



meridian

# JANUARY 2019

MERIDIAN ENERGY LIMITED  
MONTHLY OPERATING REPORT



FTSE4Good

MEMBER OF

**Dow Jones**  
**Sustainability Indices**

In Collaboration with RobecoSAM

# JANUARY HIGHLIGHTS

In the month to 11 February 2019, national hydro storage decreased from 92% to 89% of historical average

South Island storage sat at 90% of average and North Island storage at 86% of average on 11 February 2019

Meridian's January 2019 monthly total inflows were 99% of historical average

Meridian's Waitaki catchment storage at the end of January 2019 was 98% of historical average

Storage in Meridian's Waiau catchment was slightly below average at the end of January 2019

National electricity demand in January 2019 was 1.9% higher than the same month last year

Meridian made calls on load under the Genesis Swaption in January and early February 2019

January 2019 was New Zealand's 3<sup>rd</sup> warmest January on record. Rainfall was below average except in Hawke's Bay, Otago and Southland. Soil moisture levels are at or below average across the country

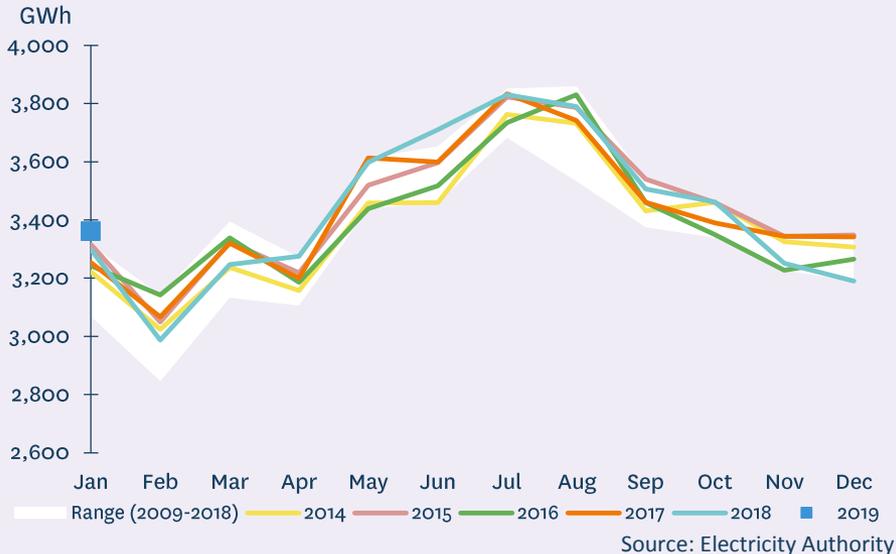
New Zealand Aluminium Smelter's load during January 2019 was close to the contract level of 622MW

Meridian's retail sales volumes in January 2019 were 10.3% higher than January 2018

