



Market Summary Report

January 2020

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

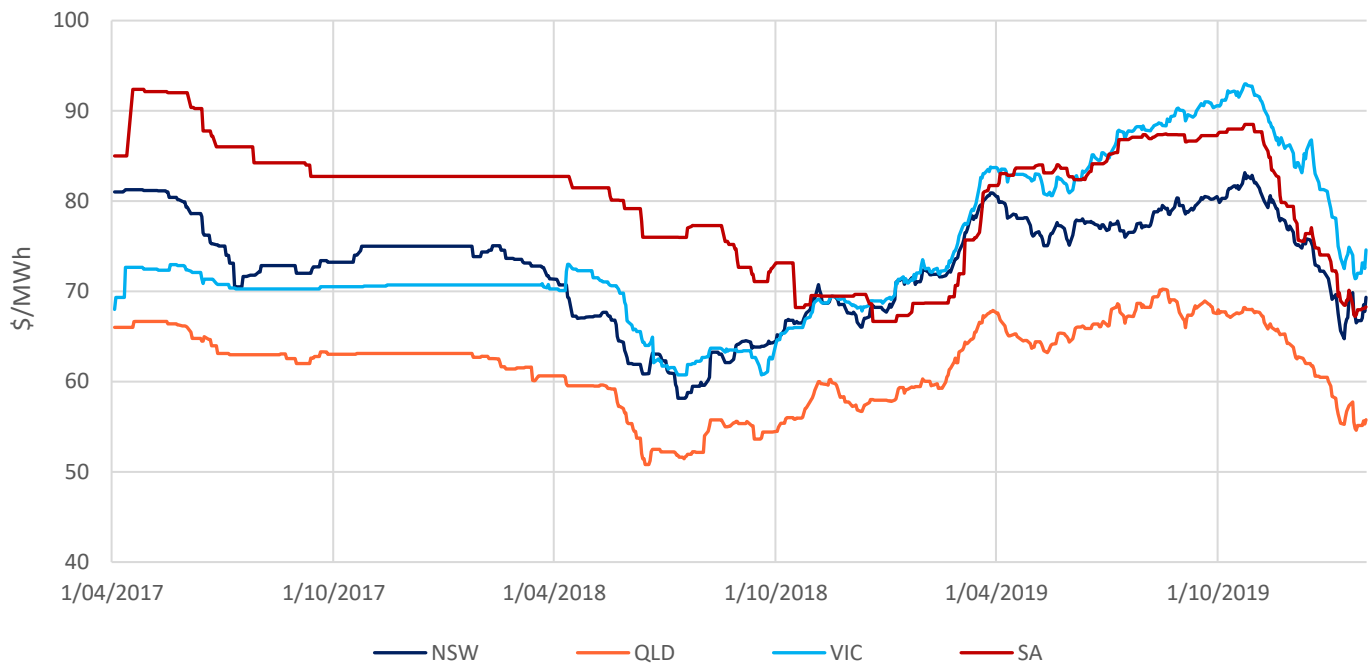
Financial Year 2021 (FY21)

The FY21 contracts continued their selloff in January, with each region closing the month lower. Some weather-driven volatility had little impact in the contract market, with prices continuing to fall. Weaker than expected outcomes in the spot market has many participants questioning the price of the contracts.

January 2020

State	Previous Close	Period Low	Period High	Closing Price
QLD	60.05	54.60	59.49	55.78
NSW	71.40	64.74	69.96	69.35
VIC	80.35	71.39	79.17	74.60
SA	74.03	67.21	73.30	68.27
TAS	78.72	70.75	75.50	70.75

