



ENERGY FOCUS

Jan - May 2007

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**AUD \$7.55 billion
Face Value
Traded**
(Jan - May 07)

**Electricity Futures
up to 240%
of Physical Market**

DELIVERING
EXCHANGE TRADED
ENERGY DERIVATIVES
TO THE AUSTRALIAN
MARKET





RECORD PRICES & VOLUMES: JAN TO MAY 2007

FUTURES MARKET REMAINS OVER 200% OF PHYSICAL MARKET

During May 2007, the d-cypha SFE Australian Electricity Futures and Options contracts exceeded 200% of National Electricity Market (NEM) physical demand (NSW, VIC, SA and QLD) for the 3rd consecutive month. May 2007 traded volume represented the equivalent of 226% of underlying physical electricity consumed in the NEM which is just shy of the record set in March of 240%. Record futures market trading was accompanied by record high price levels in the longer dated futures contracts.

Futures and options trading volume reached 153 million MWh in the period of 1st January 2007 to 31st May 2007 representing a face value of \$7.55 billion. Open Interest reached 37,611 contracts by the end of May (i.e. 75,222 buy and sell sides). Options (and cap futures) traded approximately 22.2 million MWh in the same period.

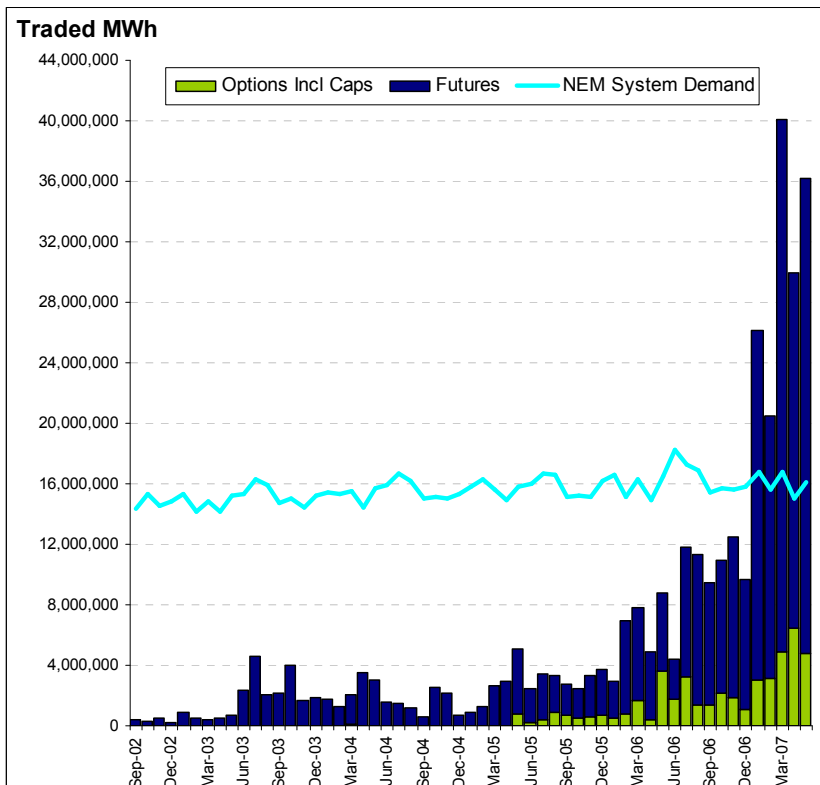
Financial market liquidity, transparency and credit risk mitigation benefits are now being delivered to the NEM as evidenced through the recent surge in traded volume and market growth. The d-cypha SFE electricity futures and options contracts are actively traded by financial trading specialists such as banks, market making firms and hedge funds. Of note, the d-cypha SFE product offering is CFTC-approved for US investors, including energy specialist hedge funds.

RECORD OTC CLEARING

The SFE's Block Trade Facility during Jan to May registered 95.5 million MWh of business negotiated in the OTC market. Counterparty credit constraints in the OTC market are no longer proving to be an impediment to liquidity as financial traders, generators and retailers are able to register OTC negotiated trades as futures (or options) positions via their SFE Participant. Details of OTC negotiated Block Trades are publicly disclosed to the market via SYCOM and the d-cyphaTrade website, delivering unparalleled price transparency to the OTC electricity market while providing improved market access to a wider range of traders. For intraday price and volume updates of OTC-negotiated deals visit: http://www.d-cyphatrade.com.au/market_custom.

