

Monthly Operating Report

November 2014



meridian



November Highlights



In the month to 9 December 2014, national hydro storage increased from 93% to 98% of historical average

Both North and South Island storage now sit at 98% of their respective averages

Meridian's November 2014 monthly inflows were 129% of historical average

Meridian's Waitaki catchment storage increased to 99% of average at the end of November 2014

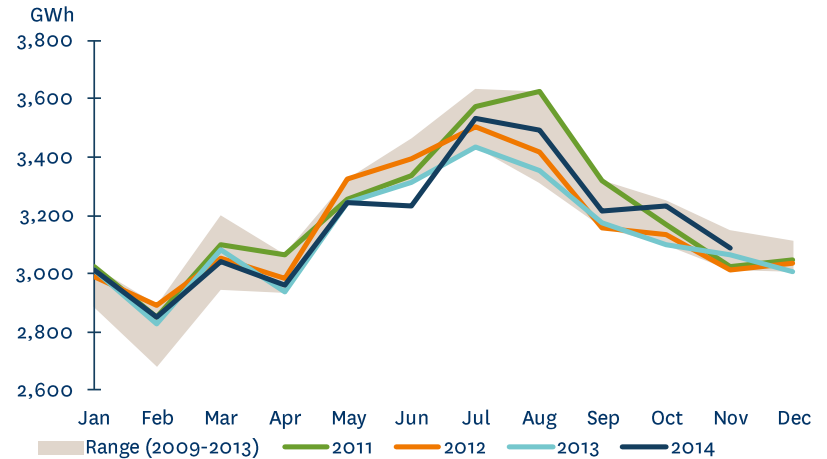
November 2014 was a record month of wind generation for Meridian in New Zealand

National electricity demand in November 2014 was 0.9% higher than the same month last year

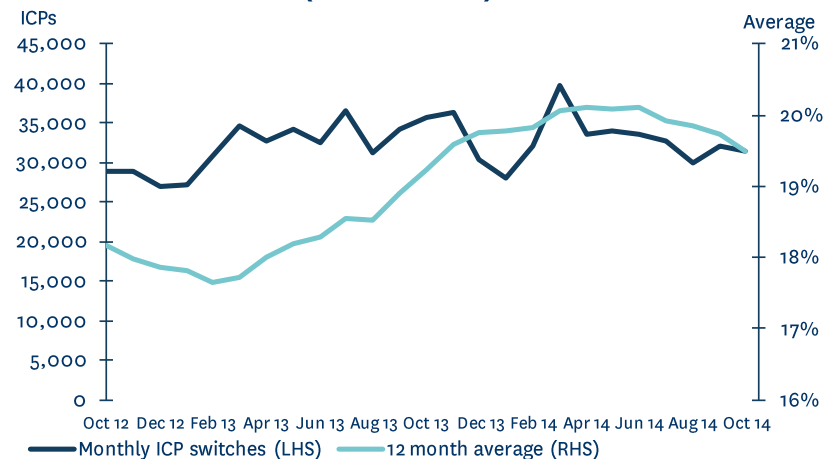
Market Data

- National electricity demand in November 2014 was 0.9% higher than the same month last year
- Demand in the 2014 calendar year is showing modest growth compared with the same eleven month period last year
- New Zealand Aluminium Smelters' average load during November 2014 was slightly below the 572MW base quantity of the NZAS agreement
- The number of switches for all retailers in October 2014 was 2.4% lower than the previous month and was 12.4% lower than October 2013
- 12 month average switching rate of 19.5% at the end of October 2014

NATIONAL DEMAND

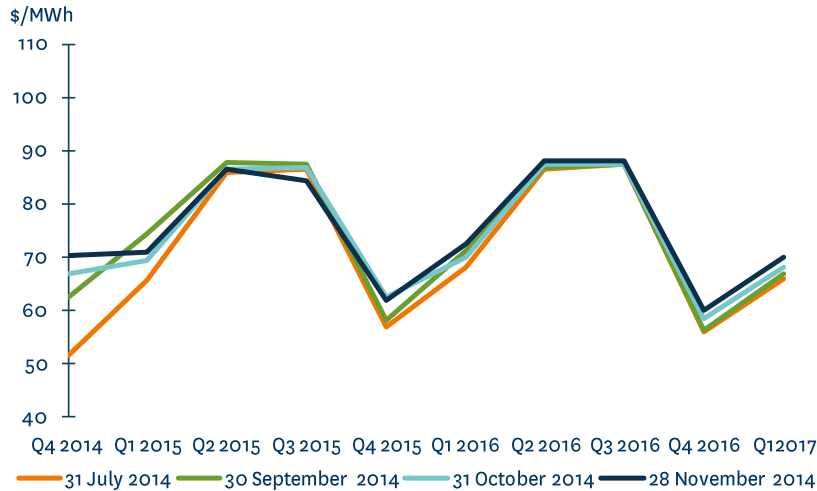


MARKET ICP SWITCHING (ALL RETAILERS)

