

# ***Monthly Operating Report***

## **March 2015**



meridian



# March Highlights



In the month to 10 April 2015, national hydro storage decreased from 81% to 65% of historical average

South Island storage now sits at 64% of average and North Island storage at 79% of average

Meridian's March 2015 monthly inflows were 56% of historical average

Meridian's Waitaki catchment storage decreased from 84% to 72% of average by the end of March 2015

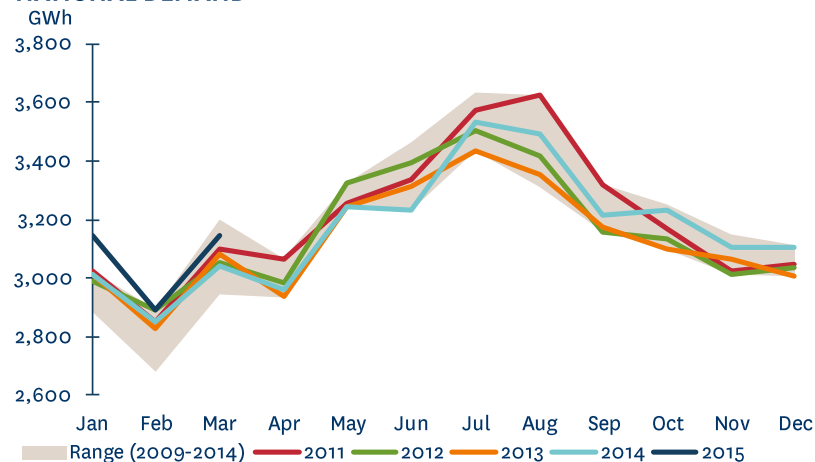
National electricity demand in March 2015 was 3.5% higher than the same month last year

Demand in the last 12 months is 2.1% higher than the preceding 12 months

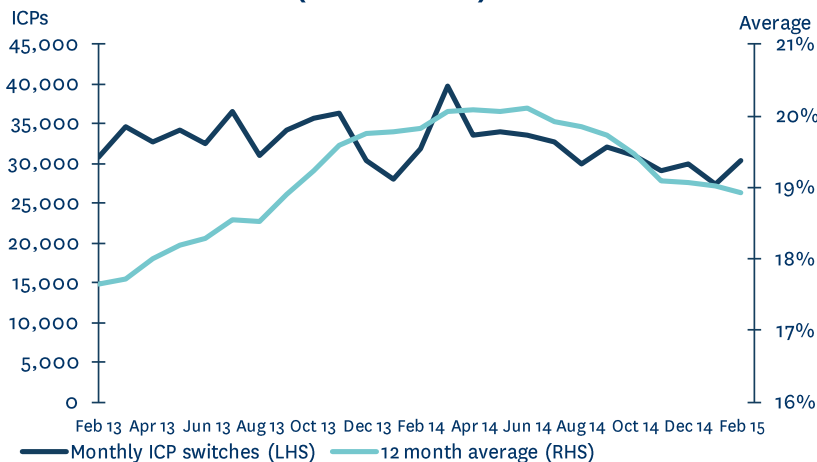
# Market Data

- National electricity demand in March 2015 was 3.5% higher than the same month last year
- Demand in the 2015 calendar year is showing around 2.1% growth compared with the same three month period last year
- New Zealand Aluminium Smelters' average load during March 2015 was slightly above the 572MW base quantity of the NZAS agreement
- The number of switches for all retailers in February 2015 was 10.9% higher than the previous month and 4.8% lower than February 2014
- The 12 month average switching rate for all retailers was 18.9% at the end of February 2015