FY21 Flat



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Contract Market

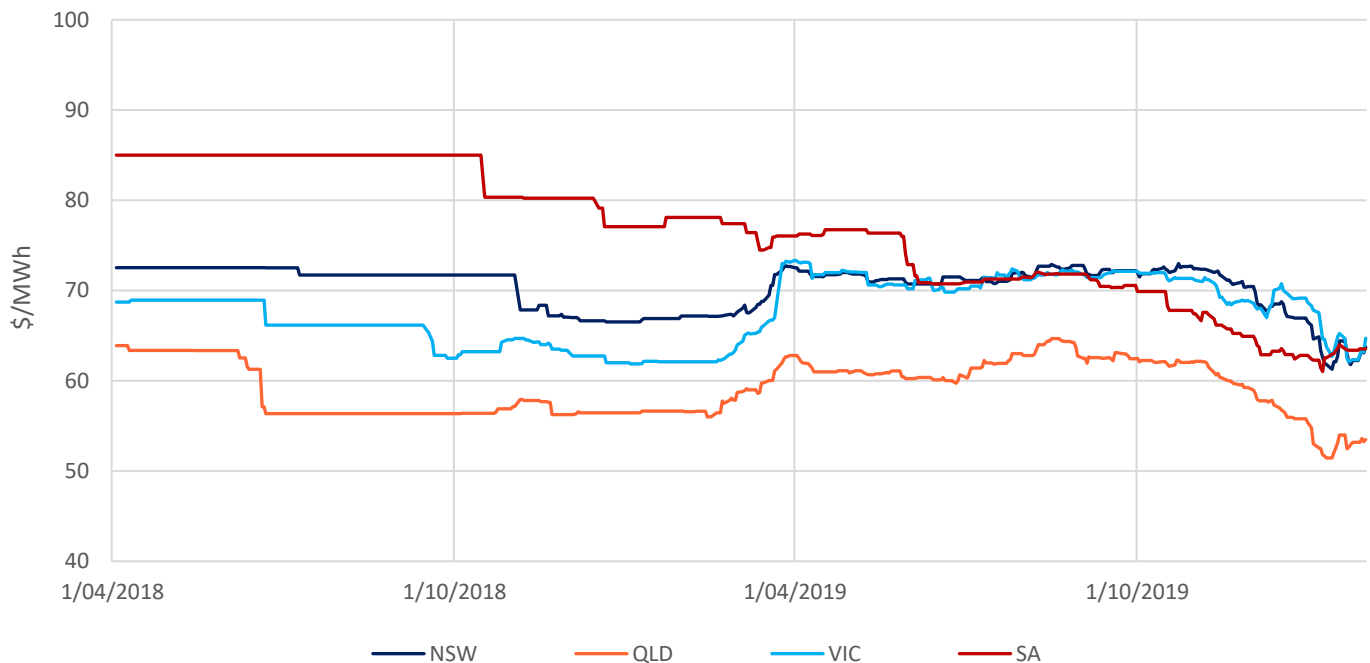
Financial Year 2022 (FY22)

The FY22 contracts followed the FY21 contracts down this month, with many contracts reaching levels not seen for some time and in some instances never. Similarly to the FY21 contracts this month's downward trend is the continuation of a multi month sell off.

