

# EnergyTrendz

MONTHLY

August 2019

Issue 125

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

**August 2019****ELL Index****10.0 c/kWh**

(at Haywards)

**Other Nodes**

The index is referenced to:

Otahuhu 10.4 c/kWh

Benmore 9.7 c/kWh

**Change**

The index increased by 16.3% since mid July

**Volume**

15 contracts (excluding ASX, and short term contracts) were traded during the month, totalling 758 GWh over the period Jul-19 to Dec-23

**Contract Types**

4 FPVV (fixed price variable volume)

11 CFD (contract for differences)

**ELL CFD & FPVV Index**

ELL FPVV 10.2 c/kWh

ELL CFD 9.2 c/kWh

**Spread**

3.8 c/kWh from Jul-19 to Dec-23

**Location Factors**

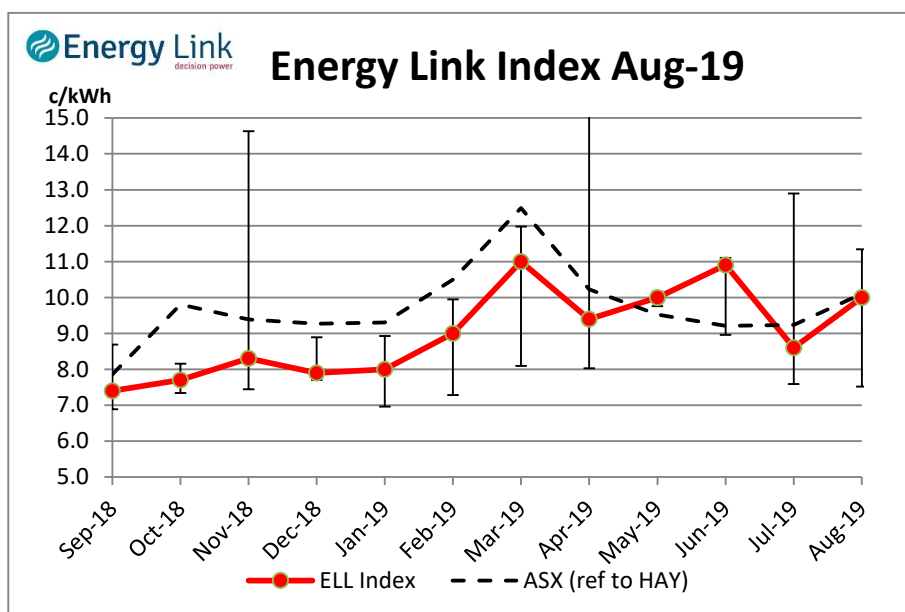
Expected location factors were updated in this edition of Energy Trendz

**ASX Futures**

Based on the 3 year average 'previous settlement' dates for 2019-2022 as of Friday 16 August:

Otahuhu 11.0 c/kWh

Benmore 9.5 c/kWh

**Energy Link Electricity Contract Index****For 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. Details of the index are available from Energy Link.

ASX New Zealand electricity futures contracts are not included in the index.

**Commentary**

The index increased this month on a volume of 15 contracts traded 11 CFD, 4 FPVV.

The Energy Link indices exclude contracts from ASX, that are less than 6 months in duration, have volumes significantly less than disclosure rules require, are unverified or in dispute.

The spread of prices making up the index was 3.8 c/kWh this month. Prices for the contracts varied from 7.5 c/kWh to 11.3 c/kWh when referenced to Haywards.

The gap between the ELL Index and the ASX index decreased slightly over the month.

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# FPVV & CFD Electricity Contract Indices

