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## Powering business newsletter

What happened in the energy market this month?

### April 2019

Every month, we'll share our views on the energy market and outline the headlines that can impact the supply and price of energy.

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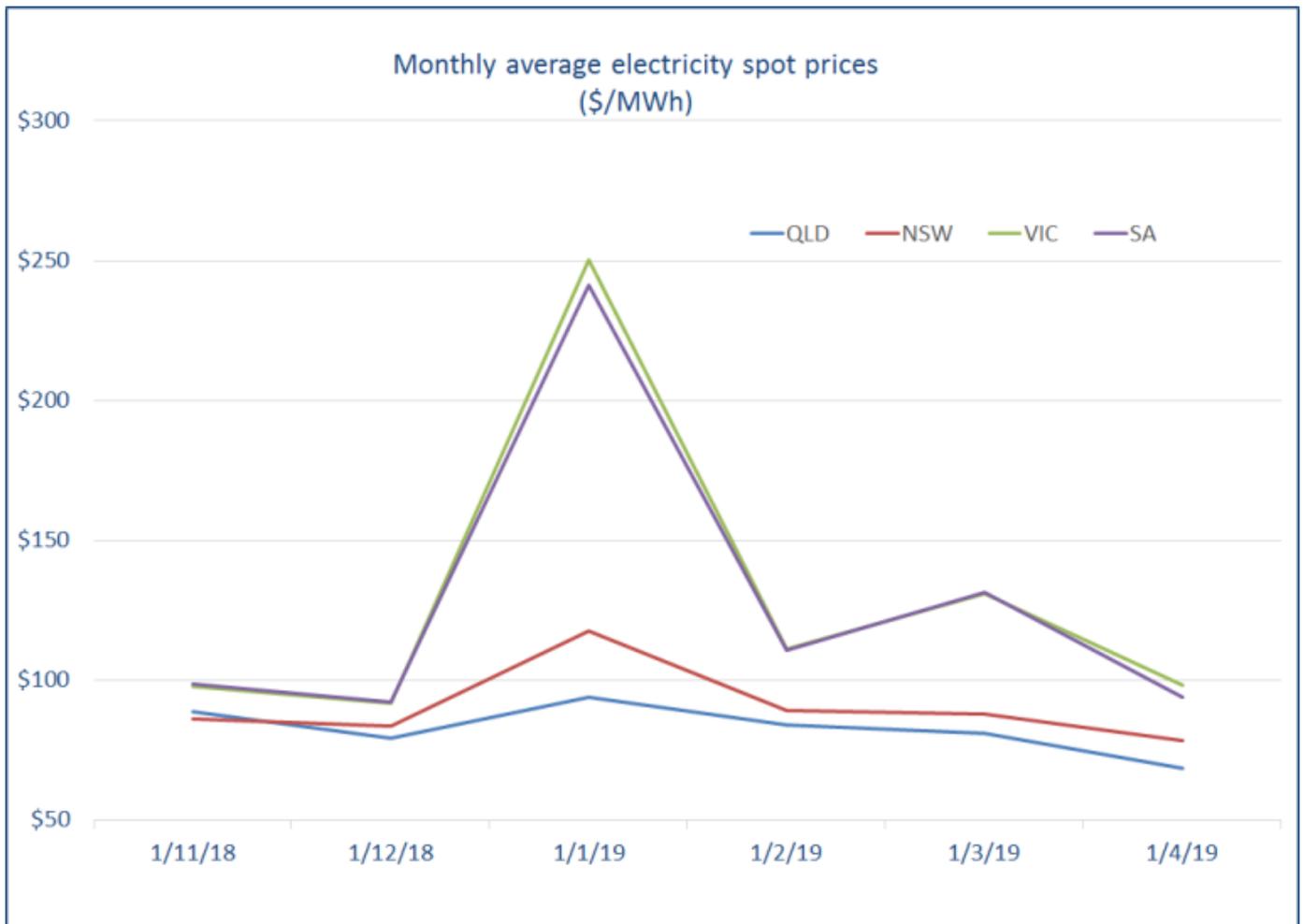
### The electricity market in April

*Demand levels reduced considerably in April, with Queensland experiencing the greatest reduction. This coincided with a reduction in baseload availability, which occurs each year during the autumn shoulder period, as many of the large baseload units in the NEM take the chance to perform critical maintenance.*