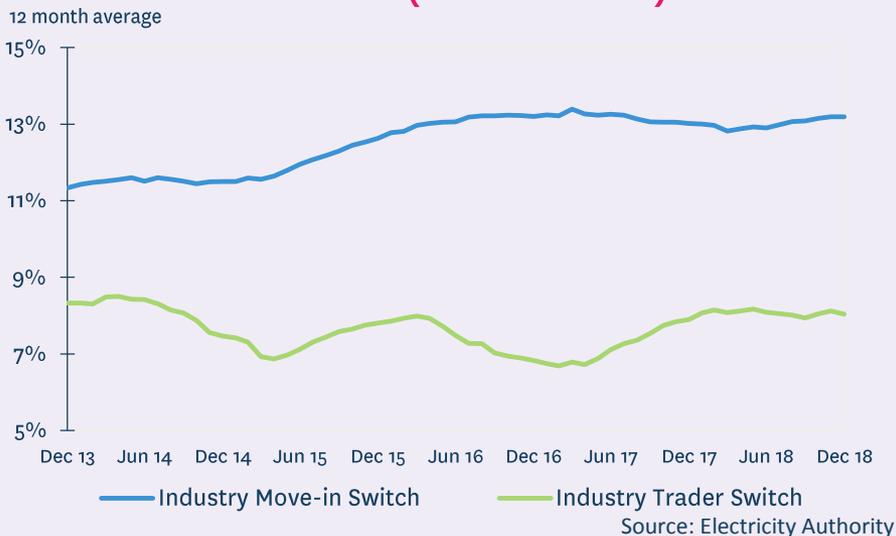
# MARKET DATA

- National electricity demand in January 2019 was 1.9% higher than the same month last year
- January 2019 was New Zealand’s 3<sup>rd</sup> warmest January on record. Rainfall was below average except in Hawke’s Bay, Otago and Southland. Soil moisture levels are at or below average across the country
- Demand in the last 12 months was the same as the preceding 12 months
- New Zealand Aluminium Smelter's load during January 2019 was close to the contract level of 622MW
- 12-month average switching rate of customers changing retailers but not moving (“trader” switch) was 8.0% at the end of December 2018
- 12-month average switching rate of customers moving and changing retailers (“move-in” switch) was 13.2% at the end of December 2018

## NATIONAL DEMAND



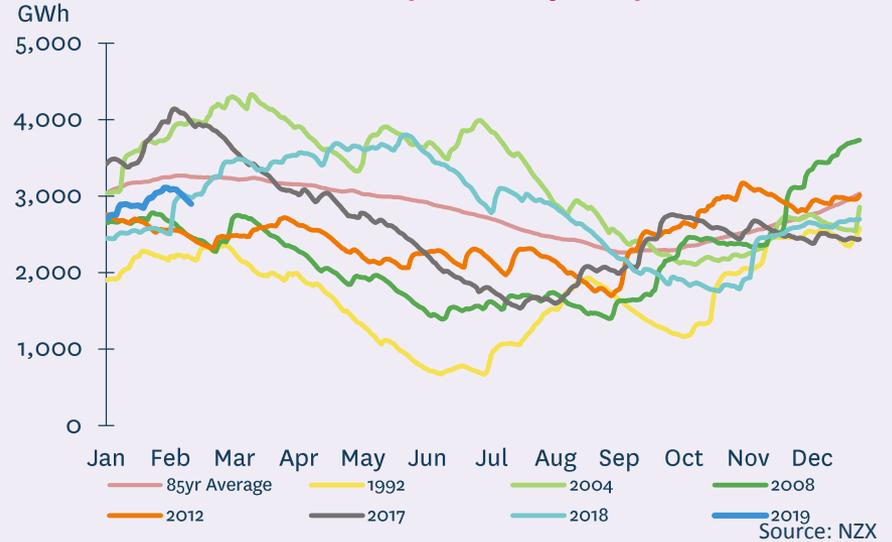
## MARKET ICP SWITCHING (ALL RETAILERS)



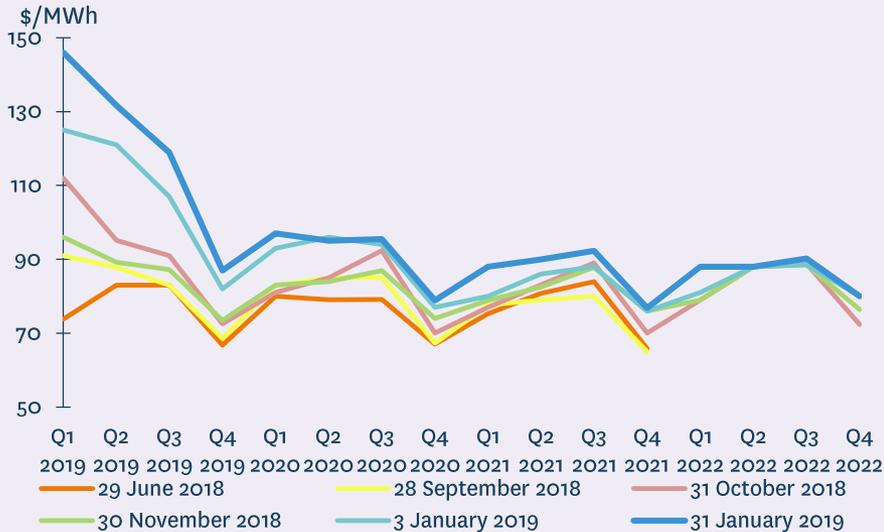
# MARKET DATA

- January 2019 saw increases in ASX prices with news production from Pohokura's offshore gas pipeline will cease for about 30 days between February and April while planned maintenance is completed
- National storage decreased from 92% of average on 11 January 2019 to 89% of average on 11 February 2019
- South Island storage decreased to 90% of historical average on 11 February 2019. North Island storage decreased to 86% of average