	Jan - May 2007
Futures, Caps and Options contracts traded	69,916
Avg Daily Volume	640 contracts 1.48 million MWh
% physical demand	191%
Total Traded MWh (Approx)	153 million
Face Value Traded (Approx)	\$7.55 billion
Open interest (end May)	37,611 contracts \$5.9 billion face value
*Contract volume is quoted on a 1 MW calendar quarter equivalent	

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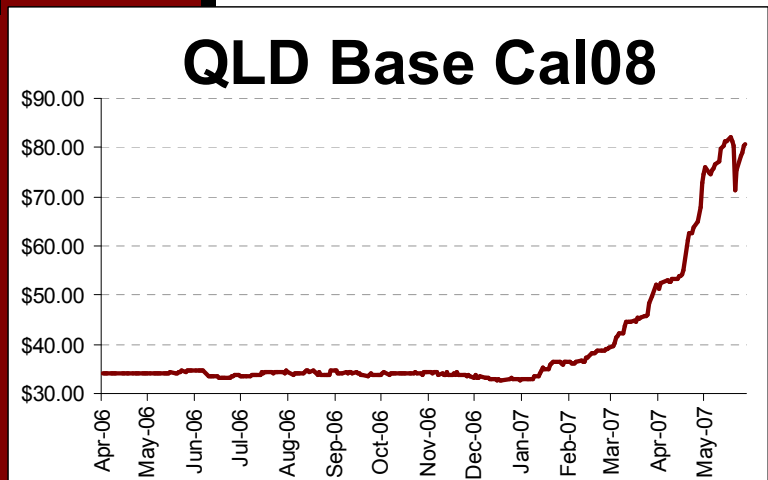
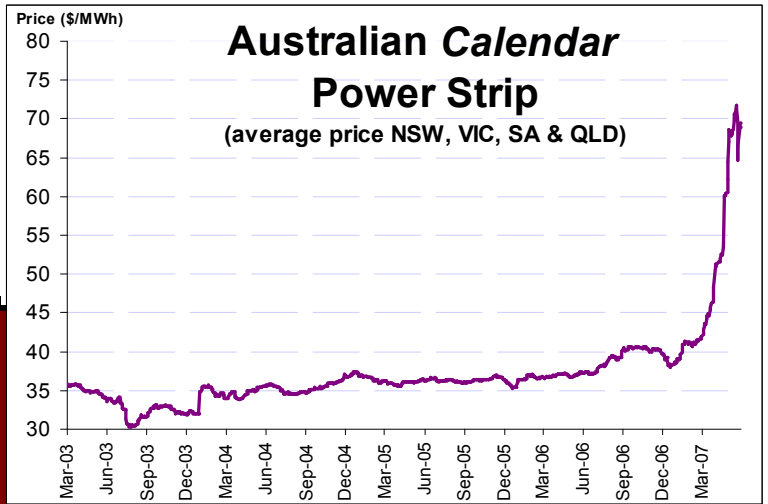
PRICE ACTION: 1 JAN TO 31 MAY 2007

During January to May 2007, electricity futures prices rallied across the 4 state regions, driven predominately by spot market price volatility and the anticipation of water shortages on future generation supply.

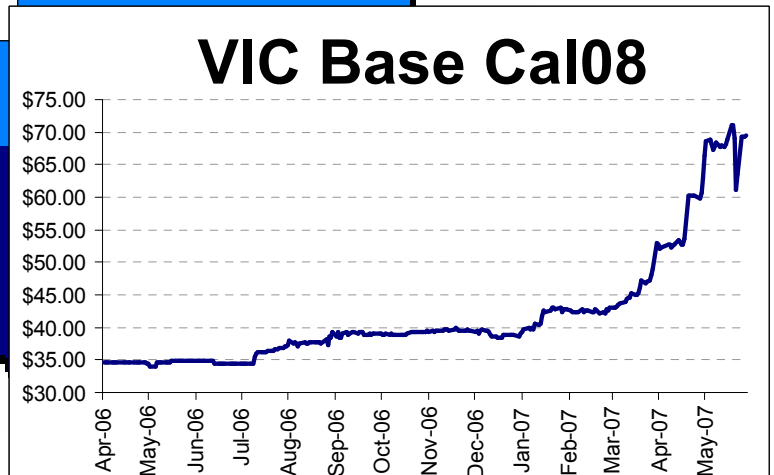
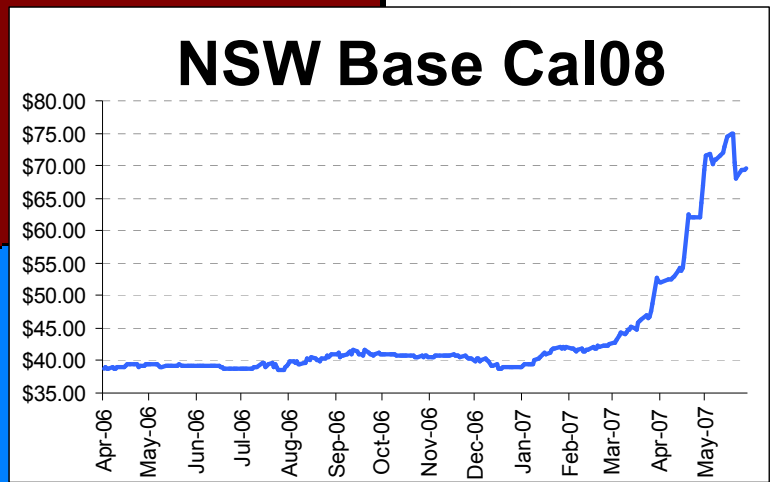
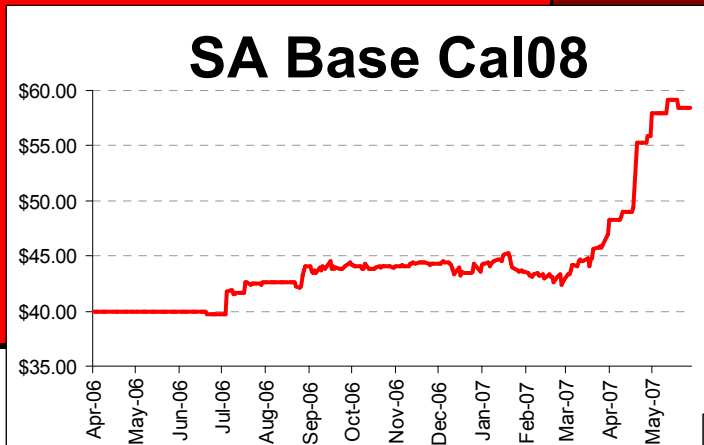
QLD Calendar 2008 futures contracts continued to rally strongly on significant traded volume, settling at \$80.62/MWh (rallying \$47.71/MWh during the period), after reaching a high of \$82.19/MWh.

