



# **MARKET SUMMARY REPORT**

Electricity and Gas – May 2024

Shell Energy Retail Pty Ltd  
ABN 87 126 175 460

# Introduction and Further Reading

This report provides information on wholesale price trends for all regions within the National Electricity Market (NEM), the Western Australia Energy Market (WEM), the East Coast Wholesale Gas Market and environmental scheme certificates. Wholesale gas price trends reference the ICAP Gas Forward Price Curve Data, published under permission by ICAP Energy.

Please note that all electricity prices are presented as a \$ per megawatt-hour (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 Shell Energy 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 the 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](#).

Western Australia Energy Market - AEMO publishes a detailed market report which can be found [here](#).

NEM Spot Market – AEMO publish a range of detailed information which can be found [here](#).

Environmental Certificates – information about environmental certificates can be found [here](#).

Large-scale Generation Certificates (LGCs) – information about LGCs can be found [here](#). You can also refer to our [Energy Education video on LGCs](#).

Small-scale Technology Certificates (STCs) – information about the STC program can be found [here](#). You can also refer to our [Energy Education video on STCs](#).

Victorian Energy Efficiency Certificates (VEECs) – information about the VEEC program can be found [here](#). You can also refer to our [Energy Education video on VEECs](#).

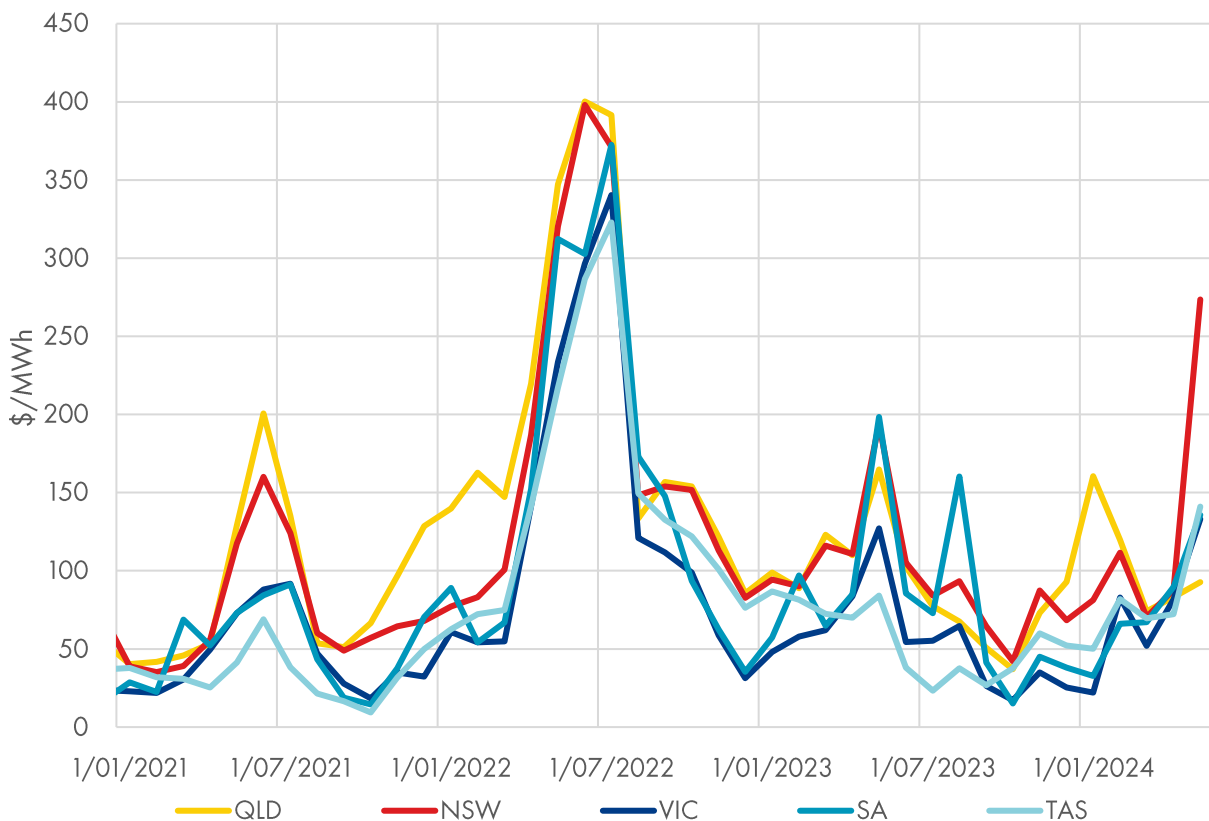
Energy Saving Certificates (ESCs) – information about the ESC program can be found [here](#). You can also refer to our [Energy Education video on ESCs](#).

# Spot Prices: National Electricity Market

With cooler temperatures in May, there was a significant increase in demand in all states, except Queensland. New South Wales (NSW) and Victoria (VIC) saw increases of 700MW and 600MW from median demand respectively, while demand in Queensland was 100MW lower than the median. The increase in demand led to an increase in spot prices across all states, with NSW experiencing the largest movement with 91 price spikes above \$1,000 also driven by coal outages and transmission line constraints limiting the ability to import power from Queensland and Victoria during peak periods.

## May 2024

| State | Average Spot Price | Max 5 Min Spot Price | 5 Min Intervals at \$1,000 or Above | 5 Min Intervals at \$0 or Below |
|-------|--------------------|----------------------|-------------------------------------|---------------------------------|
| QLD   | 92.69              | 449.00               | 0                                   | 1,438                           |
| NSW   | 273.56             | 16,600.00            | 91                                  | 126                             |
| VIC   | 132.97             | 776.33               | 0                                   | 589                             |
| SA    | 135.71             | 995.97               | 0                                   | 876                             |
| TAS   | 141.03             | 608.07               | 0                                   | 104                             |