January 2020

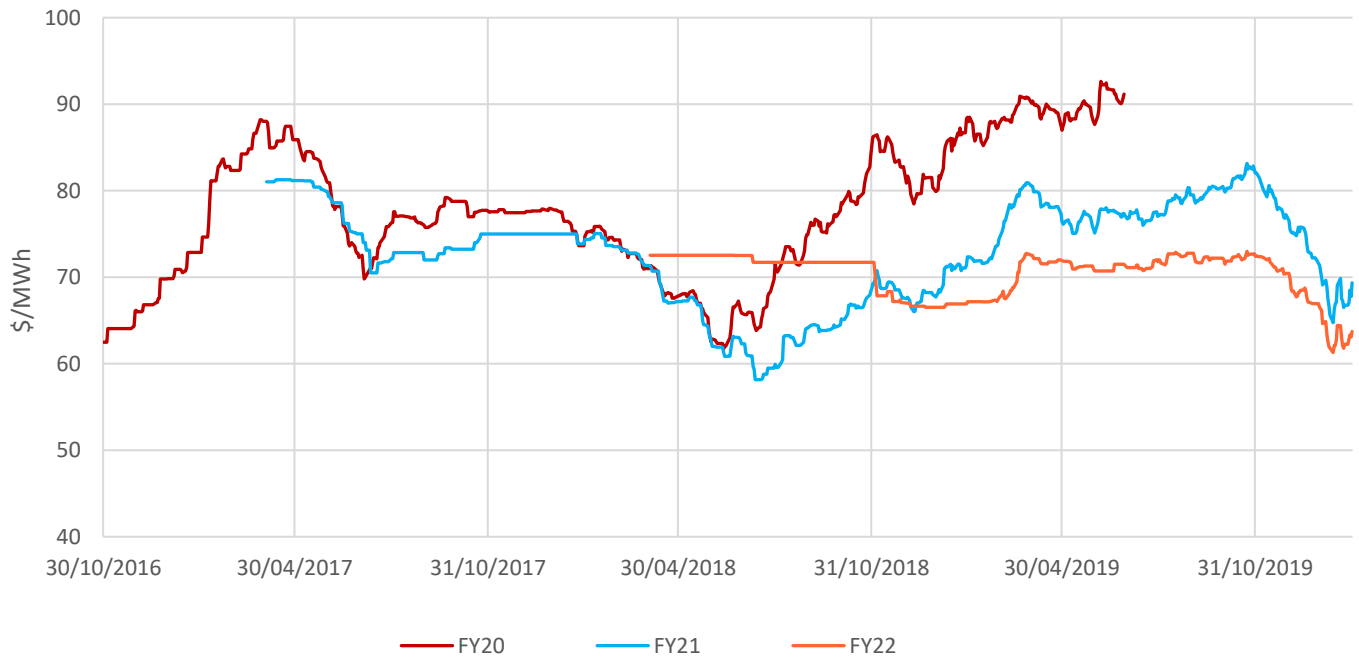
State	Previous Close	Period Low	Period High	Closing Price
QLD	55.36	51.44	54.79	53.48
NSW	66.52	61.28	66.15	63.73
VIC	68.66	62.08	68.32	64.71
SA	62.82	61.02	64.01	63.56
TAS	59.90	55.26	59.00	56.64

