

BuyEnergyOnline proposes a liquidity metric which takes into account consistency of liquidity across products and time.

The problem in the current market is that most of the time there are no trades, bids or offers across most electricity products. This is particularly a problem for forward contracts further out than three months. An important product for the independent supplier market is 12 to 24 months which match most end-users energy supply contract duration requirements.

A good liquidity metric to measure and monitor this issue would be the % of hours/product in which there were no trades. This could be backed up by the same metric for bids and offers. The products covered could be the following Baseload forward contracts:

Short-term forwards:

1. Month ahead
2. 2nd month
3. 3rd month
4. Next quarter ahead (calendar)

Medium term forwards

5. 2nd quarter
6. 3rd – 8th quarter
7. Next season
8. 2nd season
9. 3rd to 6th season

Thanks

Regards

Derek Myers

Managing Director

BuyEnergyOnline

0208 849 8977 (W)

07970 655 249 (M)

0870 922 3874 (F)

www.buyenergyonline.com