



Market Summary Report

August 2019

Introduction and Further Information

This report provides information on wholesale price trends for all regions within the National Electricity Market (NEM), the Western Australia energy market and environmental scheme certificates.

Please note that all electricity prices are presented as a \$ per MWh price and all certificate prices as a \$ per certificate price.

You can obtain the latest pricing information for the spot and contract markets on a daily basis from the “Market” section of the ERM customer portal.

Tasmanian contract prices are the non-regulated prices published by Hydro Tasmania on a weekly basis. All NEM spot prices are published by the Australian Energy Market Operator (AEMO). NEM contract prices are sourced from ASX.

Further information can be found at the locations noted below.

- Tasmanian Energy market - a comprehensive weekly report is published by the Office of the Tasmanian Energy Regulator which can be found here: <https://www.economicregulator.tas.gov.au/about-us/market-watch/tasmanian-market-watch>
- Western Australia energy market - AEMO publishes a detailed market report which can be found here: <http://wa.aemo.com.au/Electricity/Wholesale-Electricity-Market-WEM/Data/Weekly-market-report>
- NEM Spot market – AEMO publishes a range of detailed information which can be found here: <https://aemo.com.au/Electricity/National-Electricity-Market-NEM/Data-dashboard>

Contract Market

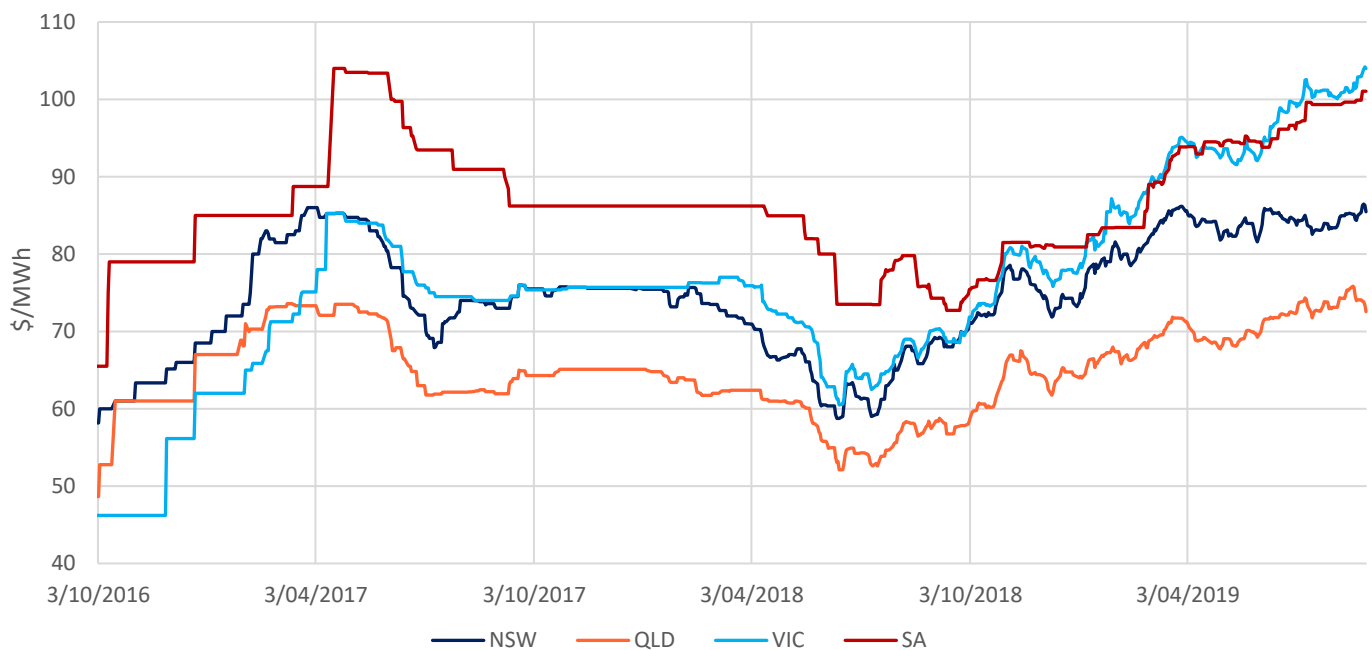
Calendar Year 2020 (CY20)

CY20 contracts continued to trend up in August, with gains witnessed in all regions except QLD. VIC led the pack up \$3.11, followed by NSW up \$1.98, and SA and TAS both up \$1.71. QLD was the only region to end the month lower, closing down \$0.57 to \$72.56 after reaching a high of \$75.85 in the month. Low and at times negative daytime prices witnessed near the end of the month left some participants questioning if the QLD contract was overvalued.