*This had the largest effect in Victoria, where there is less baseload capacity and large outages tend to have a greater impact on price. In Victoria, there are four Yallourn and six Loy Yang brown coal baseload units. Three of the Loy Yang and all four of the Yallourn units were on outage at some point during April. Consequently, Victoria was the highest priced state in April, with prices close to \$100/MWh. Conversely, the Queensland price came down significantly to sub-\$70/MWh, as the state just had its largest solar output month on record during a low demand period. This meant that energy flows generally went south from Queensland towards Victoria during April. NSW had similar baseload outages, with the main story being that Mt. Piper continues to run only one of its two units. Mt Piper accounts for roughly 15% of NSW demand so this has had impact on prices as well.*

*Snowy Hydro and HydroTas have been running lean generation profiles over recent months due to low water storage levels and low precipitation, as Australia recently had its hottest summer on record. Their generation levels increased slightly in April, however southern Australia is largely dependent on the cool season rainfall cycle. Therefore, this winter will be important to see whether water storage gets back to historic levels. Wind generation across the southern part of the NEM was in line with summer. However due to falling demands, there were periods of negative prices when there was high wind generation, especially in South Australia.*

**Finlay Macdonald-Stack, Portfolio Trader, Trading Operations**



## News headlines

**15 April:** New energy concession deal announced between Origin Energy and the South Australian State Government.

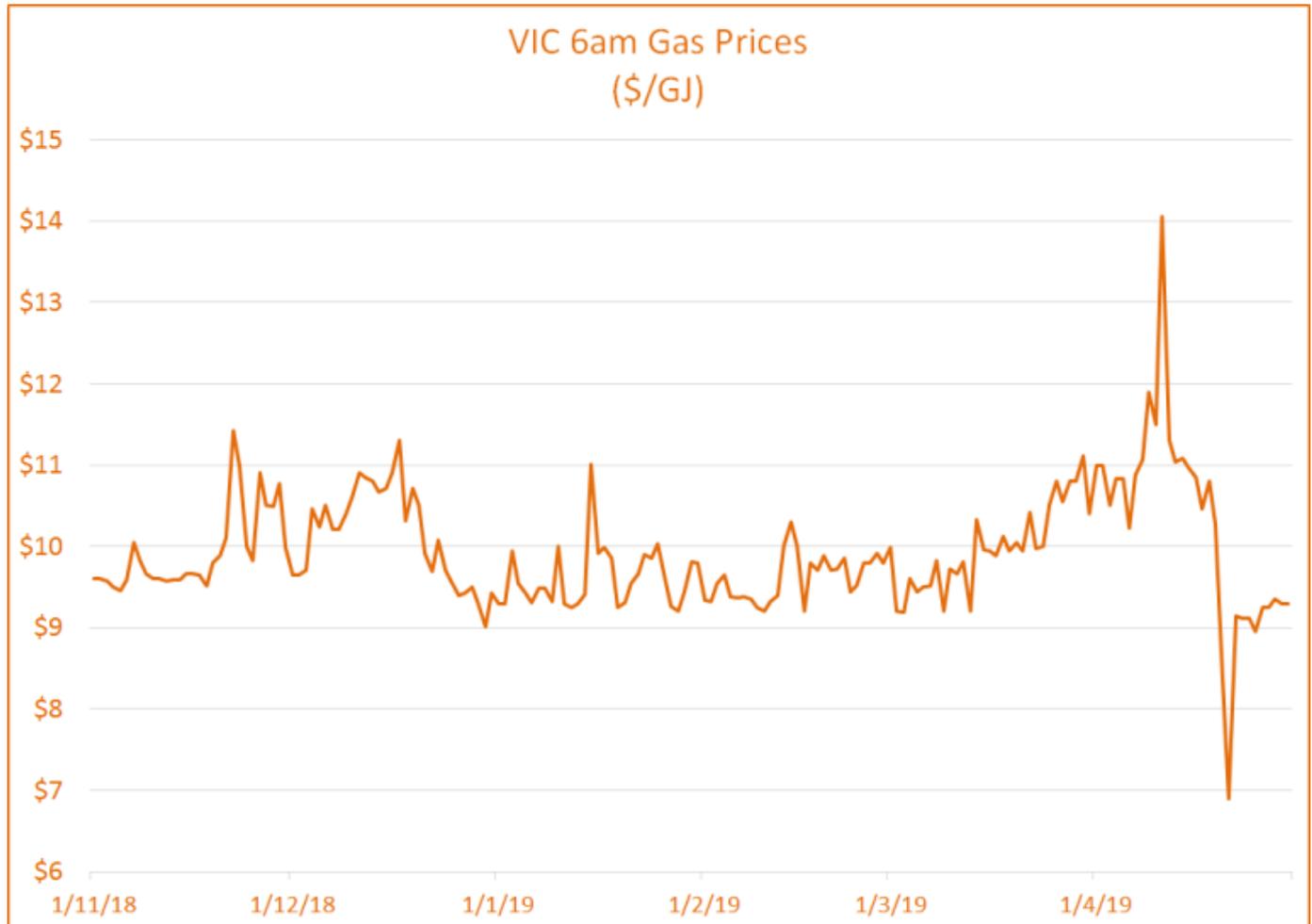
➤ Listen to the FiveAA Adelaide interview with Jon Briskin, Origin Executive General Manager. (<https://media.streem.com.au/player/NuGkdw>)

