

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

November 2011

ELL Index

9.3 c/kWh

(at Haywards)

Other Nodes

The index referenced to:

Otahuhu 9.0 c/kWh
Benmore 9.1 c/kWh

Change

The index decreased by 3.2% since mid October.

Volume

37 contracts (excluding ASX, and short term contracts) traded during the month, totaling 1096.2 GWh over the period Oct -11 to Dec-16.

Contract Types

18 FPVV (fixed price variable volume)
19 CFD (contract for differences)

Spread

4.04 c/kWh Oct-11 to Dec-16

Location Factors

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

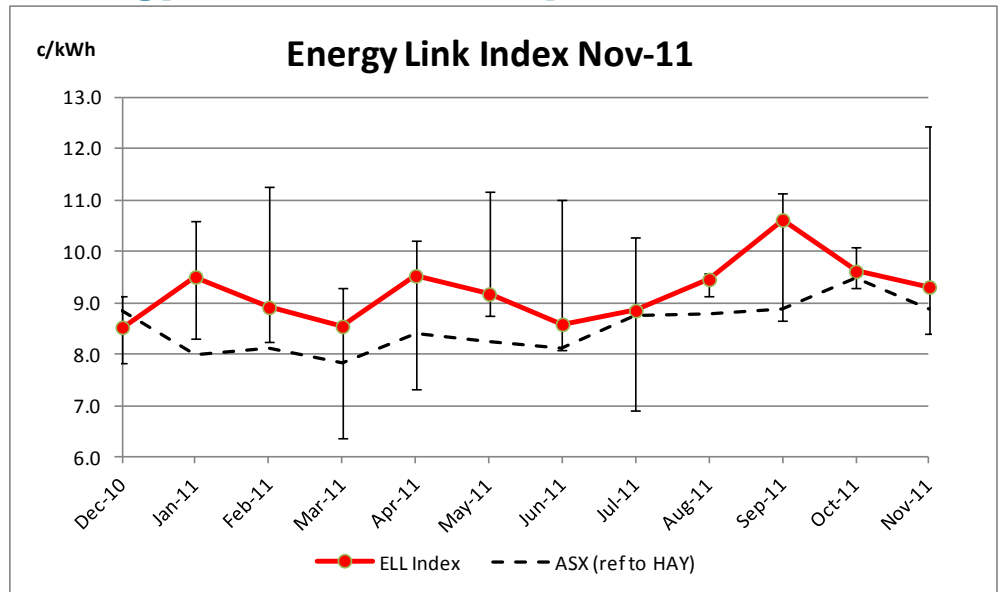
ASX Futures

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

Otahuhu **8.9 c/kWh**
Benmore **8.9 c/kWh**

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

Energy Link Electricity Contract Index



Energy Trendz now has a third page devoted to Future Contracts

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 thirty seven contracts traded 19 CFD, 18 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 8.39 c/kWh to 12.43 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.

