

Monthly Operating Report

January 2015



meridian



January Highlights



In the month to 17 February 2015, national hydro storage remained unchanged at 91% of historical average

South Island storage now sits at 90% of average and North Island storage at 96% of average

Meridian's January 2015 monthly inflows were 77% of historical average

Meridian's Waitaki catchment storage reduced from 91% to 83% of average by the end of January 2015

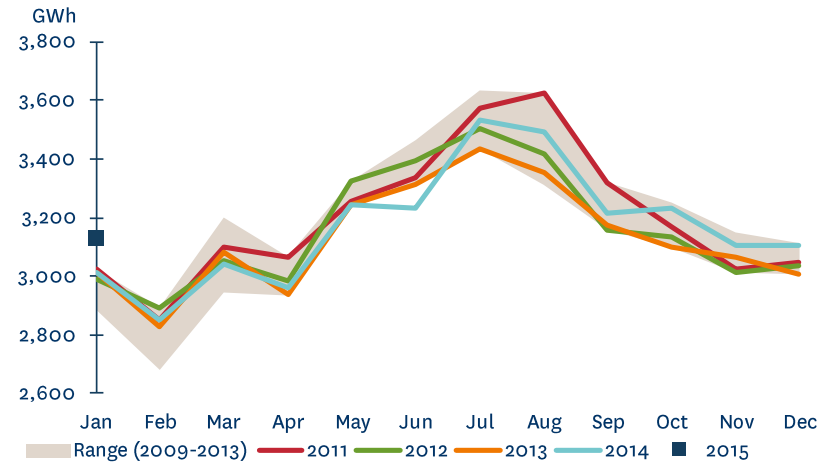
National electricity demand in January 2015 was 4.0% higher than the same month last year

Demand in the last 12 months is 1.7% higher than the preceding 12 months

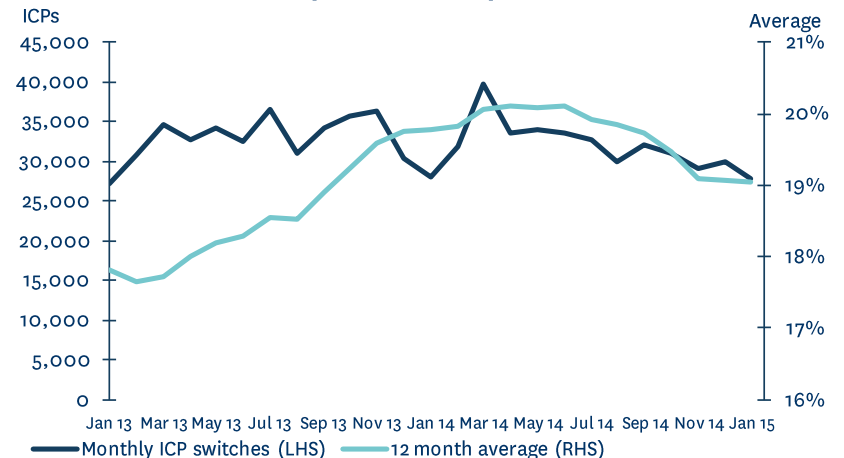
Market Data

- National electricity demand in January 2015 was 4.0% higher than the same month last year
- Demand in the last 12 months is showing around 1.7% growth compared with the preceding 12 months
- New Zealand Aluminium Smelters' average load during January 2015 was slightly above the 572MW base quantity of the NZAS agreement
- The number of switches for all retailers in January 2015 was 7.1% lower than the previous month and at the same level as January 2014
- The 12 month average switching rate for all retailers was 19.1% at the end of January 2015

