

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

May 2011
ELL Index

9.2 c/kWh

(at Haywards)

Other Nodes

The index referenced to:

Otahuhu 9.1 c/kWh
Benmore 8.8 c/kWh

Change

The index decreased by 3.7% since mid April.

Volume

Sixteen contracts (excluding ASX, and short term contracts) traded during the month, totaling 258.5 GWh over the period Feb-11 to Mar-14.

Contract Types

11 FPV (fixed price variable volume)
5 CFD (contract for differences)

Spread

2.4 c/kWh May-11 to Mar-14

Location Factors

Expected location factors were updated in the previous edition of Energy Trendz.

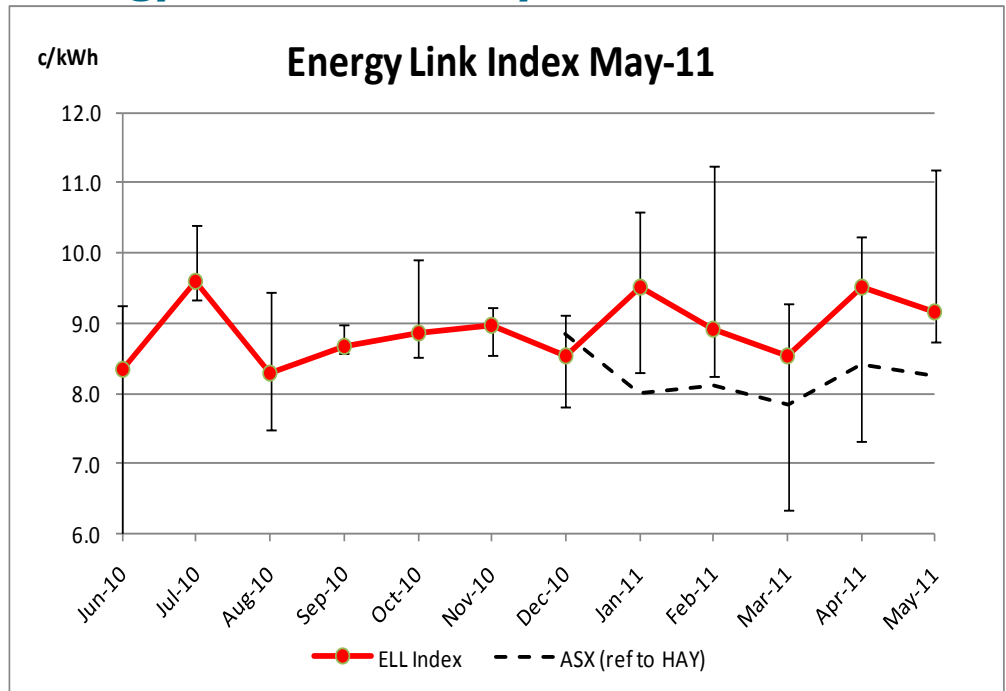
ASX Futures

Based on 3 year average 'previous settlement' dates for 2011 - 2014, as of 17th May :

Otahuhu 8.2 c/kWh
Benmore 8.1 c/kWh

ASX Prices (referenced to Haywards) are now plotted on the chart.

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.

ASX New Zealand electricity futures contracts trading is increasing but the ASX futures contracts are not included in the index.

Commentary

The **index decreased this month** on a volume of sixteen contracts traded (5 CFD, 11 FPV). The Energy Link index excludes contracts from ASX, and contracts less than 6 months in duration. As the chart on the back page shows, the total volume traded in late December was very large (this is likely to be generators undertaking government imposed swaps) but has fallen away through the new year.

The spread of prices making up the index was lower this month. Prices for the quarters varied from 8.7 c/kWh to 11.2 c/kWh when referenced to Haywards.

The volumes traded through **ASX** are generally increasing as it takes over as the key trading platform for electricity hedging.

