

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

September 2011

ELL Index

10.6 c/kWh

(at Haywards)

Other Nodes

The index referenced to:

Otahuhu 10.6 c/kWh
Benmore 10.3 c/kWh

Change

The index increased by 12.2% since mid August.

Volume

Two contracts (excluding ASX, and short term contracts) traded during the month, totaling 48.2 GWh over the period Aug-11 to Jul-14.

Contract Types

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

Spread

2.50 c/kWh Aug-11 to Jul-14

Location Factors

Expected location factors were updated in this edition of Energy Trendz.

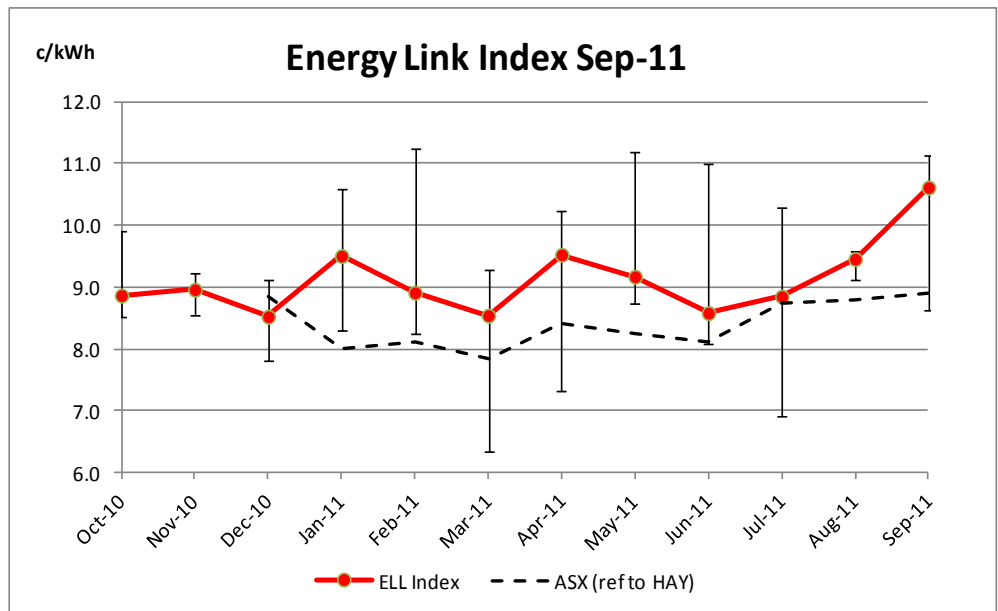
ASX Futures

Based on 3 year average 'previous settlement' dates for 2011 - 2014, as of 20th September:

Otahuhu **8.6 c/kWh**
Benmore **8.9 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 increased this month** on a volume of two contracts traded 1 CFD, 1 FPVV. 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-10, and to a lesser extent in May/June-11, was very large (this is likely to be generators undertaking government imposed swaps). The intervening months illustrate more typical trading volumes for the period.

The spread of prices making up the index was lower this month. Prices for the quarters varied from 8.64 c/kWh to 11.14 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. The June edition of Energy Trendz marked the start of tracking contracts traded on the ASX in the Monthly Contract Volumes chart.

