



meridian



Quarterly Operating Report

Three months ended 30 September 2013

Highlights

Reached agreement with Rio Tinto on the Tiwai Point Smelter electricity contract

Quarterly inflows at 139% of historic average
Waitaki storage at 155% of historic average

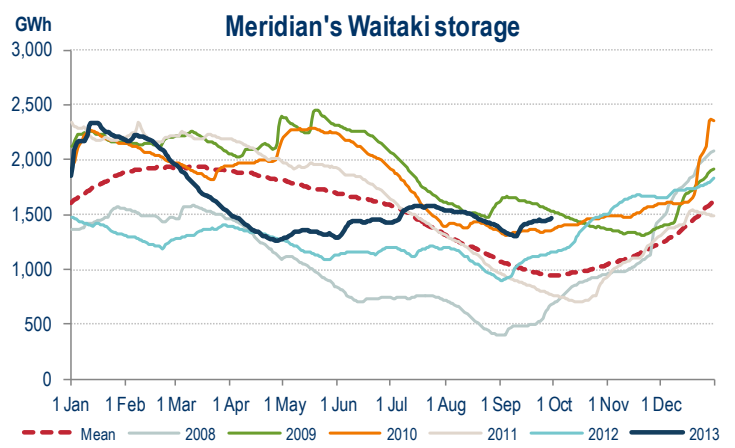
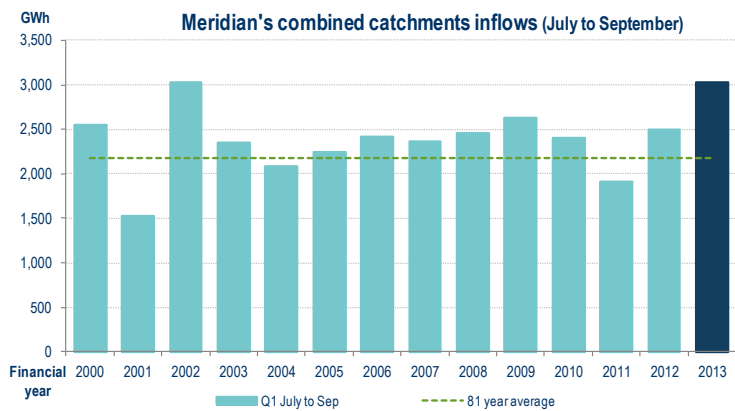
13% increase in generation volumes compared to the same quarter last year

Inflows and storage

Catchment inflows were 139% of historic average during the quarter and 21% higher than the same quarter last year.

The quarter's inflows were dominated by very high inflows in early July and mid September, which resulted in comparatively high storage levels by the end of the quarter.

At the end of September 2013, Meridian's Waitaki catchment storage was at 1,465GWh, which is 155% of the historic average and 312GWh (27%) higher than the same quarter last year.



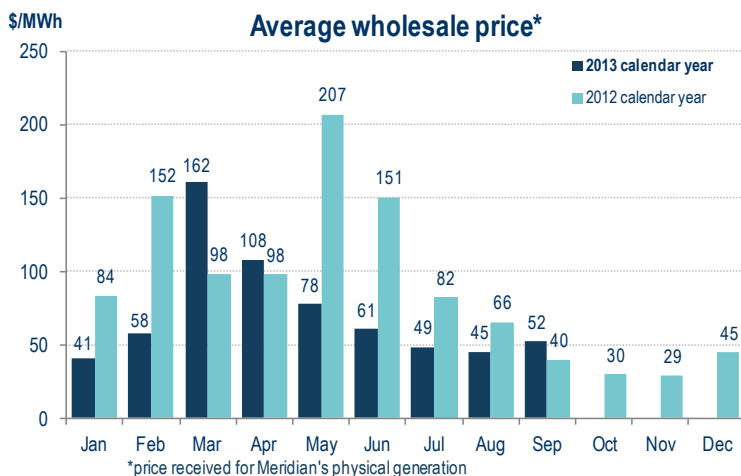
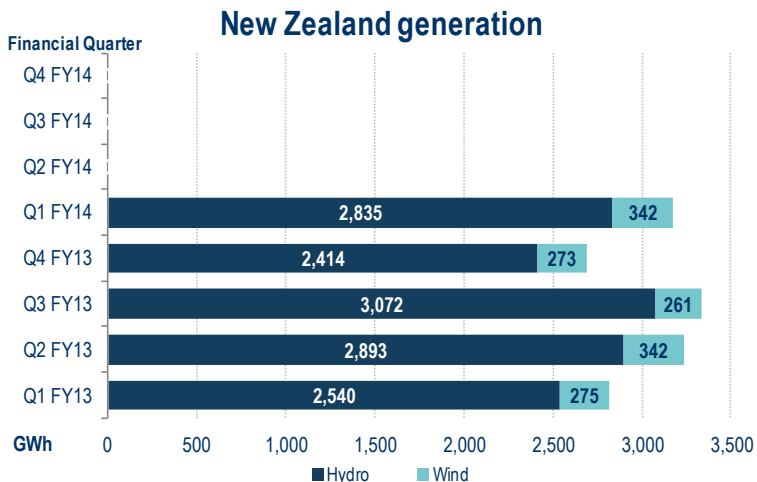
Generation