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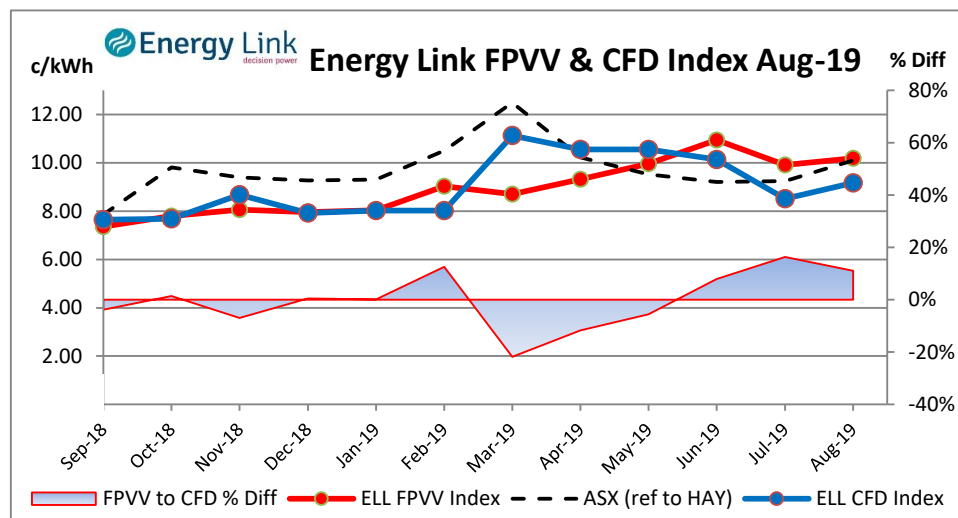
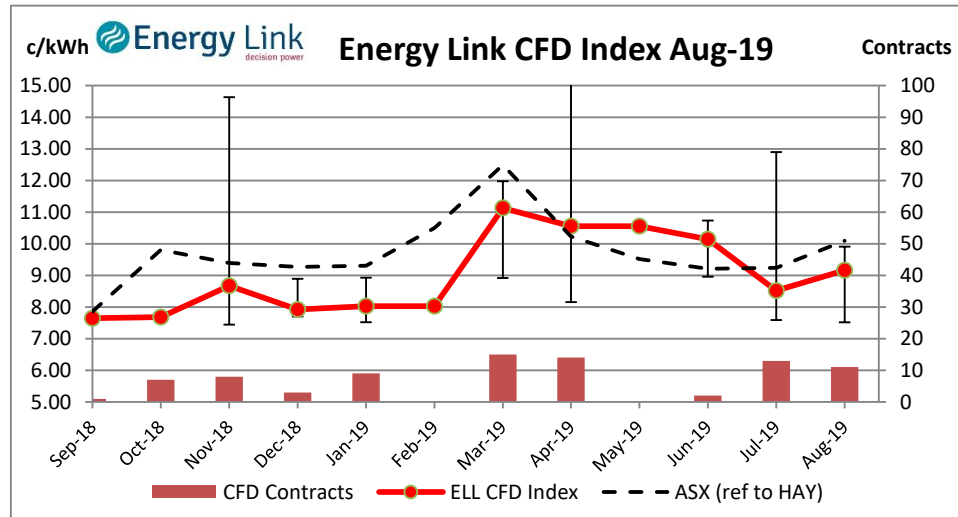
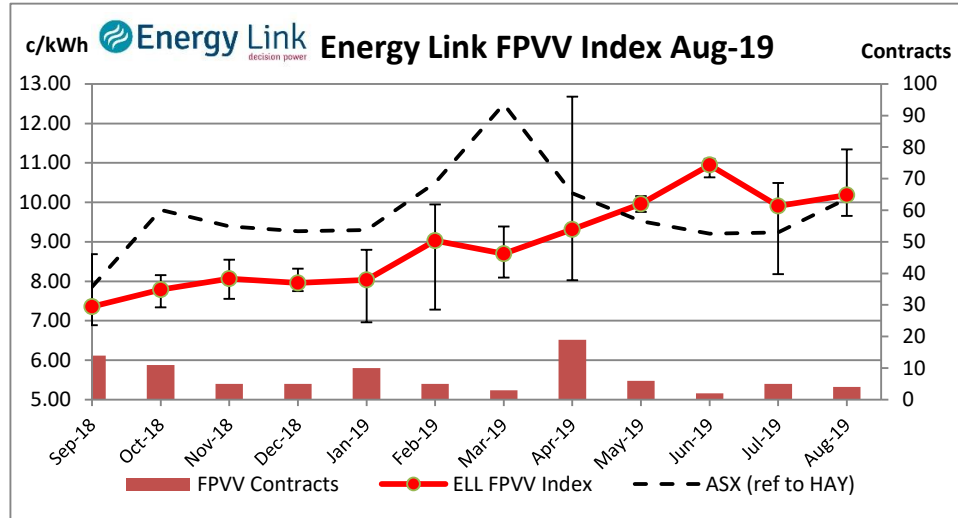
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## FPVV & CFD Contract

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.

