

Energy Link Electricity Contract Indexes

August 2021

Index Update 149

**August 2021
ELL Index**

11.9 c/kWh

(at Haywards)

Other Nodes

The index is referenced to:
 Otahuhu 12.5 c/kWh
 Benmore 11.7 c/kWh

Change

The index decreased by 5.6% since mid July

Volume

3 contracts (excluding ASX, and short term contracts) were traded during the month, totalling 143 GWh over the period Aug-21 to Sep-26

Contract Types

2 FPVV (fixed price variable volume)

ELL CFD & FPVV Index

ELL FPVV 11.8 c/kWh
 ELL CFD 12.5 c/kWh

Spread

2.6 c/kWh from Aug-21 to Sep-26

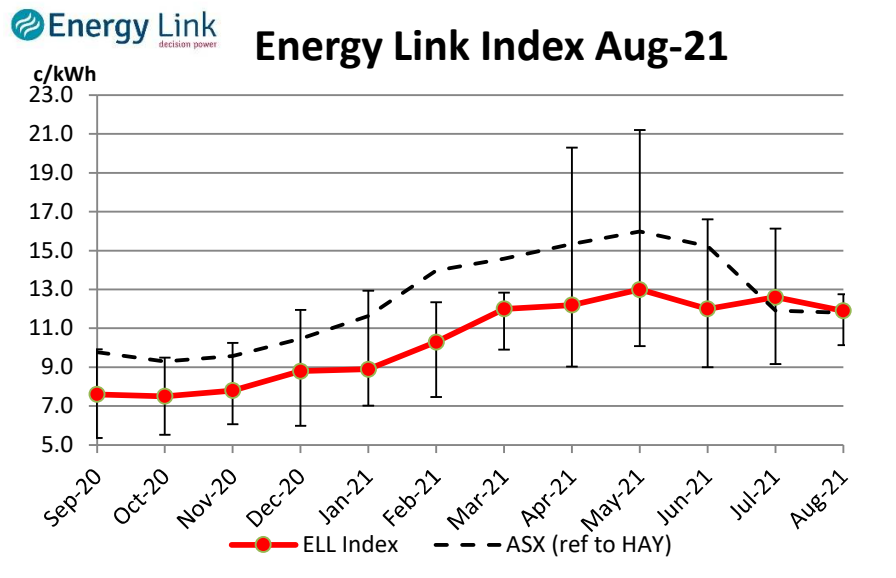
Location Factors

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 20

Otahuhu 13.2 c/kWh
 Benmore 10.9 c/kWh



The main index fell this month, as we expected it would.

But there were only three contracts to include in the indexes, one each for CFD and FPVV, which is unusual, but not unprecedented.

Just when you think things might be settling down, with the hydro lakes now looking relatively full for this time of year, it's just amazing how things can change, and how quickly. We posted an item on the outages of 9th August, suggesting that the new peak demand set that day is an indication that strong demand growth is returning after a virtual absence of 15 years.

Less than a week later, we're in lockdown and demand has fallen off a "covid cliff", taking prices with it, the more so in the South Is because the HVDC link is currently only able to operate at half capacity due to a failure on a transmission tower in North Canterbury.

For the medium term outlook, the running average spot price of gas (which includes carbon) shown on the emsTradeport web site fell from \$21/GJ on 3rd August to just over \$15/GJ yesterday, which is a big change in a short period. It's too early to be sure if this is a sign of pressure coming off gas supply, because it might be due to reduced demand as much as to increased supply, so we'll have to wait and see. But it could be a step in the right direction.