August 2019

State	Previous Close	Period Low	Period High	Closing Price
QLD	73.13	72.56	75.85	72.56
NSW	83.48	83.30	86.47	85.46
VIC	100.87	100.08	104.20	103.98
SA	99.34	99.34	101.05	101.05
TAS	94.09	94.12	95.83	95.80

CY20 Flat



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Contract Market

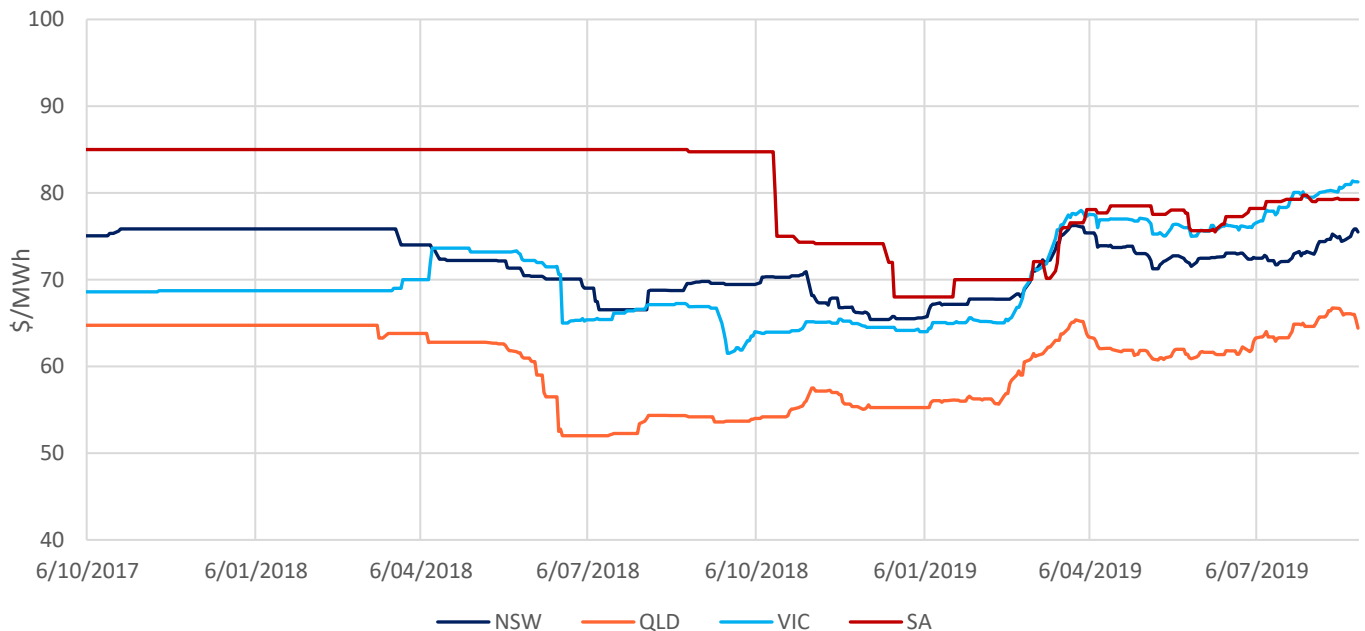
Calendar Year 2021 (CY21)

The CY21 contracts largely mimicked the CY20 contracts, with a notable exception of SA, where the CY20 closed down \$0.51, widening the spread between VIC and SA contracts. A disproportionate amount of the gains in these contracts can be attributed to the prices of the Q1 2021 quarter contracts.