Level 4, Consultancy House
7 Bond St, Dunedin
Phone 03 479 2475

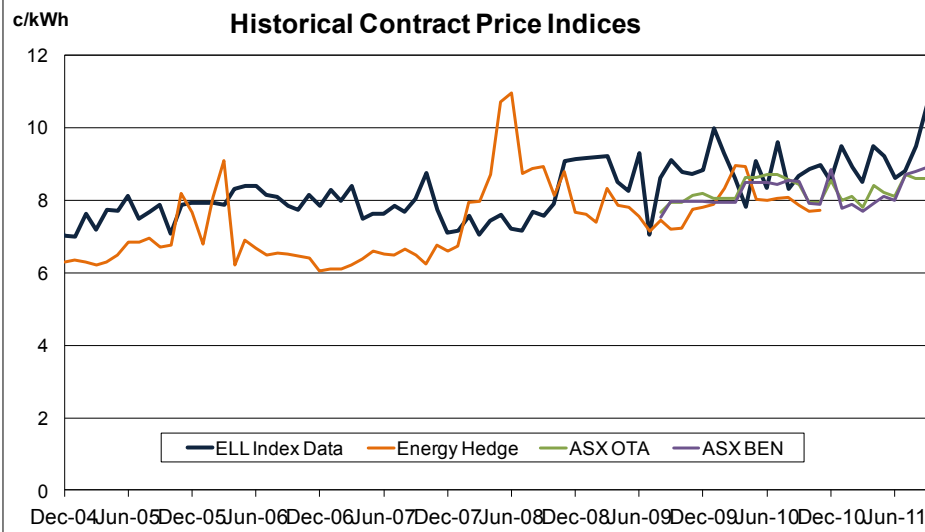
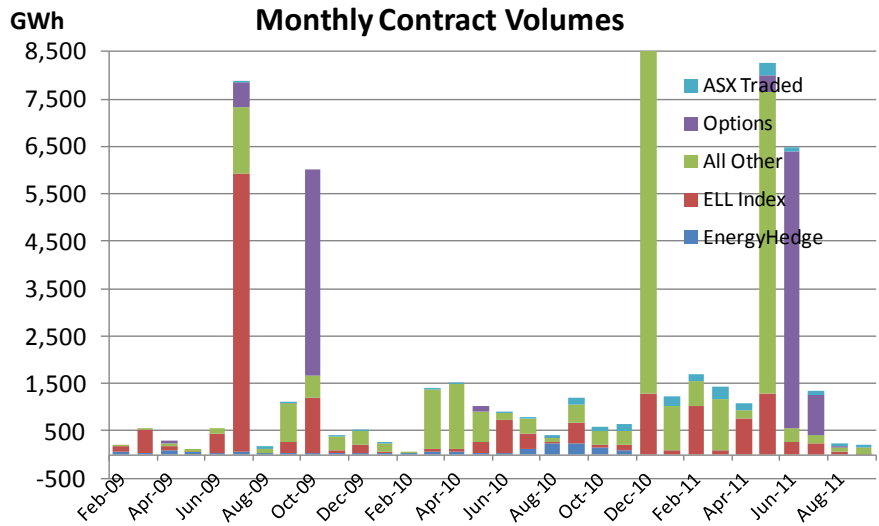
Level 1, iSoft House
111 Customhouse Quay, Wellington

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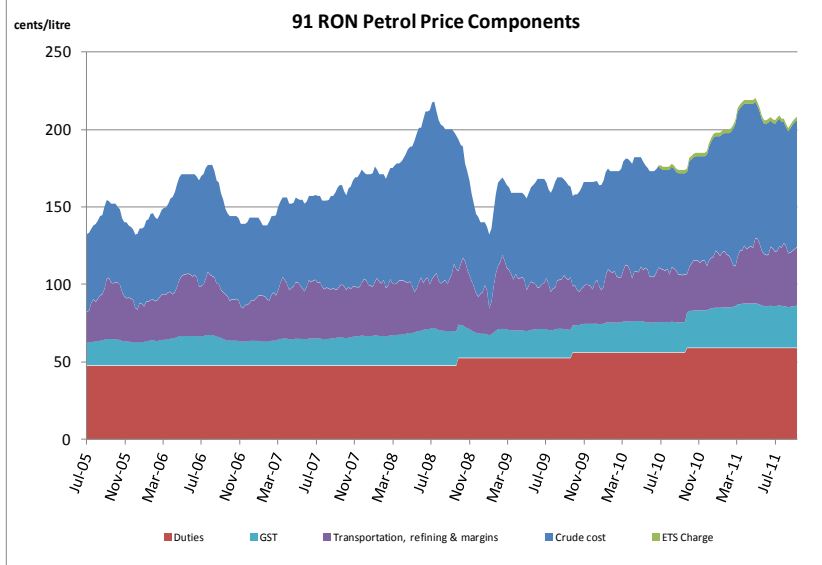


Petrol Prices

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 43% of the total at-pump cost (major centres) of 91, with the cost of crude at 39%.

The cost of crude increased by 2.9% over the month and the NZD exchange rate decreased 1.2%. As a result of higher crude costs and a lower NZD for the month, the 91 RON price was 3.7% higher.

More data is at www.med.govt.nz.



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