

EnergyTrendz

MONTHLY

September 2019

Issue 126

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

September 2019

ELL Index

9.8 c/kWh

(at Haywards)

Other Nodes

The index is referenced to:
 Otahuhu 10.2 c/kWh
 Benmore 9.6 c/kWh

Change

The index decreased by 2% since mid August

Volume

9 contracts (excluding ASX, and short term contracts) were traded during the month, totalling 533 GWh over the period Sep-19 to Oct-29

Contract Types

5 FPVV (fixed price variable volume)
 4 CFD (contract for differences)
ELL CFD & FPVV Index

ELL FPVV 9.5 c/kWh

ELL CFD 10.2 c/kWh

Spread

3.8 c/kWh from Sep-19 to Oct-29

Location Factors

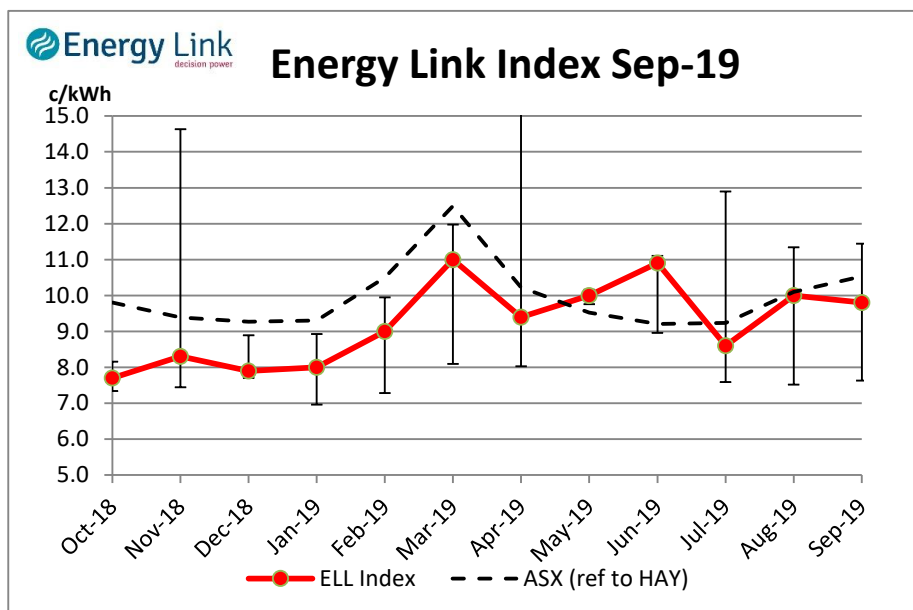
Expected location factors were updated in this edition of Energy Trendz

