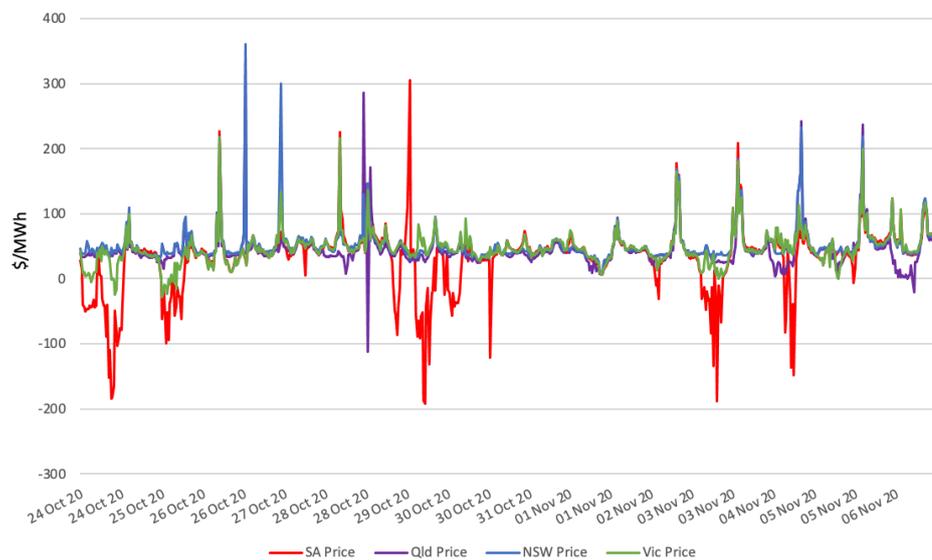


The Hub Newsletter

An energy market update for Australian corporates

- Spot continues to rebound; Futures contract prices mainly strengthen.
- LGC prices mixed approaching year end; Gas prices strengthen.
- Woolworths signs up to the RE100 [RenewEconomy](#).
- IEA says renewable energy is the key to energy resilience [RenewEconomy](#).
- [SA achieved 100% renewables](#) on 11 October 2020.
- NSW Gov announces [\\$12bn plan](#) for renewable energy infrastructure.

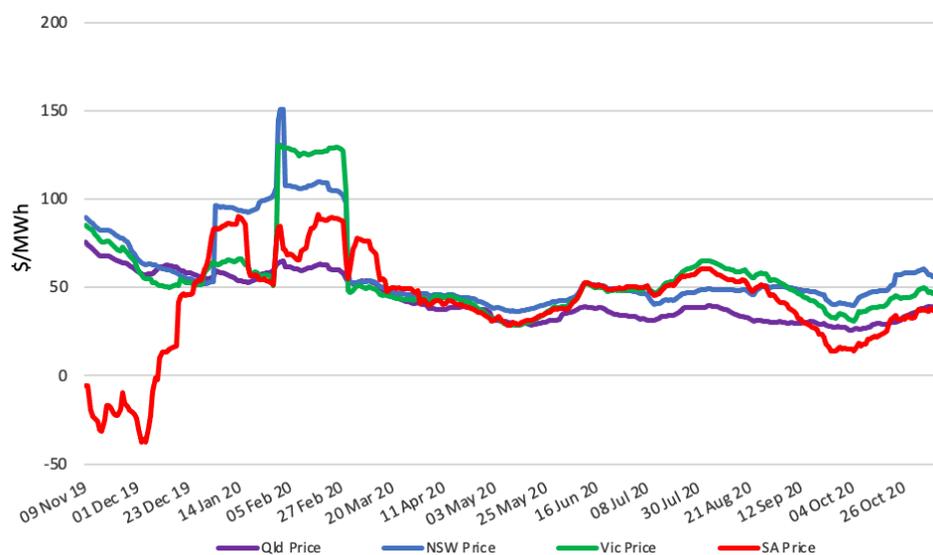
Spot market electricity price – past fortnight



Volatile prices across the NEM: NSW registered peak prices at \$360/MWh and \$300/MWh across the past fortnight, and several lesser peaks. Vic prices peaked at \$216-218/MWh, and Qld experienced +ve and -ve peaks at \$286/MWh and -\$111/MWh.

Extreme negative prices registered in SA against this period when Solar and Wind Farms bid negative prices to increase chances of being dispatched. This occurs when supply far exceeds demand.