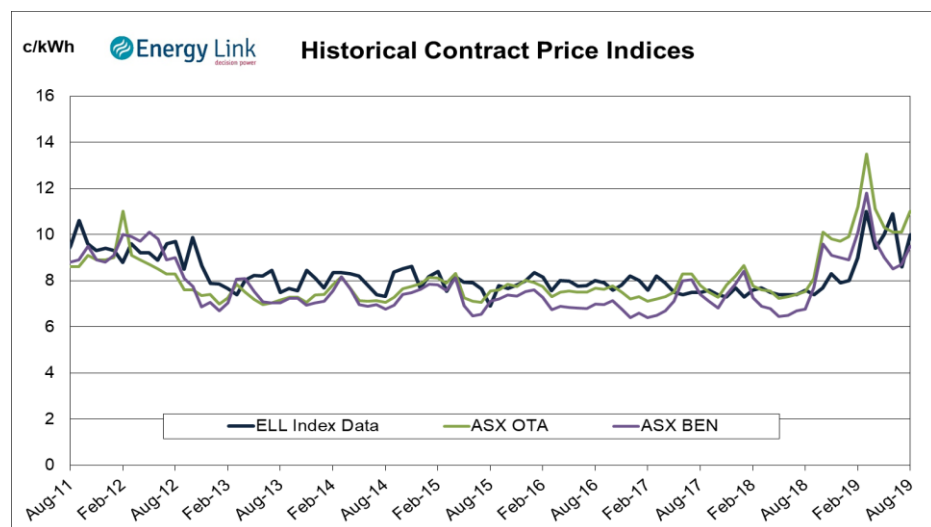
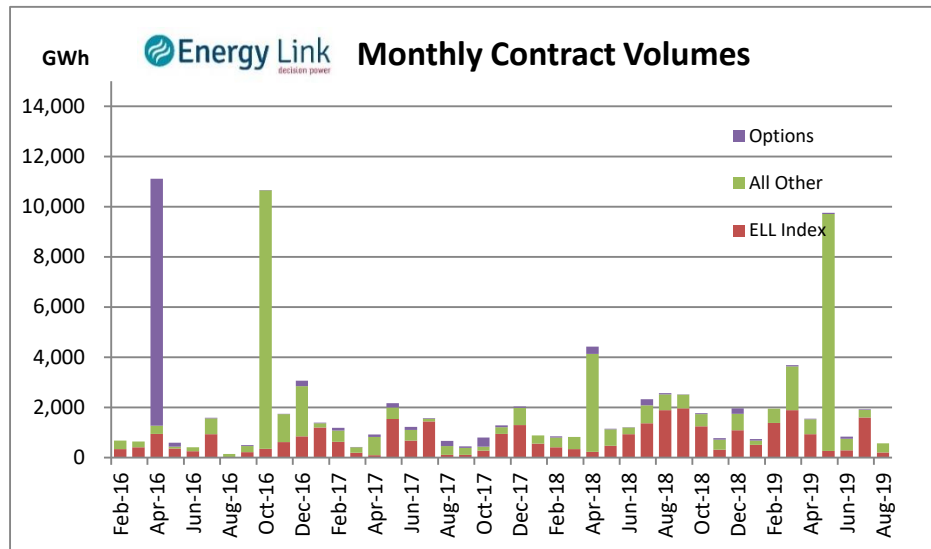