## NATIONAL DEMAND

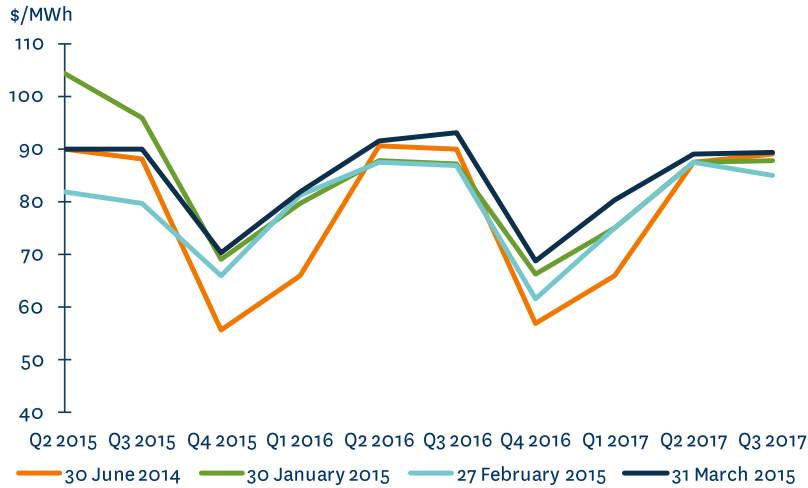


## MARKET ICP SWITCHING (ALL RETAILERS)

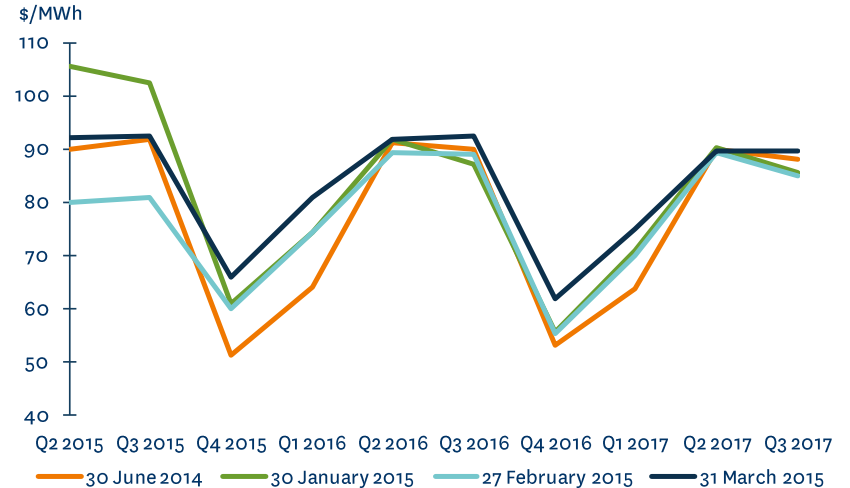


# Market Data

**OTAHUHU ASX FUTURES SETTLEMENT PRICE**

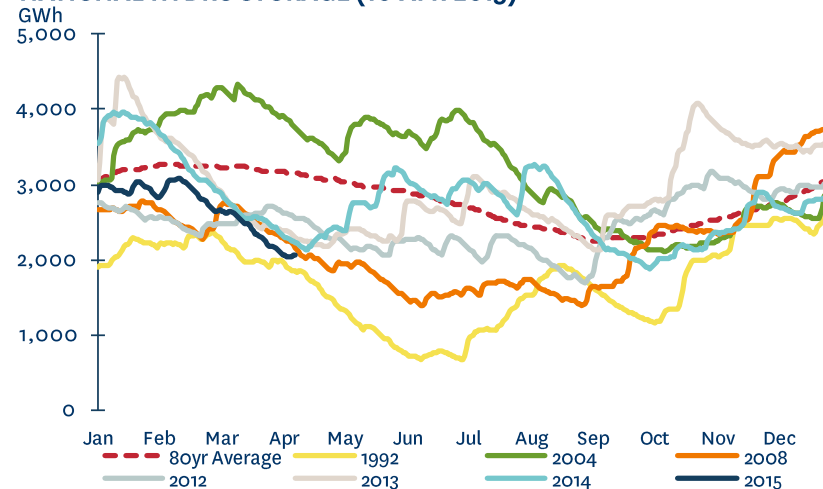


**BENMORE ASX FUTURES SETTLEMENT PRICE**



- March 2015 saw modest increases in ASX futures prices with declining national hydro storage
- National storage decreased from 81% of the 80 year average on 10 March 2015 to 65% of average by 10 April 2015
- South Island storage decreased to 64% of historical average by 10 April 2015. North Island storage decreased to 79% of average