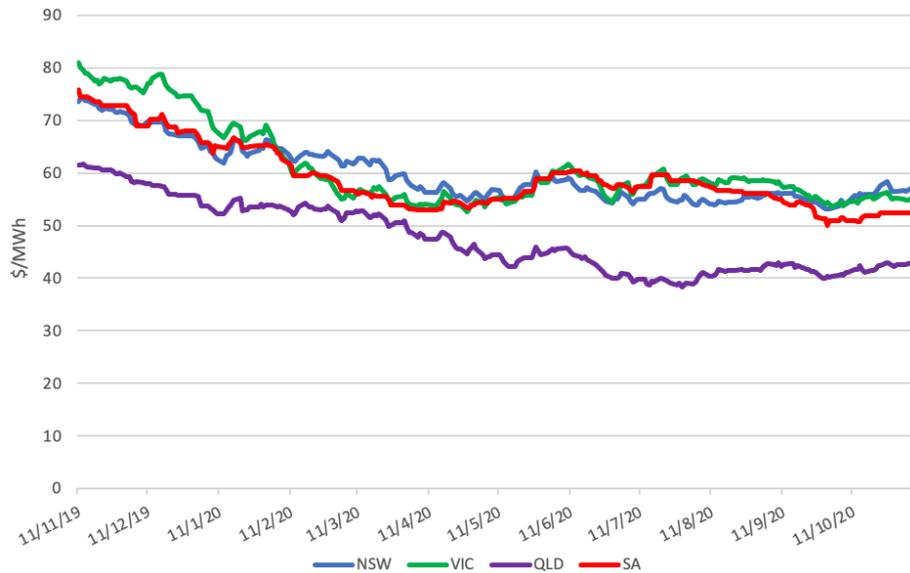
Spot market electricity price – past 12 months



NEM Spot prices rose since September largely reflecting larger increases in the domestic price of gas in the NSW and VIC state hubs particularly as both states come emerge from Covid-19 related restrictions.

A smaller increase in gas price in South Australia (see Gas chart) has a comparatively larger effect in South Australia which relies on gas-fired power as the only large-scale dispatchable generation.

Futures contracts (ASX prices) - past 12 months

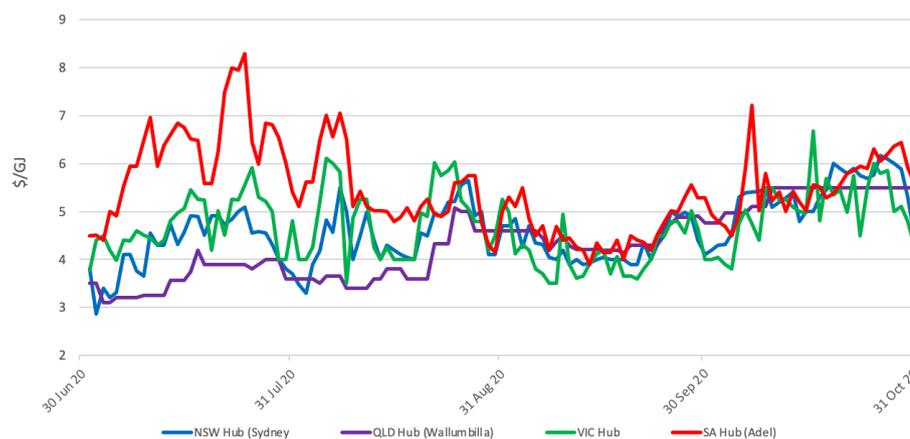


East coast Cal21 futures contract prices remain stabilised and recovered slightly this month after having traded down significantly since November 2019 to the lowest levels since 2015.

These price declines reflect a combination of increased contribution by low cost renewable energy, lower prices for coal and gas, and the effects of Covid 19 on economic activity.

The past few weeks has seen a modest turn back upward in price direction as gas prices recover.

Gas prices – past 6 months



Gas prices in most state hubs across the NEM experienced a noticeable dip back down at the end of October, after having started to rise again as Covid-19 restrictions eased.

This drop can be attributed to global oil prices falling by over 10% in the last half of October. Oil pricing is an index mechanism within LNG export contracts and movements will tend to impact the price domestic producers are prepared to sell at in the Australian market.



Environmental certificates market - LGCs



LGC prices for Spot and Cal20 have dropped markedly since September due to surplus certificates in the market, and the lower price of Cal21. Price recovery continued for other vintages.