ASX Futures

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

Otahuhu 11.4 c/kWh
 Benmore 9.9 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 decreased this month on a volume of 9 contracts traded 4 CFD, 5 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 7.6 c/kWh to 11.4 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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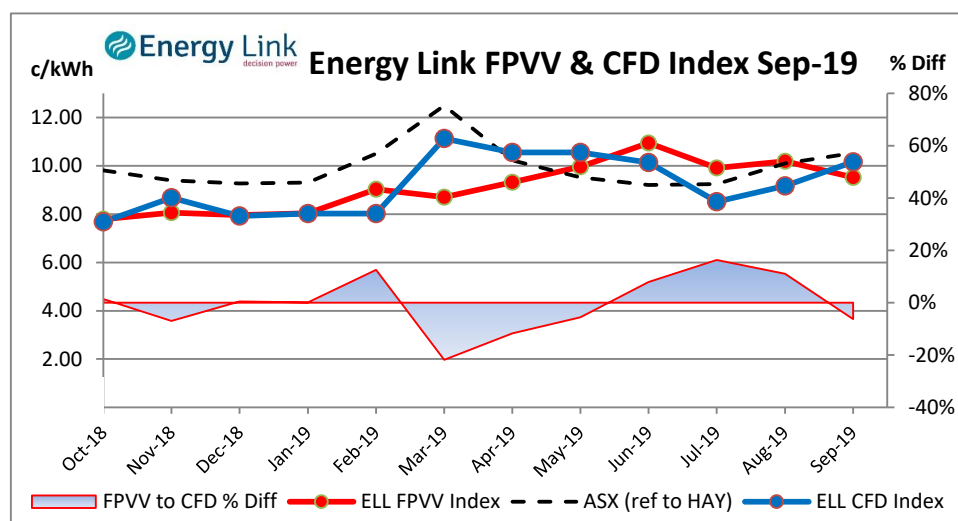
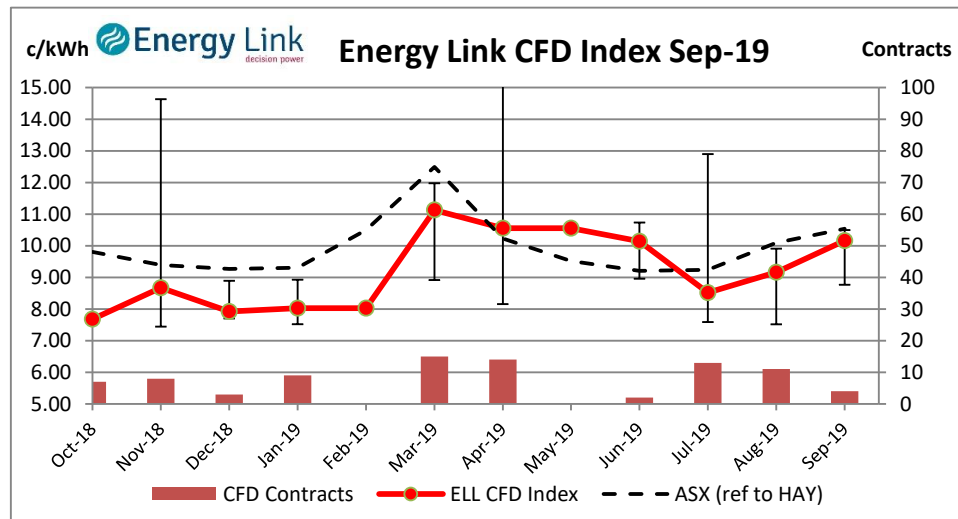
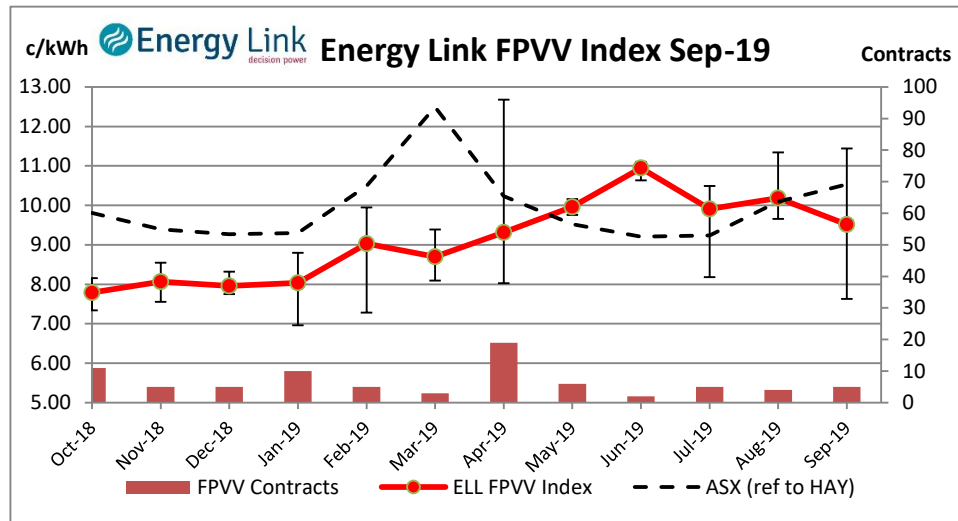
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FPVV & CFD Contract

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.