August 2019

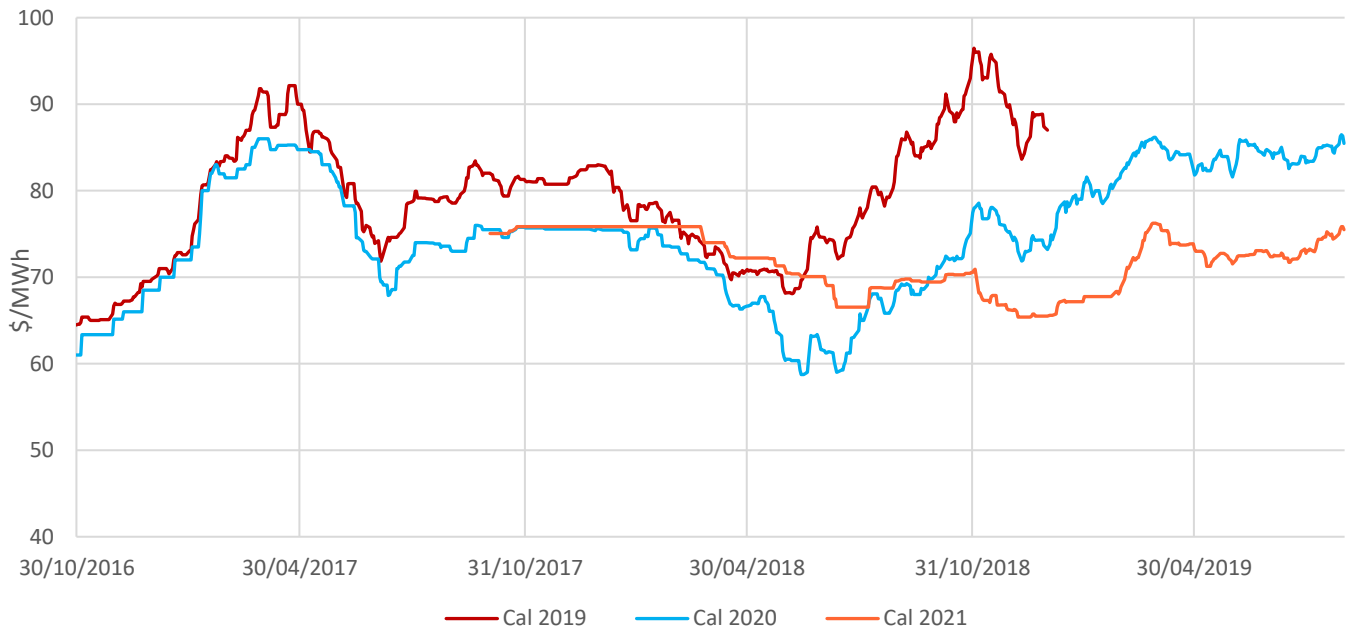
State	Previous Close	Period Low	Period High	Closing Price
QLD	64.98	64.41	66.74	64.41
NSW	73.09	72.94	75.85	75.49
VIC	80.13	79.50	81.39	81.27
SA	79.75	78.99	79.75	79.24
TAS	73.18	76.66	78.40	77.80