**NATIONAL HYDRO STORAGE (10 APR 2015)**

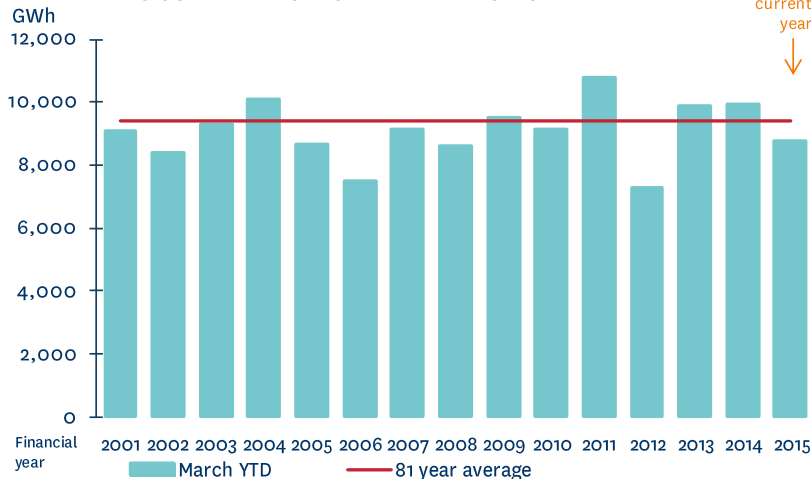




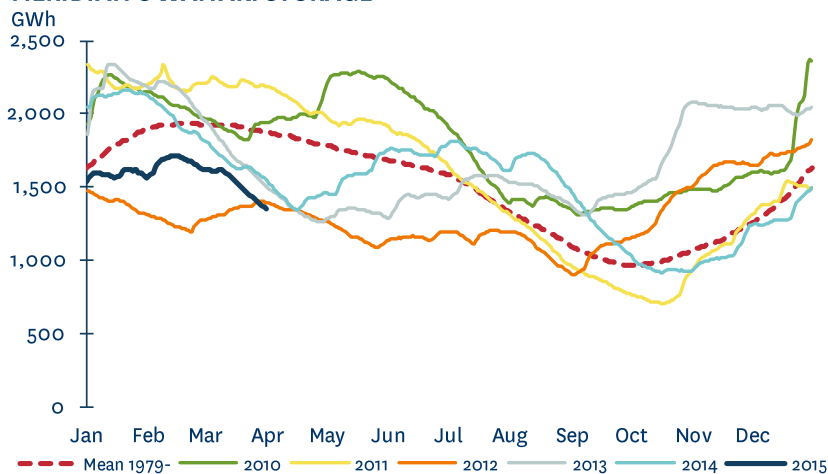
# Meridian Operating Information

- March monthly inflows were 56% of historical average
- To date this financial year inflows are 93% of historical average
- Meridian's Waitaki catchment storage moved from 1,625GWh to 1,349GWh during March 2015
- Storage at the end of March 2015 was 72% of historical average, compared with the position a month earlier, where storage was at 84% of historical average
- Waitaki storage at the end of March 2015 was 13% lower than the same time last year
- Storage in Meridian's Waiau catchment also fell during March 2015