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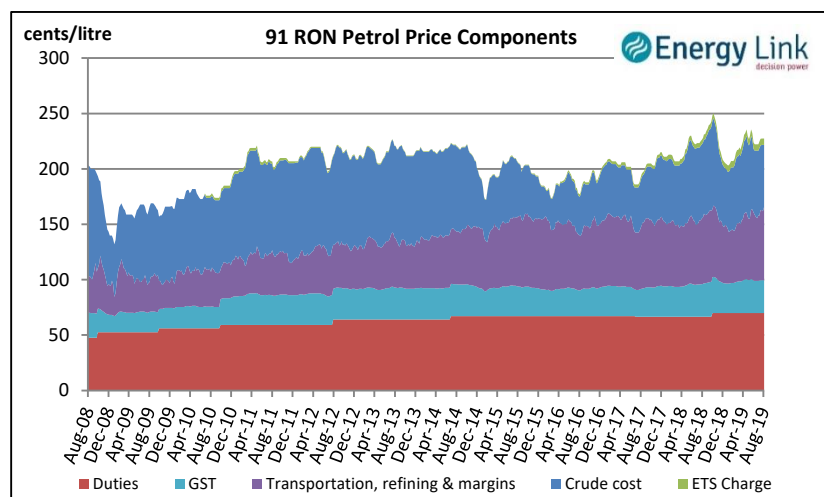


## Petrol Prices

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

Duties, ETS and GST currently comprise 46% of the total at-pump cost (major centres) of 91, with the cost of crude at 24%.

The cost of crude decreased by 10.7% over the month while the NZD exchange rate decreased by 2.1%. The 91 RON price increased by 1.3% over the month.



More data is at [www.med.govt.nz](http://www.med.govt.nz).

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## Futures Prices

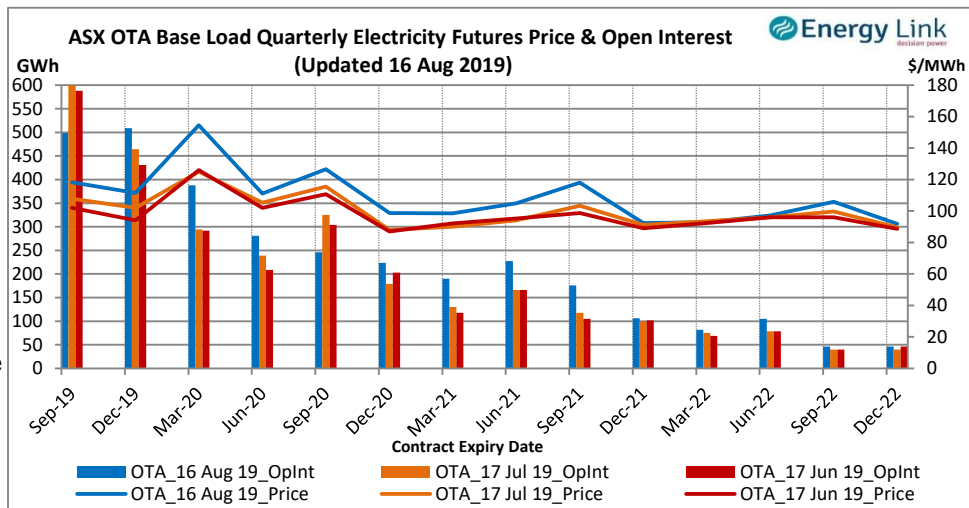
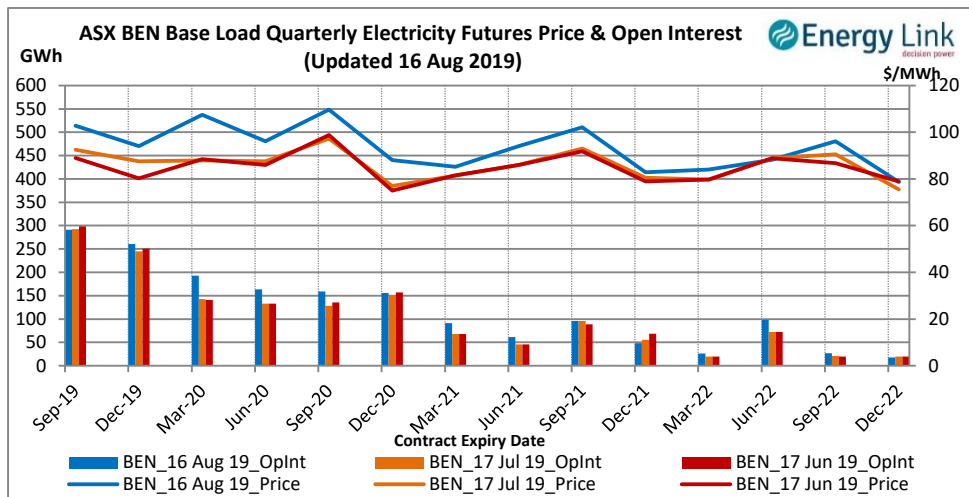
These prices are broken down to show the traded prices as they stood at the time of publishing, one month and two months prior to the time of publishing.