NATIONAL DEMAND

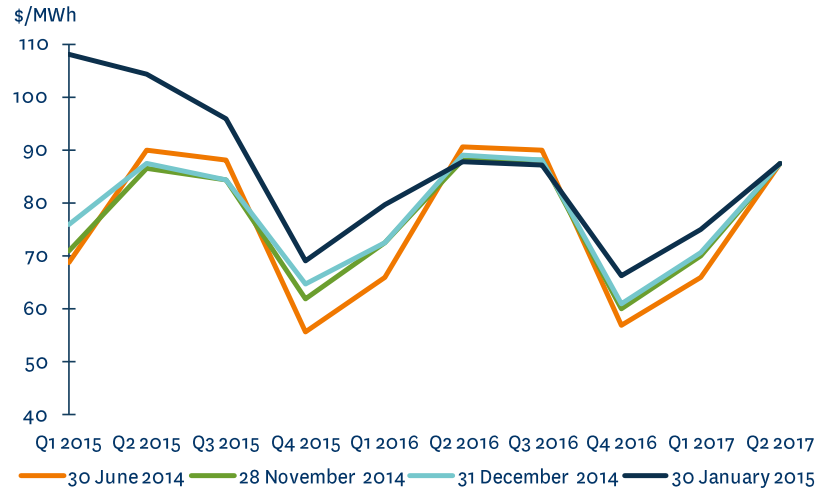


MARKET ICP SWITCHING (ALL RETAILERS)

