

Energy Link Electricity Contract Indexes

April 2021

Index Update 145

April 2021

ELL Index

12.2 c/kWh

(at Haywards)

Other Nodes

The index is referenced to:

Otahuhu 12.7 c/kWh

Benmore 12.1 c/kWh

Change

The index increased by 1.7% since mid March

Volume

8 contracts (excluding ASX, and short term contracts) were traded during the month, totalling 234 GWh over the period May-21 to Sep-24

Contract Types

2 FPVV (fixed price variable volume)

ELL CFD & FPVV Index

ELL FPVV 11.6 c/kWh

ELL CFD 13.4 c/kWh

Spread

11.3 c/kWh from May-21 to Sep-24

Location Factors

Expected location factors were updated in this issue

ASX Futures

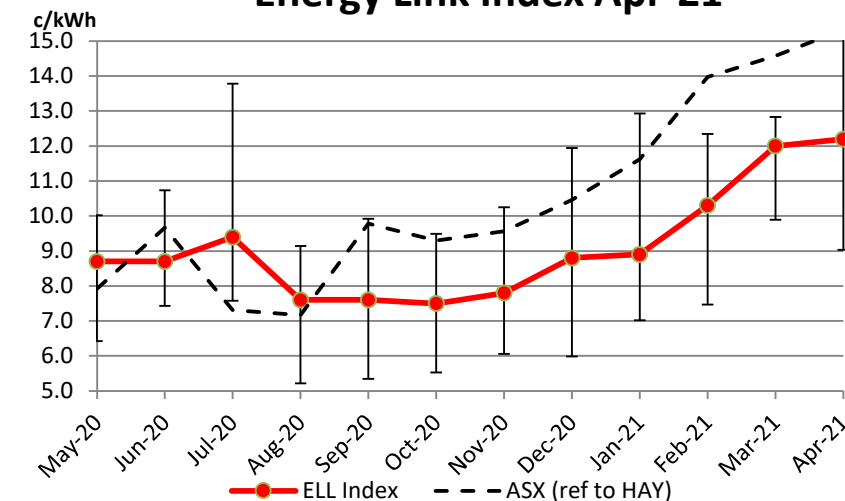
Based on the 3 year average 'previous settlement' dates for 2021-2024 as of Friday 23 April:

Otahuhu 16.5 c/kWh

Benmore 14.7 c/kWh



Energy Link Index Apr-21



There were 8 contracts traded that were eligible to include in the index calculations this month, but the last of these was on 6th April, and since then nothing has traded in the OTC market (or at least not that meets the index criteria for size and duration).

The main index above has taken a pause in its steep upward trend, which started late in 2020, but in that time the index has increased by almost 60%, a reflection of the steep rise in hedge prices in general, but the futures market in particular.

We don't know why the number of OTC contracts traded has fallen away this month, but it is fair to say that buyers aren't keen to pay these prices if they can avoid it. Buyers have a difficult decision to make: do they buy longer term to average out the contract price, or do they buy shorter term in the expectation of prices falling once Pohokura gas field is back in production in 2022.

Speaking of which, getting Pohokura, our largest gas field, back up to full production, can only happen with intervention using a drilling rig that has to come from Singapore. The problem is one of scaling in an offshore well: the scaling builds up on the inside of the well and eventually restricts gas flow. The rig is required to remove the scale.

Scaling is generally a function of water entering the well, and chemicals that are carried in the water then deposit on the inside of the well. There are methods that can be used to remove scale, but the bigger question is whether the problem well at Pohokura is scaling more because there is less gas, hence allowing more water to enter the well.

Pohokura's reserves were downgraded progressively from 1,017 PJ in 2014 to 548 PJ in 2018, then they rose in 2019 to 714 PJ, but fell again last year to 498 PJ.