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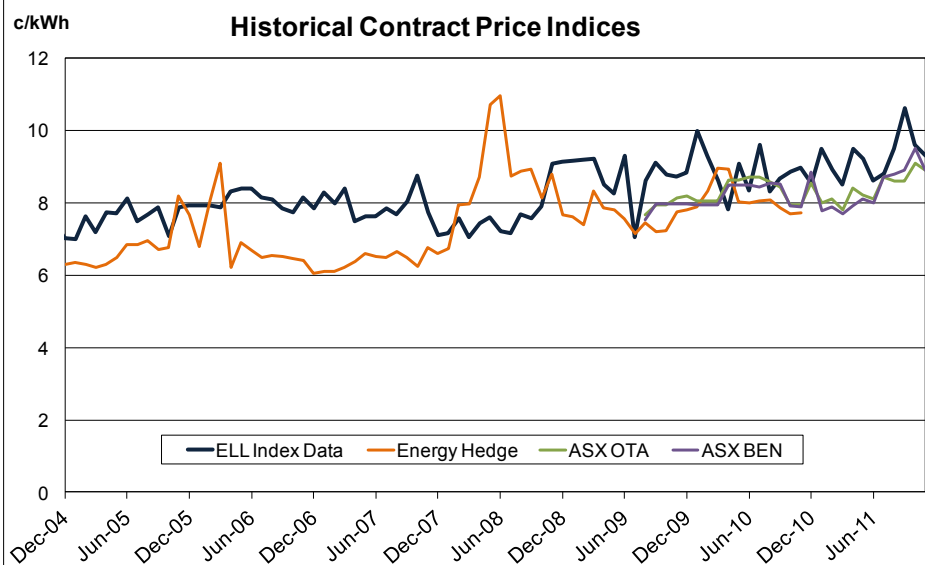
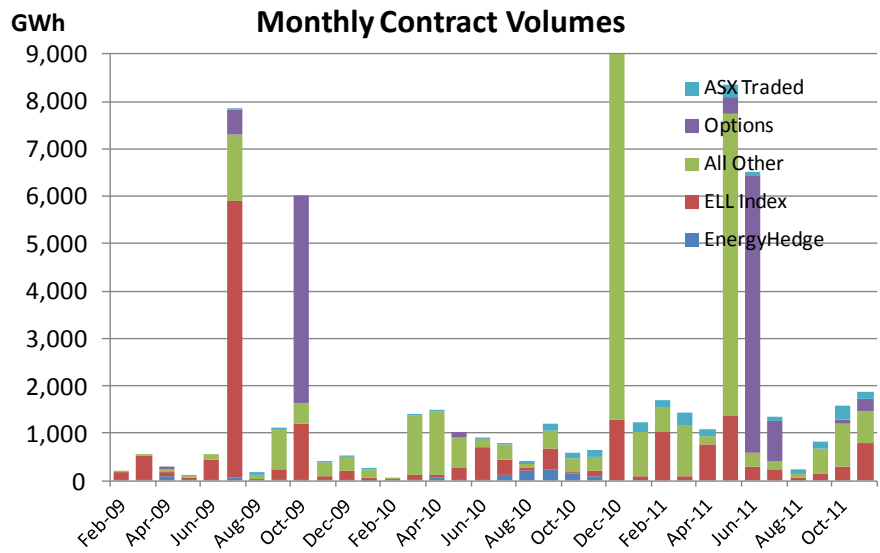
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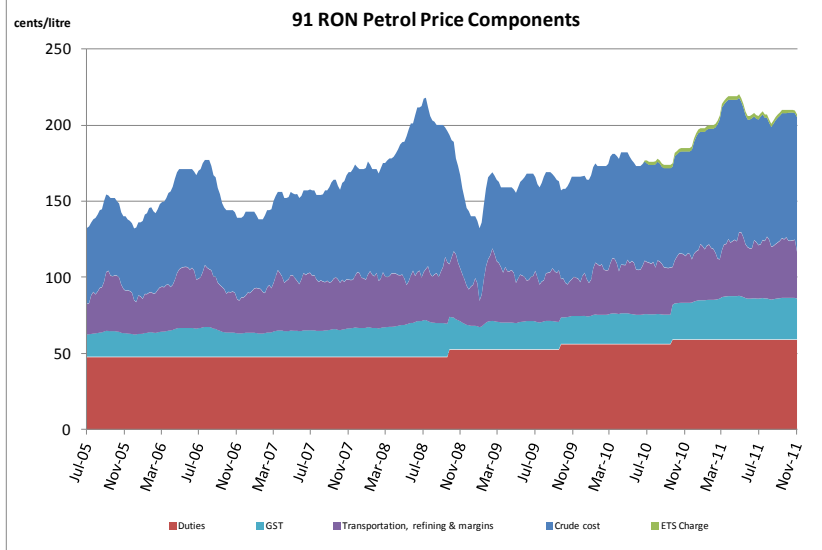


Petrol Prices

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 42% of the total at-pump cost (major centres) of 91, with the cost of crude at 43%.

The cost of crude increased by 5.9% over the month and the NZD exchange rate increased 0.6%. The 91 RON price was 1.4% lower. More data is at

www.med.govt.nz.



