

Flexiplan

CERTAINTY AND FLEXIBILITY COMBINED



Meridian Energy

IN BRIEF



Flexiplan lets your business secure the bulk of its energy usage at attractive lower rates, while preserving your flexibility to react to spot market price changes with the remainder. It combines reassurance with opportunities to take advantage of spot market movements.

It's for:

Flexiplan is ideal for businesses that actively manage their energy use.

To really benefit from Flexiplan you need to have flexibility to curtail or shift your energy use, or the ability to generate your own.

If your usage patterns and load levels are inflexible, you should consider carefully the spot market's risks - on both sides of the equation - before choosing Flexiplan. Meridian Energy has a range of other product options which may suit the needs of your business better. To find out more please talk to your Account Manager.

How your business can benefit:

Flexiplan gives you more control and flexibility in managing your energy spend, together with the security of knowing the bulk of your usage is fixed at an attractive price. Your business can benefit in a variety of ways:

- if the spot market is high and your usage is going above your Flexiplan cap you can reduce your exposure by curtailing or shifting load, or using your own generation
- if spot prices drop below your fixed price, you can take advantage of them simply by increasing usage
- if you can permanently reduce your energy usage with energy efficiency and load management initiatives, you effectively increase the proportion of your total load on the attractive fixed price, locking in the savings.

How it works:

Flexiplan is a capped volume/fixed price product.

We agree a capped volume with you, between 50% and 85% of your energy usage for the same period in the previous year. We also agree on a fixed price for that usage, which will always be lower than the Easiplan price on offer at the time of entering the contract.

Energy usage above the cap in any given half hour period is charged at spot market rates. You pay only for what you actually use: there is no minimum volume requirement, and no restriction on the maximum volume.

An example

Say from 00:00 to 08:00 hours each business day last January, your business used an average 6,250 kWh. You negotiate to put 80% of that on fixed price ie. 5,000kWh.

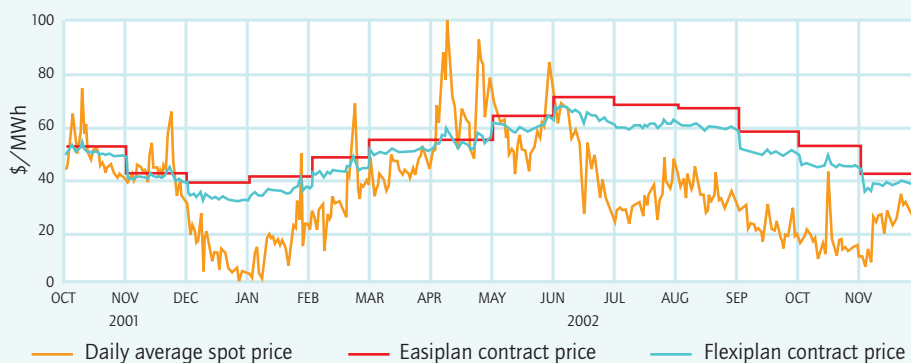
Over the 16 half hours in the period, the maximum volume at the fixed price is 312.5 kWh (ie. 5,000 divided by 16).

Your Meridian Energy Flexiplan bill would be calculated using this formula:

Half Hour	Fixed Volume (kWh)	Fixed Price (cents)	Actual Volume (kWh)	Spot Volume (kWh)	Spot Price (cents)	Energy Cost Calculation (kWh) x (cents) =
1	312.5	3	300	0	3.2	$300 \times 3 = \$9.0000$
2	312.5	3	325	12.5	3.5	$(312.5 \times 3) + (12.5 \times 3.5) = \9.8125
3	312.5	3	350	37.5	2.5	$(312.5 \times 3) + (37.5 \times 2.5) = \10.3125

Flexiplan in action

Flexiplan vs. Easiplan and the spot market*
FROM 1 OCT 01 TO 30 NOV 02



A business on Flexiplan can reduce load for protection when spot prices are high
It can also shift usage into lower spot price periods to reduce overall costs

* Spot prices measured at Benmore. Flexiplan and Easiplan prices indicative only

Flexiplan and the spot market

Variations in supply and demand create price fluctuations on the spot market where electricity is bought and sold. As the graph shows, the fluctuations can be quite marked.

The blue line is for a typical Flexiplan product. When spot prices are high, this business manages its

demand to achieve savings. When spot prices are low, the business can take advantage of them by increasing usage, effectively lowering its average energy cost.

The red line shows the effect of a typical Easiplan product, an alternative Meridian Energy product that gives a business a fixed price for all its energy

usage. While Easiplan can be attractive, it doesn't provide flexibility to take advantage of spot market movements. However, if you'd like to know more about Easiplan, just contact your Account Manager.

For more information on the spot market, including current and historic spot prices, visit www.comifree.co.nz

To find out more about Flexiplan:

Call your Account Manager to find out how Flexiplan or any of our other product options could work for your business.
Or, visit our website at www.meridianenergy.co.nz