

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

January 2012

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 1.1% since mid December.

Volume

17 contracts (excluding ASX, and short term contracts) traded during the month, totaling 287.5 GWh over the period Jan -12 to Jun-15.

Contract Types

8 FPVV (fixed price variable volume)
 9 CFD (contract for differences)

Spread

1.67 c/kWh Jan-12 to Jun-15

Location Factors

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

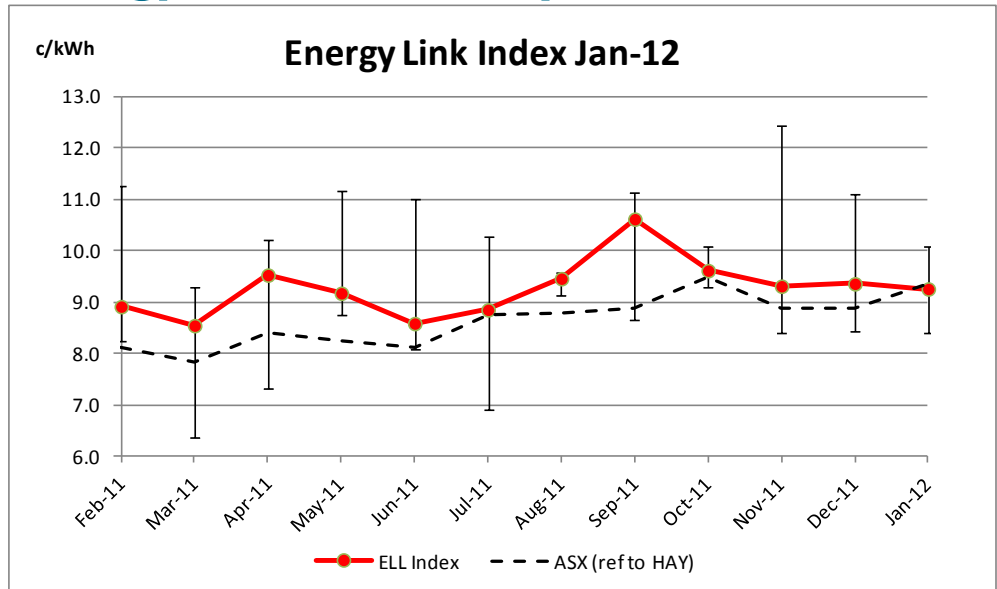
ASX Futures

Based on 3 year average 'previous settlement' dates for 2012 - 2014, as of 20th January:

Otahuhu 9.2 c/kWh
 Benmore 9.3 c/kWh

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

Energy Link Electricity Contract Index



Energy Trendz now has FPVV & CFD specific Indices, see page 2

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 seventeen contracts traded 9 CFD, 8 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 8.41 c/kWh to 10.07 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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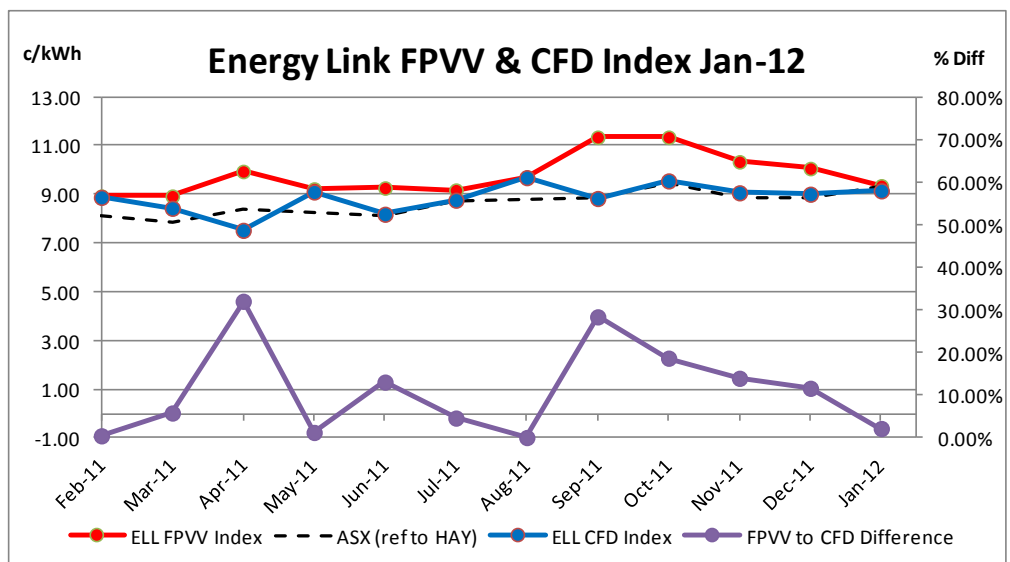
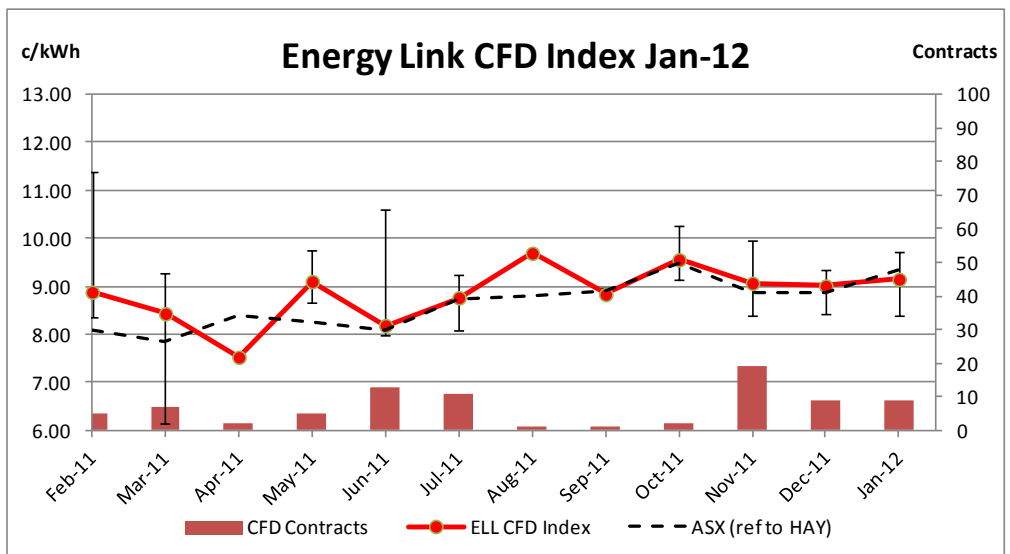
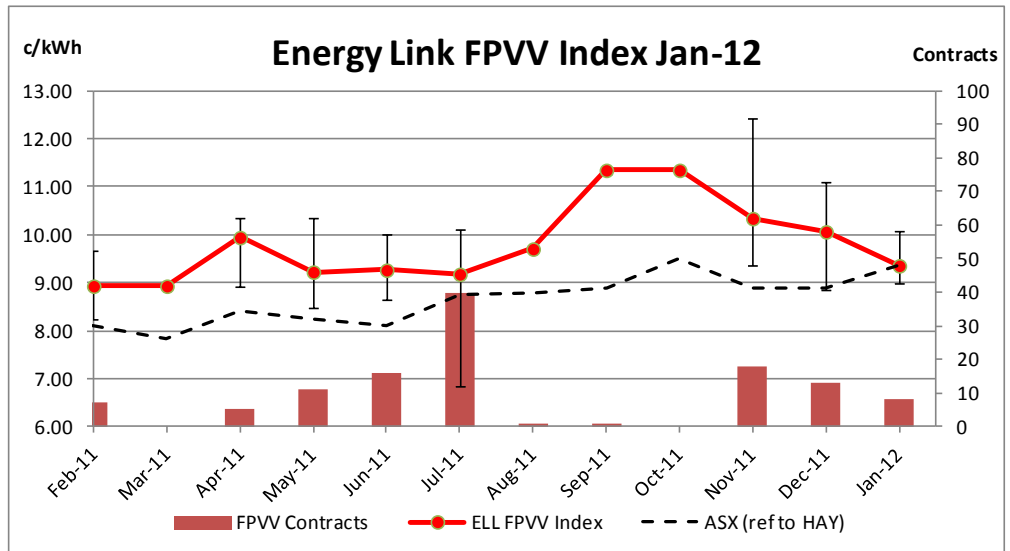
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FPVV & CFD Contract Indices