CY21 Flat



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Contract Market – NSW Flat

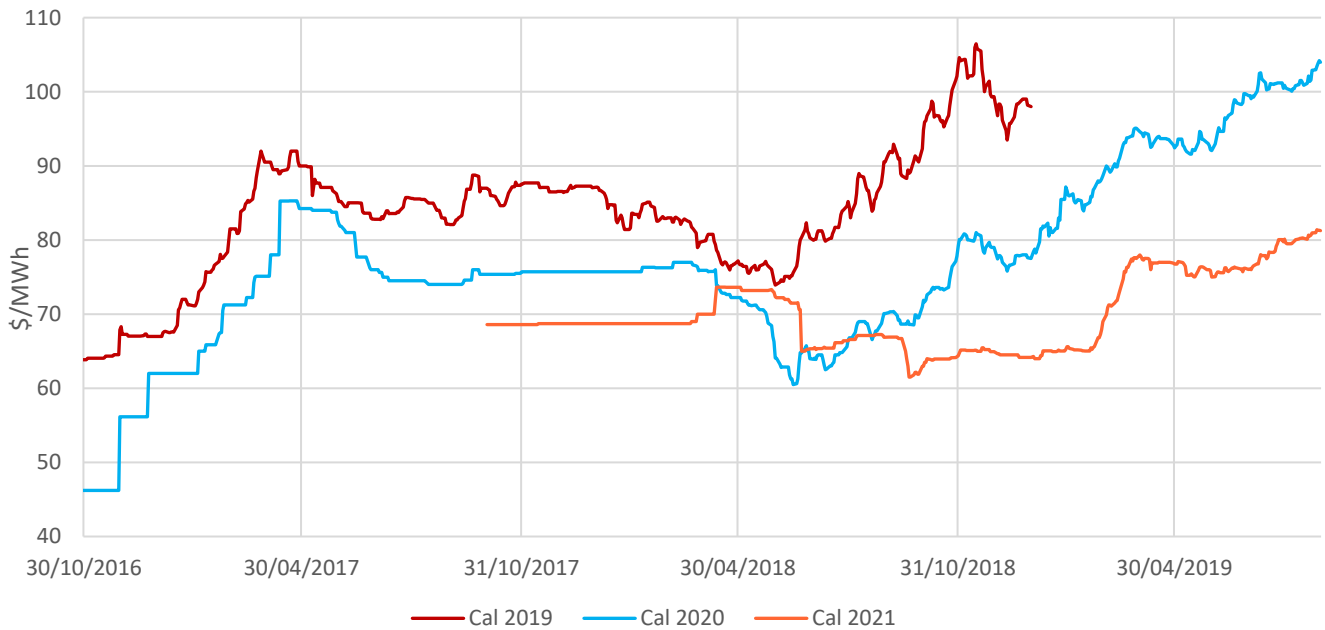


Contract Market – QLD Flat

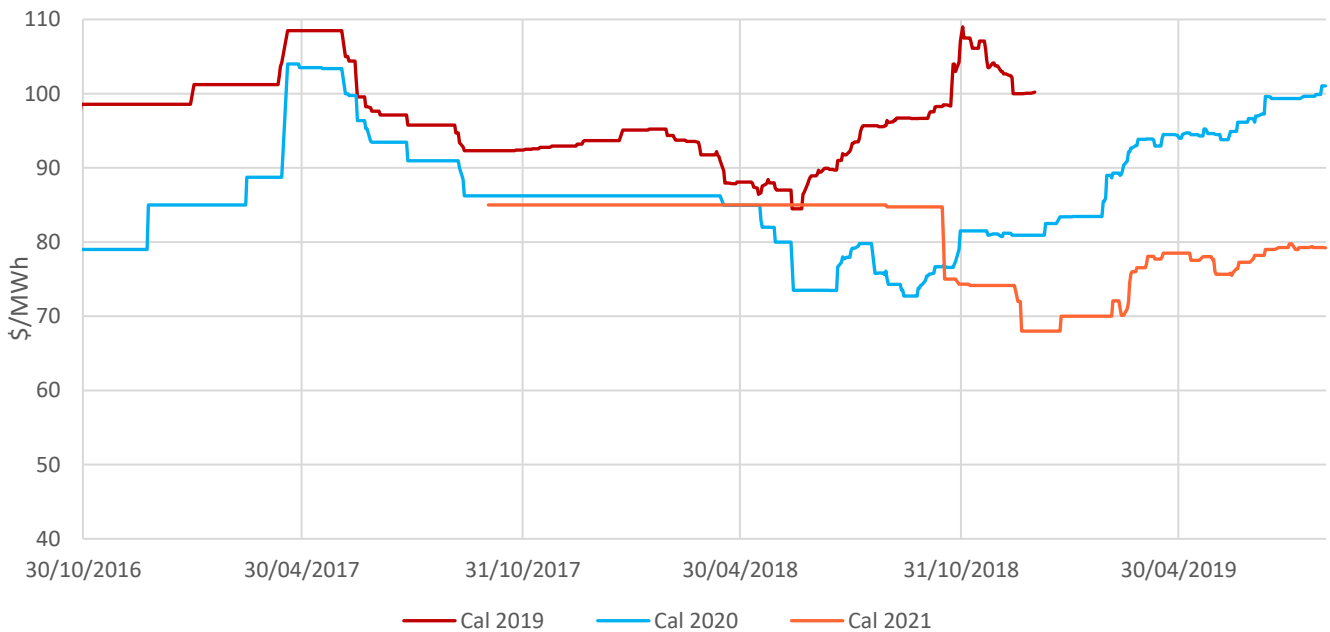


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Contract Market – VIC Flat



Contract Market – SA Flat



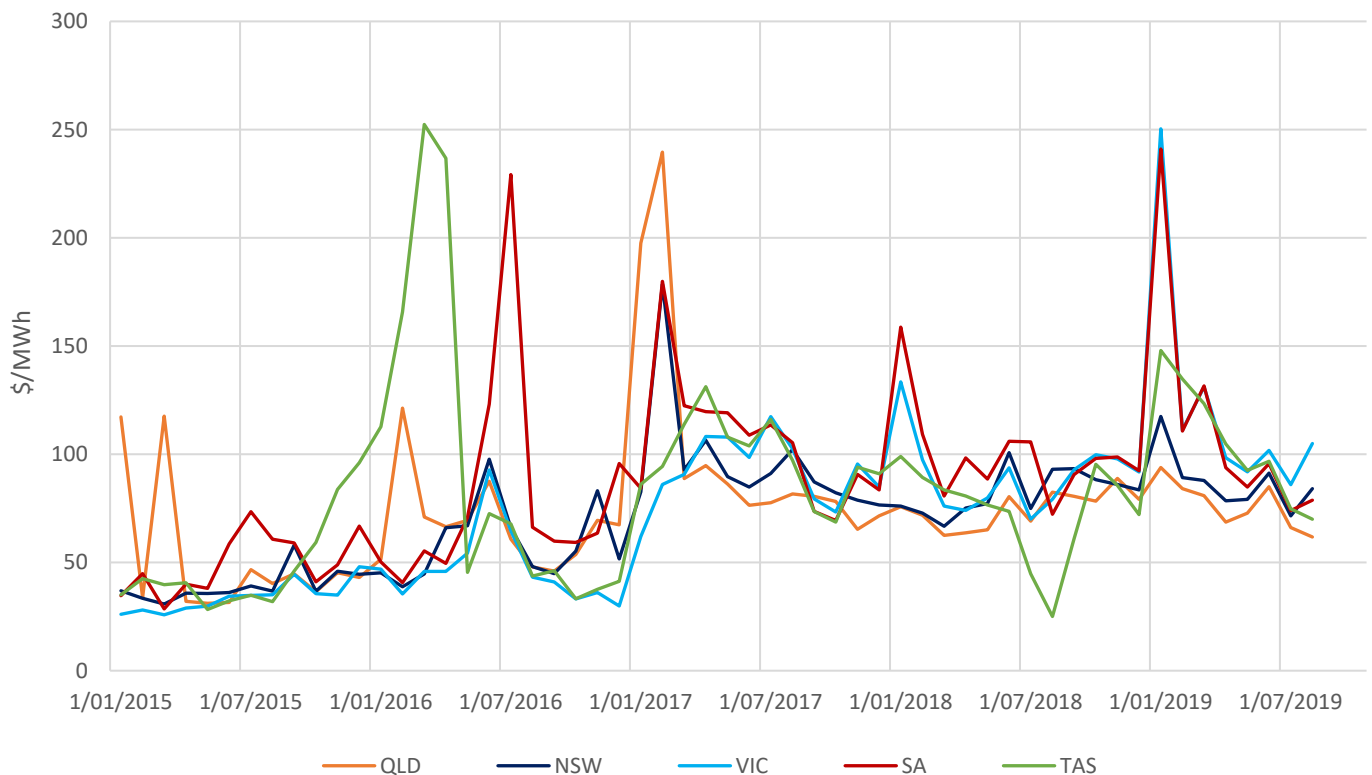
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Spot Prices: National Electricity Market

Spot prices in August were strongest in VIC, followed by NSW, SA, TAS and finally QLD. The spread between the cheapest and most expensive region was \$43.20, highlighting the diverging outcomes the national market witnesses. An emerging trend is the separation of prices between SA and VIC, the interconnector linking the regions was at capacity for much of the month. In addition, the Basslink interconnector linking TAS to VIC had a fault on the 25 of August and was out of service for the rest of the month. It is not expected to return until mid October.