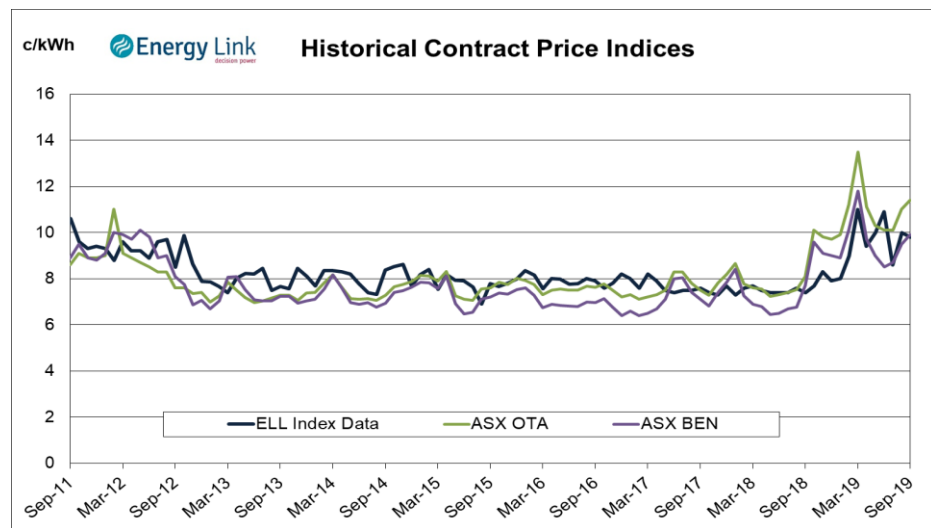
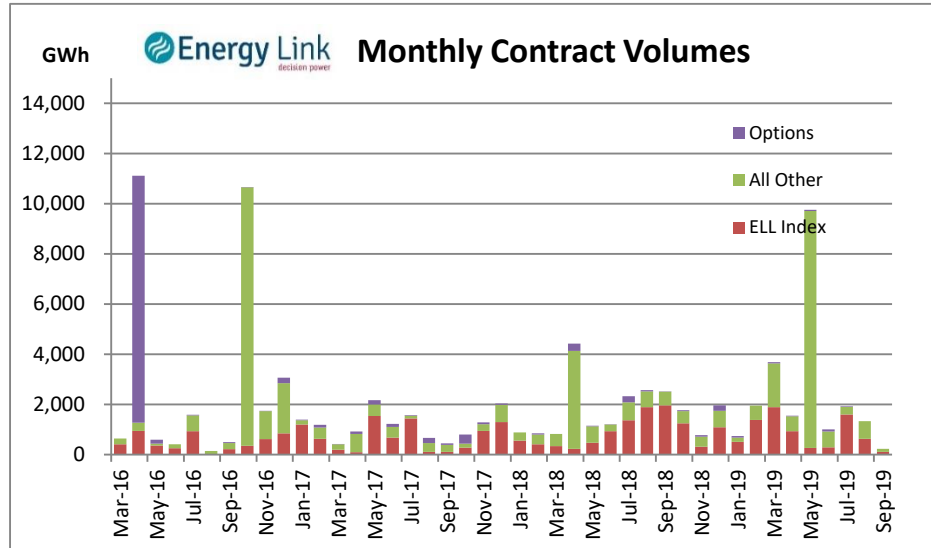


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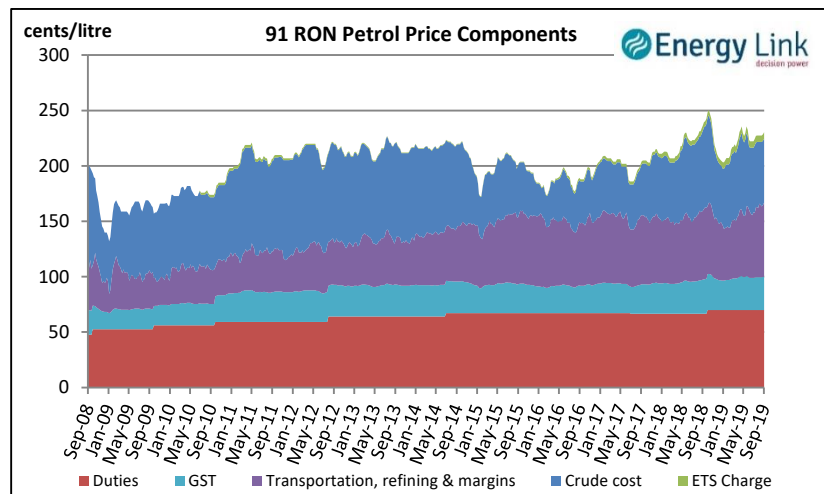


Petrol Prices

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 25%.

The cost of crude increased by 1% over the month while the NZD exchange rate decreased by 2.5%. The 91 RON price increased by 1.3% over the month.



More data is at www.med.govt.nz.