## NATIONAL HYDRO STORAGE (11 February 2019)



## OTAHUHU ASX FUTURES SETTLEMENT PRICE



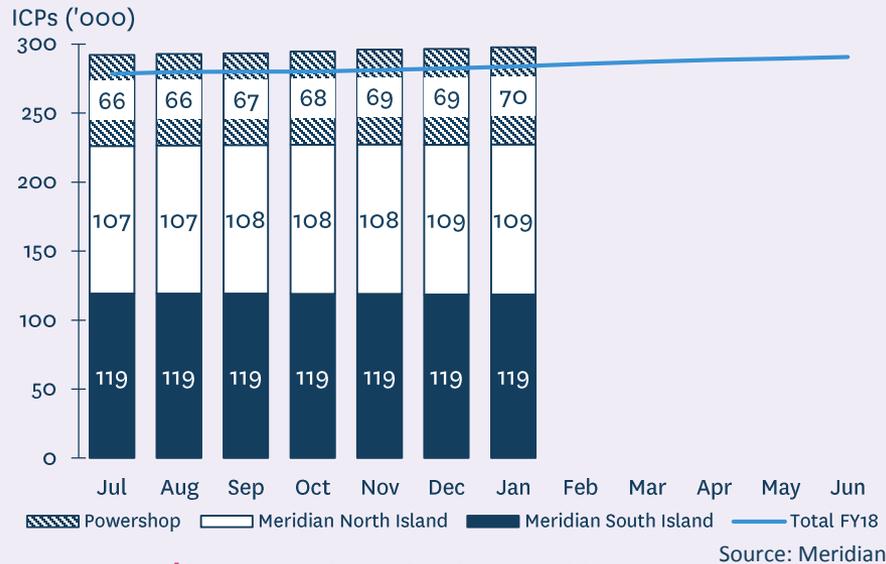
## BENMORE ASX FUTURES SETTLEMENT PRICE



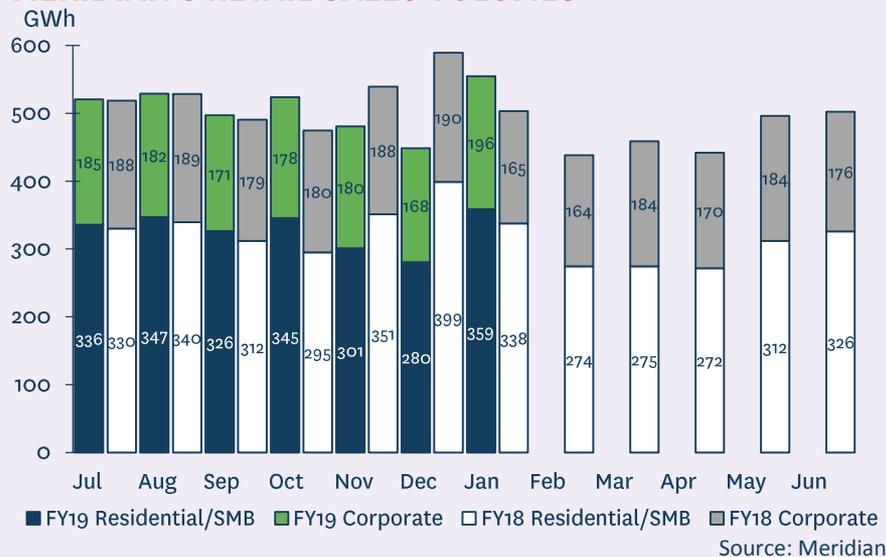
# OPERATING INFORMATION

- Meridian's New Zealand customer connection numbers rose 0.4% during January 2019 and have risen 2.4% since June 2018
- Retail sales volumes in January 2019 were 10.3% higher than January 2018
- Compared to January 2018, residential/SMB sales volumes increased by 6.2% (higher volumes in all segments, including irrigation volumes) and corporate sales volumes increased by 18.6%
- To date this financial year, retail sales volumes are 2.5% lower than the same period last year
- This reflects a 3.0% decrease in residential/SMB sales volumes and a 1.6% decrease in corporate sales volumes

