



MEDIA RELEASE

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Record trading volumes in the d-cypha SFE electricity futures market

Sydney Futures Exchange (SFE), part of the ASX Group, has experienced consecutive days of record trading volumes in the d-cypha SFE electricity futures market.

Surging demand for electricity and disruptions to the transmission grid as a result of the Victorian bushfires stimulated record trading turnover on Thursday, 18 January and Wednesday, 17 January. SFE's d-cypha electricity contracts are used by electricity retailers, generators, banks and specialist trading firms to manage their exposure to volatility in the electricity spot market which recently reached prices of up to \$10,000 per MWh.

A record 1,916 electricity futures and options contracts were traded on Thursday, representing a notional value of approximately \$191 million and 4.4 million MWh of electricity. Trading volume on Thursday surpassed the previous record set on Wednesday, when a total of 1,663 electricity contracts were traded, representing a notional value of approximately \$136 million and 3.5 million MWh of electricity. This week's volumes exceeded the previous record of 800 traded contracts set on 30 August 2006.

The consecutive record daily volumes follow on from the 158% increase in electricity contracts traded during calendar year 2006 when 46,065 electricity futures and options contracts were traded. During the fourth quarter of 2006, the volume of electricity traded through futures and exchange-traded options was equivalent to 70% of the total electricity consumed in the National Electricity Market (NEM) across VIC, NSW, SA and QLD.

Several specialist trading firms have recently commenced trading electricity. Generators and retailers in the NEM that use the ASX's electricity futures market to hedge their exposure to volatile spot market prices are benefiting from the increase in liquidity provided by these new entrants.

The central counter-party (CCP) clearing services of SFE Clearing Corporation, which underpin the d-cypha SFE electricity futures market, deliver significant benefits to participants in the NEM including credit risk mitigation and contract netting. The ASX is currently assessing the feasibility of providing CCP clearing services to the electricity spot market in addition to its existing electricity futures market.

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