

ASX New Zealand Electricity Futures and Options

ASX New Zealand Electricity Futures and Options are standardised and centrally cleared contracts for difference (CFDs) that are cash settled against two grid reference nodes - Otahuhu & Benmore - in the NZ Electricity Market.

New Zealand Electricity Futures and Options traded on ASX facilitate efficient price discovery and counter-party risk transfer; economic signals for investment; hedging cover for new entrants; and in turn create greater competition within New Zealand's wholesale and retail electricity markets.

The involvement of financial market participants in the market aids liquidity and risk transfer benefiting participants in the NZ Electricity market and electricity consumers.

New Zealand's electricity market

The New Zealand compulsory pool market is a complex system of approximately 244 pricing nodes across the North and South Islands.

Similar in design to other electricity markets, New Zealand's size and fuel dynamics create significant market risks that need to be managed. Futures and options contracts represent very effective tools to help market participants manage these risks.

Strong interest from financial players and new entrants to participate in New Zealand electricity derivatives bodes well for the continued success of this market.

ASX New Zealand Electricity Futures and Options

Cash-settled ASX NZ Electricity Futures and Option contracts:

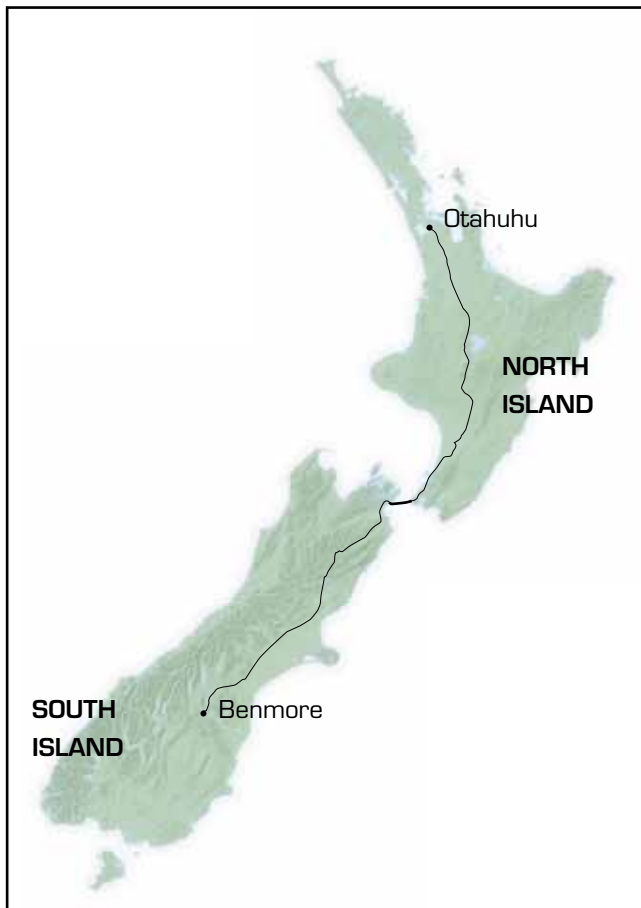
- provide a transparent forward price curve that can be referenced for derivative pricing and risk management purposes;
- accommodate the clearing of existing OTC swaps and options registered through the Exchange For Physical (EFP) mechanism;

- present opportunities to pursue arbitrage and inter-regional trading strategies against existing OTC products;
- reduce credit constraints and simplify contractual arrangements through standardised contracts centrally cleared by the largest futures clearing house (by value of trade) in the Asia Pacific;
- provide a robust reference price for the trading of bi-laterally negotiated and centrally cleared options in the OTC market;
- allow international financial players to efficiently access exposure to an asset class that complements their existing commodity and financial trading portfolios;
- complement existing and emerging energy and environmental product markets at ASX;
- seamlessly integrate with all of the existing financial institutions and brokers that already service the New Zealand and broader global energy and environmental markets.