For FPVV & CFD specific sub-indexes, see page 2

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FPVV & CFD Electricity Contract Indexes

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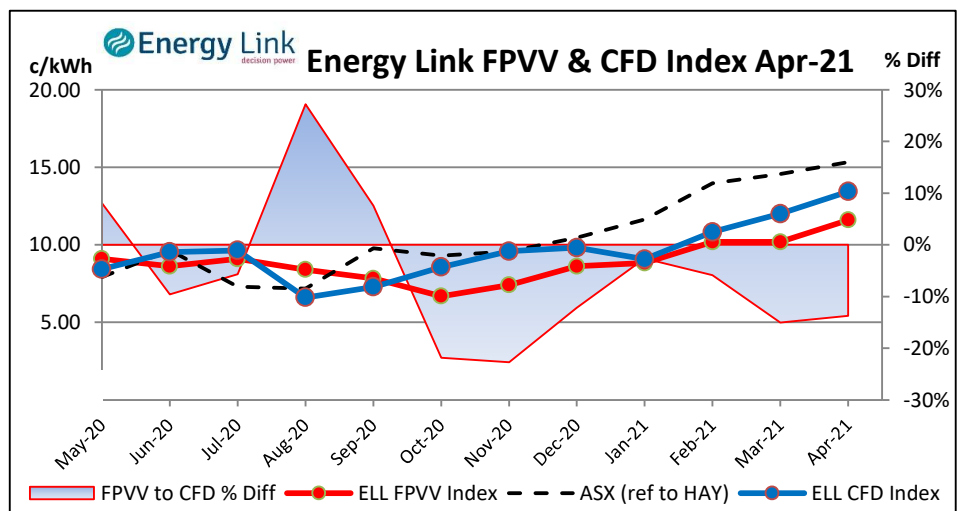
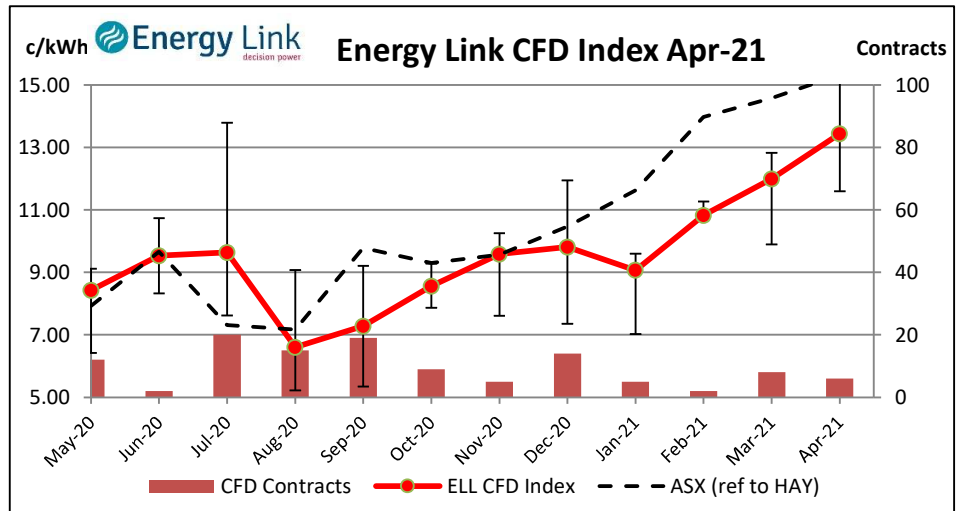
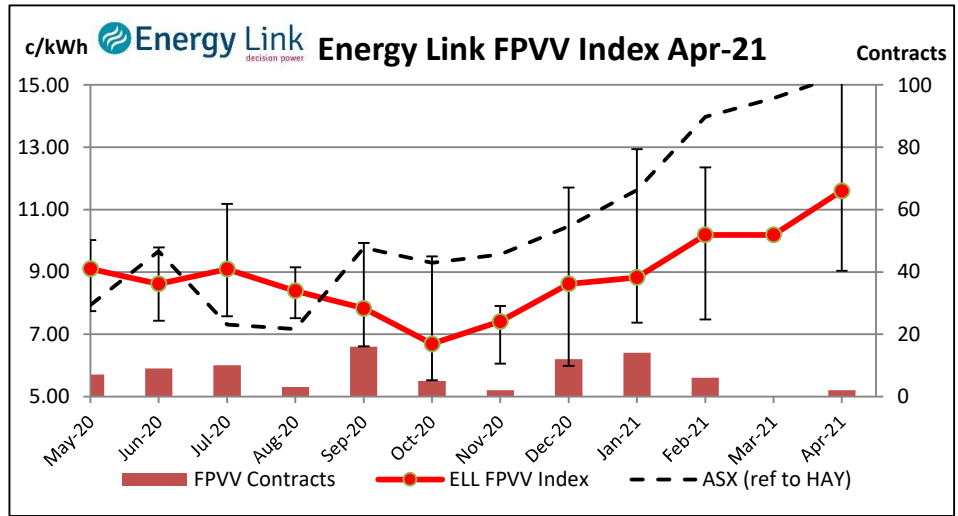
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FPVV & CFD Contract