## MERIDIAN'S NZ CUSTOMER CONNECTIONS



## MERIDIAN'S RETAIL SALES VOLUMES\*

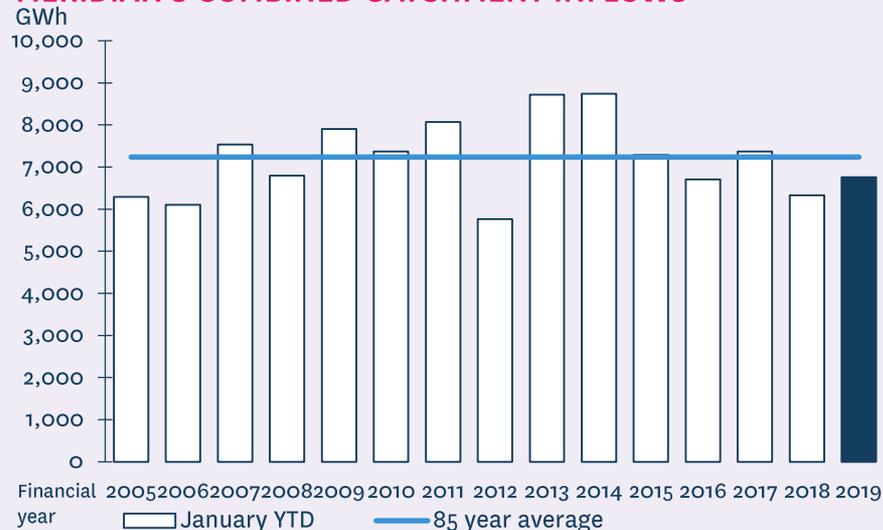


\*excludes volumes sold to New Zealand Aluminium Smelters and CFDs

# OPERATING INFORMATION

- January 2019 monthly inflows were 99% of historical average
- To date this financial year, inflows are 93% of historical average
- Meridian's Waitaki catchment storage moved from 1,593GWh to 1,837GWh during January 2019
- Waitaki storage at the end of January 2019 was 98% of historical average and 18% higher than the same time last year
- Storage in Meridian's Waiau catchment was slightly below average at the end of January 2019

## MERIDIAN'S COMBINED CATCHMENT INFLOWS



Source: Meridian

## MERIDIAN'S WAITAKI STORAGE



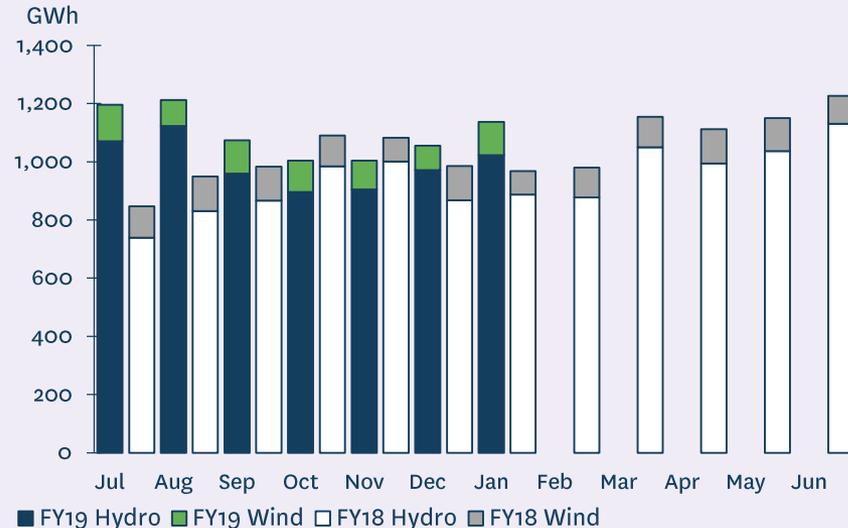
Source: Meridian

# OPERATING INFORMATION

- Meridian's New Zealand generation in January 2019 was 17.5% higher than the same month last year, reflecting higher hydro generation and wind generation
- To date this financial year, Meridian's New Zealand generation is 11.3% higher than the same period last year, reflecting higher hydro generation and wind generation
- The average price Meridian received for its generation in January 2019 was 1.5% lower than the same month last year
- The average price Meridian paid to supply contracted sales in January 2019 was 2.4% higher than the same month last year
- To date this financial year, the average price Meridian received for its generation is 26.9% higher than the same period last year and the average price paid to supply contracted sales is 30.8% higher