FY22 Flat

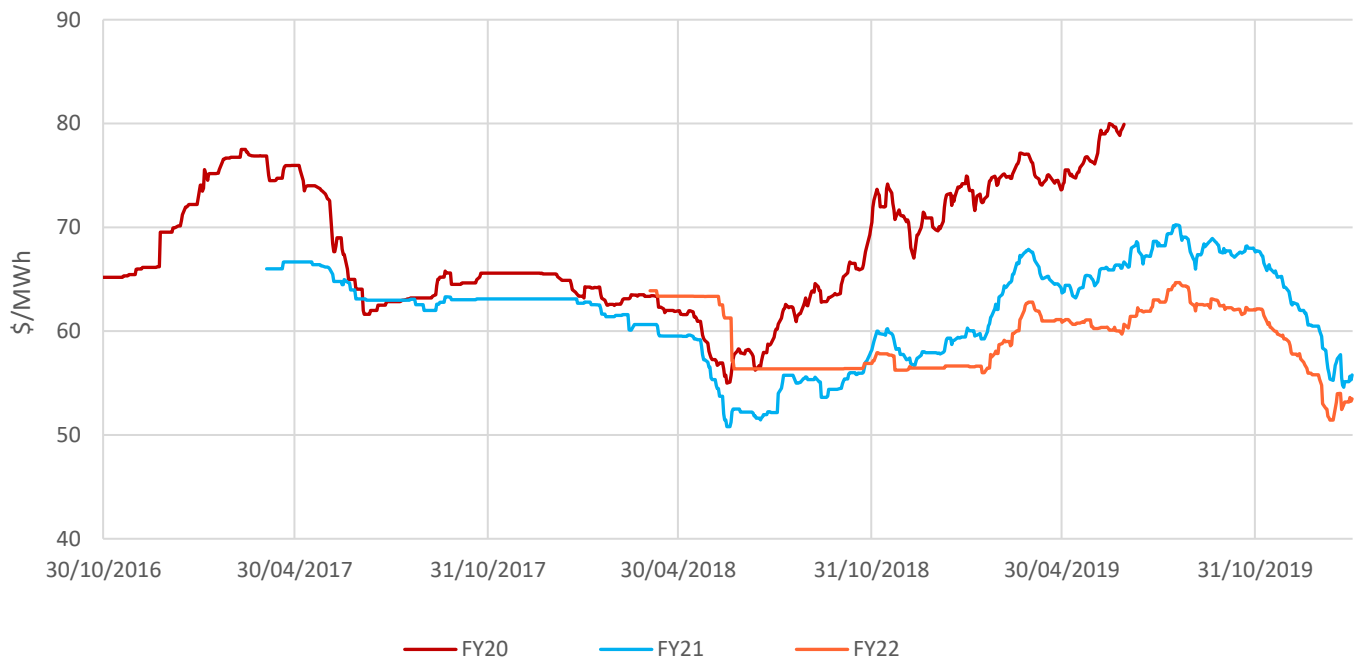


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Contract Market – NSW Financial Years Flat