Source: NEM Spot Market - AEMO

# Contract Market

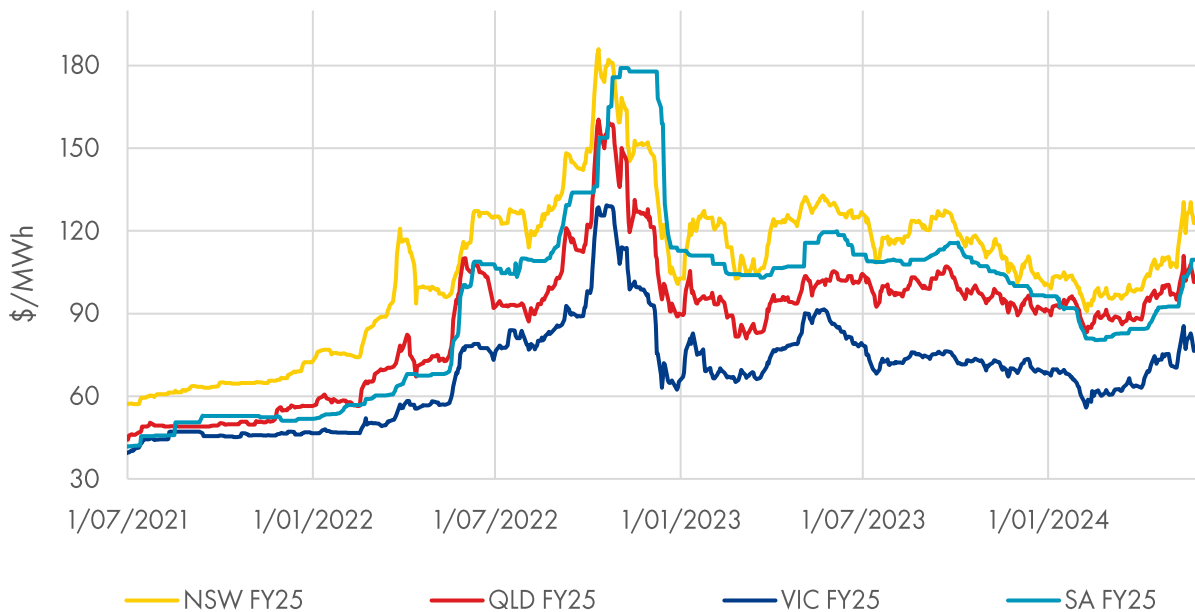
## Financial Year 2025 (FY25)

The 2025 contract market experienced significant fluctuation in May, closing more than \$10 higher in most states. Low wind activity, early cool temperatures, coal power interruptions, and transmission line outages all contributed to elevated spot prices, prompting the market to recalibrate forecasts for future Q2 and Q3 periods, which have traditionally been more stable. Lastly, the mid-month option expiry was another factor driving higher contract prices, as participants aimed to manage changes in their positions leading up to and following expiry. An electricity generator or retailer might buy or sell options to manage risk and stabilize their financial performance by securing future prices, thus protecting against potential fluctuations in the energy market.

### May 2024

| State | Previous Close | Period Low | Period High | Closing Price |
|-------|----------------|------------|-------------|---------------|
| QLD   | 96.75          | 95.06      | 113.44      | 113.44        |
| NSW   | 106.91         | 106.73     | 136.02      | 136.02        |
| VIC   | 71.50          | 70.34      | 85.50       | 84.96         |
| SA    | 92.57          | 92.57      | 111.11      | 111.11        |
| TAS   | 73.52          | 73.52      | 83.85       | 80.55         |

### FY25 Flat



Source: ASX Data

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# Contract Market

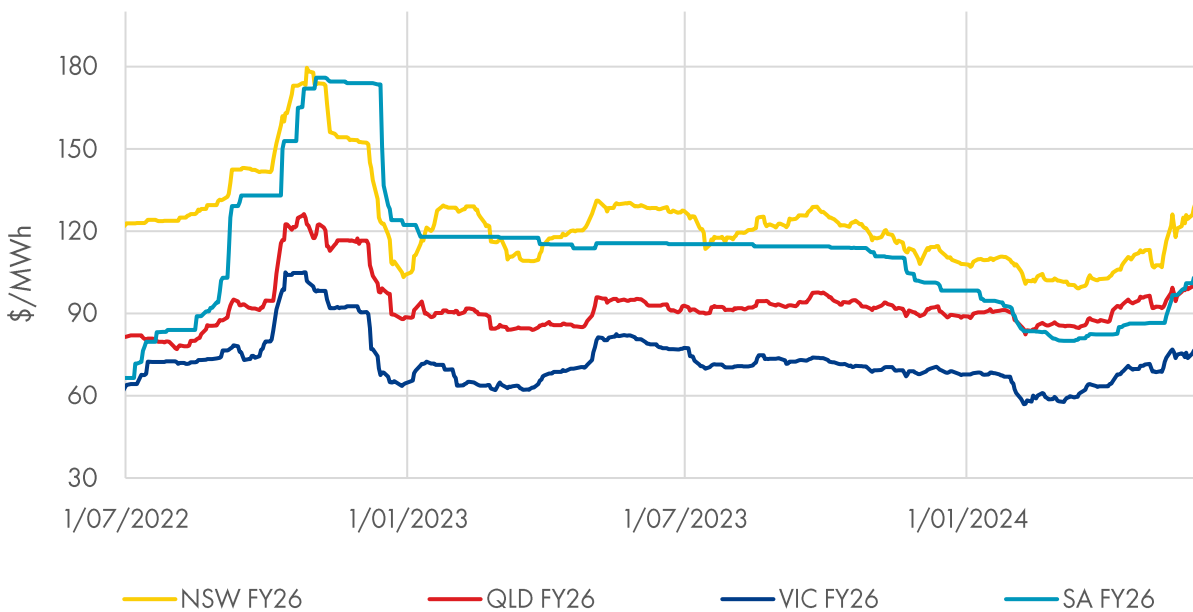
## Financial Year 2026 (FY26)

The contract trends observed in FY25 were largely mirrored in FY26. The primary catalyst for price surges in NSW stemmed from the much-anticipated announcement concerning the future of Eraring power station. The specifics of the contract between Origin and the NSW Government introduced a degree of uncertainty in the market, triggering a noticeable rally in FY26.