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.



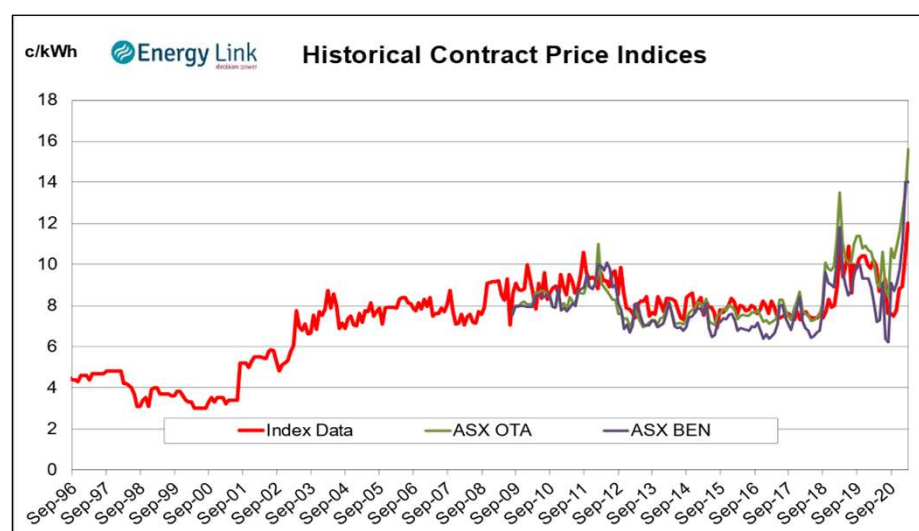
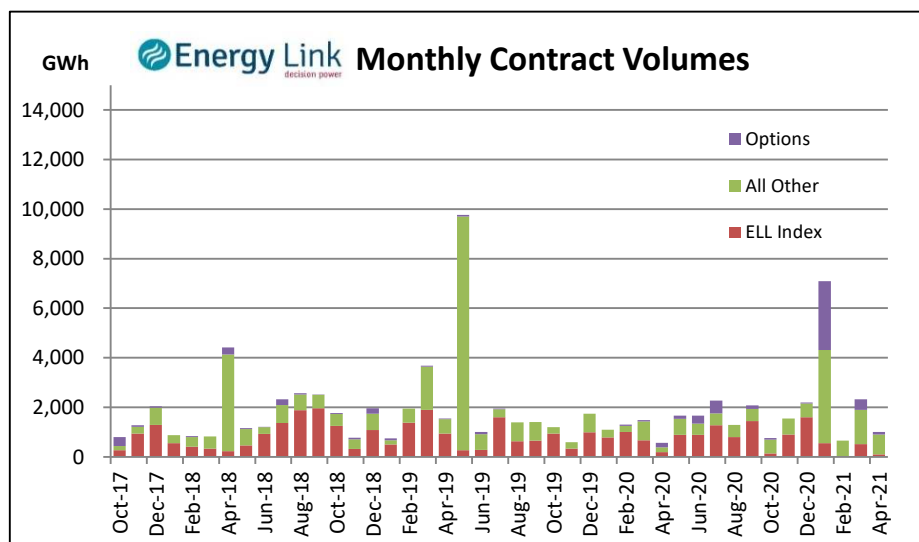
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Volume and Price History

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The Energy Link Ltd (ELL) index chart shows the values over the 12 months up to publication date. All prices 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. Details of the index methodology are available from Energy Link.

