

Monthly Operating Report

August 2014



meridian



August Highlights



In the month to 15 September 2014, national hydro storage fell from 133% to 94% of historical average

South Island storage now sits at 99% of average and North Island storage at 77% of average



Meridian's August 2014 monthly inflows were 168% of historical average

Meridian's Waitaki catchment storage remained high, sitting at 136% of average at the end of August 2014



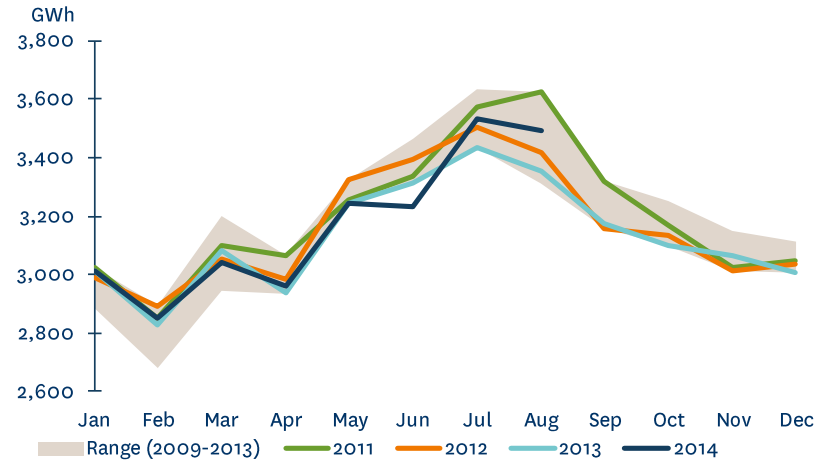
Electricity demand in August 2014 was 4.2% higher than in August last year

Demand in 2014 is slightly higher compared to the same eight month period last year

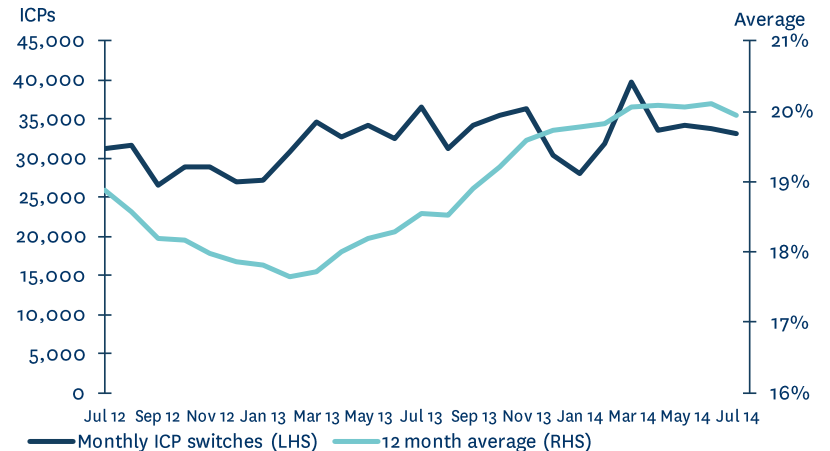
Market Data

- Demand in August 2014 was 4.2% higher than the same month last year, reflecting comparatively colder average temperatures this month
- Demand in 2014 is showing slight growth compared with the same eight month period last year
- New Zealand Aluminium Smelters' average load during August 2014 was consistent with the 572MW base quantity of the NZAS agreement
- The number of switches in July 2014 was 1.7% lower than the previous month and was 9.4% lower than July 2013
- 12 month average switching rate of 19.9% at the end of July 2014

NATIONAL DEMAND

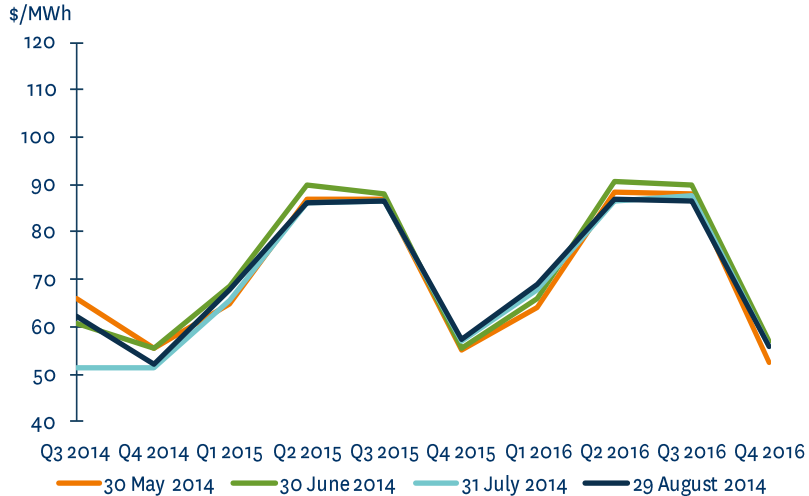


MARKET ICP SWITCHING (ALL RETAILERS)