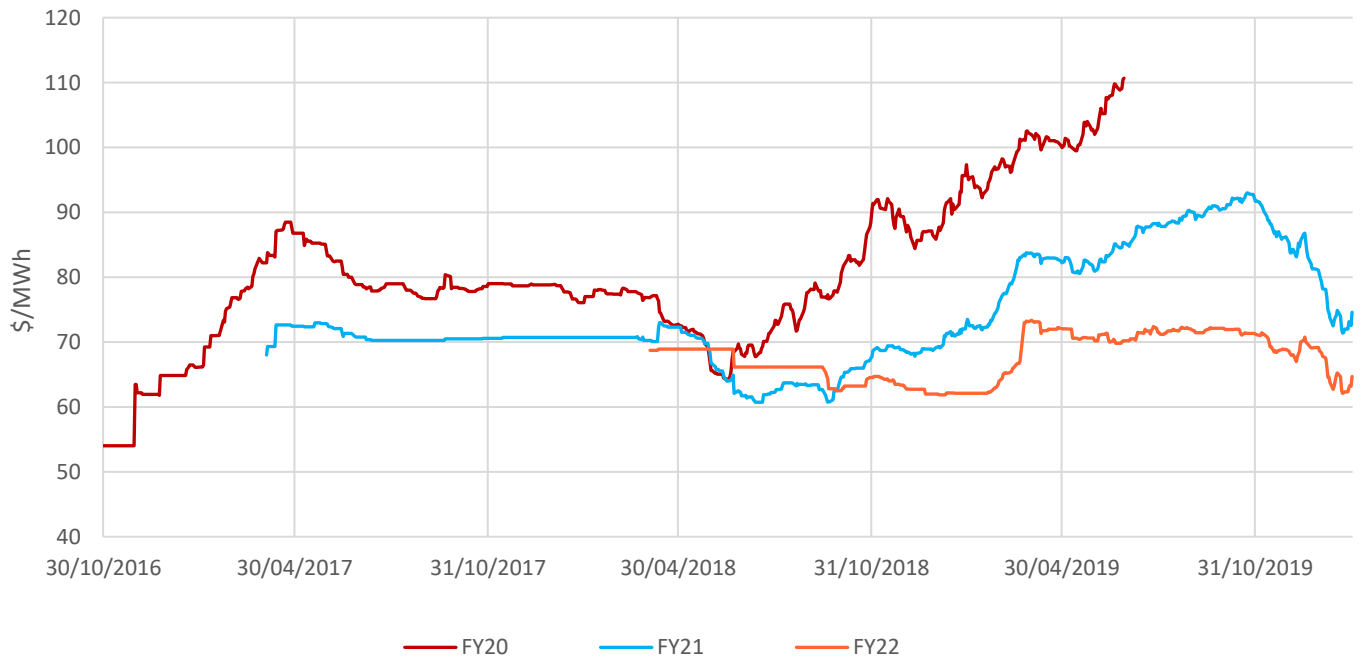


Contract Market – QLD Financial Years Flat

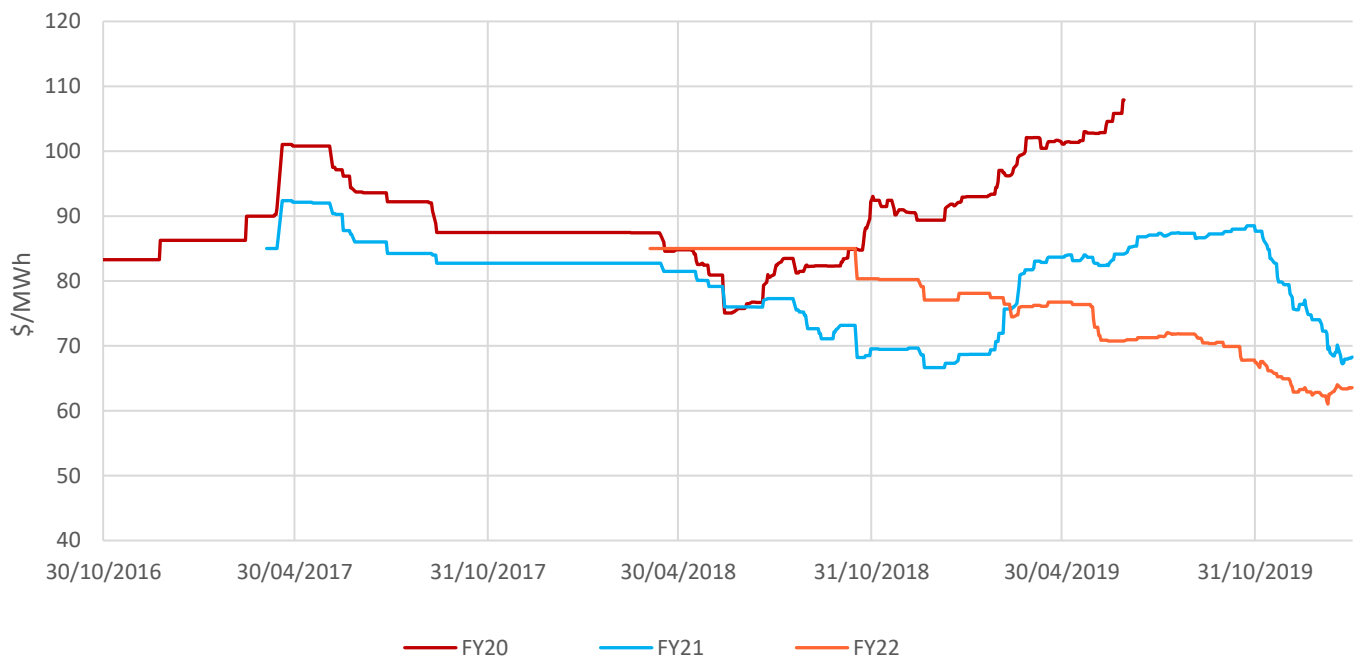


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Contract Market – VIC Financial Years Flat