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Futures Prices

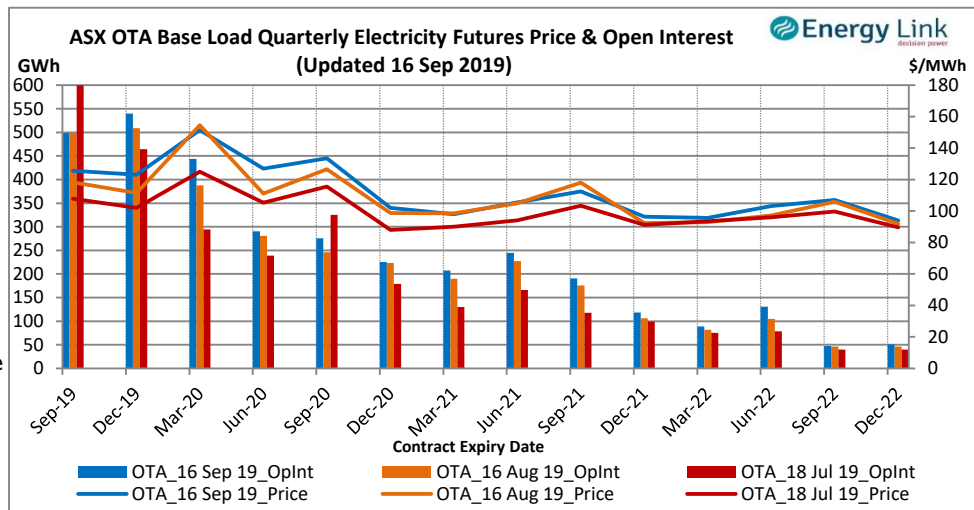
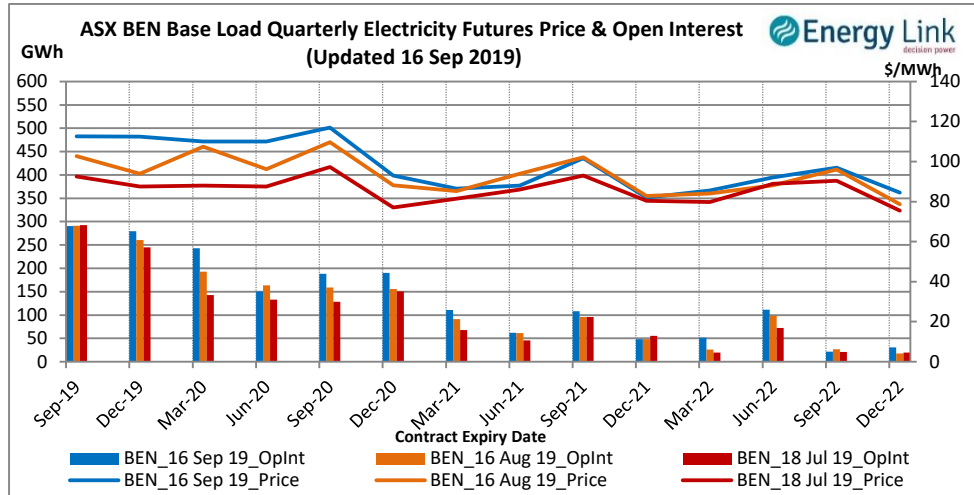
These prices are broken down to show the traded prices as they stood at the time of publishing, one month and two months prior to the time of publishing.

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.

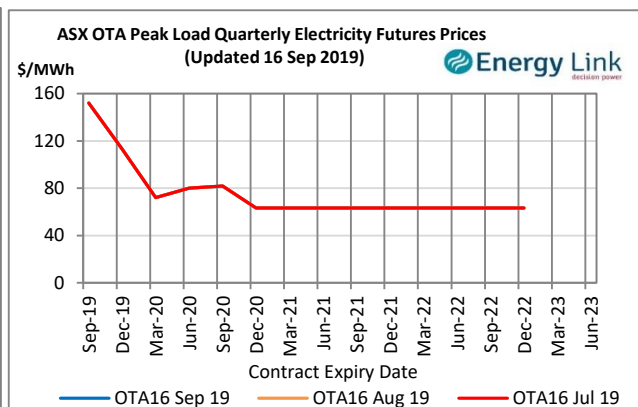
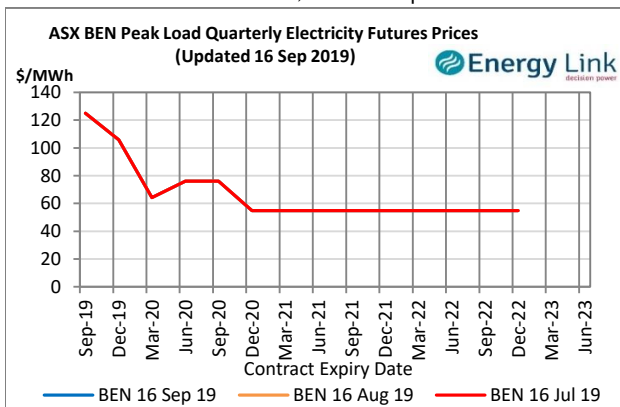
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The charts below show the traded prices for the peak load quarterly contracts for the next four years as they stood at the time of publishing, one month and two months prior to the time of publishing.