The top two charts at right break the main ELL Index into two indices focusing specifically on either FPVV or CFD contracts. This makes the premium that is priced into the FPVV contracts (for the security of having no spot exposure) more readily apparent. These graphs also show the number of contracts of each type used in the calculation of each Index value. Index values generated from low contract volumes should be used with caution.

The bottom graph compares the two indices directly and also tracks the price difference between the FPVV & CFD contracts as a percentage of the CFD price.

FPVV & CFD Electricity Contract Indices



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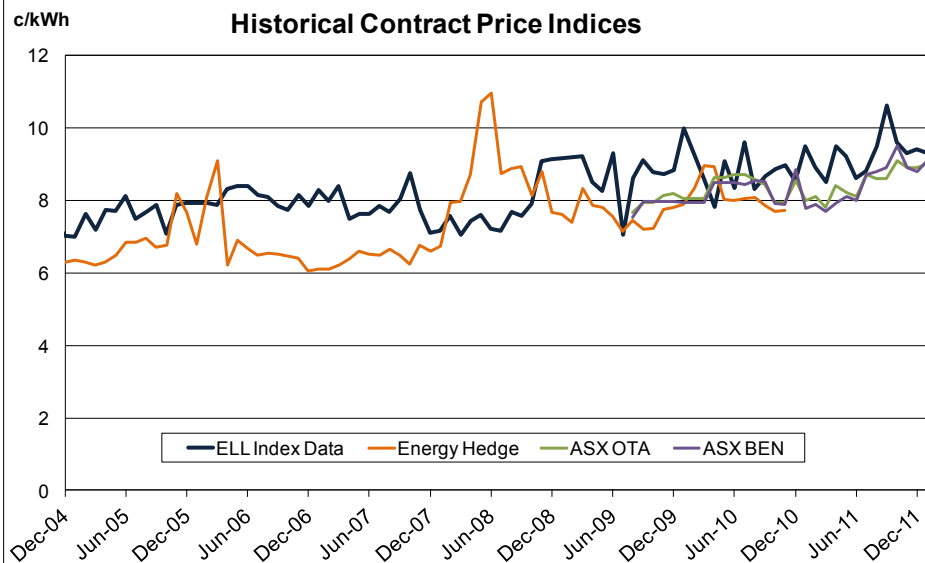
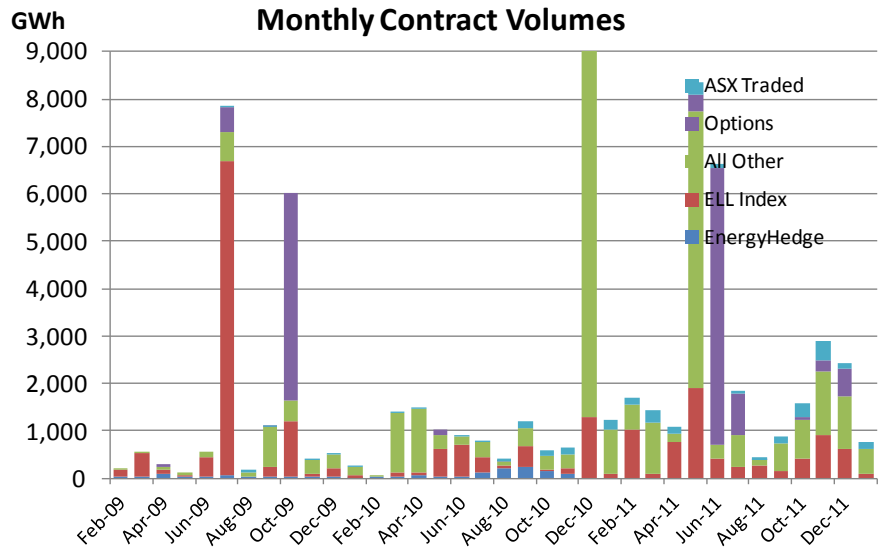
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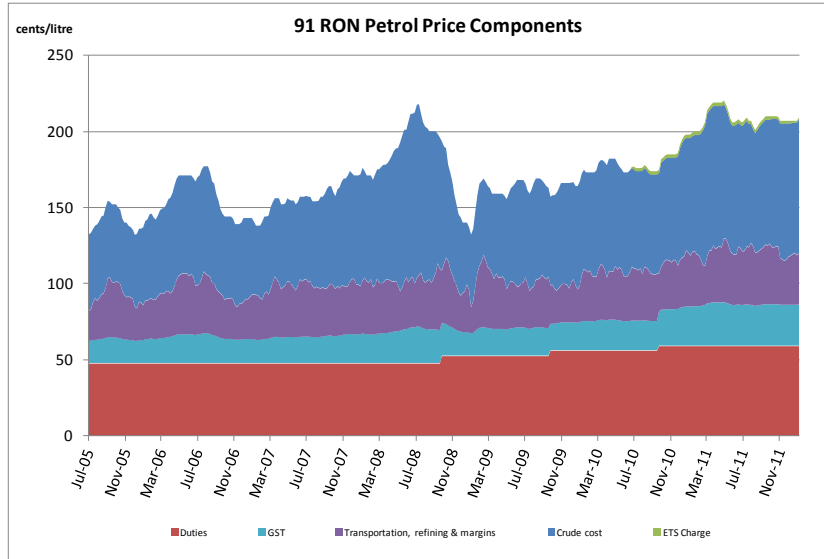
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Petrol Prices