\*price received for Meridian's physical generation

## MERIDIAN'S NEW ZEALAND GENERATION



Source: Meridian

## MERIDIAN'S AVERAGE GENERATION PRICE\*

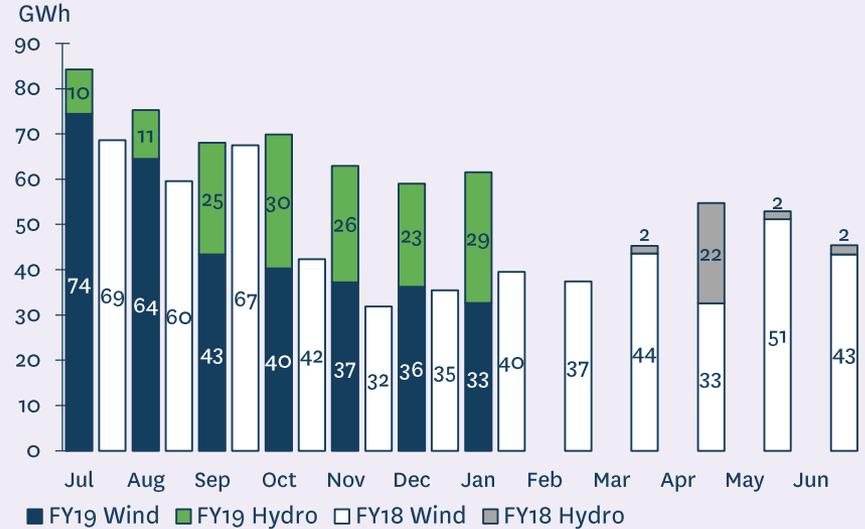


Source: Meridian

# OPERATING INFORMATION

- Meridian's Australian generation in January 2019 was 55.7% higher than the same month last year
- To date this financial year, Australian generation is 39.4% higher than the same period last year
- Australian retail electricity sales volumes in January 2019 were 1.4% higher than the same month last year
- To date this financial year, Australian retail electricity sales volumes are 2.6% lower than the same period last year

## MERIDIAN'S AUSTRALIAN GENERATION



Source: Meridian

## AUSTRALIAN RETAIL SALES VOLUMES



Source: Meridian

# OPERATING INFORMATION

See following page for Australia operating information and all footnotes

	JANUARY 2019 MONTH	JANUARY 2018 MONTH	DECEMBER 2018 MONTH	NOVEMBER 2018 MONTH	7 MONTHS TO JANUARY 2019	7 MONTHS TO JANUARY 2018
<b>New Zealand contracted sales<sup>1</sup></b>						
Retail contracted sales volume (GWh)	555	503	448	481	3,554	3,644
Average retail contracted sales price (\$/MWh)	\$98.2	\$96.8	\$95.5	\$98.5	\$103.1	\$103.4
NZAS sales volume (GWh)	463	426	463	444	3,071	2,951
Sell side derivative volumes <sup>2</sup> (GWh)	157	182	217	146	1,391	950
Wholesale contracted sales average price <sup>3</sup> (\$/MWh)	\$69.4	\$63.0	\$68.9	\$72.7	\$65.4	\$58.9
Total New Zealand customer connections <sup>4</sup>	297,621	283,724	296,532	296,064		
<b>New Zealand generation</b>						
Hydro generation volumes (GWh)	1,022	888	972	905	6,947	6,177
Wind generation volumes (GWh)	116	80	83	99	736	728
<b>Total generation volumes (GWh)</b>	<b>1,138</b>	<b>968</b>	<b>1,055</b>	<b>1,004</b>	<b>7,683</b>	<b>6,905</b>
Average generation price <sup>5</sup> (\$/MWh)	\$125.3	\$127.2	\$98.8	\$149.5	\$124.4	\$98.0
Acquired generation volume <sup>6</sup> (GWh)	155	234	177	190	1,206	1,422
Cost of acquired generation (\$/MWh)	\$69.3	\$75.4	\$61.7	\$74.7	\$68.2	\$69.8
Acquired generation revenue average price (\$/MWh)	\$127.7	\$114.2	\$104.6	\$180.8	\$140.8	\$99.5
Future contract close outs (\$M)	-\$0.4	-\$0.3	-\$0.5	-\$0.5	-\$2.9	-\$2.8
Contracted sales supply volumes (GWh)	1,201	1,140	1,148	1,098	8,203	7,728
Cost to supply contracted sales (\$/MWh)	\$133.3	\$130.2	\$108.7	\$160.4	\$134.3	\$102.7