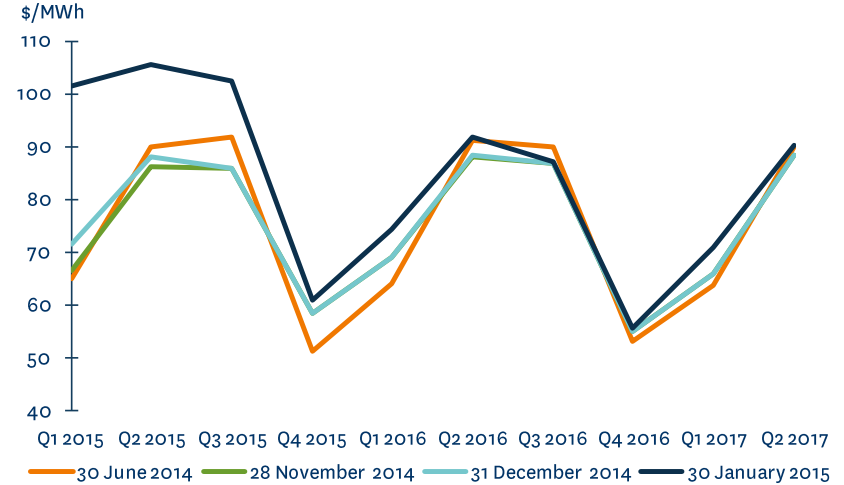


Market Data

OTAHUHU ASX FUTURES SETTLEMENT PRICE

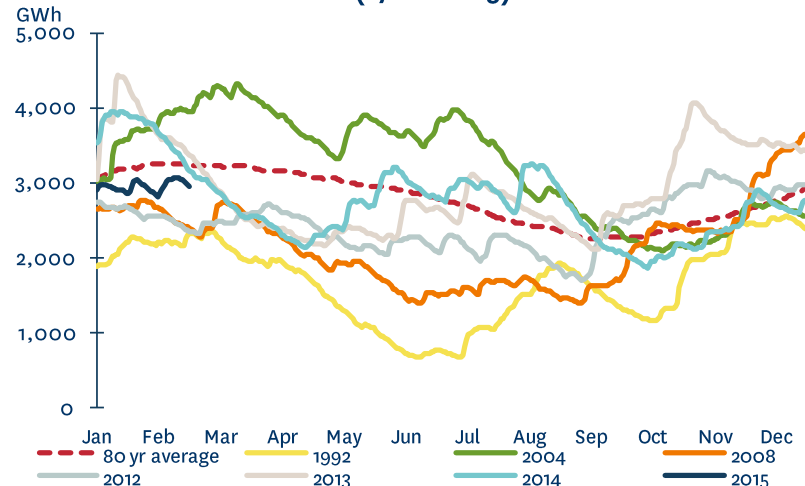


BENMORE ASX FUTURES SETTLEMENT PRICE



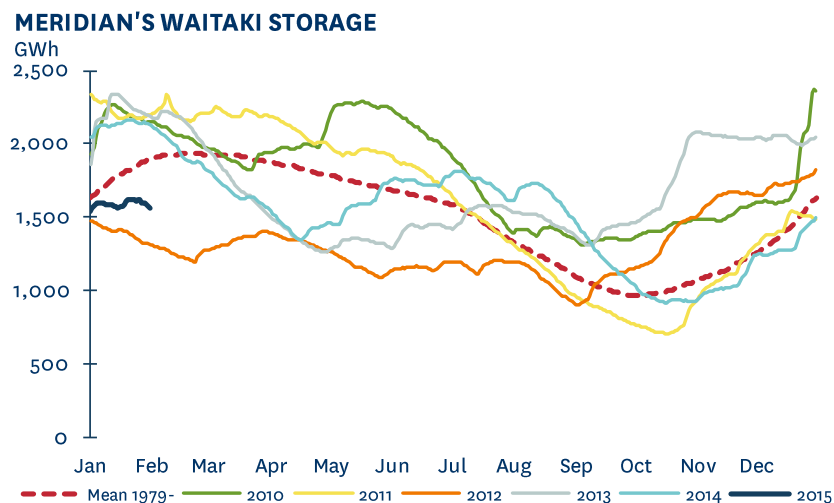
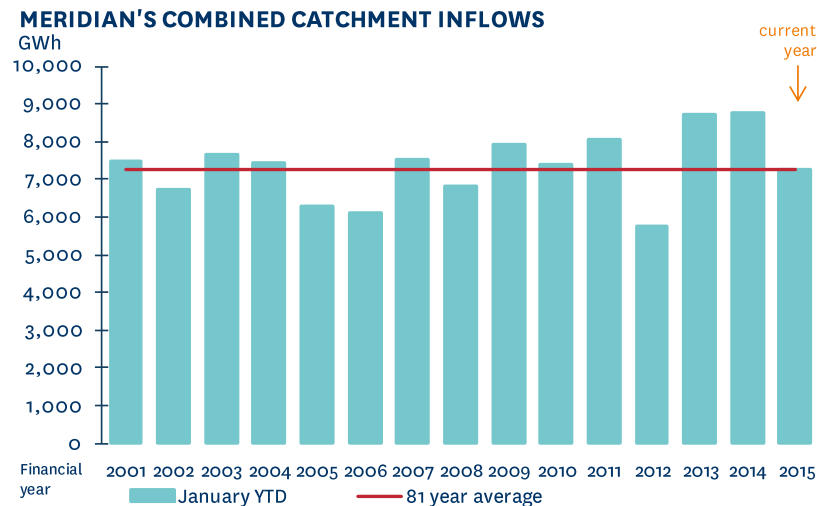
- January 2015 saw increases in ASX futures prices with positive annual demand growth and reduced fuel purchase obligations by thermal generators
- National storage remained unchanged at 91% of the 80 year average between 18 December 2014 and 17 January 2015
- South Island storage increased to 90% of historical average by 12 January 2015. North Island storage decreased to 96% of average

NATIONAL HYDRO STORAGE (17 FEB 2015)