The Electricity Authority recently issued a request for information from potential new market makers, who would be paid a fee for providing the service. These entities would add to the market-making already performed by Contact, Genesis, Mercury and Meridian, and they will need to be experienced commodities traders with substantial balance sheets. The addition of commercial market-making is expected to increase liquidity in the electricity futures market and reduce bid-ask spreads (the price difference between offers to sell and bids to buy). Time will tell if this development has the desired effect and whether it causes futures prices to behave

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

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FPVV & CFD Electricity Contract Indexes

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

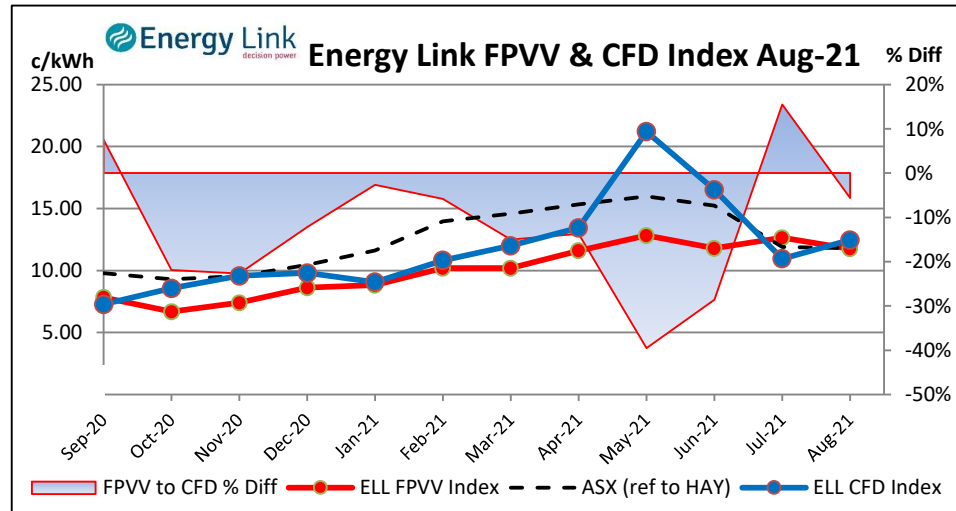
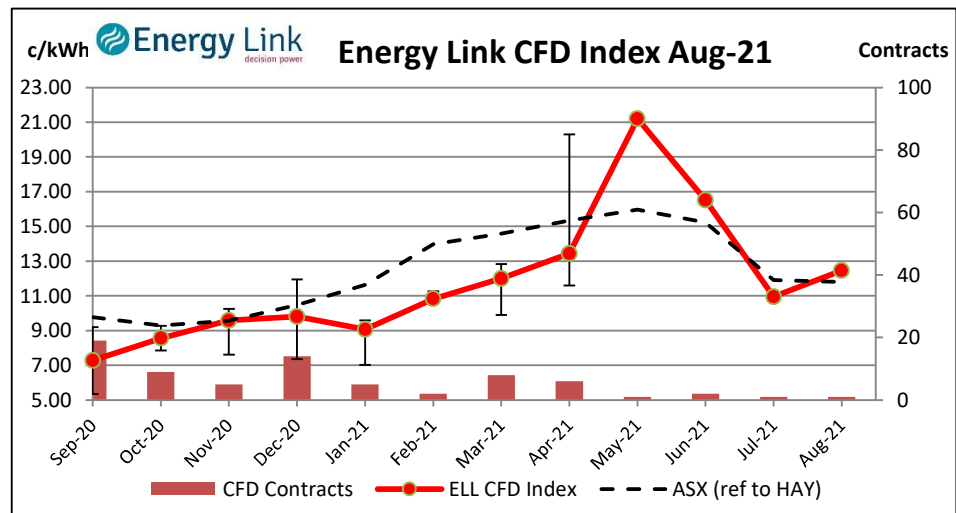
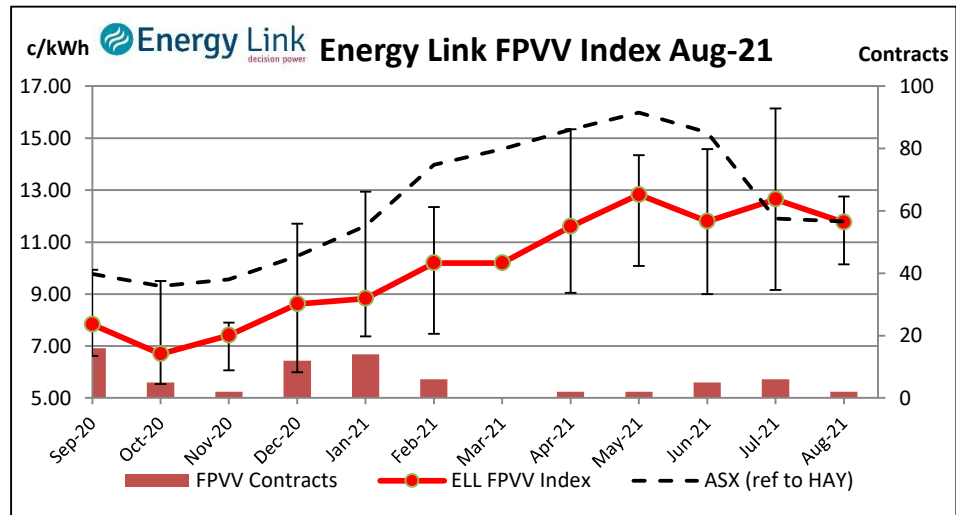
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FPVV & CFD Contract