### May 2024

| State | Previous Close | Period Low | Period High | Closing Price |
|-------|----------------|------------|-------------|---------------|
| QLD   | 91.95          | 91.95      | 107.88      | 107.88        |
| NSW   | 107.20         | 106.71     | 136.15      | 136.15        |
| VIC   | 68.81          | 68.55      | 79.59       | 79.59         |
| SA    | 86.52          | 86.52      | 104.34      | 104.34        |
| TAS   | 70.82          | 70.82      | 75.78       | 75.78         |

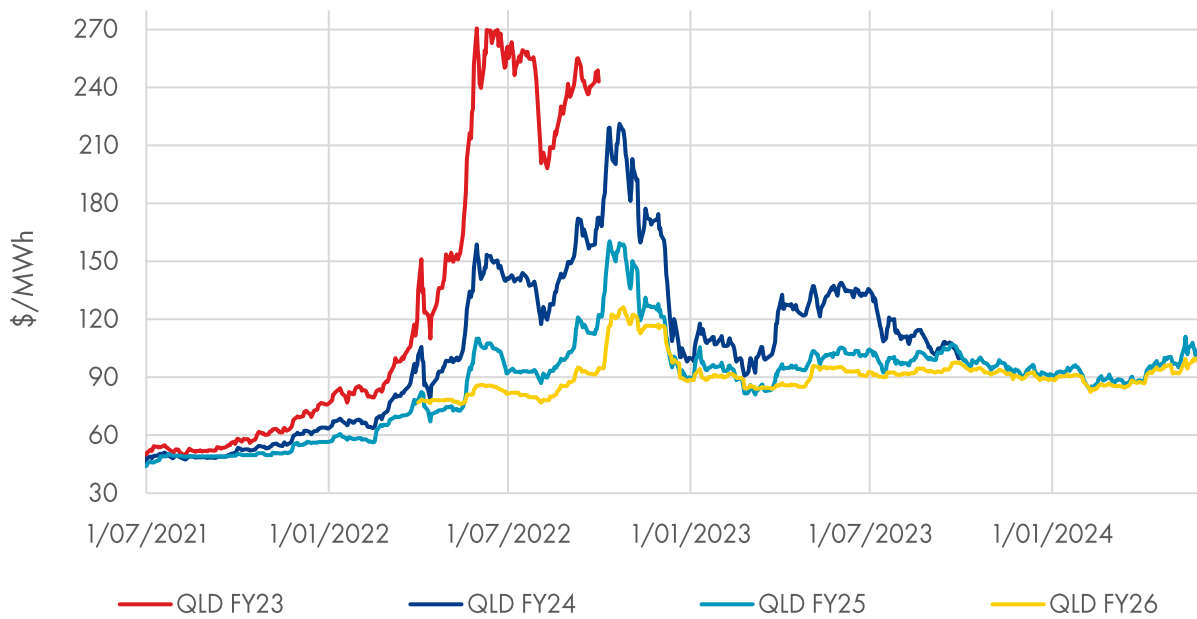
### FY26 Flat



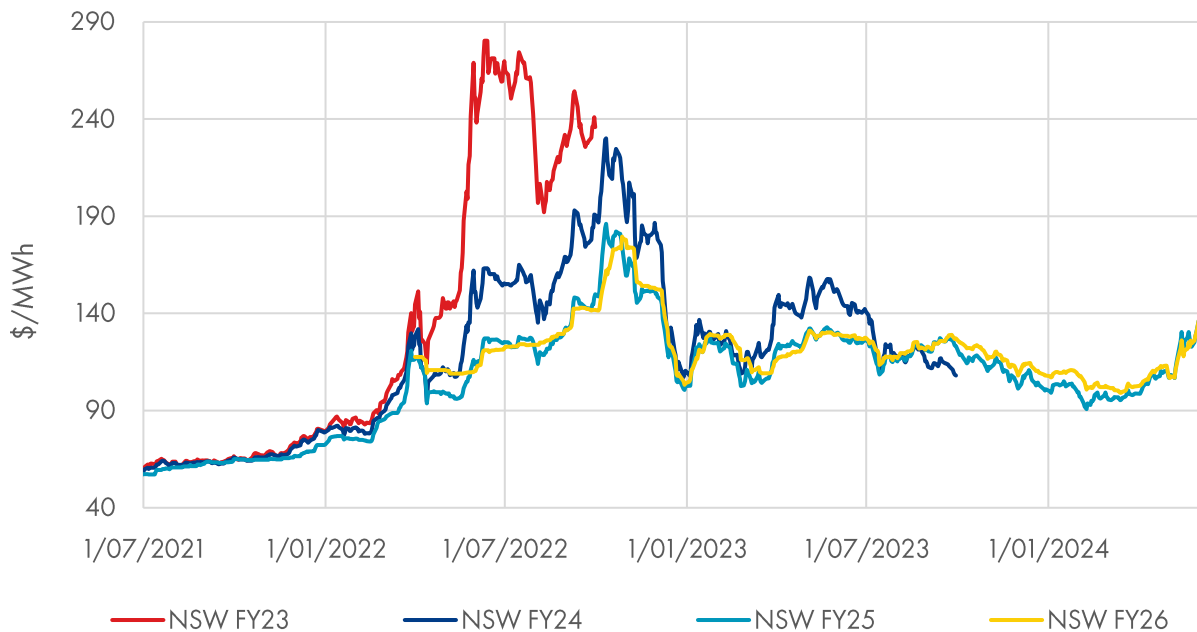
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## Contract Market - QLD Financial Years Flat