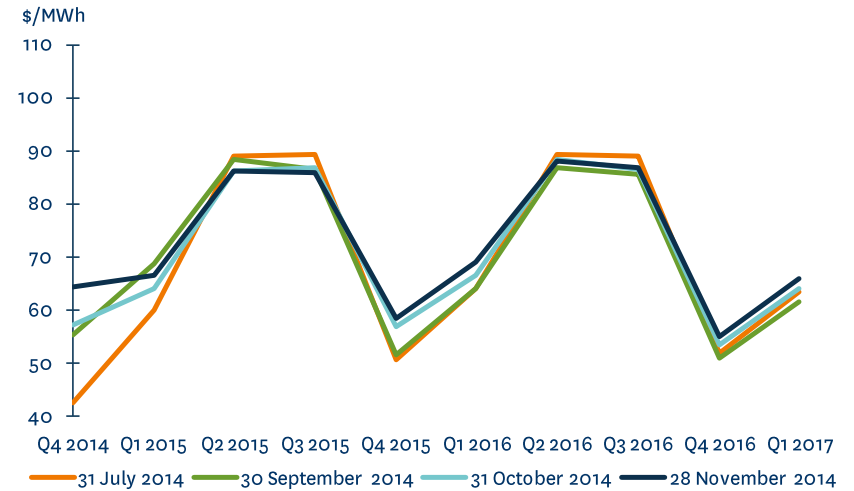


Market Data

OTAHUHU ASX FUTURES SETTLEMENT PRICE

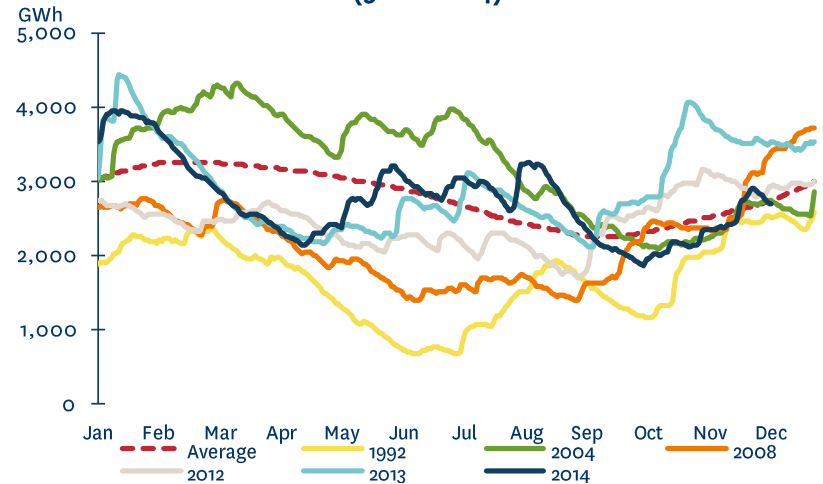


BENMORE ASX FUTURES SETTLEMENT PRICE



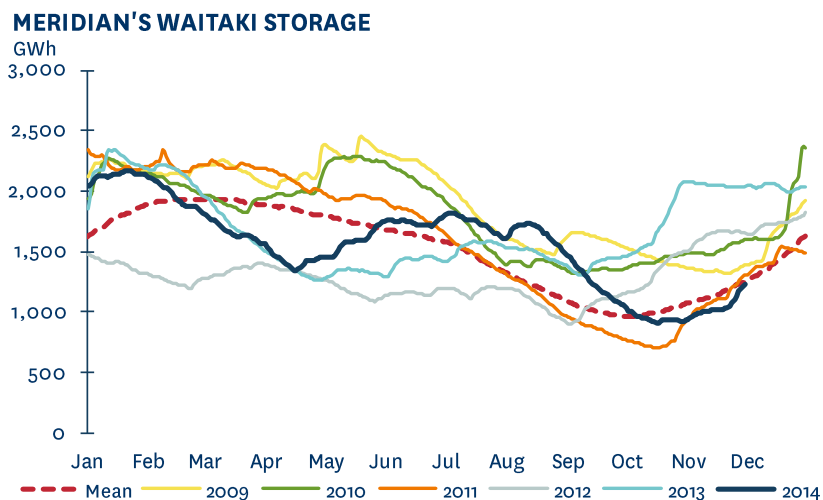
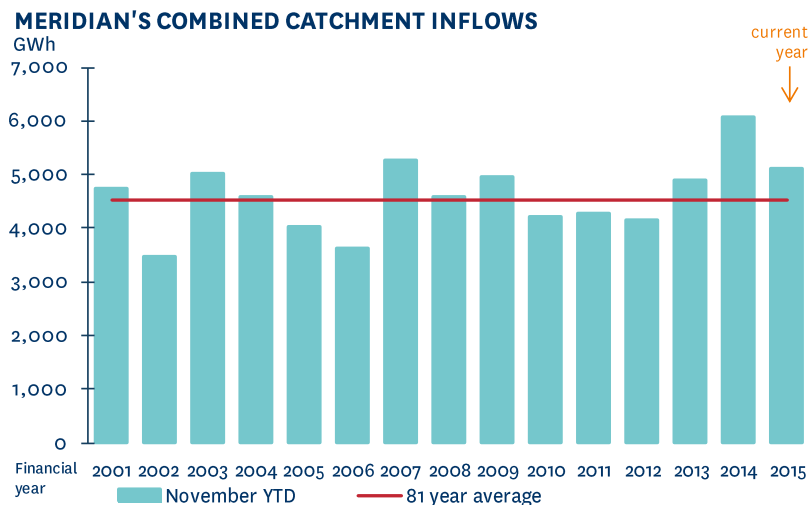
- November 2014 saw modest rises in near term ASX futures prices. 2015 and 2016 prices showed little movement from last month
- National storage rose from 93% of average on 12 November 2014 to 98% of average by 9 December 2014
- South Island storage increased to 98% of historical average by 9 December 2014. North Island storage remained unchanged at 98% of average

