

ASX Wholesale Victorian Gas Futures and Options

ASX Victorian Wholesale Gas Futures and Options are standardised and centrally cleared financial contracts structured as cash-settled contracts for difference (CFDs) against a relevant wholesale gas reference price. Victoria's wholesale gas market benefits from the contribution of financial market participants to liquidity and risk transfer. A robust futures market enables participants in Victoria's wholesale gas market to better manage their market risks and make informed investment decisions, particularly in a landscape of changing energy generation dynamics and a forthcoming carbon reduction scheme.

The Victorian Gas Market

Victoria has a substantial gas market with 1.6 million customers and a demand of over 220 petajoules per year. Winter heating and hot water use by the residential sector is the highest in Australia.

The wholesale gas market in Victoria operated by AEMO provides:

- a mechanism for market-based scheduling of gas;
- an efficient and flexible mechanism for short term spot trading;
- price transparency; and,
- economic signals for investment.

The transition from spot to robust and active forward derivatives markets is very much on the radar for current energy market participants including major financial institutions and trading entities who seek to manage their exposures and develop cross-commodity trading opportunities such as spark-spread plays that are common in overseas energy markets.

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Cash-settled ASX Victorian Wholesale Gas Futures and Option contracts:

- provide a forward price curve that can be referenced for derivative pricing and risk management purposes;
- accommodate the clearing of existing contractual arrangements registered through the Exchange For Physical (EFP) mechanism;
- provide much needed risk management capability for existing gas market participants and new entrants;
- promote the development of cross-commodity interplays between gas, electricity and environmental product schemes;
- encourage further integration between gas and electricity derivative markets;
- support the development of other market initiatives such as the Short-term Trading Market (STTM) for gas;
- provide a robust reference price for the trading of bi-laterally negotiated and centrally cleared options in the OTC market;
- 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;
- allow international financial players to efficiently access exposure to an asset class that complements their existing commodity and financial trading portfolios;
- complement existing and forthcoming energy and environmental product markets at ASX;
- seamlessly integrate with all of the existing financial institutions and brokers that already service the domestic and broader global energy and environmental markets.

Victorian Wholesale Gas Futures Products

VICTORIAN WHOLESale GAS FUTURES

Unit:	One hundred (100) Gigajoules (GJ) of natural gas per day over the period of a Calendar Quarter
Contract Months:	March/June/September/December sufficient to support two calendar and two financial years ahead
Commodity Code:	GX
Minimum Price Movement:	Prices are quoted in dollars and cents per GJ The minimum fluctuation is AUD\$0.01
Last Trading Day:	Last Business Day of the Calendar Quarter
Settlement Day:	The fourth Business Day following the Final Trading Day.
Trading Hours:	8.34am – 4.50pm AEST (during US daylight saving time) 8.34am – 4.50pm AEST (during US non daylight saving time)
Settlement Method:	Cash Settled

VICTORIAN WHOLESale GAS STRIP FUTURES

Contract Unit:	Four Victorian Wholesale Gas Futures contracts
Contract Months:	2 calendar year and 2 financial year strip products
Commodity Code:	GY
Minimum Price Movement:	Prices are quoted in dollars and cents per GJ The minimum fluctuation is AUD\$0.01
Last Trading Day:	The Last Business Day (in Victoria) in the month prior to the commencement of the first futures contract in the relevant strip futures product
Trading Hours:	8.34am – 4.50pm AEST (during US daylight saving time) 8.34am – 4.50pm AEST (during US non daylight saving time)
Settlement Method:	n/a

Futures Expiry process

ASX Victorian Wholesale Gas Futures contracts are cash settled using the arithmetic average of the beginning of the day (6:00 am) price for the Victorian wholesale gas market over the period of a calendar quarter.

For more information regarding the operation of the Victorian Wholesale Gas market, please visit www.aemo.com.au

Victorian Wholesale Gas Strip Options Products

STRIP OPTIONS OVER VICTORIAN WHOLESAL GAS FUTURES¹

Contract Unit:	An Option over four predetermined Victorian Wholesale Gas Futures Contracts.
Contract Months:	Put and Call options available on up to 2 calendar year strip futures products.
Commodity Code:	GY
Minimum Price Movement:	Prices are quoted in dollars and cents per GJ. The minimum fluctuation is AUD\$0.01.
Exercise Prices:	0.25. New option exercise prices created automatically as the underlying futures contract price moves.
Contract Expiry:	Options will cease trading at 4:30pm AEST 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 NSW or VIC then the following business day will be the expiry day. ASX will publish expiry dates in advance of new contracts being listed.
Trading Hours:	8.34am – 4.50pm AEST (during US daylight saving time) 8.34am – 4.50pm AEST (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. 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.

¹For information purposes only, listing dates for strip options will be announced in due course.



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.

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/gas, or contact:

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



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