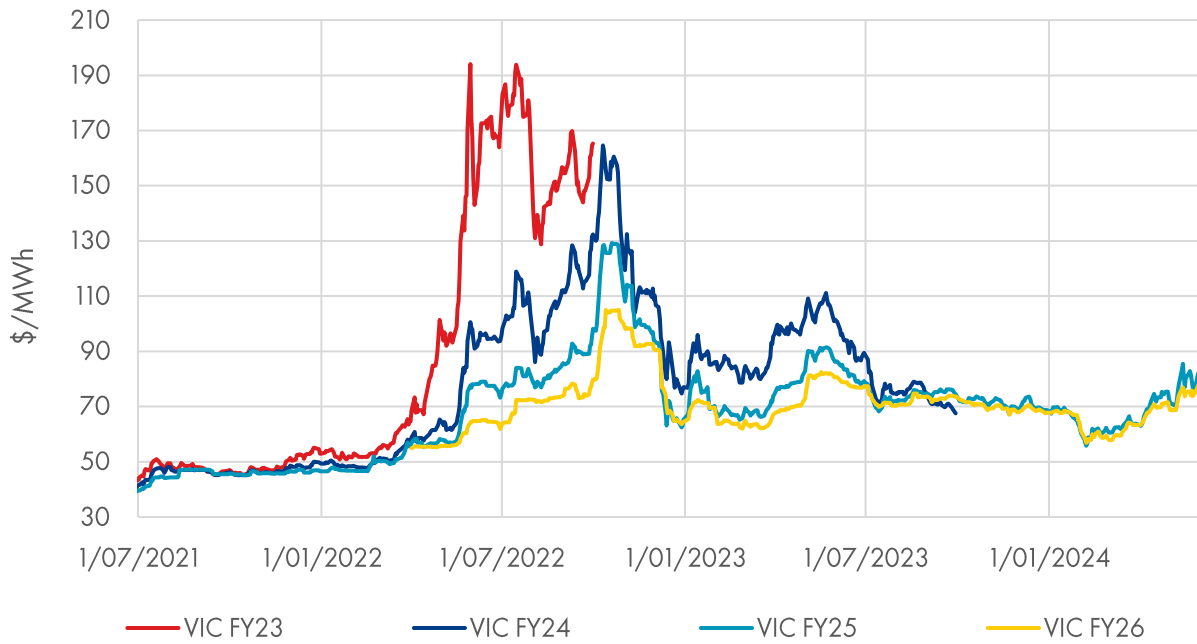
## Contract Market - NSW Financial Years Flat



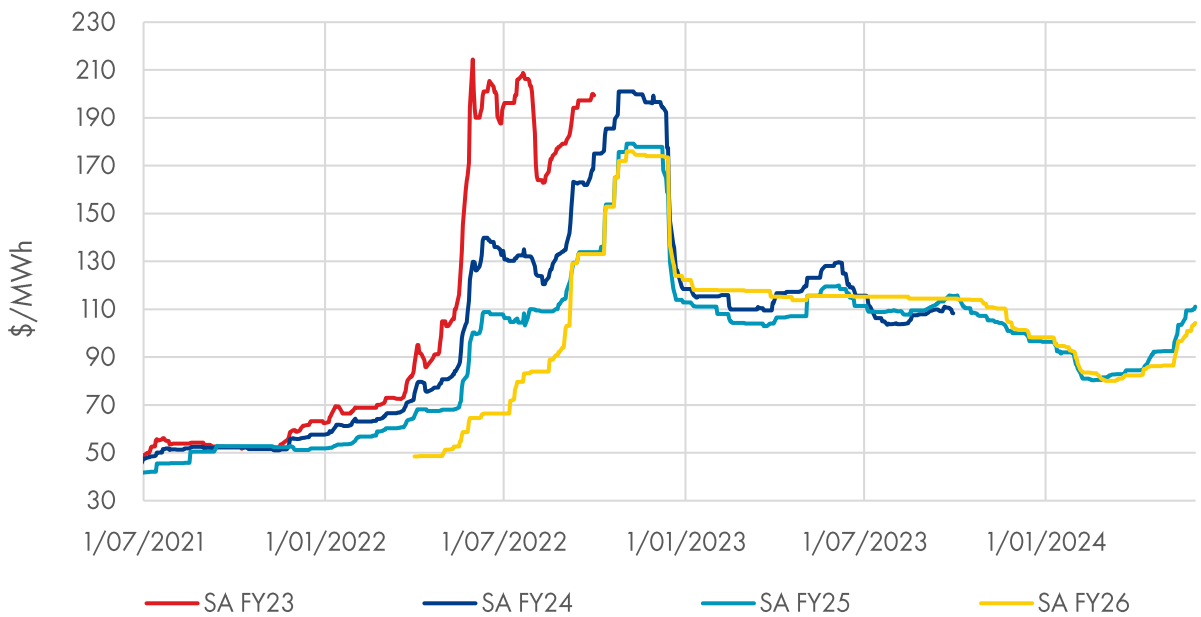
Source: ASX data

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## Contract Market - VIC Financial Years Flat