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

The cost of crude increased by 5.4% over the month and the NZD exchange rate increased 4.1%. The 91 RON price increased by 1% over the month. More data is at www.med.govt.nz.



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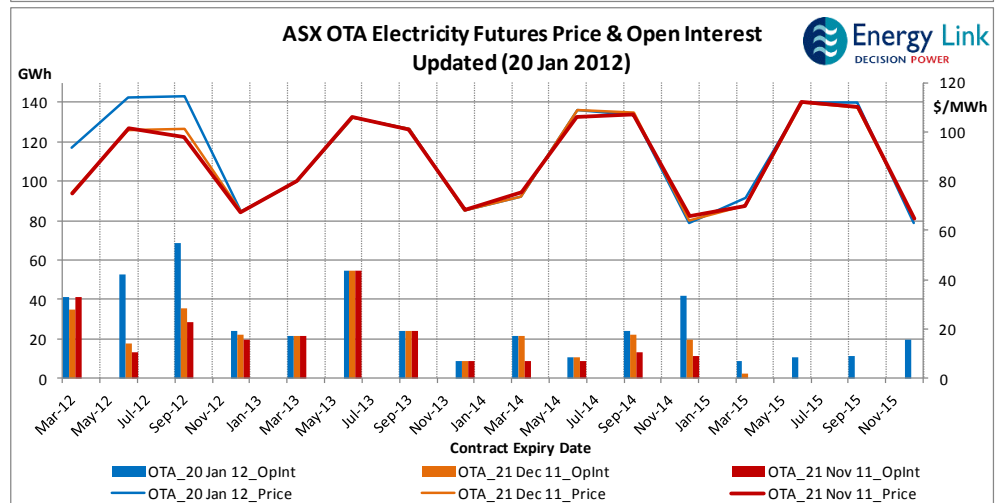
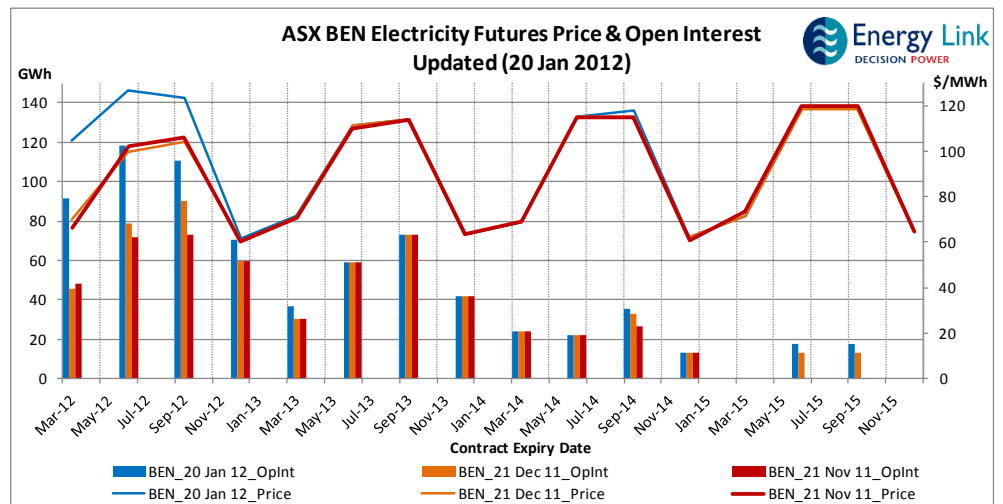
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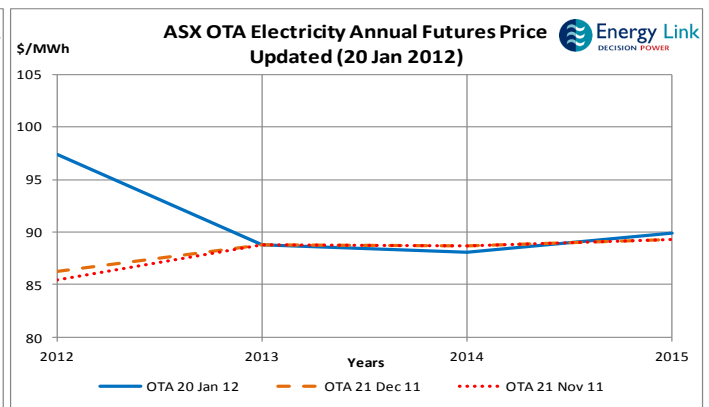
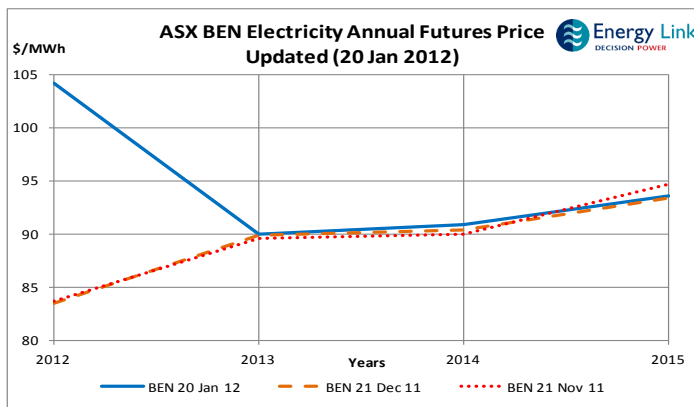
ASX Futures Prices & Open Interest



The charts above show all currently traded ASX NZ Energy Futures with Expiry Dates from Mar 2012 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 730.5 GWh contracted at Benmore and 445.2 GWh contracted at Otahuhu for a total of 1175.7 GWh Open Interest.

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Appendix: Electricity Contract Listing

The tables below list the new Electricity Contracts that were eligible for inclusion in the ELL Indices this month.

The first table lists those contracts used to generate the indices while the second table lists those contracts that would have been eligible but were excluded as they were not entered into the Hedge Disclosure System in a timely manner.