August 2019

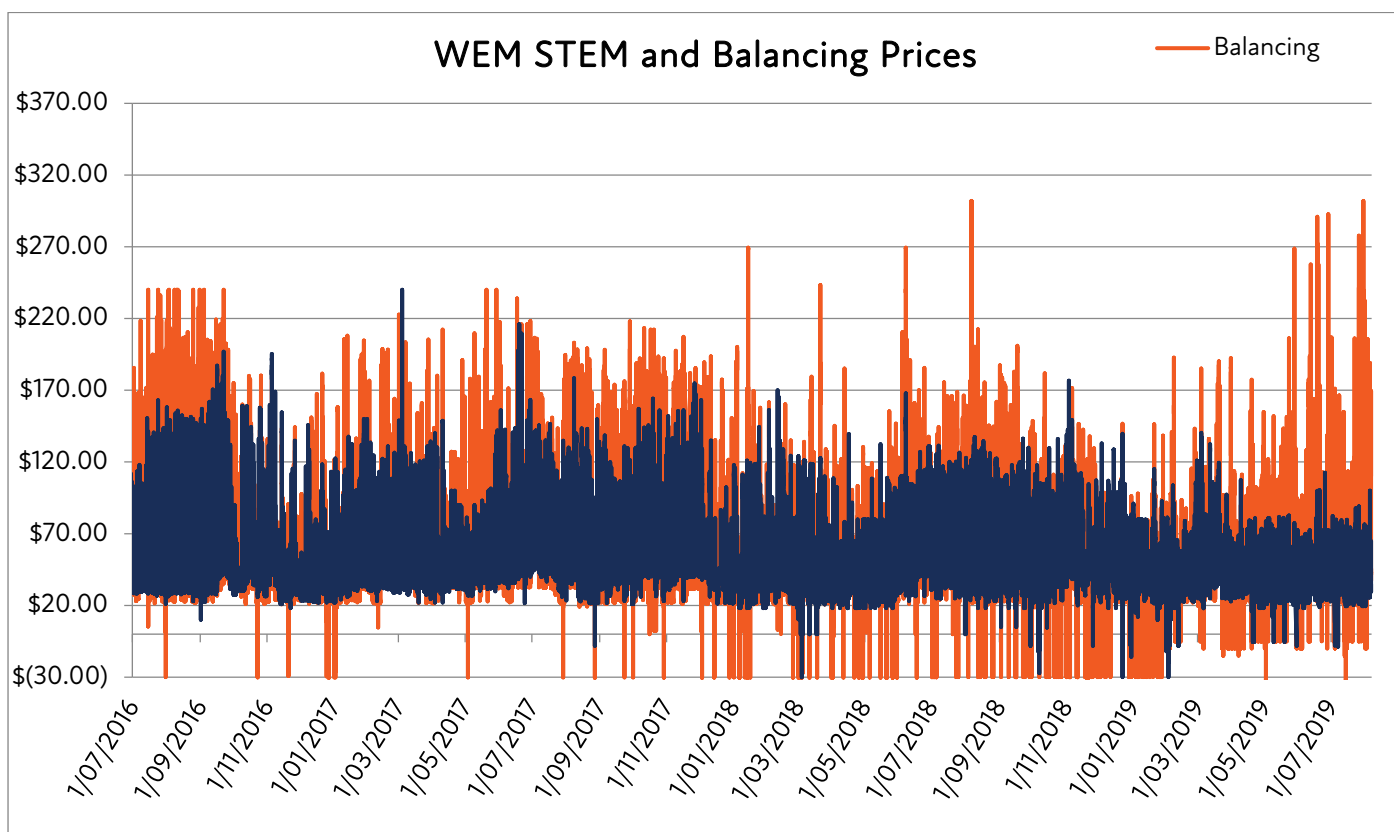
State	Monthly Average	Max Half Hour Spot Price
QLD	61.76	259.62
NSW	84.08	369.86
VIC	104.96	1,807.74
SA	78.79	1,452.64
TAS	69.98	1,084.27



Western Australian Energy Market

STEM prices in Western Australia during August were unchanged from the previous month. The average flat price increased \$0.84 to \$41.45, while peak decreased \$1.29 to \$47.73. Balancing prices recovered this month, increasing \$7.19 to \$51.21, and peak \$7.21 lower at \$44.79. We saw an unusual outcome with peak being lower than flat in the balancing market.

We saw lower price volatility than in the past, with 0 intervals above \$100 (and 0 intervals below \$0) in the STEM and 19 intervals above \$100 (with 4 intervals below \$0) in the Balancing market.



Emission Schemes

LGCs saw active trading throughout August, with a focus on the Calendar Year 2019 and Calendar Year 2020 contracts. The spot market was up \$4.05 for the month, closing at \$46.50. Calendar 2019 followed spot by closing at \$47.00. Calendar Year 2020 contracts ended the month at \$26.75, up \$2.85. Participants are still closely watching the creation rates of certificates from new projects. Calendar Year 2021 and Calendar 2022 contracts did not see these same gains, ending the month at \$14.00 and \$10.50 respectively.

VEECs traded in a tight range for the month, ending at \$22.65, up \$0.15. No significant news was announced during August; the industry continues to wait for information about what the scheme looks like after 2020.

ESCs closed the month up \$1.35 at \$21.85. Creation was down for the month after the rush of creation at the end of the previous financial year. Trading volumes were down on the back of reduced creation.

STCs traded in volume throughout the month as creation remained strong; they closed up \$0.75 at \$37.20. The Victorian government announced a short-term expansion of the Solar Homes Program during the month. We also saw trading for certificates delivered in 2020 as participants turn their attention to the setting of the 2020 STP.



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