## Contract Market - SA Financial Years Flat



Source: ASX data

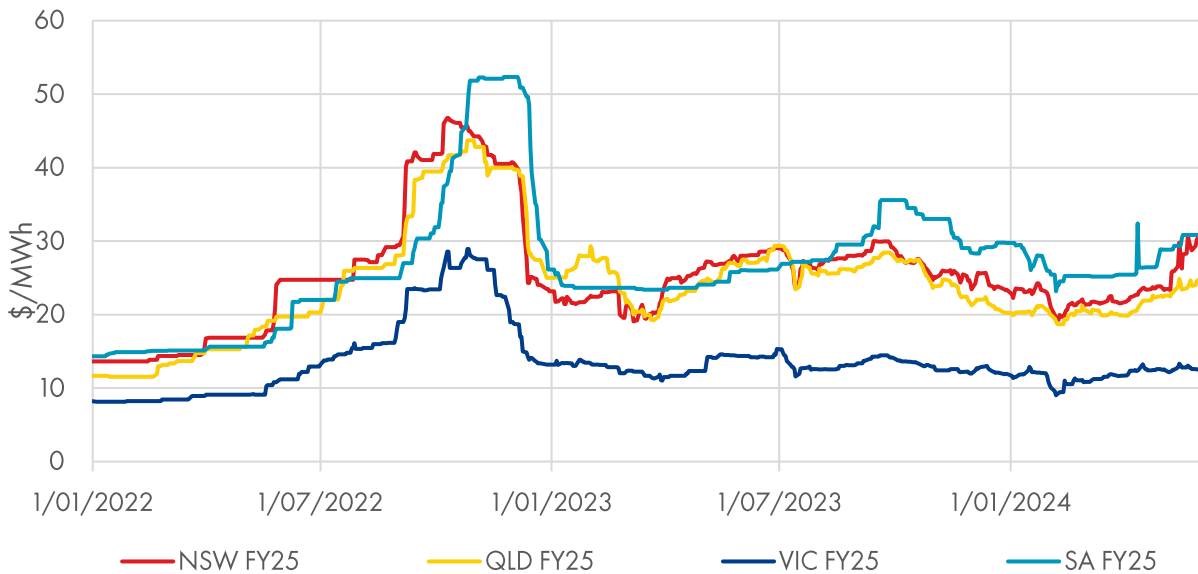
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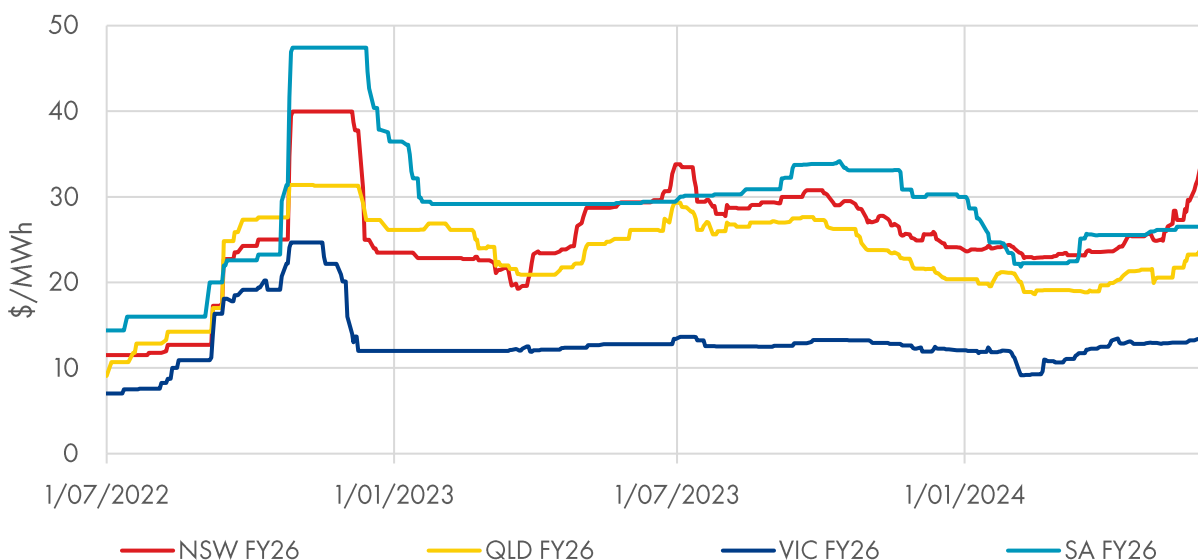
# Cap Contract Market

The cap market followed suit with swap contracts in May, following high spot prices in NSW and VIC, as well as the Eraring extension announcement in NSW. Queensland cap contracts flipped from a contango curve into backwardation, potentially due to the observed trend of mild spot price outcomes in winter and concentration of volatility in Q1. NSW moved from backwardation into contango. Queensland has observed more natural sellers of back-end contracts than NSW which could be contributing to this shift. A contango curve is expected in the NEM due to the increase of the market price cap (MPC) over time.

## Financial Year 2025 (FY25)



## Financial Year 2026 (FY26)



Source: ASX Data

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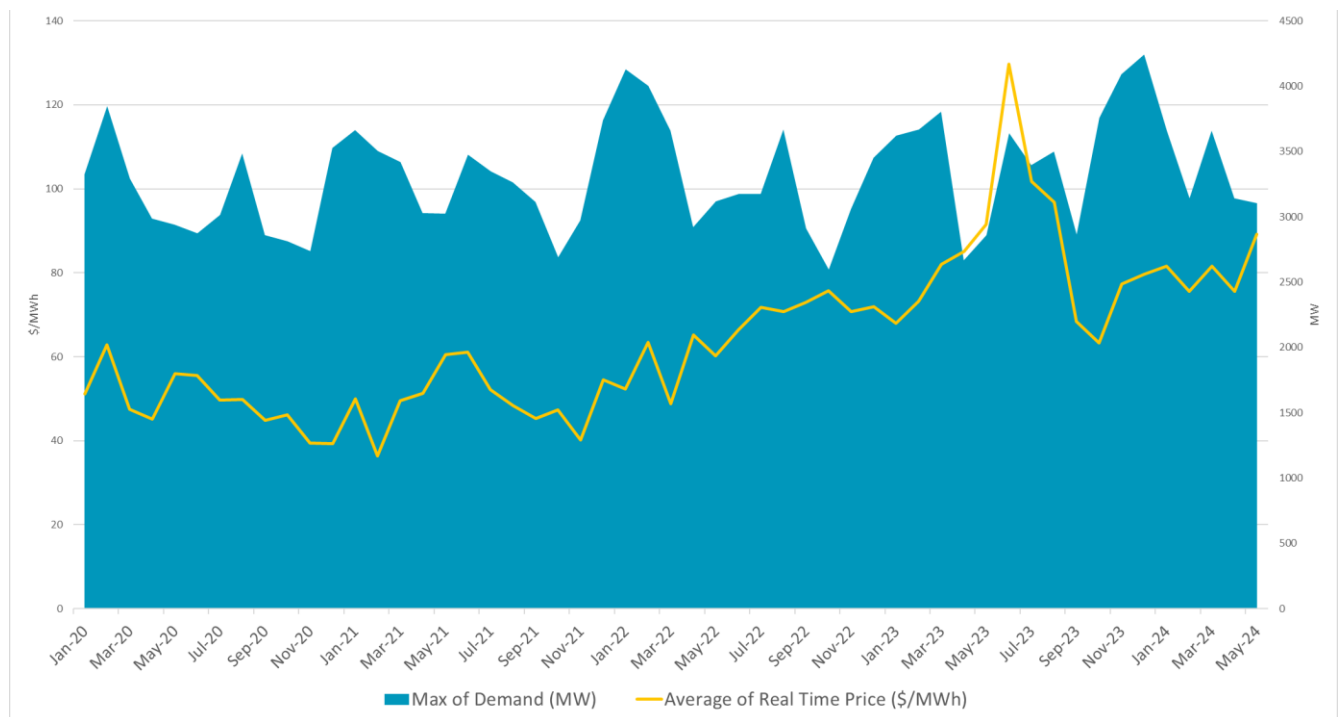
# Western Australia Energy Market

## WEM STEM and Balancing Prices

The Wholesale Electricity Market (WEM) saw an average real time market price of \$89.67/MWh. Western Australia (WA) experienced lower temperatures than April, with the average daily minimum and maximum temperatures falling by 1.5°C and 3.3°C in Perth.