Currently there is 1,887.9 GWh contracted at Benmore and 3,353.1 GWh contracted at Otahuhu for a total of 5,241. GWh Open Interest.



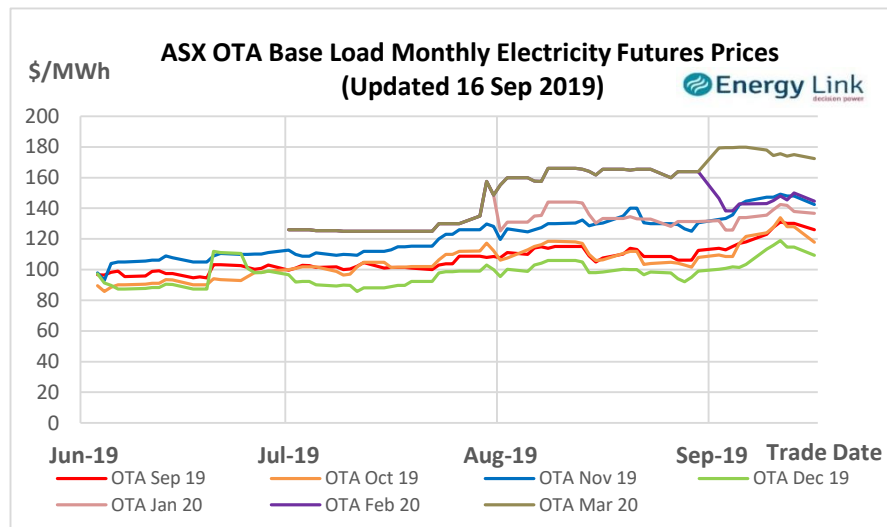
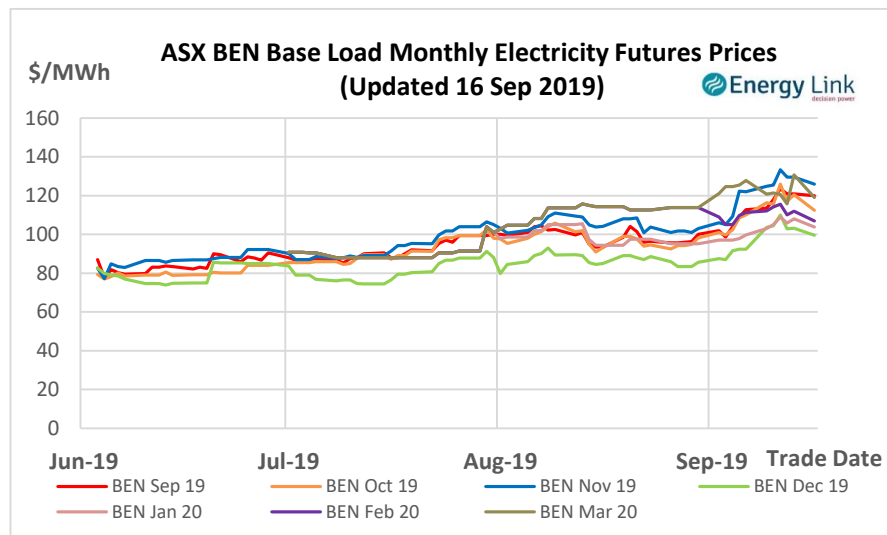
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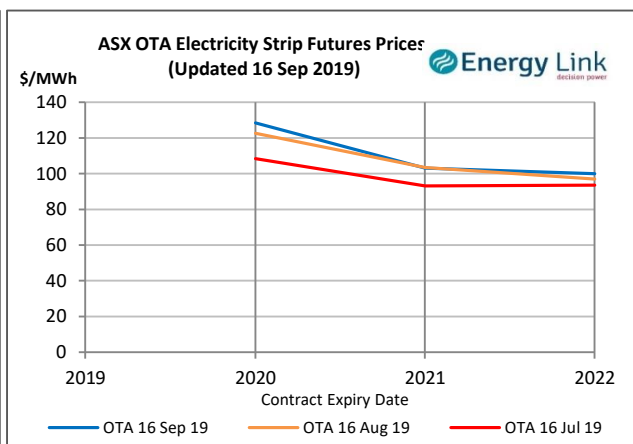
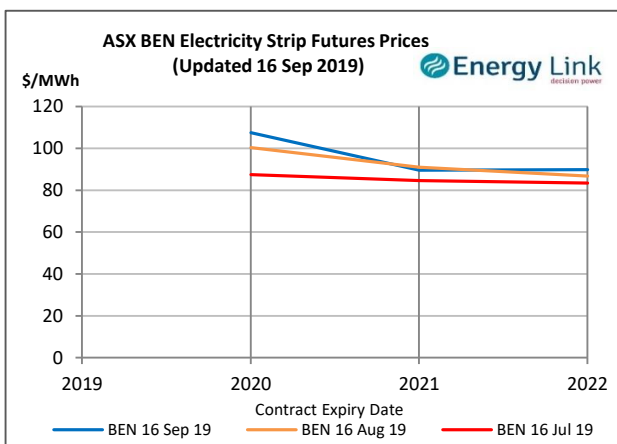
The charts to the right show the traded price of the monthly base load contracts for every trading date for the last three months prior to the time of publishing.