# OPERATING INFORMATION

	JANUARY 2019 MONTH	JANUARY 2018 MONTH	DECEMBER 2018 MONTH	NOVEMBER 2018 MONTH	7 MONTHS TO JANUARY 2019	7 MONTHS TO JANUARY 2018
<b>Australia</b>						
Wind generation volumes (GWh)	33	40	36	37	329	345
Hydro generation volumes (GWh)	29	-	23	26	152	-
Retail contracted electricity sales volume (GWh)	44	43	39	37	323	331
Retail contracted gas sales volume (TJ)	9	-	17	20	152	-
Powershop electricity customer connections <sup>7</sup>	101,017	97,826	99,368	98,618		
Powershop gas customer connections <sup>8</sup>	14,309	-	12,508	11,333		

Note: Powershop Australia electricity customer connection numbers now exclude vacants

## Footnotes

1. Contracted sales volumes and volume weighted average price received from contracted customers less distribution costs
2. Derivatives sold excluding the sell-side of virtual asset swaps
3. Average price of both NZAS sales volume and sell side derivative volumes
4. Meridian Retail and Powershop New Zealand installation control points (ICPs), excluding vacants
5. Volume weighted average price received for Meridian's physical generation
6. Over the counter and ASX contracts excluding the buy-side of virtual asset swaps
7. Financially responsible market participants, excluding vacants
8. Meter installation registration numbers

# FY19 OPERATING INFORMATION

	Jul 2018	Aug 2018	Sep 2018	Oct 2018	Nov 2018	Dec 2018	Jan 2019	Feb 2019	Mar 2019	Apr 2019	May 2019	Jun 2019
<b>New Zealand Contracted Sales</b>												
Retail contracted sales volume (GWh)	521	529	497	524	481	448	555					
Average retail contracted sales price (\$/MWh)	\$113.1	\$110.7	\$106.7	\$98.3	\$98.5	\$95.5	\$98.2					
NZAS sales volume (GWh)	426	426	411	439	444	463	463					
Sell side derivative volumes (GWh)	386	196	140	149	146	217	157					
Wholesale contracted sales average price (\$/MWh)	\$63.9	\$58.5	\$58.0	\$65.9	\$72.7	\$68.9	\$69.4					
Total New Zealand customer connections	292,091	292,906	293,386	294,695	296,064	296,532	297,621					
<b>New Zealand Generation</b>												
Hydro generation volume (GWh)	1,070	1,123	959	897	905	972	1,022					
Wind generation volume (GWh)	126	90	115	107	99	83	116					
<b>Total generation volume (GWh)</b>	<b>1,196</b>	<b>1,213</b>	<b>1,074</b>	<b>1,004</b>	<b>1,004</b>	<b>1,055</b>	<b>1,138</b>					
Average generation price (\$/MWh)	\$72.1	\$77.2	\$86.8	\$284.6	\$149.5	\$98.8	\$125.3					
Acquired generation volume (GWh)	170	167	147	200	190	177	155					
Cost of acquired generation (\$/MWh)	\$65.7	\$63.1	\$62.5	\$77.7	\$74.7	\$61.7	\$69.3					
Acquired generation revenue average price (\$/MWh)	\$74.5	\$80.8	\$87.9	\$290.6	\$180.8	\$104.6	\$127.7					
Future contract close outs (\$m)	-0.1	-0.3	-0.6	-0.5	-0.5	-0.5	-0.4					
Contracted sales supply volume (GWh)	1,353	1,181	1,079	1,142	1,098	1,148	1,201					
Cost to supply contracted sales (\$/MWh)	\$77.0	\$84.9	\$92.5	\$294.4	\$160.4	\$108.7	\$133.3					
<b>Australia</b>												
Wind generation volume (GWh)	74	64	43	40	37	36	33					
Hydro generation volume (GWh)	10	11	25	30	26	23	29					
Retail contracted electricity sales volume (GWh)	58	57	48	41	37	39	44					
Retail contracted gas sales volume (TJ)	4	20	40	41	20	17	9					
Powershop electricity customer connections	96,743	96,801	96,657	97,514	98,618	99,368	101,017					
Powershop gas customer connections	1,179	4,776	7,558	9,577	11,333	12,508	14,309					

Note: Powershop Australia electricity customer connection numbers now exclude vacants