With this colder weather, 38.4% of real time prices in the WEM were above \$100/MWh, with 28 hours during May clearing at the Energy Offer Price Ceiling (\$738/MWh). Lower renewable generation from solar and wind and continued coal and gas generation outages contributed to a strong spot price across the month. While fuel costs remained somewhat stagnant for May, the increased cost of Essential System Services (ESS) continues to play a large role in generator short-run marginal costs. It should be noted that on 22 May, the Frequency Co-optimised ESS maximum price was lowered to \$500.

| WEM Summary Statistics            |             |
|-----------------------------------|-------------|
| Average Real Time Price           | \$89.67/MWh |
| Max 5 Min Real Time Price         | \$738/MWh   |
| 5 Min Intervals at \$100 or Above | 3399        |
| 5 Min Intervals at \$0 or Below   | 2392        |



Source: Western Australia Energy Market – AEMO

Source: Bureau of Meteorology

# Emission Schemes

## Large Scale Generation Certificates (LGCs)

LGC markets remained relatively flat in May, with the main movements in the prompt Cal24 and Cal25 vintages. This downward trend was likely due to selling pressure in the front end of the curve which led to a softening of the curve. The month-on-month changes in each LGC vintage are summarised in the table below.

| Vintage | Price | Change |
|---------|-------|--------|
| Spot    | 46    | (1.30) |
| Cal24   | 47.55 | (1.45) |
| Cal25   | 46.60 | (1.90) |
| Cal26   | 39.25 | (1.00) |
| Cal27   | 33.50 | (0.65) |
| Cal28   | 28.70 | -      |
| Cal29   | 24.90 | -      |
| Cal30   | 20    | -      |

Source: Clean Energy Regulator

## Small Scale Technology Certificates (STCs)

The STC clearing house came out of deficit and moved into surplus in May, with creators offering surplus certificates into the over-the-counter market, with levels closing at \$39.90.

## Victorian Energy Efficiency Certificates (VEECs)

In May, the VEEC market hit a record with spot prices at \$115. This was mainly due to a shortage in certificate creation and issues in the forward market caused by credit term differences between retailers and creators. As spot prices approach the market cap of \$128.57, the industry awaits the Victorian Energy Upgrades (VEU) mid-year update of the RDC Activity Regulations to address market inefficiencies.

## Energy Saving Certificates (ESCs)

ESCs briefly increased in price during the month after concerns of a widespread impact following a creator going into administration. ESCs then returned to previous levels and closed the month at \$19.75. The market continued to see healthy creation. The forward market did not react to the news of pool pump installations becoming an eligible activity, nor the cancellation of the refrigerated display cabinet activity.

## Peak Reduction Certificates (PRCs)

In May, spot PRCs closed lower at \$1.85 due to two significant updates made to the PRC scheme. The first update involved the elimination and modification of certain activities, including the disqualification of heat pumps under 425 litres, and stricter rules for certificate creation for refrigerators, freezers, refrigerated display cabinets, and ventilation and refrigeration motors. However, the tightening of requirements was balanced by a second announcement, which introduced the eligibility of new batteries to generate PRCs when installed alongside existing solar systems. This new provision is complemented by a customer rebate to encourage installation which will go live on 1 November.

Source: Clean Energy Regulator

# Gas Forward Market

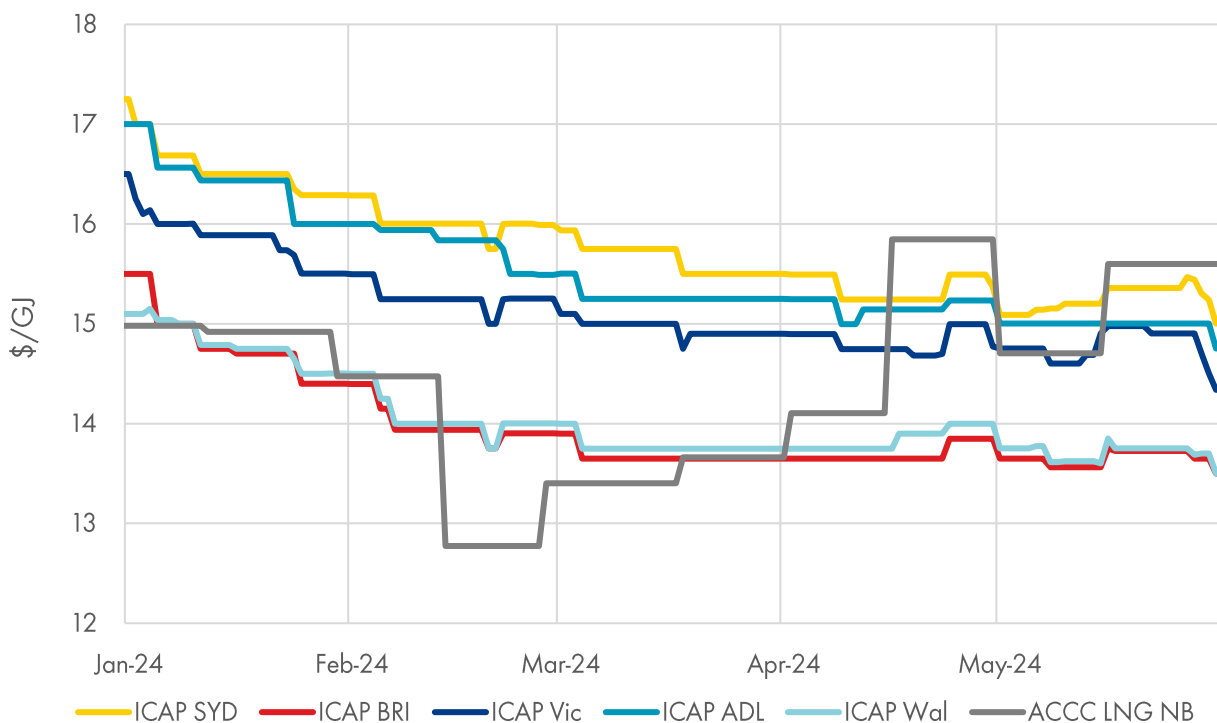
## Calendar Year 2025 (CY25)