NATIONAL HYDRO STORAGE (9 DEC 2014)



Meridian Operating Information

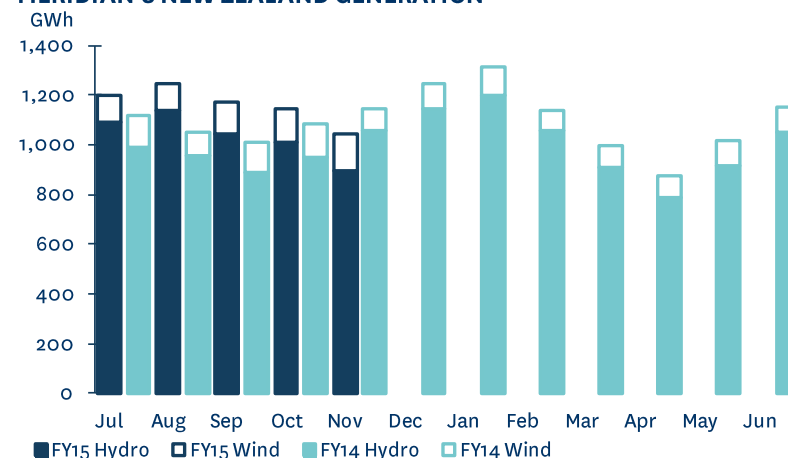
- November 2014 monthly inflows were 129% of historical average
- To date this financial year inflows are 113% of historical average, reflecting comparatively high inflows in July and August 2014
- Meridian's Waitaki catchment storage at the end of November 2014 increased to 1,236GWh, which was 99% of historical average
- Waitaki storage at the end of November 2014 was 39% lower than the same time last year
- High inflows into Meridian's Waiau catchment increased storage in November 2014



