

A monthly review of trends in the energy markets compiled by Energy Link Ltd

## July 2010 ELL Index

### 9.6 c/kWh

(at Haywards)

#### Other Nodes

The index referenced to:

|         |           |
|---------|-----------|
| Otauhu  | 9.6 c/kWh |
| Benmore | 9.2 c/kWh |

#### Change

The index increased by 14.9% since mid June.

#### Volume

Six contracts (excluding Energy-Hedge and short term contracts) traded during the month, totaling 62 GWh over the period Jul-10 to May-13.

#### Contract Types

5 FPVV (fixed price variable volume)  
 1 CFD (contract for differences)

#### Spread

1.07 c/kWh Jul-10 to Mar-11, then  
 0.2 or 0.3 c/kWh to Dec-12

#### Location Factors

Expected location factors were updated this month.

#### Energy Hedge (Haywards)

Based on latest trades as of 19th Jul-10:  
**8.1 c/kWh**  
 (15% below the ELL Index)

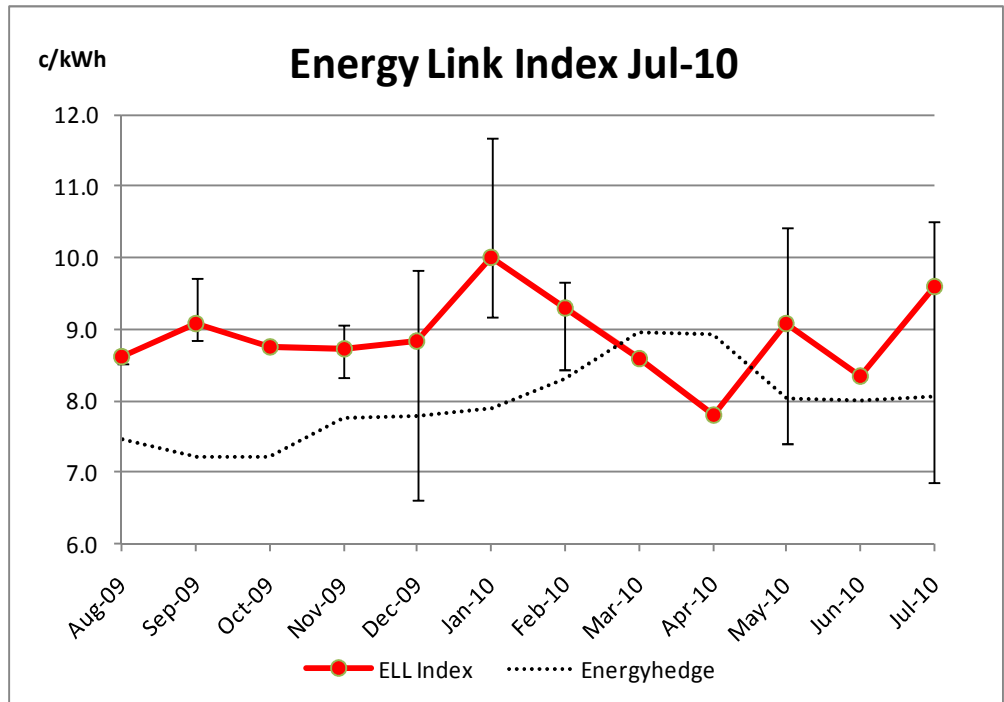
119 contracts traded in the month ending 19-Jul-10, totaling 80.4 GWh over the period Jun-10 to Dec-13.

#### ASX Futures

Based on 3 year average 'previous settlement' dates for 2011 - 2013, as of 19th July:

|         |                  |
|---------|------------------|
| Otauhu  | <b>8.7 c/kWh</b> |
| Benmore | <b>8.4 c/kWh</b> |

## Energy Link Electricity Contract Index



The Energy Link Ltd (ELL) index chart shows the values over the 12 months up to the Energy Trendz publication date. All contracts are referenced to the **Haywards** reference node on the grid (lower North Island), and the error bars show the highest and lowest contract value in the 36 month period covered by the index. The index, and how to use it, are described in more detail at [www.energylink.co.nz/energy-trendz](http://www.energylink.co.nz/energy-trendz).

*EnergyHedge contracts are traded between the five major retailers and are not available to consumers, so are not included in the index values.*

*ASX New Zealand electricity futures contracts have limited liquidity and are currently not included in the index.*

## Commentary

The **index increased this month** on a volume of six contracts traded (1 CFD, 5 FPVV). The Energy Link index excludes contracts from EnergyHedge and contracts less than 6 months in duration. As the chart on the back page shows, the total volume traded picked up through April but have fallen away since the first half of May.

The spread of prices making up the index was lower this month. Prices for the quarters varied from \$93/MWh to \$97/MWh.

The average 3 year-ahead price of **EnergyHedge** contracts increased slightly to 8.1 c/kWh, which is 15% lower than the index value of 9.6 c/kWh. Trading in the new Benmore and Otauhu contracts has picked up but is likely to tail off as the new hedge market develops.