Domestic forward contracts for Calendar Year 2025 (CY25) eased again in May, continuing the steady downward trend from the start of 2024. In particular, the Sydney CY25 price rose nearly \$0.50/GJ intra-month, before giving back most of those gains in the last few days of the month. South to north market spreads are still trading at \$1.50/GJ between Sydney and Wallumbilla, reflecting the need to attract molecules from where they are produced to where they are consumed. The ACCC LNG netback forward price increased 6.1% during the month, ending May at \$15.60/GJ.

### May 2024, \$/GJ

| Market           | Period Low | Period High | Opening Price | Closing Price | Monthly Change | Monthly Change (%) |
|------------------|------------|-------------|---------------|---------------|----------------|--------------------|
| ICAP Brisbane    | \$13.50    | \$13.75     | \$13.65       | \$13.50       | -\$0.15        | -1.1%              |
| ICAP Sydney      | \$15.00    | \$15.47     | \$15.09       | \$15.00       | -\$0.09        | -0.6%              |
| ICAP Adelaide    | \$14.75    | \$15.00     | \$15.00       | \$14.75       | -\$0.25        | -1.7%              |
| ICAP Victoria    | \$14.34    | \$14.98     | \$14.75       | \$14.34       | -\$0.41        | -2.8%              |
| ICAP Wallumbilla | \$13.50    | \$13.85     | \$13.75       | \$13.50       | -\$0.25        | -1.8%              |
| ACCC LNG NB      | \$14.71    | \$15.60     | \$14.71       | \$15.60       | \$0.89         | 6.1%               |

### CY25 Flat Calendar Year | 1 January 2024 to date



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Source: ICAP Energy Gas Forward Price Curve Data, ACCC historical and forward short-term LNG netback price (<https://www.accc.gov.au/regulated-infrastructure/energy/gas-inquiry-2017-25/lng-netback-price-series>)

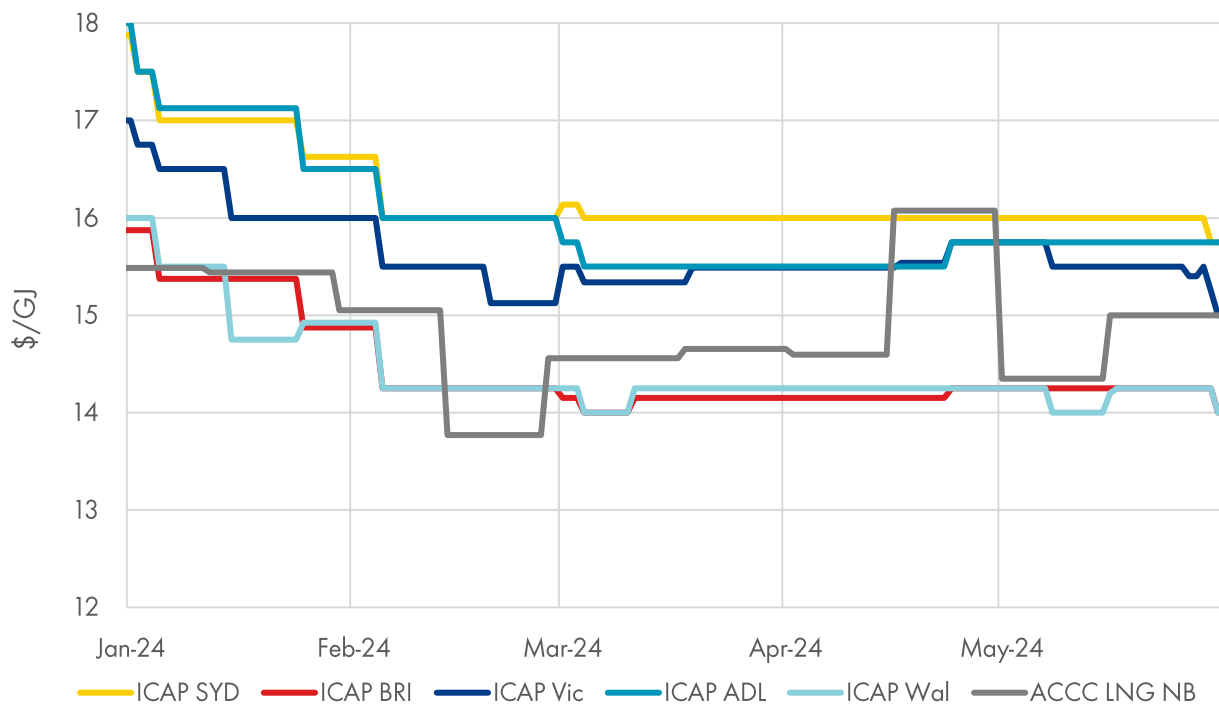
## Calendar Year 2026 (CY26)

Domestic forward contracts for Calendar Year 2026 (CY26) continue to trade with some liquidity in May, with the balance of ASX futures contracts live as of 1 April. CY26 contracts are still trading at a premium to their CY25 counterparties, representing contango in the forward curve for domestic gas. The Adelaide market traded sideways for May, with the Victorian market falling \$0.75/GJ, ending the month at \$15.00/GJ for wholesale, full-year, flat profiled gas. The Sydney market is trading at a \$1.75/GJ premium to Brisbane. The ACCC LNG netback forward price rose by nearly 5% during the month, ending May at \$15.00/GJ.

