

Media Release

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ASX lists deliverable Wallumbilla Natural Gas Futures contract, extending portfolio of transitional energy and carbon market derivatives

ASX has expanded its energy derivatives market presence, listing the physically settled Wallumbilla Natural Gas Futures contract for trading this week.

Jointly developed with the Australian Energy Market Operator (AEMO), the contract is the latest addition to ASX's energy and environmental derivatives ecosystem, helping participants more effectively manage risk amid the transition to clean energy.

Wallumbilla Natural Gas Futures join ASX's existing Electricity Futures, Victorian Gas Futures, and the listing in late July 2024 of three Environmental Futures contracts. All are now available to trade on the ASX24 market.

Daniel Sinclair, ASX Head of Commodities, said that market participants globally are increasingly using derivatives to hedge against energy transition risks and more confidently invest in decarbonisation initiatives.

"ASX already offers access to a range of Electricity Futures contracts that enable price discovery and hedging across Australian and New Zealand markets. We've recently expanded into carbon and renewables trading with the launch of Australian Carbon Credit Unit, New Zealand Unit and Large Generation Certificate Futures. We're embracing our responsibility to develop a derivatives portfolio across a spectrum of transitional energy and environmental markets."

Wallumbilla Natural Gas Futures will support Australia's east coast gas market by providing a transparent, monthly forward price curve out to three years. The Futures contracts are designed to improve liquidity in Wallumbilla's Gas Supply Hub, allowing participants to trade natural gas over a month for physical delivery into the High Pressure Trade Point in the Wallumbilla Gas Supply Hub operated by AEMO.

The launch follows strong demand from market participants for a physically delivered contract to hedge exposure to Australia's main gas supply hub located in southeast Queensland. As a pipeline interconnection point, the hub connects and supplies gas markets in Queensland, South Australia, New South Wales and Victoria, as well as Queensland's LNG export facilities.

"Wholesale gas markets play an important role in the clean energy transition that's changing the face of Australian power generation. As we scale renewables and advance our collective net zero ambitions, gas has become more important as a stabiliser within the electricity grid," Mr Sinclair said.

"Alongside AEMO, we're responding to demand from energy generators and retailers, energy-related commodities traders and LNG suppliers for a liquid and transparent derivatives market covering the Wallumbilla Gas Supply Hub."

ASX is currently exploring the potential to expand into other domestic regional gas markets through additional futures contracts, pending internal and regulatory approvals.

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