressor service	7

*Source WA AEMO GBB - Data Downloaded at 10:09 on Monday November 2020*

There is maintenance planned for Varanus Island production facilities from the 11<sup>th</sup> to the 14<sup>th</sup> of December with a very substantial reduction in capacity on the 12<sup>th</sup> and 13<sup>th</sup>. The significant shortfall on the 12<sup>th</sup> and 13<sup>th</sup> could affect the market. Beharra Springs has reduced capacity for two days in December but the capacity reduction will not be material for the size of the market overall.

The Offer Price range increased in November, to \$ 0.40 per GJ, with the range from \$2.75 to \$3.15 per GJ. All Offers, being below \$3.38 per GJ, were offered, and accepted supply at the Bidding Round price of \$3.38 per GJ. No contract came into effect in November at a price below \$3.38 per GJ. The Back Up Gas Price for November is \$ 3.50 per GJ. The difference between the Back Up Gas Price of \$3.38 per GJ and the Bidding Round price of \$3.38 per GJ reflects the fact that gas available to meet sales above Bidding Round quantities is more expensive.

The currently anticipated average November On Market price is \$ 3.38 per GJ (as at the 15<sup>th</sup> of November). This average is significantly above the \$ 2.85 per GJ average October price and is the November 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. Where the demand side of the gasTrading Spot Market™ trends as we move to close 2020 will depend in part on how other short contract gas sellers engage the market and the purchasing behaviour of major buyers.

Agora Gas continues to engage the market and will seek additional Back Up Gas for the December market. This process of re-contracting, to top up supplies of Back Up Gas saw a reduction in the Back Up Gas Price from \$3.65 per GJ in February 2018 to a low of \$2.10 per GJ in February 2020 with a recent rebound back to \$3.38 per GJ in November 2020. Current indications are that the purchasing behaviour of major buyers is significantly impacting price. It is clear that constraints in supply are putting upward pressure on the market and Back Up Gas Price. We anticipate that the Back Up Gas Price will remain above recent levels for the moment. The quantity of gas available at the current Back Up Gas Price is sufficient to meet the market requirement. We will publish the Back Up Gas Price for December with the Bidding Round Results Summary.

The table below summarises Agora Gas' On Market and Off Market spot gas sales since November 2019. (See web site for the traded volumes for the market as a whole and for data over a longer period.)

Month	On Market (TJ)	Off Market (TJ)	Total (TJ)	Comment

Nov-19	218.348	1.400	219.748	
Dec-19	212.000	0.400	212.400	
Jan-20	275.160	1.760	276.920	
Feb-20	289.014	15.800	304.814	
Mar-20	339.020	0.000	339.020	
Apr-20	326.117	63.080	389.197	
May-20	725.120	95.300	820.420	
Jun-20	656.481	71.179	727.660	
Jul-20	346.450	150.800	497.250	
Aug-20	607.991	517.900	1125.891	
Sep-20	218.800	171.900	390.700	
Oct-20	303.100	142.850	445.950	
Nov-20	263.450	41.800	305.250	:to 15 November

Agora Gas continues to seek the most attractive sources of Back Up Gas to ensure the market remains liquid and competitively priced. Agora is one of two gas sellers in the market in November and, at this time, it is anticipated that there will be two sellers in the market in December.

We will publish the summary results of the December **Bidding Round** on or before the 30th of November on the web site link below.

#### Market Update

The results of the November **Bidding Round**, and the gasTrading Spot Market™ history to October, 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. At this time, we expect that market support will be looking to buyers at or above \$3.50 per GJ.

The indicated daily volumes available for December 2020 reflect recent market trading volumes. Given that this gas will largely 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 and the daily availability of supply. As demonstrated in recent months additional gas volumes can be brought into the market quickly, over and above those quoted in the table, to meet unexpected spikes in demand.

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

Gas Available December 2020	
Date	Quantity TJ
1/12/2020	23.00
2/12/2020	23.00
3/12/2020	23.00
4/12/2020	23.00
5/12/2020	23.00
6/12/2020	23.00

<b>7/12/2020</b>	<b>23.00</b>
<b>8/12/2020</b>	<b>23.00</b>
<b>9/12/2020</b>	<b>23.00</b>
<b>10/12/2020</b>	<b>23.00</b>
<b>11/12/2020</b>	<b>23.00</b>
<b>12/12/2020</b>	<b>23.00</b>
<b>13/12/2020</b>	<b>23.00</b>
<b>14/12/2020</b>	<b>23.00</b>
<b>15/12/2020</b>	<b>23.00</b>
<b>16/12/2020</b>	<b>23.00</b>
<b>17/12/2020</b>	<b>23.00</b>
<b>18/12/2020</b>	<b>23.00</b>
<b>19/12/2020</b>	<b>23.00</b>
<b>20/12/2020</b>	<b>23.00</b>
<b>21/12/2020</b>	<b>23.00</b>
<b>22/12/2020</b>	<b>23.00</b>
<b>23/12/2020</b>	<b>23.00</b>
<b>24/12/2020</b>	<b>23.00</b>
<b>25/12/2020</b>	<b>23.00</b>
<b>26/12/2020</b>	<b>23.00</b>
<b>27/12/2020</b>	<b>23.00</b>
<b>28/12/2020</b>	<b>23.00</b>
<b>29/12/2020</b>	<b>23.00</b>
<b>30/12/2020</b>	<b>23.00</b>
<b>31/12/2020</b>	<b>23.00</b>

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**713.00**

Regards  
Mike Lauer