



MAJOR ELECTRICITY USERS' GROUP

Thursday, 3rd June 2010

Media release by the Major Electricity Users' Group (MEUG)

Contacts: Ralph Matthes, Executive Director, T (04) 494 0996, M 0274 760 500

Terrence Currie, Chair T (07) 348 9899, M 0274 859 523

MEUG welcomes agreement between ASX and largest power companies to develop electricity futures and options market

“The announcement this morning by the five largest power companies and ASX of an agreement to develop an electricity futures and options market is excellent news” said Ralph Matthes, Executive Director of the Major Electricity Users' Group (MEUG).

“The Government decisions in December 2009 on the recommendations of the Ministerial Review into Electricity Market Performance included development of an electricity hedge market with standardised, tradable contracts, accessible to all parties and market makers to provide liquidity. This was one of the key policies to help transform the market to be more competitive and improve choice to consumers in managing their power costs. It will enable new entrant retailers and large industrial consumers to obtain access to hedged electricity on similar terms as the large power companies instead of being exposed to the volatile spot market or managing risk through the current illiquid and opaque hedge market.

“A futures and options market will assist wholesale market participants better manage their risk and identify market price trends to underpin efficient investment decisions. A more efficient wholesale market will lead to a more competitive retail market which will improve choices and options for households.

“MEUG congratulates ASX and the five largest power companies, namely Contact Energy, Genesis Power, Meridian Energy, Mighty River Power and Trustpower in reaching this agreement. ASX have provided futures and options contracts at the Benmore and Otahuhu nodes for some time. ASX have a number of clearing participants to facilitate competitive access to the market. We look forward to ASX and market participants developing further contracts and deepening market liquidity” concluded Mr Matthes.

Level 28, The Majestic Centre, 100 Willis Street, Wellington, New Zealand
PO Box 8085, Wellington 6011, T +64-4 494 0996, info@meug.co.nz , www.meug.co.nz