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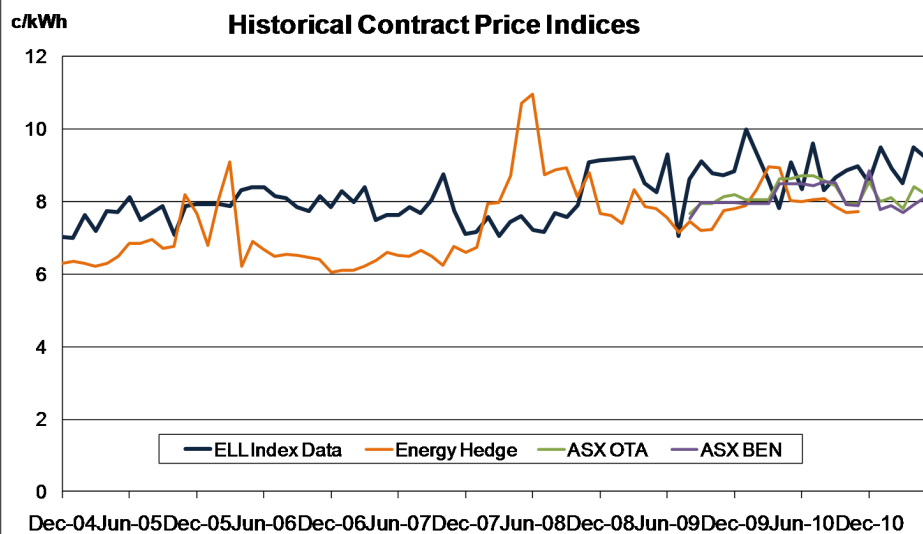
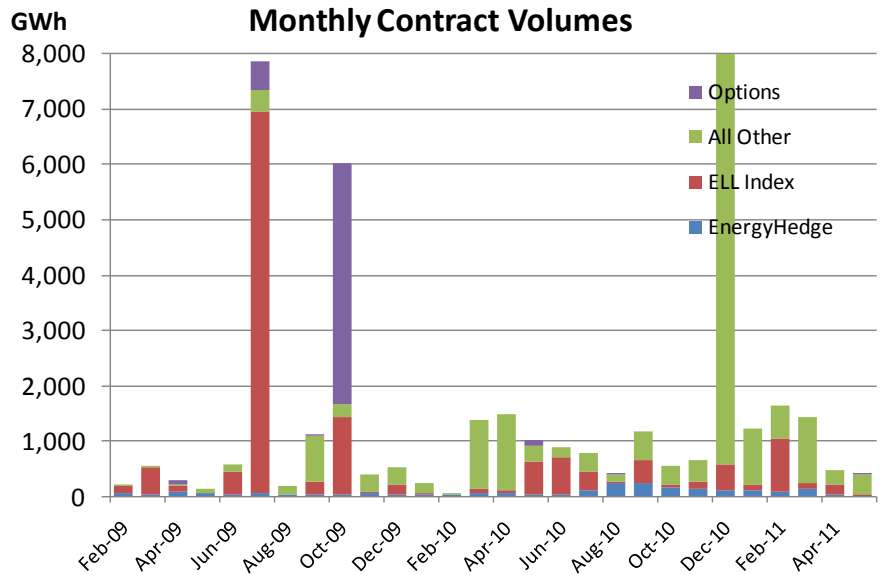
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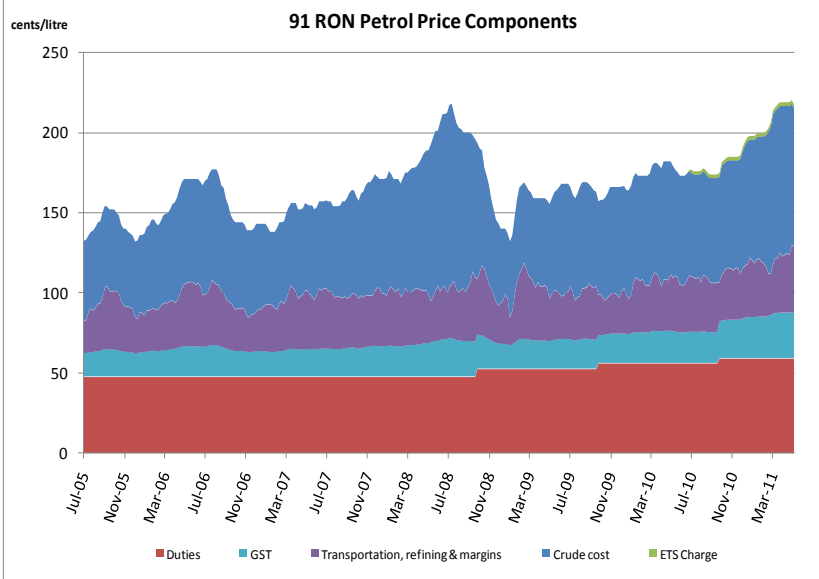
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Petrol Prices

The chart at right shows the price of 91 octane (91 RON = "research octane number") from July 2005, broken down into its 5 major components: government duties, GST, ETS, 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, ETS and GST currently comprise 41% of the total at-pump cost (major centres) of 91, with the cost of crude at 40%.

The cost of crude decreased by 5.8% over the month and the NZD exchange rate increased 2.6%. As a result of the lower crude costs combined with the higher NZD, the price was 0.6% lower for the month. More data is at www.med.govt.nz.



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