The data source for these contracts is the Electricity Authority's "Electricity Hedge Disclosure" website (www.electricitycontract.co.nz)

Eligible Contracts

Contract ID	Type	Trade Date	Effective Date	End Date	Quantity	Area	Price	Status	Created	Duration (Days)
27006	CFD	19-Dec-2011	1-Jul-2012	30-Jun-2014	52,560	Benmore	91.06	Not disputed	21-Dec-2011	730
27007	CFD	19-Dec-2011	1-Jul-2012	30-Jun-2013	8,760	Benmore	92.47	Not disputed	21-Dec-2011	365
27008	CFD	19-Dec-2011	1-Jul-2012	30-Jun-2015	52,560	Benmore	92.14	Not disputed	21-Dec-2011	1,095
27069	CFD	20-Dec-2011	1-Jan-2012	31-Dec-2014	28,934	Benmore	87.19	Not disputed	21-Dec-2011	1,096
27070	FPVV	20-Dec-2011	1-Jan-2012	28-Feb-2013	4,649	Whakamaru	88.27	Not disputed	21-Dec-2011	425
27071	FPVV	20-Dec-2011	1-Mar-2013	31-Dec-2014	7,341	Whakamaru	88.99	Not disputed	21-Dec-2011	671
27111	CFD	5-Dec-2011	1-Jan-2012	30-Sep-2012	6,576	Otahuhu	88.11	Not disputed	21-Dec-2011	274
27112	CFD	5-Dec-2011	1-Jan-2012	30-Jun-2012	6,006	Otahuhu	84.20	Not disputed	21-Dec-2011	182
27149	CFD	20-Dec-2011	1-Dec-2012	31-Dec-2014	21,043	Whakamaru	89.39	Not disputed	22-Dec-2011	761
27188	CFD	5-Dec-2011	1-Jan-2012	30-Sep-2012	6,576	Otahuhu	88.11	Verified	22-Dec-2011	274
27189	CFD	5-Dec-2011	1-Jan-2012	30-Jun-2012	6,006	Otahuhu	84.20	Verified	22-Dec-2011	182
27528	FPVV	1-Jan-2012	1-Jan-2012	31-Dec-2013	21,150	Islington	97.95	Not disputed	13-Jan-2012	731
27529	FPVV	1-Jan-2012	1-Jan-2012	31-Dec-2013	2,500	Benmore	95.50	Not disputed	13-Jan-2012	731
27530	FPVV	1-Jan-2012	1-Jan-2012	31-Dec-2012	49,790	Otahuhu	93.10	Not disputed	13-Jan-2012	366
27648	FPVV	16-Jan-2012	1-Jan-2012	31-Dec-2012	9,950	Otahuhu	94.55	Not disputed	16-Jan-2012	366
27649	FPVV	16-Jan-2012	1-Jan-2012	31-Dec-2012	2,900	Haywards	89.91	Not disputed	16-Jan-2012	366
27650	FPVV	16-Jan-2012	1-Jan-2012	31-Dec-2012	200	Benmore	95.71	Not disputed	16-Jan-2012	366

Excluded Contracts

Contract ID	Type	Trade Date	Effective Date	End Date	Quantity	Area	Price	Status	Created	Duration (Days)
27009	CFD	31-Aug-2011	1-Jan-2013	31-Dec-2014	210,240	Whakamaru	86.00	Verified	21-Dec-2011	730
27148	FPVV	17-Jun-2011	1-Jul-2011	30-Jun-2014	62,278	Whakamaru	94.45	Verified	22-Dec-2011	1,096
27471	FPVV	10-Jun-2011	1-Jul-2011	30-Jun-2014	62,278	Whakamaru	94.45	Not disputed	12-Jan-2012	1,096

These three contracts have been excluded from the ELL Indices as they appear to have been incorrectly entered into the EA's Hedge Disclosure System. All contracts should be entered within 5-10 business days of the contract's Trade Date but these three contracts were entered between 4 & 7 months after their trade dates.

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