



UK Spark Spread

Contract Specifications

Description	<p>The UK Spark Spread allows you to trade the spread between ICE UK Natural Gas Futures and ICE UK Base Electricity (Gregorian) Futures. Trading a position in the UK Spark Spread results in two separate positions in the underlying futures legs i.e. a long (short) position in the ICE UK Natural Gas Futures and a short (long) position in the ICE UK Base Electricity (Gregorian) Futures. The UK Spark Spread represents the theoretical gross margin of a gas-fired power plant derived from selling a unit of electricity, having bought the natural gas to produce this unit of electricity (heat rate is 49.13%).</p>
Contract Symbol	UBL / M
Unit of Trading	1 MWh per hour per day
Contract Series	<p>Up to 6 consecutive months, 6 consecutive quarters, 6 consecutive seasons.</p> <p>Quarters are strips of three individual and consecutive months. Quarters always comprise a strip of Jan-Mar, Apr-Jun, Jul- Sep or Oct-Dec.</p> <p>Seasons are strips of six individual and consecutive months. Seasons always comprise a strip of Apr-Sep or Oct-Mar.</p>

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The minimum UK Spark Spread quantity is 3 lots (made up of 3 lots of UK Base Electricity Futures (Gregorian) and 5 lots of UK Natural Gas Futures. The UK Spark Spread trades in 3 lot increments.

UK Natural Gas (traded in multiples of a 1,000 therms per day) is converted into MWh using a conversion factor of 0.0293071 (1 therm = 29.3071 kilowatt hours).

To convert UK Natural Gas from pence per therm into Sterling and pence per MWh simply divide the price of natural gas by 2.93071.

The price of the UK Spark Spread assumes a fuel efficiency of 49.13%. The cost of fuel is calculated by dividing the price of gas by 0.4913.

Contract Size

Trading Price Quotation

Pound Sterling and pence per MW

Minimum Price Fluctuation

0.01 pence/MWh

Tick Size

Contract Size x Minimum Trade Size x Minimum Price Flux

Last Trading Day

Trading will cease at the close of business two Business Days prior to the first calendar day of the delivery period of the underlying UK Natural Gas Futures and UK Base Electricity Future (Gregorian) contracts.

Settlement Method

Into Underlying Legs

End of Day Settlement Price

"Trading a position in the UK Spark Spread results in two separate positions in the underlying futures legs i.e. a long (short) position in the ICE UK Natural Gas Futures and a short (long) position in the ICE UK Base Electricity (Gregorian) Futures.

The settlement of each leg will be the respective expiry of the ICE UK Natural Gas Futures and ICE UK Base Electricity (Gregorian) Futures contracts as made public by ICE Futures Europe."