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.



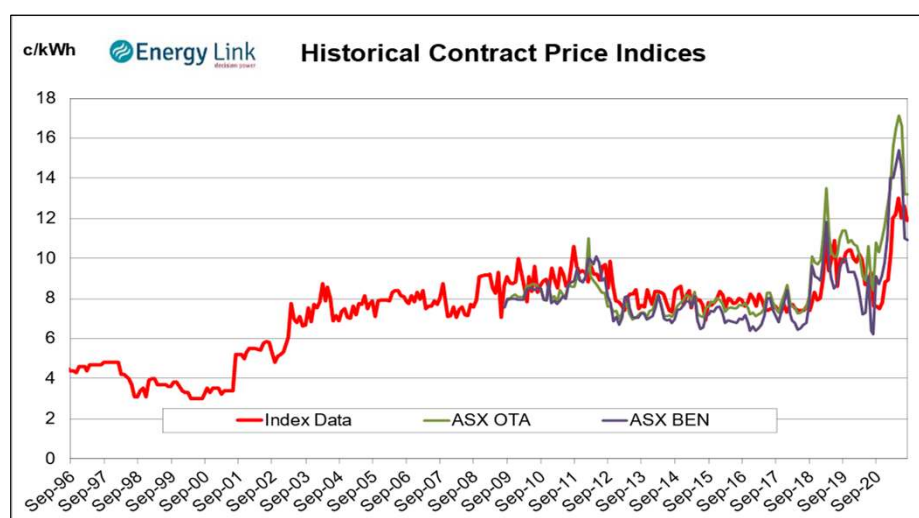
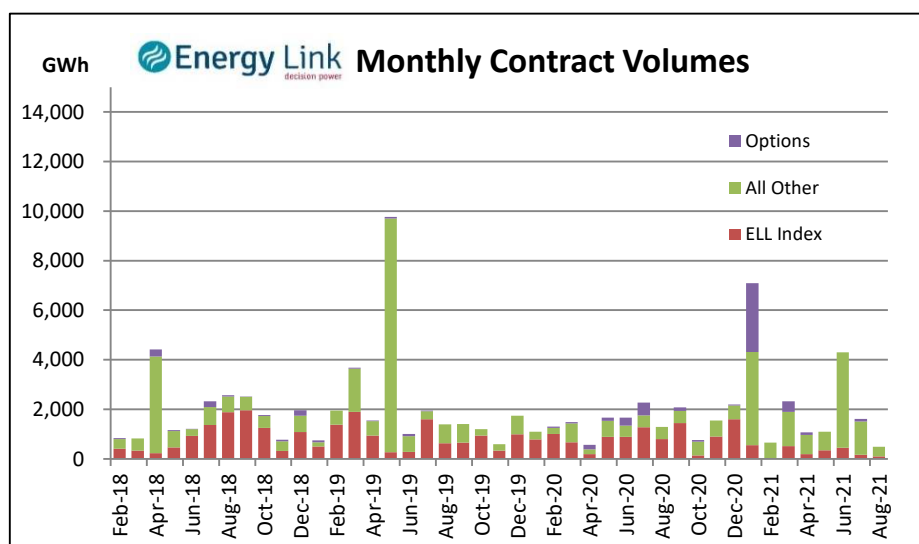
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Volume and Price History