**17 April:** Melbourne's driest start to the year with two consecutive days over 30 degrees in April, in almost a century.<sup>1</sup>

**30 April:** AER published its final decision on the electricity determination for NSW distribution network service providers; [Endeavour Energy](https://www.aer.gov.au/networks-pipelines/determinations-access-arrangements/endeavour-energy-determination-2014-19) (<https://www.aer.gov.au/networks-pipelines/determinations-access-arrangements/endeavour-energy-determination-2014-19>) and [Ausgrid](https://www.aer.gov.au/networks-pipelines/determinations-access-arrangements/ausgrid-determination-2019-24) (<https://www.aer.gov.au/networks-pipelines/determinations-access-arrangements/ausgrid-determination-2019-24>), for the regulatory control period July 2019 to 30 June 2024. Actual network tariffs for 2019–20 will be subject to a separate approval process in May 2019, however key changes to how these networks charge large business or commercial customers include:

- Creating a financial incentive for Endeavour customers to opt-in to cost reflective tariffs such as demand and time of use tariffs.
- Essential Energy narrowing the demand charge peak from 5pm to 8pm.
- Ausgrid restoring the “transitional TOU” tariffs for 160-750MWh tariffs, setting out prices for these tariffs.

## The gas market in April



Planned maintenance at Longford continued into April with production remaining below 500TJ/day for the majority of the month. Southern market prices continued to trade at a premium to northern markets as a result. Longford production increased above 600TJ/day on April 18<sup>th</sup>.