# FY18 OPERATING INFORMATION

	Jul 2017	Aug 2017	Sep 2017	Oct 2017	Nov 2017	Dec 2017	Jan 2018	Feb 2018	Mar 2018	Apr 2018	May 2018	Jun 2018
<b>New Zealand Contracted Sales</b>												
Retail contracted sales volume (GWh)	519	529	491	475	539	589	503	438	459	442	496	502
Average retail contracted sales price (\$/MWh)	\$114.6	\$115.9	\$109.4	\$99.0	\$96.0	\$93.3	\$96.8	\$101.6	\$100.2	\$107.0	\$112.5	\$115.9
NZAS sales volume (GWh)	426	426	411	426	412	426	426	384	426	412	426	412
Sell side derivative volumes (GWh)	95	100	111	142	194	125	182	239	294	272	244	280
Wholesale contracted sales average price (\$/MWh)	\$60.9	\$59.0	\$58.1	\$54.9	\$57.6	\$58.5	\$63.0	\$61.3	\$58.7	\$60.1	\$62.5	\$60.5
Total New Zealand customer connections	278,595	279,967	280,209	280,211	281,314	282,396	283,724	285,611	287,167	288,538	289,431	290,756
<b>New Zealand Generation</b>												
Hydro generation volume (GWh)	739	831	867	985	1,000	867	888	878	1,049	994	1,037	1,131
Wind generation volume (GWh)	108	118	116	106	82	118	80	102	105	118	113	96
<b>Total generation volume (GWh)</b>	<b>847</b>	<b>949</b>	<b>983</b>	<b>1,091</b>	<b>1,082</b>	<b>985</b>	<b>968</b>	<b>980</b>	<b>1,154</b>	<b>1,112</b>	<b>1,150</b>	<b>1,227</b>
Average generation price (\$/MWh)	\$156.5	\$83.4	\$55.0	\$53.1	\$95.5	\$128.4	\$127.2	\$64.8	\$55.2	\$54.3	\$56.1	\$91.1
Acquired generation volume (GWh)	282	206	158	164	178	200	234	156	152	163	169	160
Cost of acquired generation (\$/MWh)	\$77.4	\$70.1	\$62.5	\$60.6	\$64.9	\$69.9	\$75.4	\$65.0	\$63.6	\$63.9	\$63.2	\$63.4
Acquired generation revenue average price (\$/MWh)	\$138.8	\$84.1	\$55.6	\$54.4	\$99.7	\$114.2	\$114.2	\$65.5	\$59.8	\$57.7	\$56.5	\$93.2
Future contract close outs (\$m)	-0.7	-0.6	-0.7	-0.3	0.1	-0.4	-0.3	-0.4	0.0	0.0	-0.2	0.0
Contracted sales supply volume (GWh)	1,067	1,077	1,053	1,054	1,174	1,163	1,140	1,086	1,205	1,150	1,191	1,225
Cost to supply contracted sales (\$/MWh)	\$155.0	\$88.2	\$59.2	\$54.4	\$100.1	\$126.8	\$130.2	\$69.1	\$59.8	\$57.5	\$58.4	\$95.3
<b>Australia</b>												
Wind generation volume (GWh)	69	60	67	42	32	35	40	37	44	33	51	43
Hydro generation volume (GWh)									2	22	2	2
Retail contracted electricity sales volume (GWh)	59	58	50	43	39	40	43	39	39	38	47	53
Retail contracted gas sales volume (TJ)												
Powershop electricity customer connections	97,547	97,465	97,456	97,760	97,828	97,361	97,826	97,499	97,522	97,950	97,704	97,241
Powershop gas customer connections											29	281

Note: Powershop Australia electricity customer connection numbers now exclude vacants

# 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
Contracts for Difference (CFDs)	an agreement between parties to pay the difference between the wholesale electricity price and an agreed fixed price for a specified volume of electricity. CFDs do not result in the physical supply of electricity
Customer connections (NZ)	number of installation control points, excluding vacants
FRMP	financially responsible market participant, 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 Waiau hydro storage lakes over the last 84 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
MIRN	meter identification reference number
MWh	megawatt hour. Enough electricity for one average New Zealand household for 46 days
National demand	Electricity Authority’s reconciled grid demand <a href="http://www.emi.ea.govt.nz">www.emi.ea.govt.nz</a>
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
Virtual Asset Swaps (VAS)	CFDs Meridian has with Genesis Energy and Mercury. They do not result in the physical supply of electricity