The spread between VIC Base Load Calendar 2008 and SA Base Load Calendar 2008 has switched from negative to positive in favour of VIC, moving \$12.34/MWh, to settle at \$7.37/MWh (VIC over SA) on the 31st May.

Option trading across NSW, VIC and QLD resulted in record volumes including the NSW Calendar 2008 \$42 Call Options trading at \$4.03/MWh.



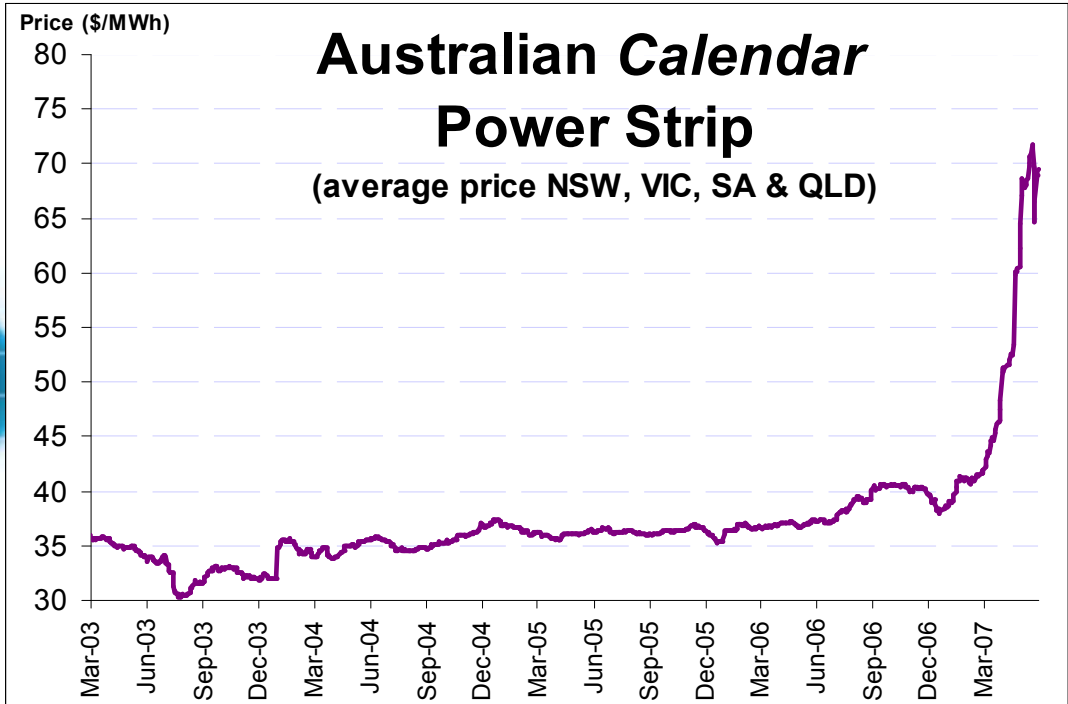
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PRICE ACTION: 1 JAN TO 31 MAY 2007 (CONTINUED)

The headline Base Load Calendar futures products surged to record prices during January to May. The following chart shows the average settlement price (quoted as an average price/MWh) of a national basket consisting of prompt calendar futures contracts across NSW, VIC, SA and QLD over the last 4 years. The price of the national basket increased by 80% from 1st January to 31st May 2007 (\$38.53/MWh to \$69.53/MWh).



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