Meridian Operating Information

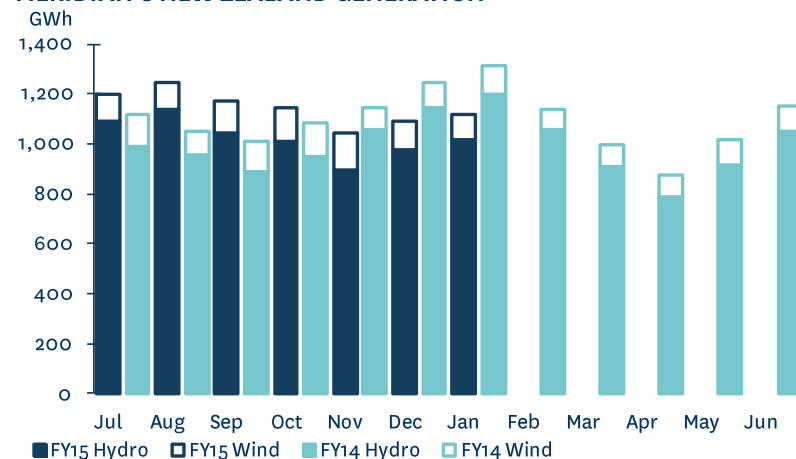
- January monthly inflows were 77% of historical average
- To date this financial year inflows are 100% of historical average
- Meridian's Waitaki catchment storage moved from 1,497GWh to 1,566GWh during January 2015
- Storage at the end of January 2015 was 83% of historical average, compared with the position a month earlier, where storage was at 91% of historical average
- Waitaki storage at the end of January 2015 was 26% lower than the same time last year
- Storage in Meridian's Waiau catchment was largely unchanged during January



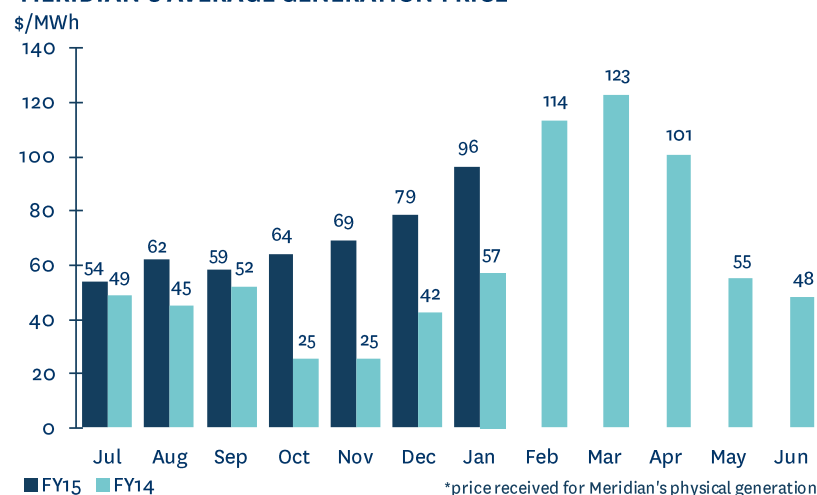
Meridian Operating Information

- Meridian's New Zealand generation in January 2015 was 15.1% lower than the same month last year
- To date this financial year Meridian's New Zealand generation is 0.7% higher than the same period last year
- The average price Meridian received for its generation in January 2015 was 68.8% higher than the same month last year
- The average price Meridian paid to supply contracted sales in January 2015 was 70.5% higher than the same month last year
- To date this financial year, the average price Meridian has received for its generation is 61.3% higher than the same period last year