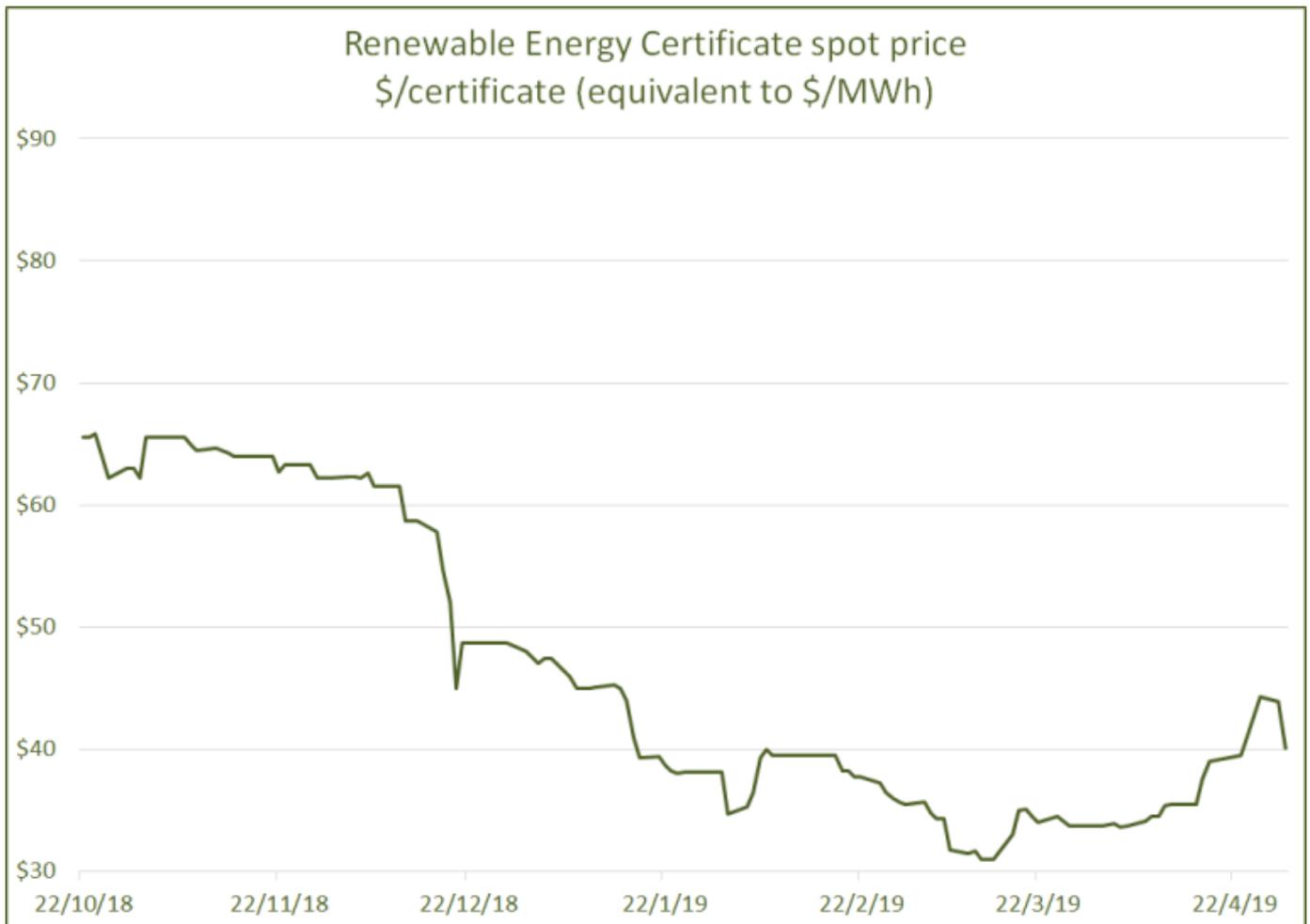
Weakening LNG JKM (Japan/Korea Marker) prices due to a mild northern hemisphere winter, coupled with a planned half-train 7-day outage at APLNG (<https://www.aplng.com.au/>) resulted in additional volumes being made available in the northern markets. Northern volumes largely flowed south to offset some of the Longford reduction.

**Ricky Kennewell, Portfolio Trader, Trading and Operations**

## New headlines

**29 April:** The NSW government has approved the build of a gas import terminal at Port Kembla, including the build of a new berth to house a floating LNG handling facility.<sup>2</sup>

## The renewable energy market in April



## News headlines

**2 April:** The Australian Renewable Energy Agency (ARENA) is funding 11 projects to improve the accuracy of energy forecasts from wind and solar farms in real time. By improving accuracy, AEMO is better able to plan supply and avoid shortages.<sup>3</sup>

**5 April:** Greensync has been given additional funding by ARENA to accelerate the deployment of an online platform that enables households to trade excess energy generated by rooftop solar.<sup>4</sup>

**12 April:** ARENA announced [funding for a trial to install redeployable rooftop solar](https://arena.gov.au/news/redeployable-solar-to-be-trialled-on-shopping-centres/) on commercial and government buildings. Solpod Pty Ltd has developed a racking and mounting

system that can be quickly removed to be installed at another location, perfect for commercial tenants.

**23 April:** Zero Emissions Water Ltd, an Australian-first conglomerate of 13 Victorian water corporations, has combined to purchase at least 20 percent of their total energy needs from Kiamal Solar Farm.<sup>5</sup>

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## References

1. <https://www.theage.com.au/national/victoria/days-of-melbourne-heat-cracks-almost-a-century-of-records-20190417-p51f6u.html>  
(<https://www.theage.com.au/national/victoria/days-of-melbourne-heat-cracks-almost-a-century-of-records-20190417-p51f6u.html>)
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4. <https://www.smh.com.au/business/small-business/home-solar-energy-trading-platform-coming-near-you-after-funding-boost-20190404-p51avz.html>  
(<https://www.smh.com.au/business/small-business/home-solar-energy-trading-platform-coming-near-you-after-funding-boost-20190404-p51avz.html>)
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(<https://www.sbs.com.au/news/victorian-water-corps-turn-to-solar-energy>)

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## Talk to your Origin account manager

8:30 am – 5 pm AEST, Monday to Friday

 13 23 34 (tel:132334)



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