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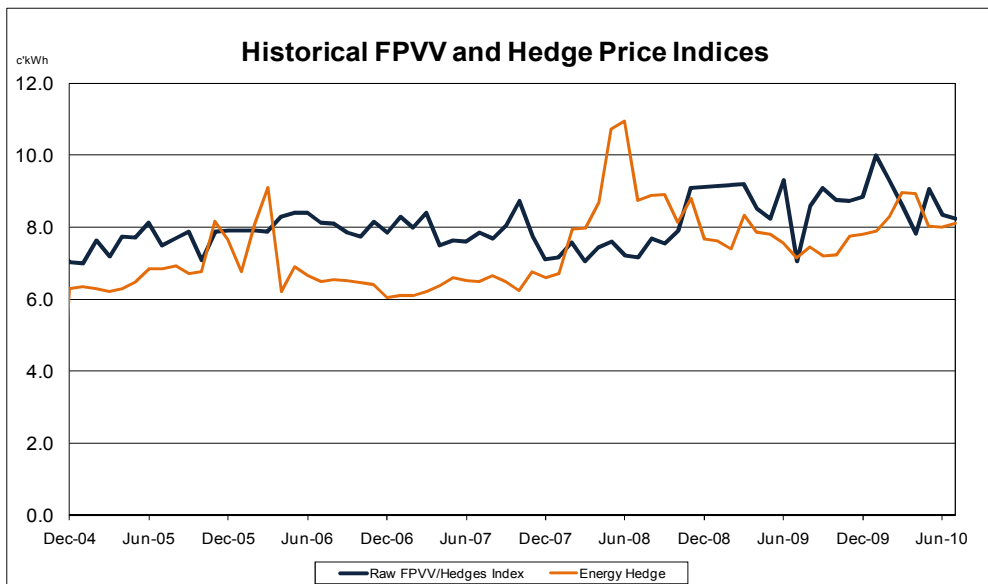
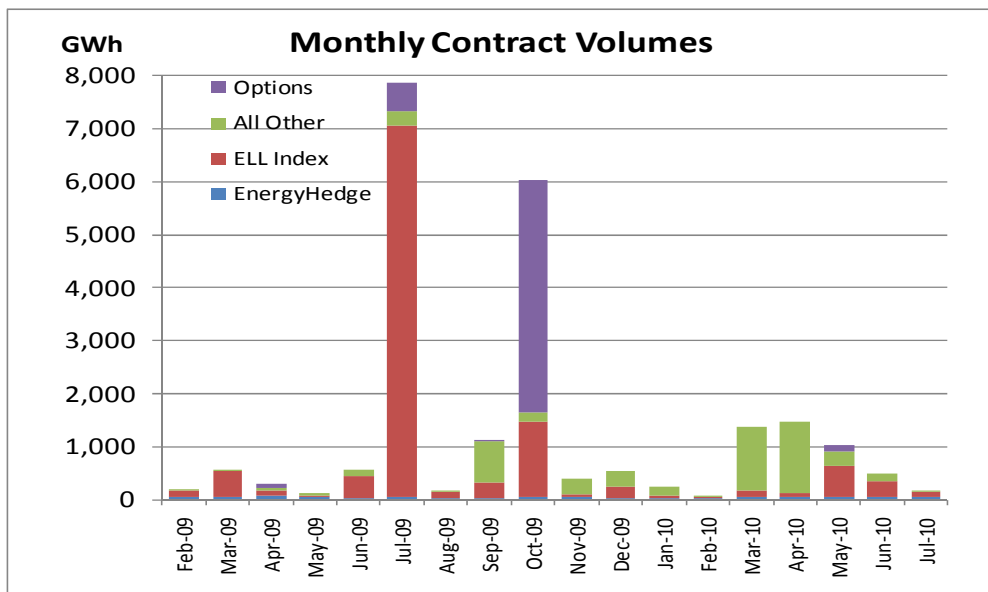
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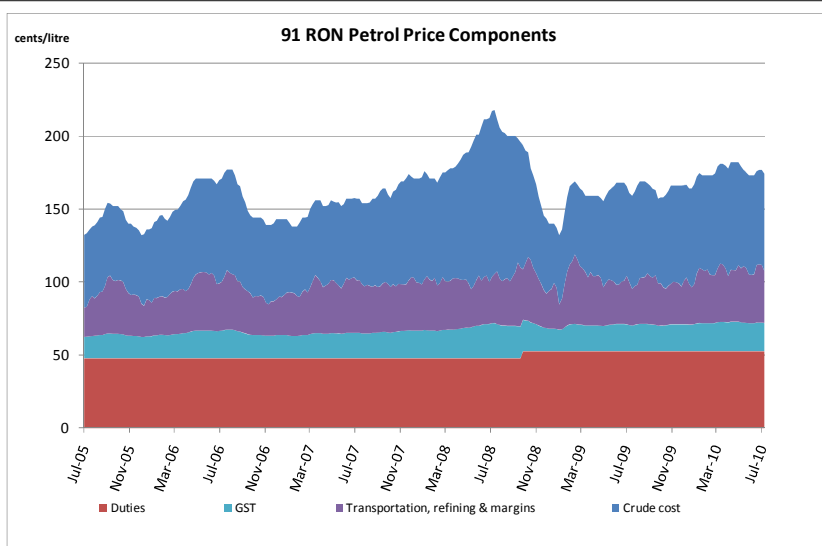


## Petrol Prices

The chart at right shows the price of 91 octane (91 RON = “research octane number”) from July 2005, broken down into its 4 major components: government duties, GST, the cost of transporting and refining crude oil including the retailer’s margin, and finally the spot price in NZD of crude oil on international markets. Duties and GST currently comprise 42% of the total at-pump cost (major centres) of 91, with the cost of crude at 39%.

The cost of crude increased by 0.1% over the month and the exchange rate increased 1.8%, resulting in higher NZD crude costs. Higher margins assisted to give an increase in price of 0.7% for the month.

More data is at [www.med.govt.nz](http://www.med.govt.nz).



You can have confidence in your energy strategy when you work with Energy Link: we’re here to help you make the best energy-related decisions. We act as adviser and broker for initiating and renewing energy contracts including fixed price variable volume and hedging contracts. Our Ellserve energy information system captures energy invoices electronically, checks invoices, and provides access to data and reports from multiple suppliers on our secure web site. We make it easy to take action on energy, it’s as simple as that! [Take action today and visit our web site](#)