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

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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
889842	CFD	20-Jul-21	1-Apr-22	31-Mar-23	36,789	Benmore	122.5	Verified	22-Jul-21	365
896884	FPVV	3-Aug-21	1-Oct-21	30-Sep-26	55,330	Islington	106.17	Verified	9-Aug-21	1826
905158	FPVV	16-Aug-21	1-Aug-21	31-Jul-24	50,656	Otaguhu	133.92	Not disputed	20-Aug-21	1096

Excluded Contracts

Contract ID	Type	Trade Date	Effective Date	End Date	Quantity	Area	Price	Status	Created	Duration	Reason
889852	CFD	22-Jul-21	1-Jul-21	31-Aug-22	2,050	Whakamaru	145	Not disputed	27-Jul-21	427	< 0.25 MW
892755	FPVV	28-Jul-21	1-Aug-21	31-Jul-26	17,022	Otaguhu	120.12	Not disputed	30-Jul-21	1826	< 1 MW
892756	FPVV	28-Jul-21	1-Aug-21	31-Jul-26	6,603	Whakamaru	117.62	Not disputed	30-Jul-21	1826	< 1 MW
892757	FPVV	28-Jul-21	1-Aug-21	31-Jul-26	14,386	Haywards	114.43	Not disputed	30-Jul-21	1826	< 1 MW
892758	FPVV	28-Jul-21	1-Aug-21	31-Jul-26	11,216	Islington	104.05	Not disputed	30-Jul-21	1826	< 1 MW
892759	FPVV	28-Jul-21	1-Aug-21	31-Jul-26	1,045	Benmore	96.72	Not disputed	30-Jul-21	1826	< 1 MW
892944	FPVV	16-Jul-21	1-Apr-22	31-Mar-32	788,400			Not disputed	5-Aug-21	3653	No Price, No Area
896138	FPVV	2-Aug-21	1-Oct-20	30-Sep-21	2,737	Islington	114.14	Not disputed	7-Aug-21	365	< 1 MW
896139	FPVV	2-Aug-21	1-Oct-20	30-Sep-21	84,623	Whakamaru	112.88	Not disputed	7-Aug-21	365	effective date>120
896883	FPVV	3-Aug-21	1-Oct-21	30-Sep-26	18,710	Whakamaru	111.5	Verified	9-Aug-21	1826	< 1 MW
896885	FPVV	3-Aug-21	1-Dec-21	30-Nov-24	23,061	Otaguhu	133.47	Not disputed	10-Aug-21	1096	< 1 MW
896886	FPVV	3-Aug-21	1-Dec-21	30-Nov-24	1,051	Whakamaru	126.52	Not disputed	10-Aug-21	1096	< 1 MW
896887	FPVV	3-Aug-21	1-Dec-21	30-Nov-24	4,234	Haywards	125.46	Not disputed	10-Aug-21	1096	< 1 MW
896888	FPVV	3-Aug-21	1-Dec-21	30-Nov-24	1,742	Islington	122.53	Not disputed	10-Aug-21	1096	< 1 MW
896889	FPVV	3-Aug-21	1-Dec-21	30-Nov-24	5,135	Benmore	114.23	Not disputed	10-Aug-21	1096	< 1 MW
905159	FPVV	16-Aug-21	1-Aug-21	31-Jul-24	6,606	Haywards	126.51	Not disputed	20-Aug-21	1096	< 1 MW
905160	FPVV	16-Aug-21	1-Aug-21	31-Jul-24	23,061	Islington	119.86	Not disputed	20-Aug-21	1096	< 1 MW

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