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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.



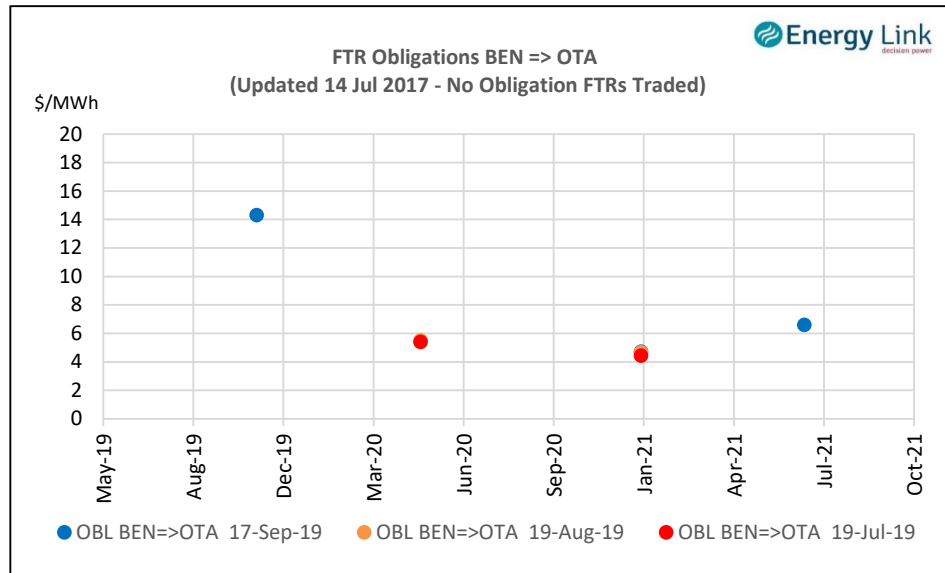
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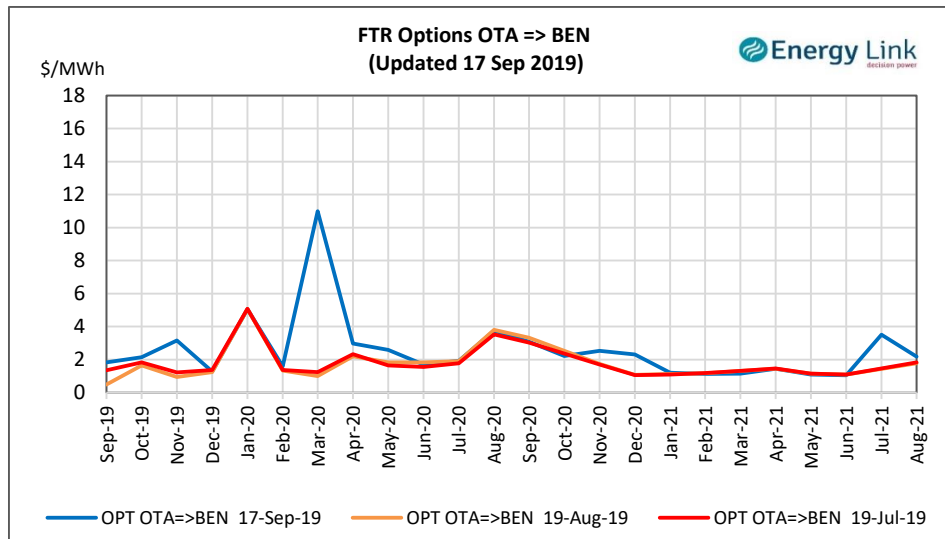
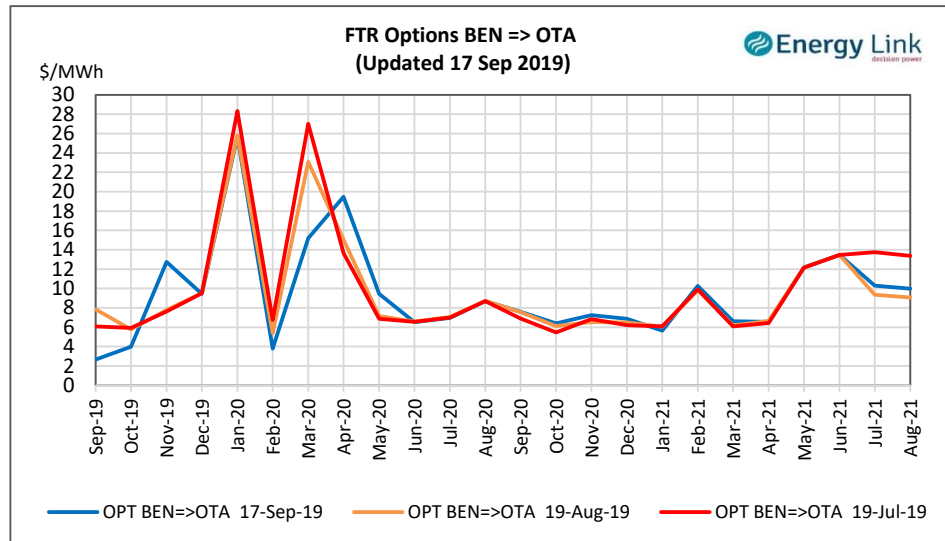
FTR Prices