These two charts show 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 in the following two pages show all currently traded ASX NZ Energy Futures with Expiry Dates from Sep 19 through to Dec 22.

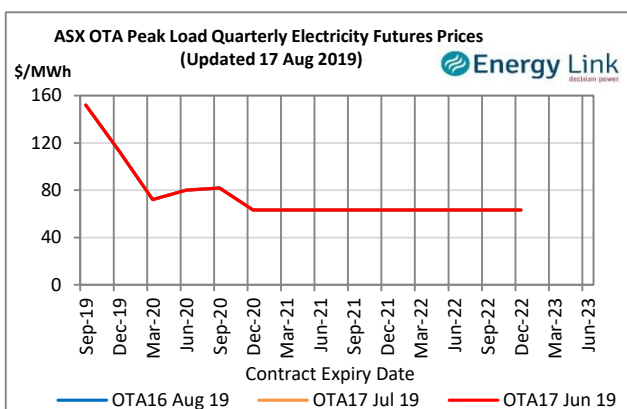
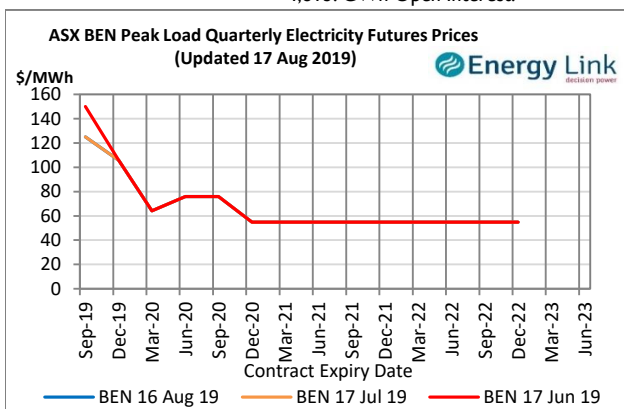
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The charts below show the traded prices for the peak load quarterly contracts for the next four years as they stood at the time of publishing, one month and two months prior to the time of publishing.

Currently there is 1,689.4 GWh contracted at Benmore and 3,123.6 GWh contracted at Otahuhu for a total of 4,813. GWh Open Interest.