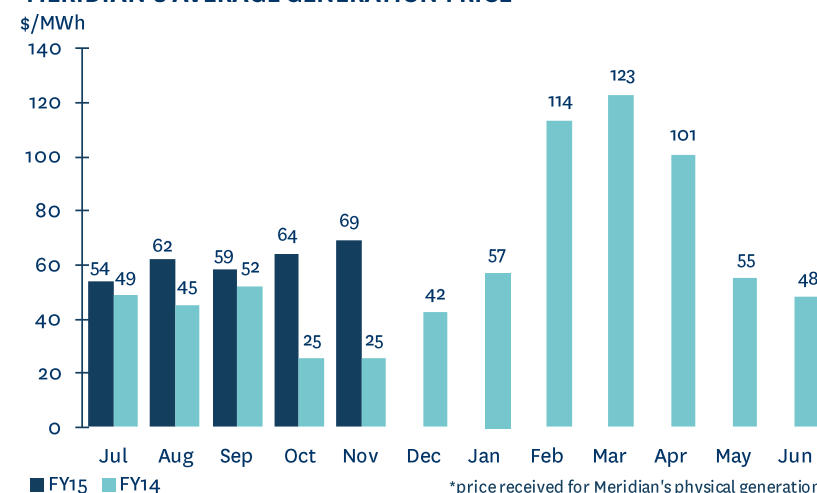
Meridian Operating Information

- Meridian's New Zealand generation in November 2014 was 8.6% lower than the same month last year
- November 2014 was a record month of wind generation in New Zealand for Meridian
- To date this financial year Meridian's New Zealand generation is 7.4% higher than the same period last year
- The average price Meridian received for its generation in November 2014 was 171.6% higher than the same month last year
- The average price Meridian paid to supply contracted sales in November 2014 was 156.3% higher than the same month last year
- To date this financial year, the average price Meridian has received for its generation is 57.3% higher than the same period last year

MERIDIAN'S NEW ZEALAND GENERATION



MERIDIAN'S AVERAGE GENERATION PRICE*

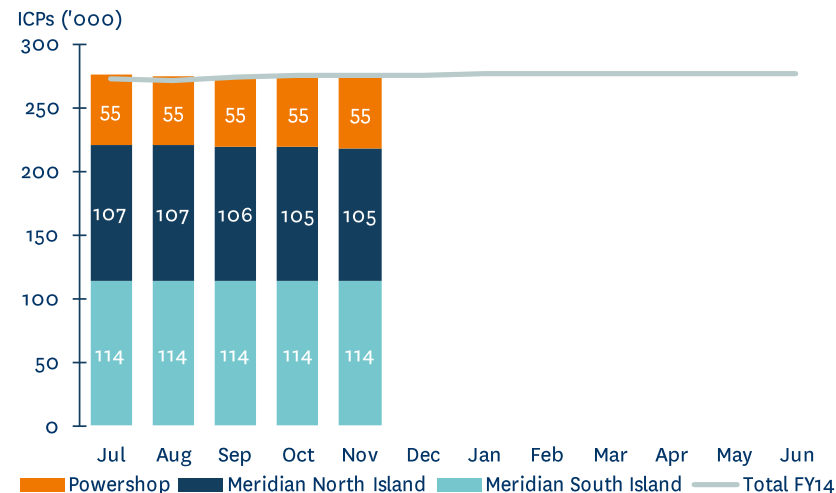


*price received for Meridian's physical generation

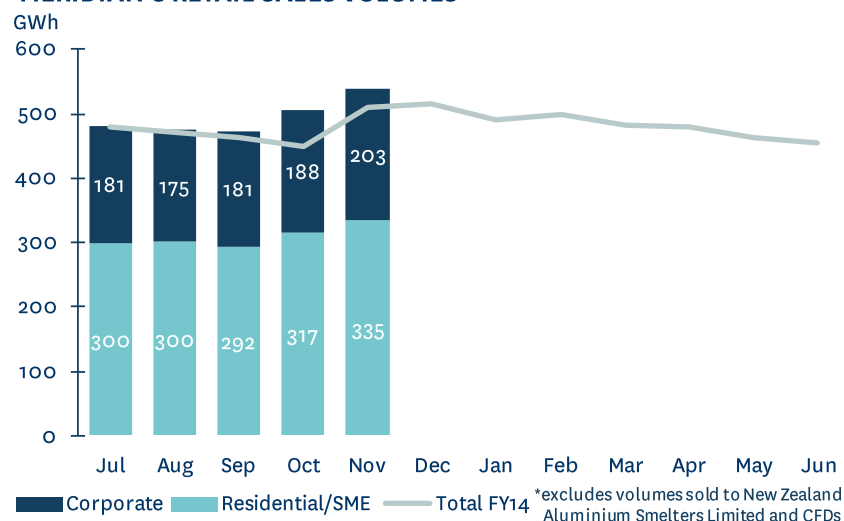
Meridian Operating Information

- Meridian's New Zealand customer connection numbers fell slightly during November 2014
- Retail sales volumes in November 2014 increased by 5.7% compared to November 2013
- Compared to November 2013, residential/SME sales volumes increased by 11.0% and corporate sales volumes decreased by 2.0%
- November 2014 has seen continued higher irrigation load volumes
- To date this financial year Meridian's retail sales volumes are 4.4% higher than the same period last year
- This reflects a 6.4% increase in residential/SME sales volumes and a 1.1% increase in corporate sales volumes