### May 2024, \$/GJ

| Market           | Period Low | Period High | Opening Price | Closing Price | Monthly Change | Monthly Change (%) |
|------------------|------------|-------------|---------------|---------------|----------------|--------------------|
| ICAP Brisbane    | \$14.00    | \$14.25     | \$14.25       | \$14.00       | -\$0.25        | -1.8%              |
| ICAP Sydney      | \$15.75    | \$16.00     | \$16.00       | \$15.75       | -\$0.25        | -1.6%              |
| ICAP Adelaide    | \$15.75    | \$15.75     | \$15.75       | \$15.75       | \$0.00         | 0.0%               |
| ICAP Victoria    | \$15.00    | \$15.75     | \$15.75       | \$15.00       | -\$0.75        | -4.8%              |
| ICAP Wallumbilla | \$14.00    | \$14.25     | \$14.25       | \$14.00       | -\$0.25        | -1.8%              |
| ACCC LNG NB      | \$14.35    | \$15.00     | \$14.35       | \$15.00       | \$0.65         | 4.5%               |

### CY26 Flat Calendar Year | 1 January 2024 to date



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Source: ICAP Energy Gas Forward Price Curve Data, ACCC historical and forward short-term LNG netback price (<https://www.accc.gov.au/regulated-infrastructure/energy/gas-inquiry-2017-25/lng-netback-price-series>)

## Spot Prices: East Coast Gas Market

Spot prices broke the year-to-date trend by rising sharply to \$18/GJ in some markets in late May. A return to price volatility coincided with an unplanned extension to maintenance at Longford, cold weather in Victoria which drove increased demand for heating, and periods of low wind generation, resulting in higher demand for power generation. The Victorian Declared Wholesale Gas Market (DWGM) average 6am price was \$13.13/GJ for the month, over a \$1.50/GJ increase on the previous monthly average of \$11.60/GJ. There was some price separation observed between markets, with Adelaide again the premium market, trading on average at a \$0.22/GJ premium to Brisbane, reaching over a \$1.50/GJ spread during market volatility.

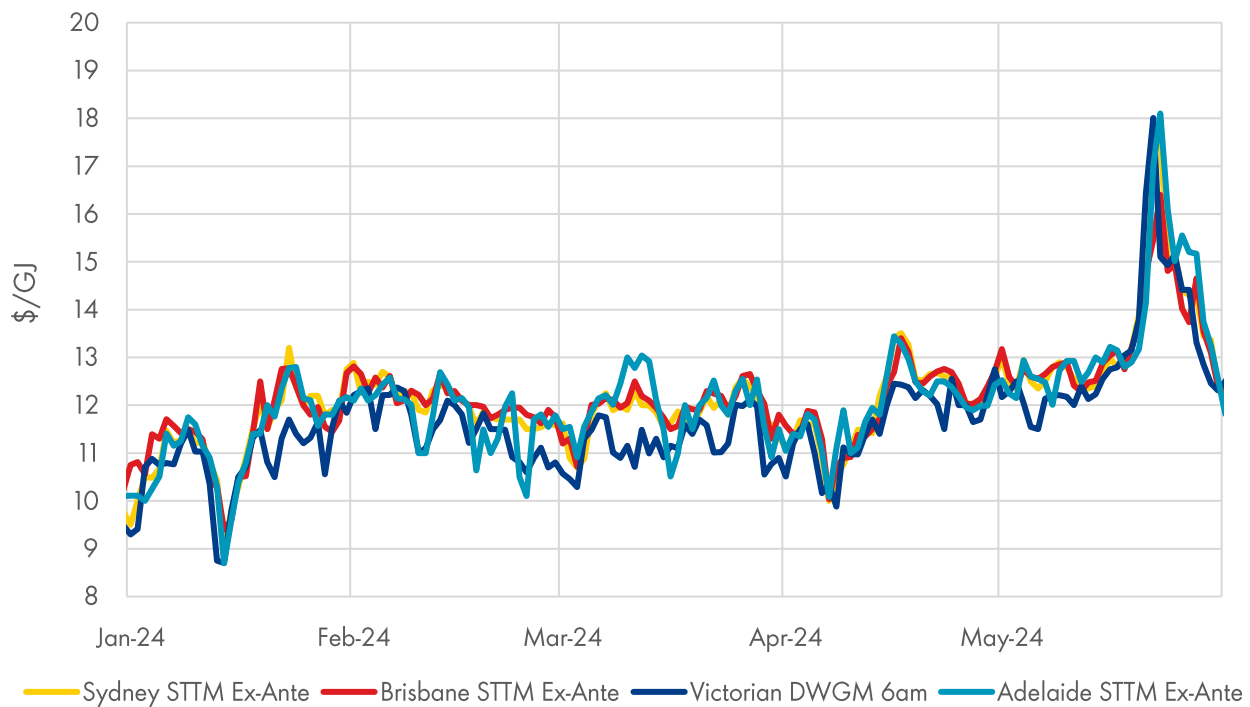
The start of colder weather in the southern demand centres of Sydney and Victoria marked the start of the annual winter heating season. The Iona gas storage facility inventory withdrew more than 3PJ of gas, with end of month inventory at 22.4 PJ, more than 1.5PJ lower than at the same time last year. Pipeline flows from QLD to NSW also increased sharply as QLD gas is now a hallmark of the southern market winter supply mix.

### May 2024, \$/GJ

| Market                          | Average Spot Price | Minimum Spot Price | Maximum Spot Price |
|---------------------------------|--------------------|--------------------|--------------------|
| Brisbane STTM <sup>1</sup>      | \$13.34            | \$12.29            | \$16.40            |
| Sydney STTM                     | \$13.46            | \$12.35            | \$17.70            |
| Adelaide STTM                   | \$13.56            | \$12.01            | \$18.10            |
| Victorian DWGM <sup>2</sup> 6am | \$13.13            | \$11.50            | \$18.01            |

<sup>1</sup>STTM = Short Term Trading Market, <sup>2</sup>DWGM = Declared Wholesale Gas Market. The STTM and DWGM markets represent the daily balancing markets administered by AEMO, which primarily serve to balance wholesale supply with end consumer demand.

### Gas Spot Prices | 1 January 2024 to date



Source: AEMO Market Data



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