With above average inflows and strong wind conditions, Meridian's New Zealand generation was 13% higher than the same period last year. Meridian enjoyed solid generation market share, with weekly share well above 30% throughout the quarter, despite constraints on the HVDC.

Favourable wind conditions lifted wind generation by 24% compared to the same quarter last year.

The average price Meridian received for its generation was 22% lower than the same quarter last year, largely reflecting the higher than average hydro storage position.

The availability of the HVDC continues to be constrained by Transpower's work on Pole 2's new control system. Testing is scheduled to be completed before the end of the 2013 calendar year.

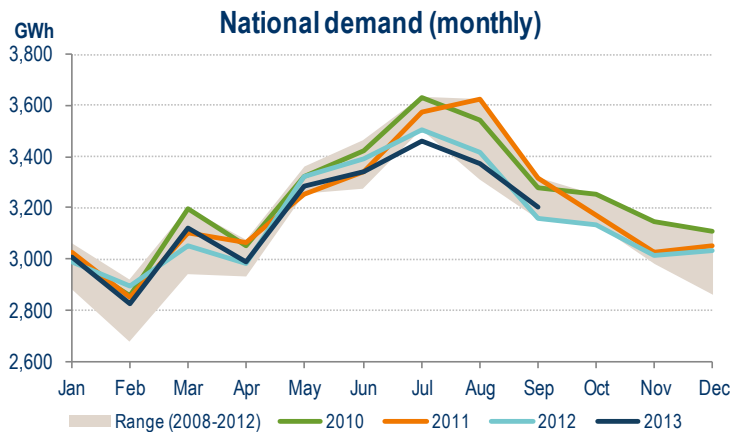


Demand

Subdued national demand continues to be influenced by longer term decline in industrial demand.

Demand this quarter was flat compared to the same quarter last year. This is despite a reduction in Norske Skog's Tasman Mill consumption (around 1.3% of national demand) and very mild winter temperatures.

Contributing to this quarter's demand was the progressive return of New Zealand Aluminium Smelters' load to the new contract volume of 572MW. This followed lower smelter consumption through the period of dry South Island conditions earlier in 2013.