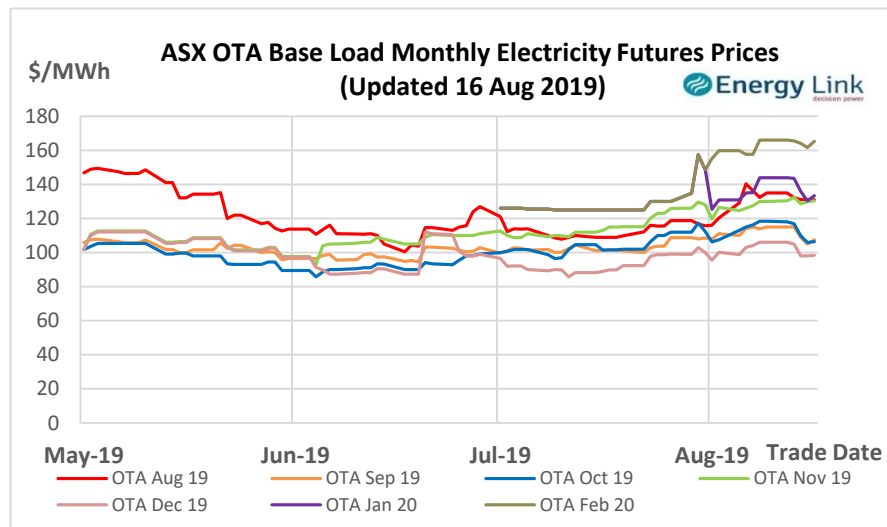
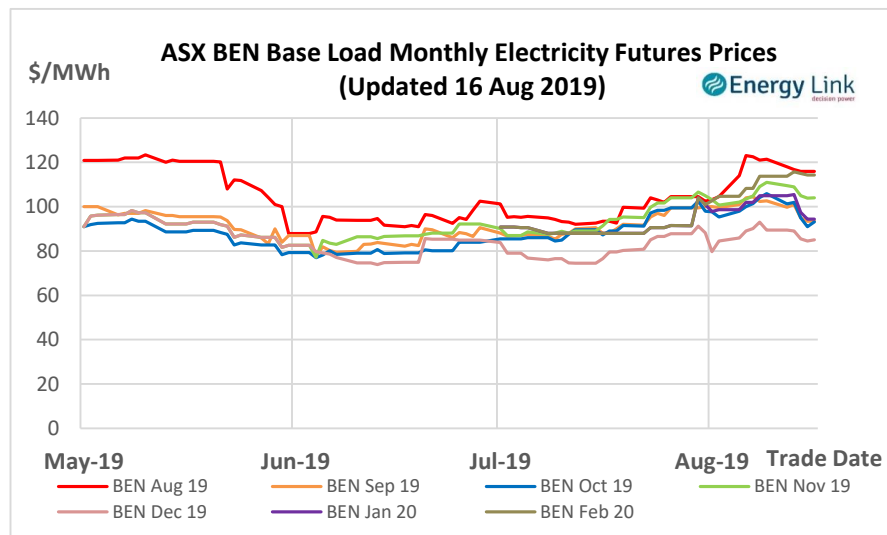
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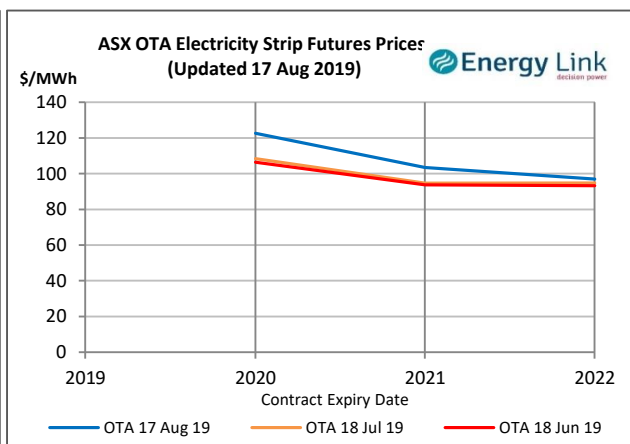
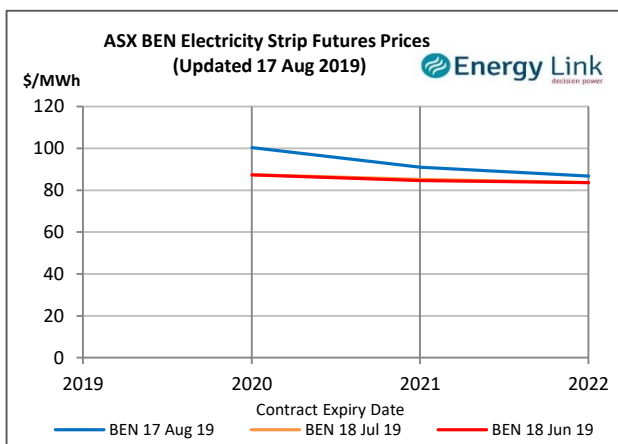
The charts to the right show the traded price of the monthly base load contracts for every trading date for the last three months prior to the time of publishing.

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The charts below show the price of the annual contracts for four calendar years as they stood at the time of publishing, one month and two months prior to the time of publishing.