Contract Market – SA Financial Years Flat



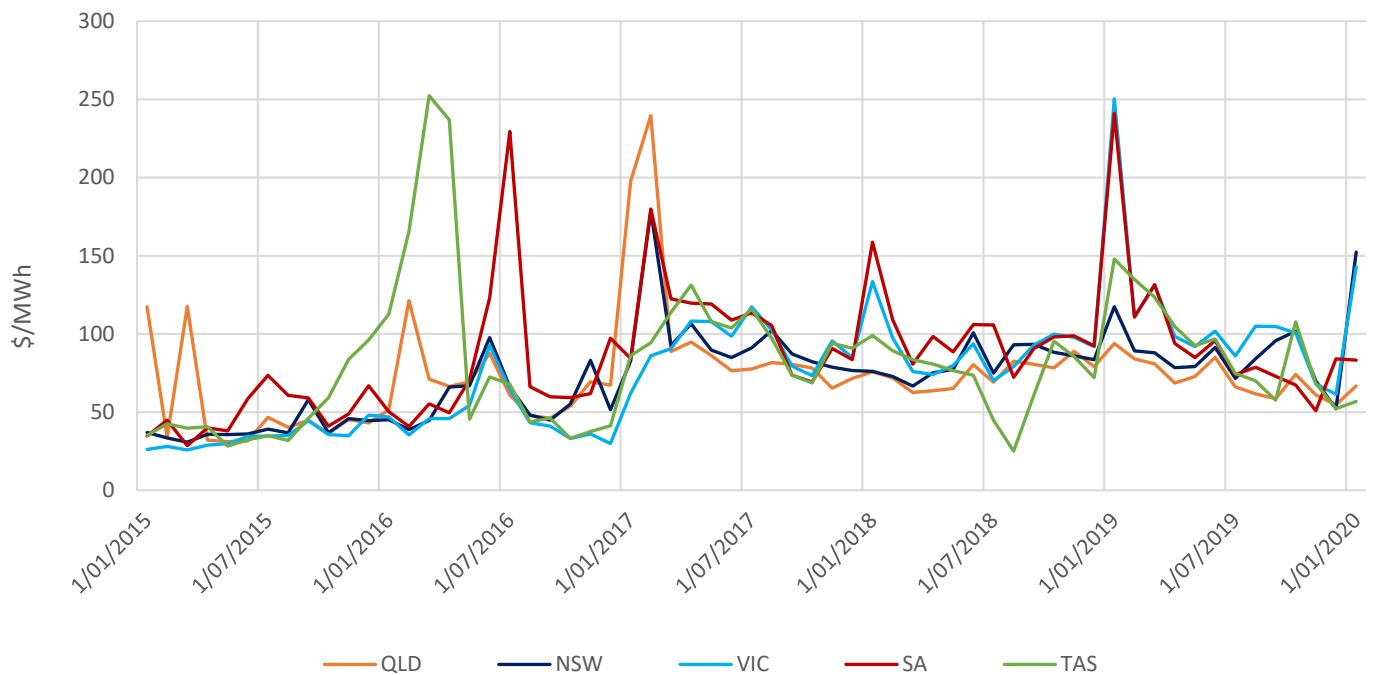
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Spot Prices: National Electricity Market

January saw high spot price outcomes, driven by strong volatility in both NSW and Vic. Bushfires took out network equipment in the Snowy region, severely constraining output from the Hydro units and driving NSW prices to the market price cap for an extended period on the first Saturday of the month. Strong, heat-driven demand in both NSW and Vic late in the month saw further periods of prices at and around the market price cap. However, outside of these volatile periods, spot prices were much weaker than expected, particularly compared to this time last year.