**MERIDIAN'S COMBINED CATCHMENT INFLOWS**



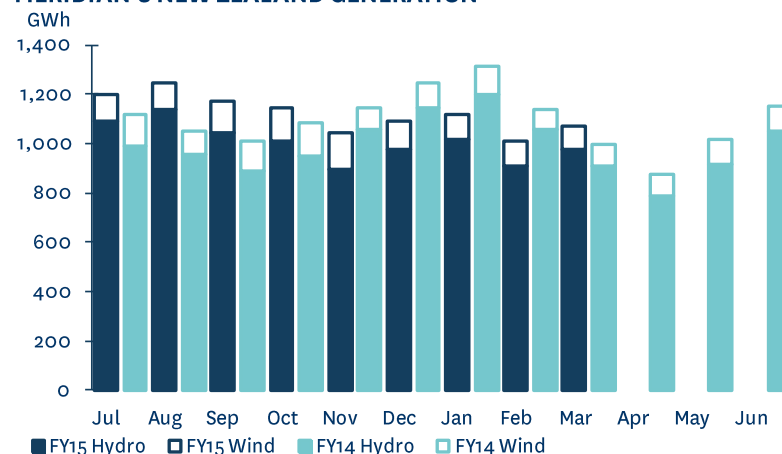
**MERIDIAN'S WAITAKI STORAGE**



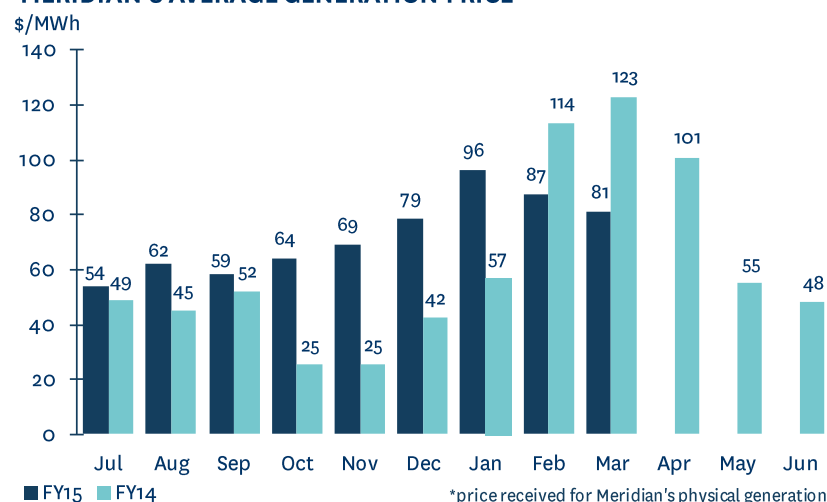
# Meridian Operating Information

- Meridian's New Zealand generation in March 2015 was 7.5% higher than the same month last year
- To date this financial year Meridian's New Zealand generation is 0.1% lower than the same period last year
- The average price Meridian received for its generation in March 2015 was 34.1% lower than the same month last year
- The average price Meridian paid to supply contracted sales in March 2015 was 33.5% lower than the same month last year
- To date this financial year, the average price Meridian has received for its generation is 22.8% higher than the same period last year

**MERIDIAN'S NEW ZEALAND GENERATION**



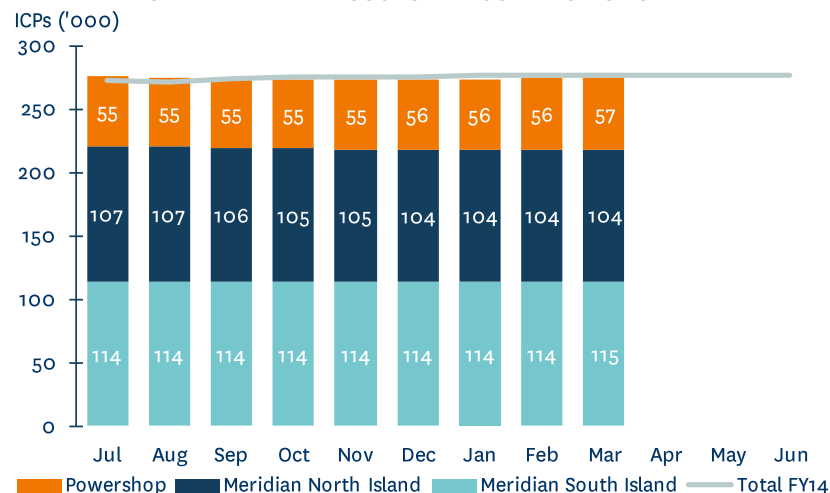
**MERIDIAN'S AVERAGE GENERATION PRICE\***