MERIDIAN'S NEW ZEALAND CUSTOMER CONNECTIONS



MERIDIAN'S RETAIL SALES VOLUMES*



Meridian Operating Information

	November 2014 month	November 2013 month	October 2014 month	September 2014 month	5 months to November 2014	5 months to November 2013
New Zealand Contracted Sales¹						
Retail contracted sales volume (GWh)	538	509	505	474	2,473	2,369
Average retail contracted sales price (\$/MWh)	\$93.4	\$91.7	\$95.6	\$107.3	\$104.9	\$106.7
NZAS sales volume (GWh)	412	412	426	411	2,100	2,100
Sell side derivative volumes ² (GWh)	69	129	87	125	545	312
Wholesale contracted sales average price (\$/MWh)	\$51.0	\$47.7	\$50.4	\$50.7	\$50.6	\$50.2
Total New Zealand customer connections ³	273,970	276,403	274,319	274,821		
New Zealand Generation						
Hydro generation volume (GWh)	894	1,059	1,010	1,046	5,184	4,847
Wind generation volume (GWh)	153	86	134	124	626	561
Total generation volume (GWh)	1,047	1,145	1,144	1,170	5,810	5,407
Average generation price ⁴ (\$/MWh)	\$69.2	\$25.5	\$64.2	\$58.5	\$61.5	\$39.1
Acquired generation volume ⁵ (GWh)	56	77	48	114	479	594
Cost of acquired generation (\$/MWh)	\$76.5	\$68.7	\$77.5	\$86.3	\$84.3	\$82.5
Cost to supply contracted sales (\$/MWh)	\$73.2	\$28.5	\$68.2	\$60.4	\$66.1	\$42.2

1. Contracted sales volumes and volume weighted average price received from contracted customers less distribution costs

2. Excludes the sell-side of virtual asset swaps

3. Meridian Retail and Powershop New Zealand installation control points (ICPs), excluding vacants

4. Volume weighted average price received for Meridian's physical generation

5. Excludes the buy-side of virtual asset swaps



Glossary

Acquired generation volumes	buy-side electricity derivatives excluding the buy-side of virtual asset swaps
Average generation price	the volume weighted average price received for Meridian's physical generation
Average retail contracted sales price	volume weighted average electricity price received from retail customers, less distribution costs
Average wholesale contracted sales price	volume weighted average electricity price received from wholesale customers, including NZAS
Combined catchment inflows	combined water inflows into Meridian's Waitaki and Waiau hydro storage lakes
Cost of acquired generation	volume weighted average price Meridian pays for derivatives acquired to supplement generation
Cost to supply contracted sales	volume weighted average price Meridian pays to supply contracted customer sales
Customer connections (NZ)	number of installation control points, excluding vacants
GWh	gigawatt hour. Enough electricity for 125 average New Zealand households for one year
Historic average inflows	the historic average combined water inflows into Meridian's Waitaki and Manapouri hydro storage lakes over the last 81 years
Historic average storage	the historic average level of storage in Meridian's Waitaki catchment since 1979
HVDC	high voltage direct current link between the North and South Islands of New Zealand
ICP	New Zealand installation control points, excluding vacants
ICP switching	the number of installation control points changing retailer supplier in New Zealand, recorded in the month the switch was initiated
MWh	megawatt hour. Enough electricity for one average New Zealand household for 46 days
National demand	Transpower's Daily Demand reporting, adjusted for embedded generation from Meridian's Te Uku, White Hill and Mill Creek wind farms
NZAS	New Zealand Aluminium Smelters Limited
Retail sales volumes	contract sales volumes to retail customers, including both non half hourly and half hourly metered customers
Sell side derivatives	sell-side electricity derivatives excluding the sell-side of virtual asset swaps