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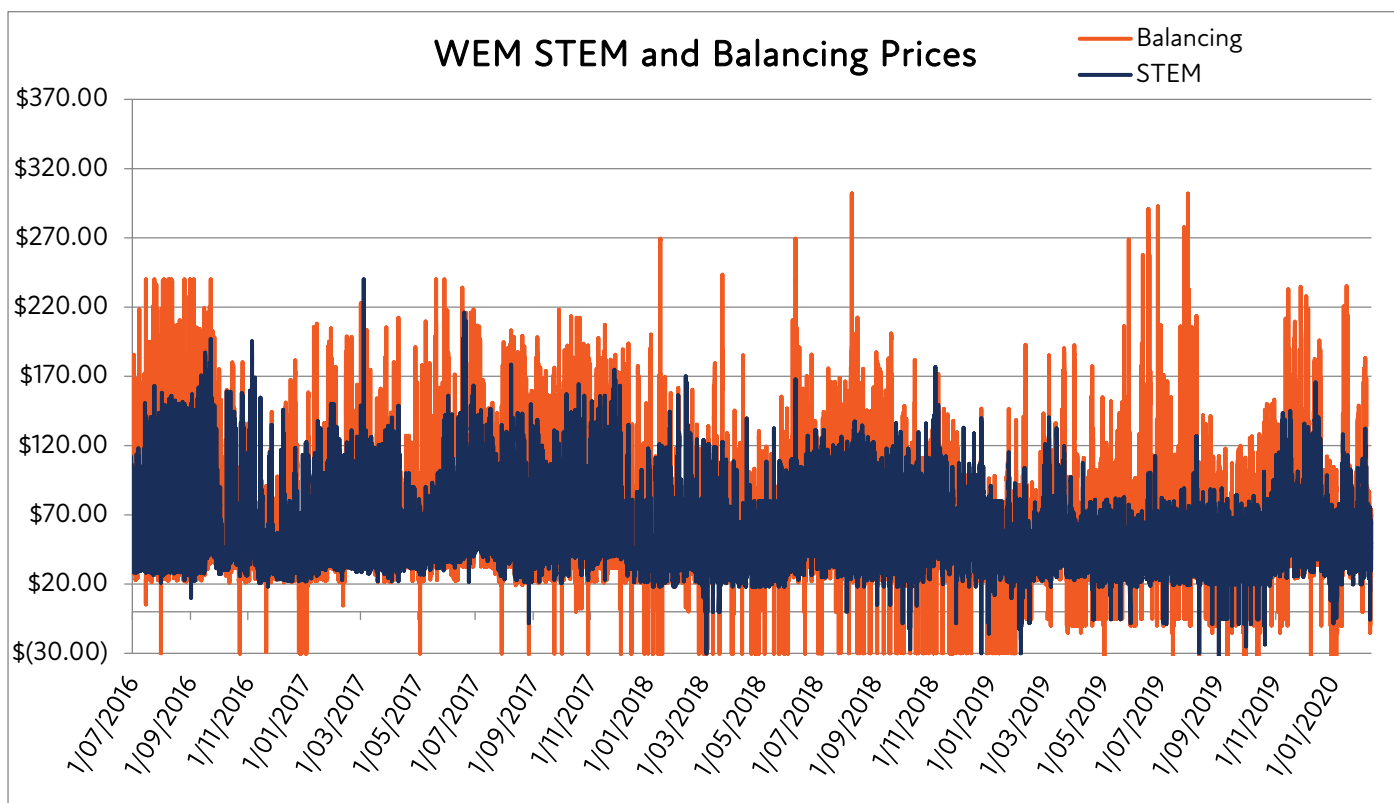
State	Monthly Average	Max Half Hour Spot Price
QLD	66.79	2,295.63
NSW	152.30	14,700.00
VIC	142.95	14,700.00
SA	83.20	12,217.13
TAS	56.84	255.74



Western Australian Energy Market

STEM prices in Western Australia during January were very similar to the previous month. The average flat prices decreased \$0.53 to \$54.30 while the peak decreased \$11.69 to \$52.16. Balancing prices decreased month on month, with flat down \$8.27 to \$51.21 and peak down \$16.20 to \$54.26. The spread between flat and peak pricing after widening for some time has once again flattened.

We saw lower price volatility in both the STEM and Balancing markets, with 48 intervals above \$100 (and 3 intervals below \$0) in the STEM and 48 intervals above \$100 (with 43 intervals below \$0) in the Balancing market.



Emission Schemes

Spot LGCs traded down at the start of the month, reaching a low of \$32.90 before recovering and closing the month at \$46.00, up \$7.00 over the month. We saw reduced liquidity in the spot and CY19 certificates. The CY20 and CY21 certificates did not follow the spot and CY19 certificates up, closing the month at \$32.00 and \$21.00, down \$3.50 and \$4.50 respectively. The CY22 and CY23 certificates closed largely flat month on month, with the CY22 certificates unchanged at \$15.50 and the CY23 closing at \$10.00, down \$0.50.

VEECs continued to trade up in January reaching a high of \$38.60 before falling back down to close the month at \$34.50, up \$4.00 for the month. Participants are still digesting the news released last month and this is reflected in the increased volatility we have seen in the price of the certificates. Liquidity remains in line with expectations.

ESCs closed the month at \$25.00, up \$1.75. Limited new information is available about the expansion and extension of the scheme that was announced by the NSW Government in November. Creation and trading volumes remained in line with expectations.

STCs traded in a tight band all month, ending the month at \$37.65, up \$0.20 over the month. Compliance buying for Q419 is largely completed now, so all attention is on the setting of the CY20 STP, participants have mixed views about where this will be set.



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