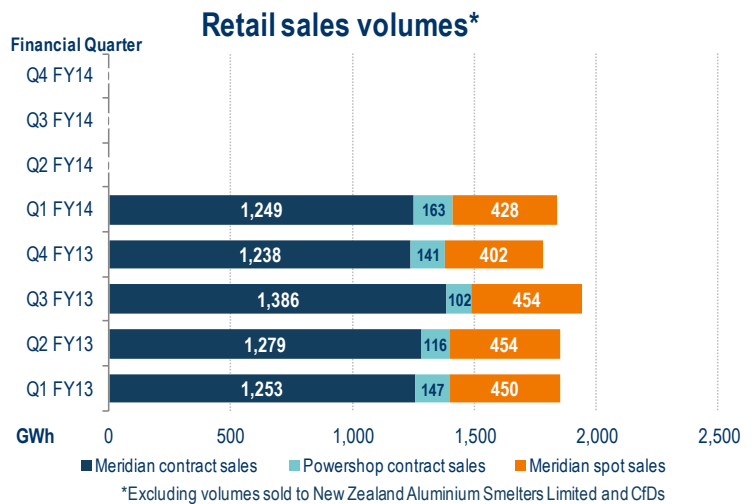
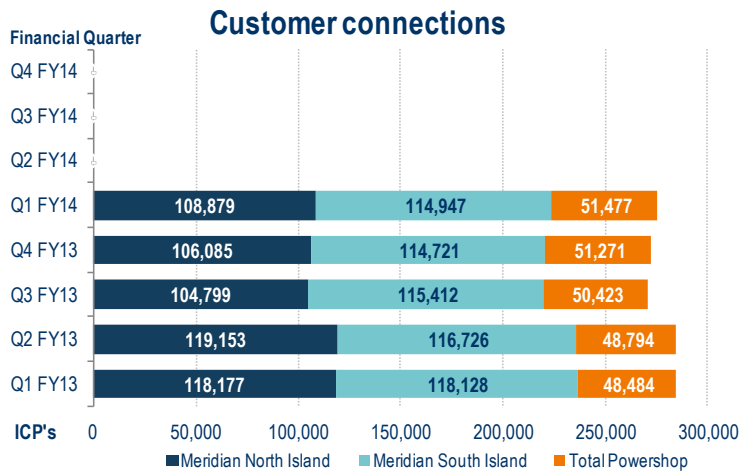


Retail

Meridian's customer connection numbers increased by 3,000 during the quarter, reflecting 3% growth in North Island customer connection numbers.

Switching rates remain high with 12 month average churn at 18.9% by the end of September 2013.

Meridian's retail sales volumes increased by 3% during the quarter and remain largely unchanged from the same quarter last year.



Development

Construction continues on the Mill Creek and Mt Mercer wind farms. Civil and electrical works are drawing to a conclusion at Mt Mercer and turbine foundation construction is underway at Mill Creek.

Refurbishment work on the Waitaki dam and power station is now underway, which will reinstate the station's seventh generation unit, and includes erosion, seismic and flood protection work around the site.



Turbine components arriving at the Port of Geelong, prior to delivery to Mt Mercer site

Management changes

On 22 July 2013, Alan McCauley started at Meridian, replacing Bill Highet as the General Manager, Retail. Alan joined Meridian from Melbourne-based energy retailer, Red Energy, where he was General Manager for Customer Management.

Ken Smales, General Manager, Renewable Development retired on 20 September 2013. Ken gave 44 years service to Meridian and its predecessors and made a significant contribution to the company and the industry over this time.

Operating information

	3 months to 30 Sep 2013 current quarter	3 months to 30 June 2013 previous quarter	3 months to 30 Sep 2012 prior quarter comparative	12 months to 30 June 2013 prior full year comparative
Generation (GWh)				
- Hydro generation	2,835	2,414	2,540	10,918
- Wind generation	342	273	275	1,153
Total NZ Generation	3,177	2,687	2,815	12,071
Avg Price per MWh Generated ¹	\$48.58/MWh	\$80.80/MWh	\$62.41/MWh	\$64.90/MWh
Customer Connections²				
- Meridian Retail connections	223,826	220,806	236,305	220,806
- Powershop connections	51,477	51,271	48,484	51,271
Total Retail Connections	275,303	272,077	284,789	272,077
Retail Sales Volumes³				
Powershop Contract Electricity Sales (GWh)	163	141	147	506
Meridian Contract Electricity Sales (GWh)	1,249	1,238	1,253	5,155
Meridian Spot Electricity Sales (GWh)	428	402	450	1,760

¹Price received for Meridian's physical generation

²Installation control points (ICPs), excluding vacant ICPs

³Excluding volumes sold to New Zealand Aluminium Smelters Ltd and CfDs