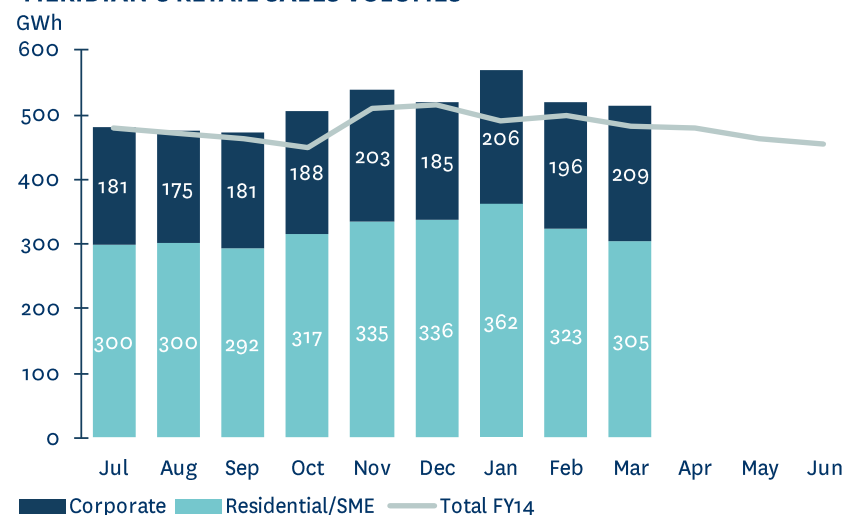
# Meridian Operating Information

- Meridian's New Zealand customer connection numbers increased 0.3% during March 2015
- Powershop Australia's customer connection numbers have now passed 35,000
- Retail sales volumes in March 2015 increased by 6.6% compared to March 2014
- Compared to March 2014, residential/SME sales volumes increased by 17.8% and corporate sales volumes decreased by 6.3%
- Irrigation load volumes have declined from last month, however remain above March 2014
- To date this financial year Meridian's retail sales volumes are 5.4% higher than the same period last year
- This reflects a 10.1% increase in residential/SME sales volumes and a 1.6% decrease in corporate sales volumes

## MERIDIAN'S NEW ZEALAND CUSTOMER CONNECTIONS



## MERIDIAN'S RETAIL SALES VOLUMES\*



# Meridian Operating Information

|   | March<br>2015<br>month | March<br>2014<br>month | February<br>2015<br>month | January<br>2015<br>month | 9 months to<br>March<br>2015 | 9 months to<br>March<br>2014 |
|---|------------------------|------------------------|---------------------------|--------------------------|------------------------------|------------------------------|
| <b>New Zealand Contracted Sales<sup>1</sup></b>       |                        |                        |                           |                          |                              |                              |
| Retail contracted sales volume (GWh)                  | 514                    | 482                    | 519                       | 568                      | 4,595                        | 4,358                        |
| Average retail contracted sales price (\$/MWh)        | \$94.6                 | \$91.9                 | \$92.7                    | \$91.5                   | \$98.8                       | \$100.0                      |
| NZAS sales volume (GWh)                               | 426                    | 426                    | 384                       | 426                      | 3,761                        | 3,761                        |
| Sell side derivative volumes <sup>2</sup> (GWh)       | 49                     | 80                     | 50                        | 74                       | 780                          | 700                          |
| Wholesale contracted sales average price (\$/MWh)     | \$52.1                 | \$51.1                 | \$53.6                    | \$53.6                   | \$51.4                       | \$50.4                       |
| Total New Zealand customer connections <sup>3</sup>   | 275,488                | 277,404                | 274,673                   | 274,052                  |                              |                              |
| Powershop Australia customer connections <sup>4</sup> | 35,138                 | 5,880                  | <i>not disclosed</i>      | <i>not disclosed</i>     |                              |                              |
| <b>New Zealand Generation</b>                         |                        |                        |                           |                          |                              |                              |
| Hydro generation volume (GWh)                         | 977                    | 907                    | 907                       | 1,020                    | 9,067                        | 9,155                        |
| Wind generation volume (GWh)                          | 95                     | 90                     | 102                       | 95                       | 1,031                        | 948                          |
| Total generation volume (GWh)                         | 1,072                  | 997                    | 1,009                     | 1,115                    | 10,098                       | 10,103                       |
| Average generation price <sup>5</sup> (\$/MWh)        | \$81.0                 | \$122.9                | \$87.4                    | \$96.4                   | \$71.9                       | \$58.5                       |
| Acquired generation volume <sup>6</sup> (GWh)         | 40                     | 123                    | 59                        | 39                       | 668                          | 838                          |
| Cost of acquired generation (\$/MWh)                  | \$80.1                 | \$87.3                 | \$85.2                    | \$79.1                   | \$83.4                       | \$83.4                       |
| Cost to supply contracted sales (\$/MWh)              | \$83.2                 | \$125.1                | \$91.0                    | \$100.8                  | \$76.6                       | \$63.0                       |

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. Financially responsible market participants, excluding vacants

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

6. Excludes the buy-side of virtual asset swaps



# Glossary

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