MERIDIAN'S NEW ZEALAND GENERATION



MERIDIAN'S AVERAGE GENERATION PRICE*

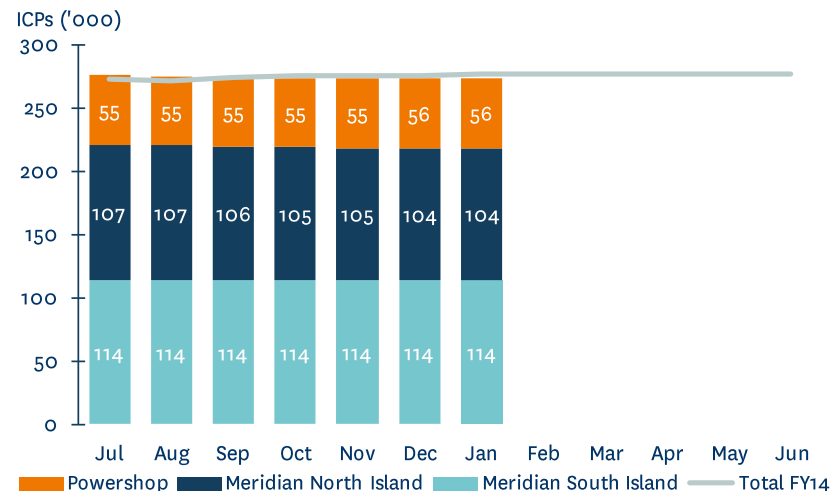


*price received for Meridian's physical generation

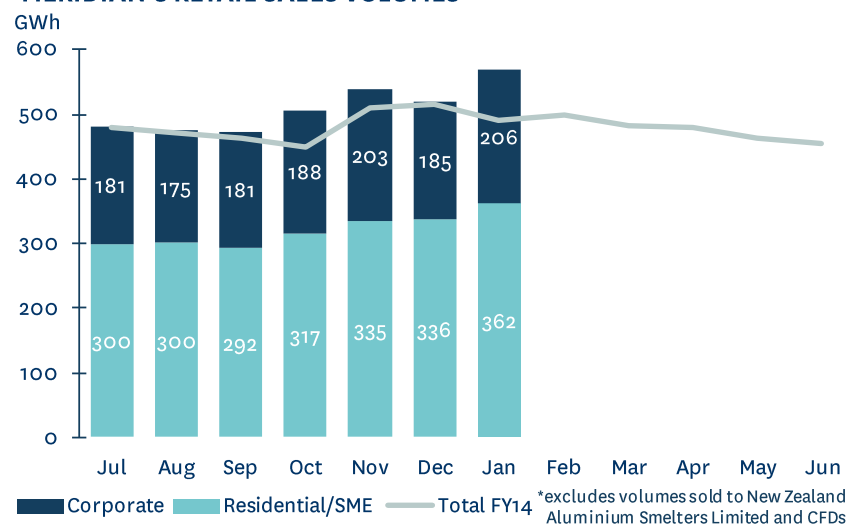
Meridian Operating Information

- Meridian's New Zealand customer connection numbers increased 0.2% during January 2015
- Retail sales volumes in January 2015 increased by 15.5% compared to January 2014
- Compared to January 2014, residential/SME sales volumes increased by 31.5% and corporate sales volumes decreased by 4.7%
- January 2015 has seen continued high irrigation load volumes
- To date this financial year Meridian's retail sales volumes are 5.5% higher than the same period last year
- This reflects a 9.6% increase in residential/SME sales volumes and a 0.9% decrease in corporate sales volumes

MERIDIAN'S NEW ZEALAND CUSTOMER CONNECTIONS



MERIDIAN'S RETAIL SALES VOLUMES*



Meridian Operating Information

	January 2015 month	January 2014 month	December 2014 month	November 2014 month	7 months to January 2015	7 months to January 2014
New Zealand Contracted Sales¹						
Retail contracted sales volume (GWh)	568	492	521	538	3,561	3,377
Average retail contracted sales price (\$/MWh)	\$91.5	\$98.4	\$87.6	\$93.4	\$100.2	\$102.2
NZAS sales volume (GWh)	426	426	426	412	2,951	2,951
Sell side derivative volumes ² (GWh)	74	97	61	69	681	532
Wholesale contracted sales average price (\$/MWh)	\$53.6	\$51.4	\$50.4	\$51.0	\$51.0	\$50.1
Total New Zealand customer connections ³	274,052	277,059	273,572	273,970		
New Zealand Generation						
Hydro generation volume (GWh)	1,020	1,200	979	894	7,183	7,192
Wind generation volume (GWh)	95	113	113	153	834	773
Total generation volume (GWh)	1,115	1,313	1,092	1,047	8,017	7,965
Average generation price ⁴ (\$/MWh)	\$96.4	\$57.1	\$78.9	\$69.2	\$68.7	\$42.6
Acquired generation volume ⁵ (GWh)	39	28	51	56	570	693
Cost of acquired generation (\$/MWh)	\$79.1	\$83.0	\$79.4	\$76.5	\$83.5	\$82.7
Cost to supply contracted sales (\$/MWh)	\$100.8	\$59.1	\$84.0	\$73.2	\$73.8	\$45.5

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