The indexes exclude futures contracts traded on the ASX, contracts that are less than 6 months in duration, and contracts with volumes significantly less than disclosure rules require, or that are unverified or in dispute.

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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.

This month 6 FPVV contracts were excluded due to the size of the contract falling below 1 MW or contract effective date being longer than 120 days limit in the Electricity Industry Participation Code.

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
814632	CFD	16-Mar-21	1-Aug-21	31-Jul-22	8,760	Islington	122.89	Verified	22-Mar-21	365
822914	CFD	26-Mar-21	1-Jul-22	30-Jun-24	17,544	Haywards	118.96	Verified	30-Mar-21	731
822915	CFD	26-Mar-21	1-Apr-23	31-Mar-24	8,784	Whakamaru	122.7	Verified	30-Mar-21	366
823178	FPVV	31-Mar-21	1-May-21	30-Apr-24	68,598	Haywards	153.34	Not disputed	7-Apr-21	1096
825020	CFD	31-Mar-21	1-Jul-21	31-Mar-22	10,943	Otahuhu	187.27	Verified	13-Apr-21	274
825021	CFD	31-Mar-21	1-Jul-21	31-Mar-22	5,472	Benmore	168.03	Verified	13-Apr-21	274
826085	CFD	31-Mar-21	1-Apr-23	30-Sep-24	13,176	Whakamaru	126.1	Verified	9-Apr-21	549
830327	FPVV	6-Apr-21	1-May-21	30-Apr-24	101,114	Islington	95.79	Not disputed	20-Apr-21	1096

Excluded Contracts

Contract ID	Type	Trade Date	Effective Date	End Date	Quantity	Area	Price	Status	Created	Duration	Reason
745238	CFD	23-Nov-20	1-Jan-21	31-Dec-21	6,604	Otahuhu	124.6	Verified	21-Apr-21	365	Atypical Contract
745239	CFD	23-Nov-20	1-Jan-22	31-Dec-22	6,604	Otahuhu	109	Verified	21-Apr-21	365	Traded>2 mths ago
745240	CFD	23-Nov-20	1-Jan-22	31-Dec-22	9,529	Benmore	90.75	Verified	21-Apr-21	365	Traded>2 mths ago
745241	CFD	23-Nov-20	1-Jan-21	31-Dec-21	9,529	Benmore	111.85	Verified	21-Apr-21	365	Traded>2 mths ago
764172	CFD	8-Jan-21	1-Jan-21	30-Jun-21	651	Benmore	126.62	Not disputed	13-Apr-21	181	< 0.25 MW
819737	FPVV	23-Mar-21	1-Apr-21	31-Mar-24	5,024	Otahuhu	152.77	Not disputed	27-Mar-21	1096	< 1 MW
819738	FPVV	23-Mar-21	1-Apr-21	31-Mar-24	4,181	Whakamaru	148.78	Not disputed	27-Mar-21	1096	< 1 MW
819739	FPVV	23-Mar-21	1-Apr-21	31-Mar-24	6,795	Haywards	148.8	Not disputed	27-Mar-21	1096	< 1 MW
819740	FPVV	23-Mar-21	1-Apr-21	31-Mar-24	5,171	Islington	137.32	Not disputed	27-Mar-21	1096	< 1 MW
819741	FPVV	23-Mar-21	1-Apr-21	31-Mar-24	5,292	Benmore	132.4	Not disputed	27-Mar-21	1096	< 1 MW
823177	FPVV	31-Mar-21	1-May-21	30-Apr-24	18,529	Otahuhu	156.3	Not disputed	7-Apr-21	1096	< 1 MW

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