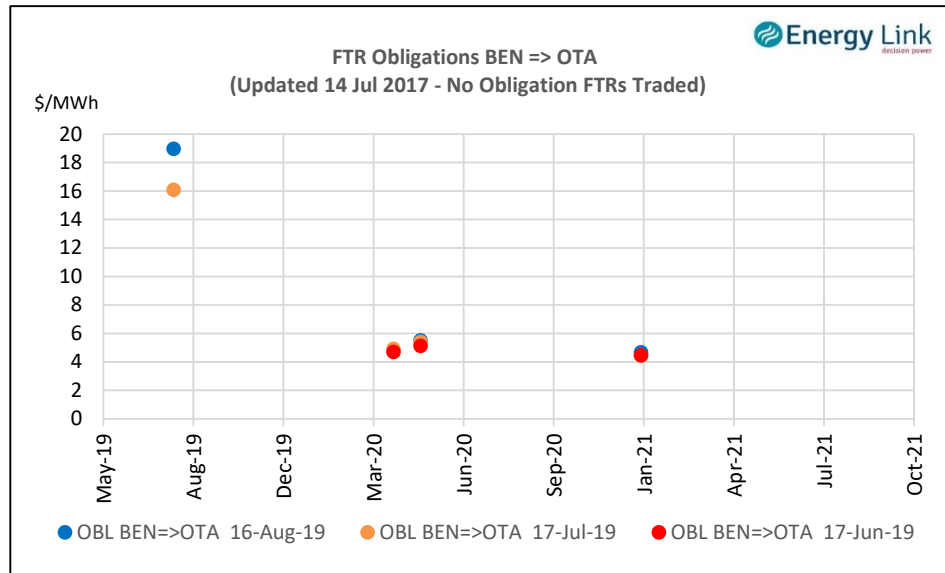


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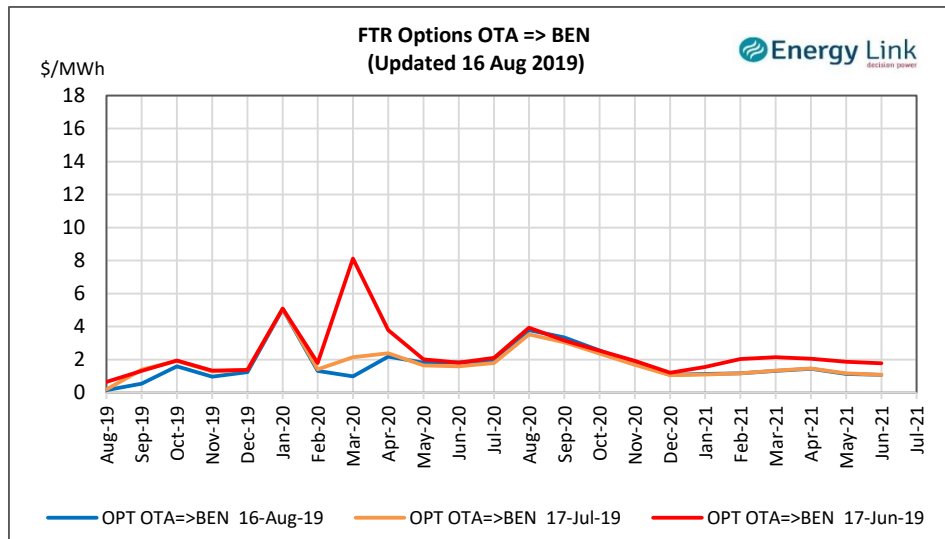
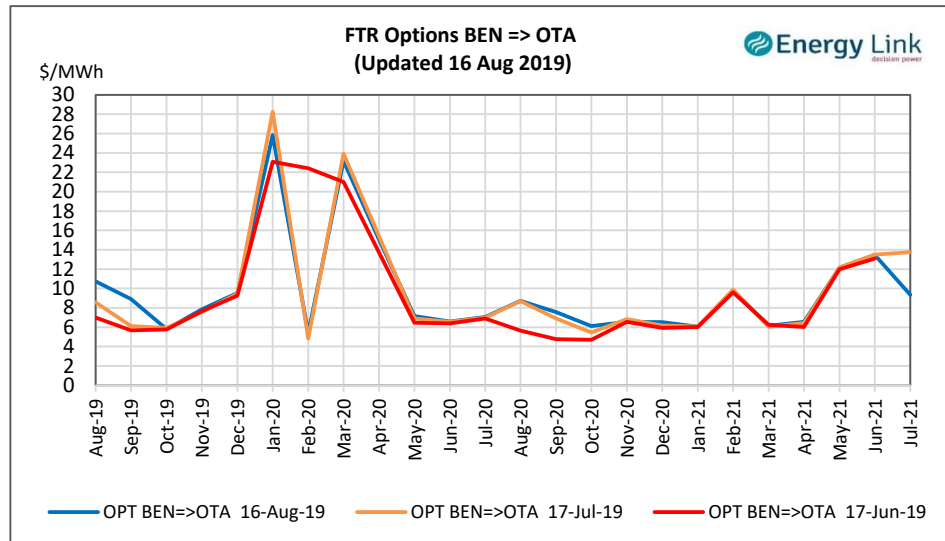
## FTR Prices

The charts to the right show the daily settlement prices for each Financial Transmission Right (FTR) product and period. Note that FTR Obligations are shown as BEN (source) to OTA (sink).