Futures Contract Specifications

BASE LOAD ELECTRICITY FUTURES

Unit:	1 MW of electrical energy per hour at the Otahuhu and Benmore grid reference points in New Zealand over the period of a calendar quarter
Contract Months:	March/June/September/December sufficient to support three calendar years ahead
Commodity Code:	EA (Otahuhu) and EE (Benmore)
Minimum Price Movement:	Prices are quoted in dollars and cents per MWh The minimum fluctuation is NZ \$0.05 Tick sizes under a \$0.05/MWh price fluctuation: <ul style="list-style-type: none">• a 2,160 MWh contract quarter has a tick size of \$108.00;• a 2,184 MWh contract quarter has a tick size of \$109.20;• a 2,208 MWh contract quarter has a tick size of \$110.40.
Last Trading Day:	Last Business Day (in New Zealand) in the Calendar Quarter
Settlement Day:	The fourth Business Day (in New Zealand) after the expiry of the Contract Quarter
Trading Hours:	10.30am – 4.00pm NZST (during US daylight saving time) 10.30am – 4.00pm NZST (during US non daylight saving time)
Settlement Method:	Cash Settled



Map of New Zealand showing location of ASX NZ Electricity Futures grid reference points and the major transmission lines linking the nodes.

Strip Futures and Options Contract Specifications

BASE LOAD ELECTRICITY STRIP FUTURES

Contract Unit:	Four Base Load Electricity futures contracts
Contract Months:	3 calendar years
Commodity Code:	EB (Otahuhu) and EF (Benmore)
Minimum Price Movement:	Prices are quoted in dollars and cents per MWh The minimum fluctuation is NZ \$0.01
Last Trading Day:	The Last Trading Day of the first contract quarter in the relevant Strip Futures Product
Trading Hours:	10.30am – 4.00pm NZST (during US daylight saving time) 10.30am – 4.00pm NZST (during US non daylight saving time)
Settlement Method:	n/a

STRIP OPTIONS OVER BASE LOAD ELECTRICITY FUTURES

Contract Unit:	One Base Load Electricity Strip Futures Product
Contract Months:	Put and Call options available on up to 3 calendar year strip futures products
Commodity Code:	EB (Otahuhu) and EF (Benmore)
Minimum Price Movement:	Prices are quoted in dollars and cents per MWh The minimum fluctuation is NZ \$0.01
Exercise Prices:	NZ \$2.50. New option exercise prices created automatically as the underlying futures contract price moves
Contract Expiry:	Options will cease trading at 4:00pm NZST on the Last Trading Day. The Last Trading Day shall be the day 6 weeks prior to the day immediately preceding the commencement of the Contract Year for the underlying Strip Futures product. If this day is not a business day in New Zealand then the following business day will be the expiry day. ASX will publish expiry dates in advance of new contracts being listed.
Trading Hours:	10.30am – 4.00pm NZST (during US daylight saving time) 10.30am – 4.00pm NZST (during US non daylight saving time)
Settlement Method:	Options may be exercised on any business day up to and including the day of expiry. In-the-money options are not automatically exercised at expiry. Buyers may exercise in, at and out-of-the-money option positions held, by lodging a notice of exercise request via their clearing participant. On receipt of the exercise request, the options will be exercised against a random selection of seller positions, and the resultant futures legs automatically recorded in the Buyer and Seller's account.

About ASX

As one of the world's top 10 listed exchange groups, measured by its market capitalisation, the ASX Group was created through the merger of the Australian Stock Exchange and the Sydney Futures Exchange. The ASX Group operates under the brand Australian Securities Exchange.

The Australian Securities Exchange spans the markets for corporate control, capital formation and price discovery and functions as an operator, supervisor, central counterparty clearer and payments system facilitator.

The diverse domestic and international customer base of the Australian Securities Exchange includes issuers of a variety of listed securities, corporates, investment banks, trading banks, fund managers, hedge funds, commodity trading advisers and proprietary and retail traders.

ASX currently operates successful futures markets in New Zealand and electricity futures and options markets in Australia.

More information on ASX can be found on our website www.asx.com.au

For more information, including the contact details for brokers and Clearing Participants, please visit www.asx.com.au/nzelectricity, or contact:

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For these contracts the market is operated by Sydney Futures Exchange Limited ACN 000 943 377



ASX

AUSTRALIAN SECURITIES EXCHANGE