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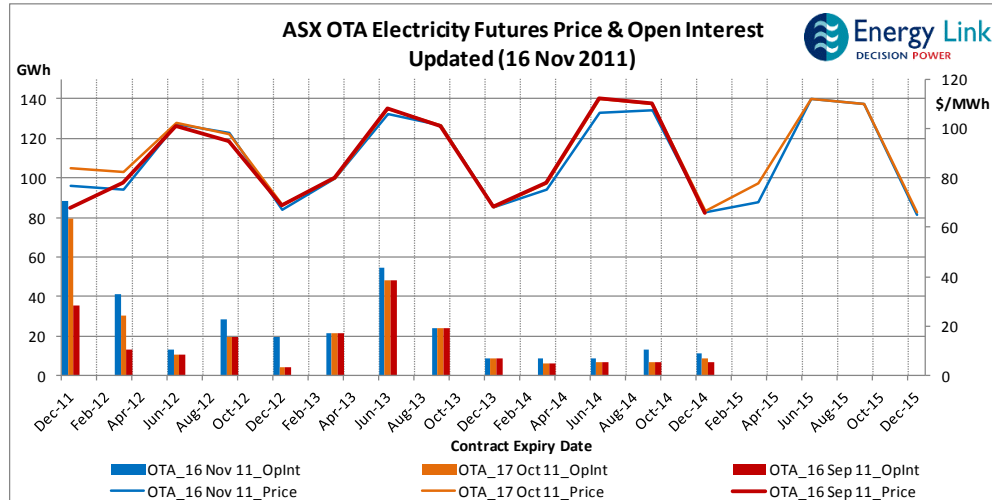
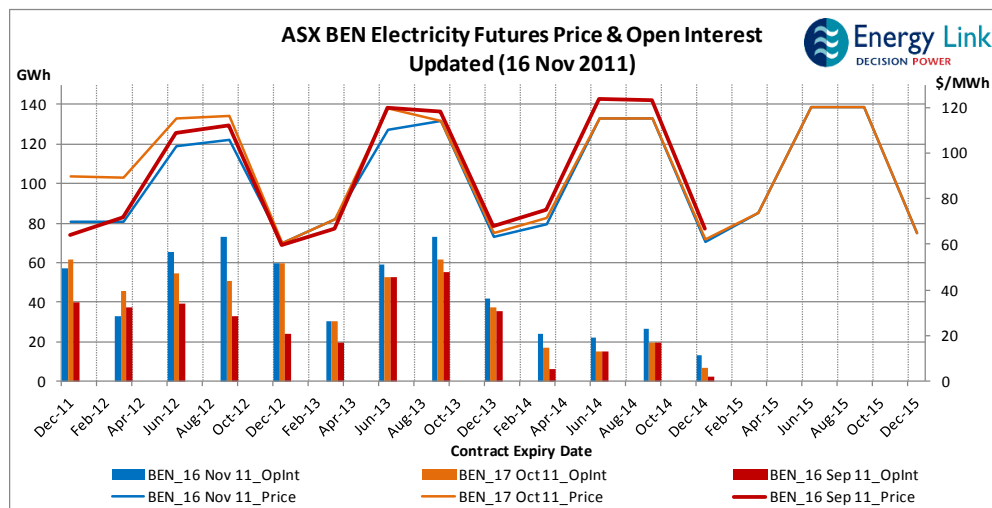
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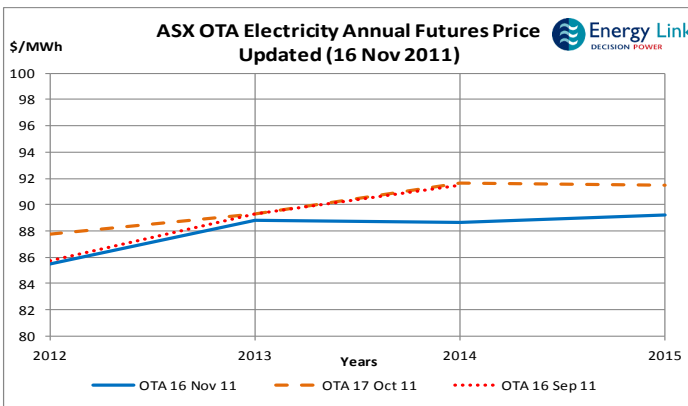
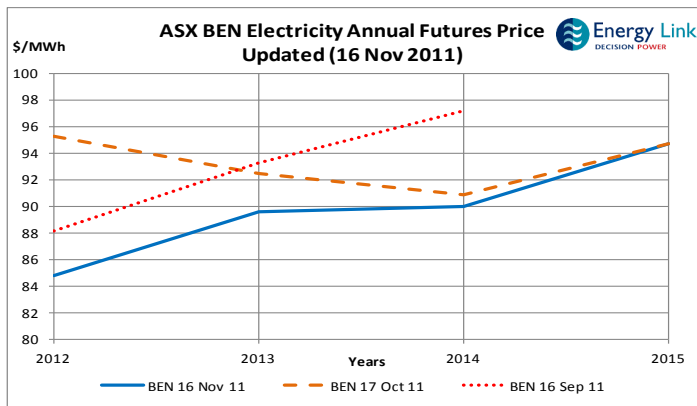
ASX Futures Prices & Open Interest



The charts above show all currently traded ASX NZ Energy Futures with Expiry Dates from Dec 2011 through to Dec 2015.

These prices are broken down to show the traded prices as they stood at the time of publishing, one month and two months prior to the time of publishing. This shows the market's changing valuation of each quarterly contract while the amount of open interest in the various contract periods shows the changing amount of energy under each contract type over the same period.

The charts below show the average cost of the four quarterly contracts in each calendar year as they stood at the time of publishing, one month and two months prior to the time of publishing.



Currently there is 577.5 GWh contracted at Benmore and 342.5 GWh contracted at Otahuhu for a total of 920 GWh Open Interest.

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