LGC's	Curve	Last Trade	Trade Date
Spot	38.05	37.85	11/11/20
Cal 20	38.25	38.25	11/11/20
Cal 21	33.20	33.00	6/11/20
Cal 22	24.25	24.25	11/11/20
Cal 23	15.00	15.00	10/11/20
Cal 24	7.50	7.50	9/11/20

Environmental certificates market - STCs



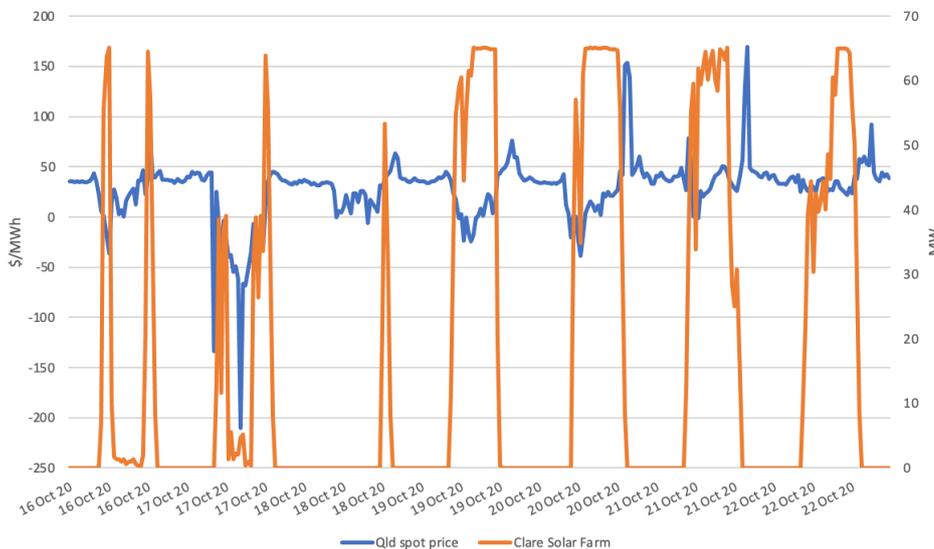
STC prices have dropped to near January levels now at \$37.75. This follows last month's peak at \$39.00.

Environmental certificates market - ACCUs



ACCU pricing has recovered by \$0.35 this week to \$16.50 per certificate and by \$1.25 since its year-low in June 2020.

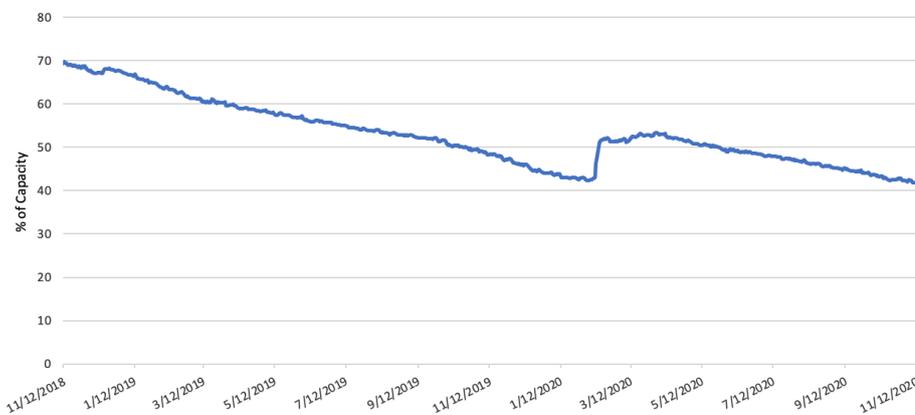
Generator feature: Clare Solar Farm & Queensland pricing



Negative price events were experienced regularly across the NEM in October, and are strongly correlated with solar output, causing price cannibalisation, to deliver lower price outcomes for these assets, as illustrated by Clare Solar Farm in Queensland.

Corporate buyers interested in PPAs with solar generators should consider the time-weighted value of solar output the frequency of negative pricing events in their region and the implications for pricing and settlement arrangements under their PPA.

Hydro power: Wivenhoe Dam levels (Queensland)



Dam levels for major hydro power generator, Wivenhoe Dam, Queensland, have reached their lowest levels in 5 years.

This could limit how frequent the hydro power is able to dispatch energy to help alleviate the higher price events during summer, particularly at the end of the day when solar isn't generating.

About The Hub

[Renewable Energy Hub](#) is an innovative, boutique corporate energy advisory and transaction consultancy operating in Australia.

We are part of the global financial services company [Tradition](#), located in 29 countries worldwide.

With over 20 years Australian wholesale energy markets experience, we can support your financial and sustainability goals for energy procurement, including power purchase agreements (PPAs), firming and project investment through market insights, expertise, data and guidance.

We trade Australia's largest volume of environmental certificates annually.

For a complete list of our energy-related services, please visit our website or get in touch.

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The Hub - supported by ARENA and referencing the latest data from AEMO and the contracts market.

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