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)

Eligible

Contract ID	Type	Trade Date	Effective Date	End Date	Quantity	Area	Price	Status	Created	Duration
453729	FPVV	19-Aug-19	1-Oct-19	30-Sep-22	37,116	Benmore	93.22	Not disputed	28-Aug-19	1096
454362	FPVV	27-Aug-19	1-Sep-19	30-Sep-21	28,078	Otahuhu	119.46	Verified	6-Sep-19	761
454986	FPVV	26-Aug-19	1-Oct-19	30-Sep-22	50,622	Otahuhu	106.3	Not disputed	6-Sep-19	1096
456484	FPVV	2-Aug-19	1-Nov-19	31-Oct-29	219,180	Whakamaru	76.06	Not disputed	7-Sep-19	3653
458167	CFD	30-Aug-19	1-Jan-22	31-Dec-22	43,800	Otahuhu	94.5	Verified	10-Sep-19	365
458168	CFD	30-Aug-19	1-Jan-23	31-Dec-23	43,800	Otahuhu	91.5	Verified	10-Sep-19	365
458893	CFD	4-Sep-19	1-Oct-19	30-Sep-22	26,304	Whakamaru	104.44	Verified	11-Sep-19	1096
458894	CFD	9-Sep-19	1-Nov-21	31-Oct-22	43,800	Otahuhu	96.75	Verified	11-Sep-19	365
459318	FPVV	5-Sep-19	1-Oct-19	30-Sep-22	40,627	Haywards	101.22	Not disputed	14-Sep-19	1096

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
454783	CFD	16-Jul-19	8-Jan-19	31-Dec-20	3,548	Benmore	106.5	Verified	2-Sep-19	724	< 0.25 MW
456485	FPVV	30-Jun-19	1-Jul-21	30-Jun-26	175,296	Whakamaru	76.06	Not disputed	7-Sep-19	1826	Traded>2 mths ago

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