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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 4 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](http://www.electricitycontract.co.nz))

### Eligible

Contract ID	Type	Trade Date	Effective Date	End Date	Quantity	Area	Price	Status	Created	Duration
445244	CFD	2-Jul-19	1-Jul-21	31-Dec-21	44,150	Whakamaru	89.11	Verified	24-Jul-19	184
445245	CFD	2-Jul-19	1-Jan-23	31-Dec-23	87,600	Whakamaru	83.65	Verified	23-Jul-19	365
445246	CFD	2-Jul-19	1-Jan-21	31-Dec-23	131,400	Whakamaru	84.26	Verified	25-Jul-19	1095
445247	CFD	2-Jul-19	1-Jan-21	31-Dec-22	175,200	Whakamaru	87.23	Verified	25-Jul-19	730
446026	FPVV	22-Jul-19	1-Oct-19	30-Sep-20	36,163	Otahuhu	118.53	Not disputed	30-Jul-19	366
446027	FPVV	22-Jul-19	1-Oct-19	30-Sep-20	64,311	Islington	102.16	Not disputed	30-Jul-19	366
446089	CFD	26-Jul-19	1-Jan-20	31-Dec-21	16,667	Whakamaru	96.7	Not disputed	30-Jul-19	731
448896	FPVV	2-Aug-19	1-Jan-20	31-Dec-22	37,089	Whakamaru	96.83	Not disputed	9-Aug-19	1096
449451	CFD	7-Aug-19	1-Jan-21	31-Dec-21	43,800	Otahuhu	100	Verified	8-Aug-19	365
449621	CFD	5-Aug-19	1-Apr-20	31-Mar-21	8,760	Haywards	97.11	Verified	12-Aug-19	365
449622	CFD	5-Aug-19	1-Apr-20	31-Mar-21	4,380	Whakamaru	75.1	Verified	12-Aug-19	365
449623	CFD	5-Aug-19	1-Apr-20	31-Mar-21	8,760	Otahuhu	103.54	Verified	12-Aug-19	365
451024	FPVV	6-Aug-19	1-Jul-19	30-Jun-22	34,530	Otahuhu	109.33	Verified	14-Aug-19	1096
451450	CFD	13-Aug-19	1-Jan-21	31-Dec-21	43,800	Otahuhu	102.5	Verified	15-Aug-19	365
451972	CFD	13-Aug-19	1-Jan-22	30-Jun-22	21,720	Otahuhu	94.05	Verified	16-Aug-19	181

### Excluded Contracts

Contract ID	Type	Trade Date	Effective Date	End Date	Quantity	Area	Price	Status	Created	Duration	Reason
324737	FPVV	16-Jul-18	1-Aug-18	31-Jul-21	55,062	Otahuhu	77.02	Not disputed	21-Jul-18	1096	Traded>2 mths ago
430664	CFD	16-May-19	1-Oct-21	30-Sep-41	9,120,000			Verified	27-May-19	7305	No Price
446025	FPVV	22-Jul-19	1-Oct-19	30-Sep-20	963	Benmore	96.68	Not disputed	30-Jul-19	366	< 1 MW
446845	CFD	25-Jul-19	1-Aug-19	31-Jul-20	8,784	Otahuhu	0.3	Verified	1-Aug-19	366	Very Low Price
446846	CFD	25-Jul-19	1-Aug-19	31-Jul-20	8,784	Otahuhu	0.01	Verified	15-Aug-19	366	Very Low Price
449615	FPVV	2-Aug-19	1-Aug-19	31-Jul-22	23,411	Whakamaru	100.12	Not disputed	10-Aug-19	1096	< 1 MW
451025	FPVV	6-Aug-19	1-Jul-19	30-Jun-22	880	Islington	98	Verified	14-Aug-19	1096	< 1 MW

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