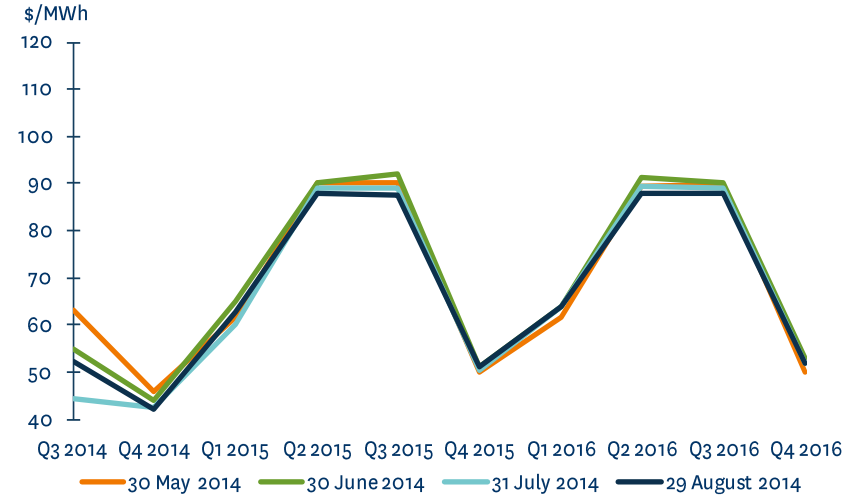
Market Data

OTAHUHU ASX FUTURES SETTLEMENT PRICE

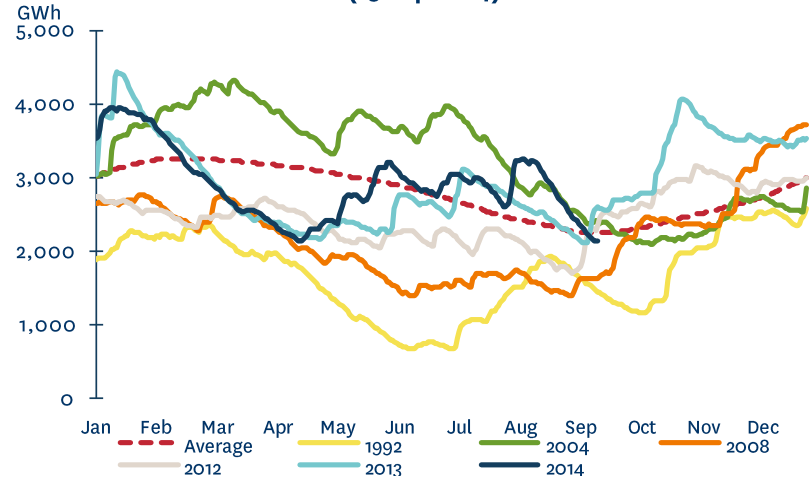


- Declining hydro storage saw 2014 ASX futures prices rise. 2015 and 2016 prices showed little movement from recent months
- National storage fell from 133% of average on 11 August 2014 to 94% of average by 15 September 2014
- South Island storage fell to 99% of historical average by 15 September 2014. North Island storage has risen to 77% of average

BENMORE ASX FUTURES SETTLEMENT PRICE

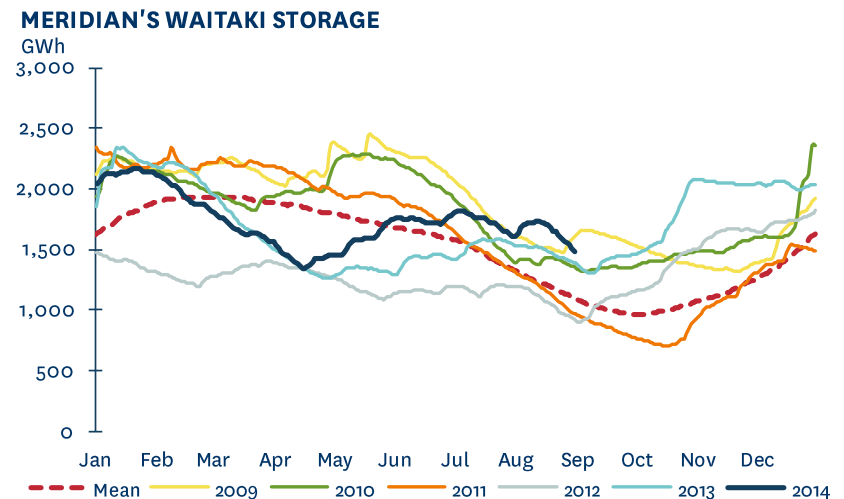
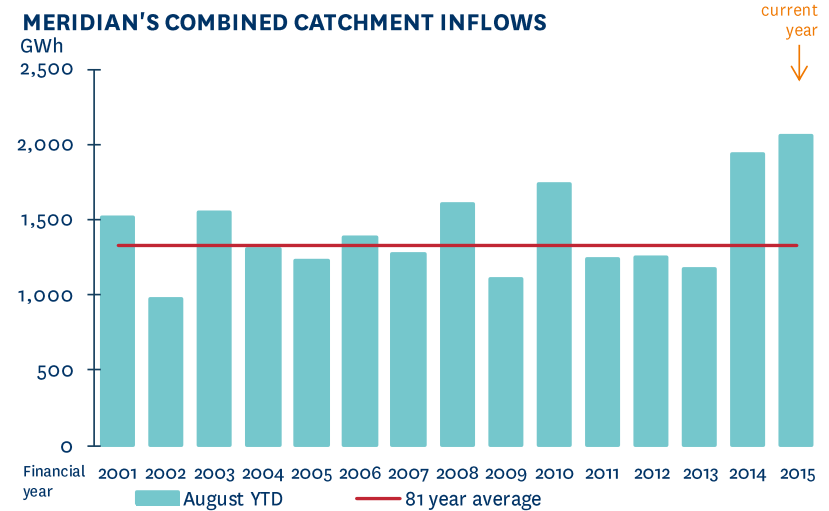


NATIONAL HYDRO STORAGE (15 Sep 2014)



Meridian Operating Information

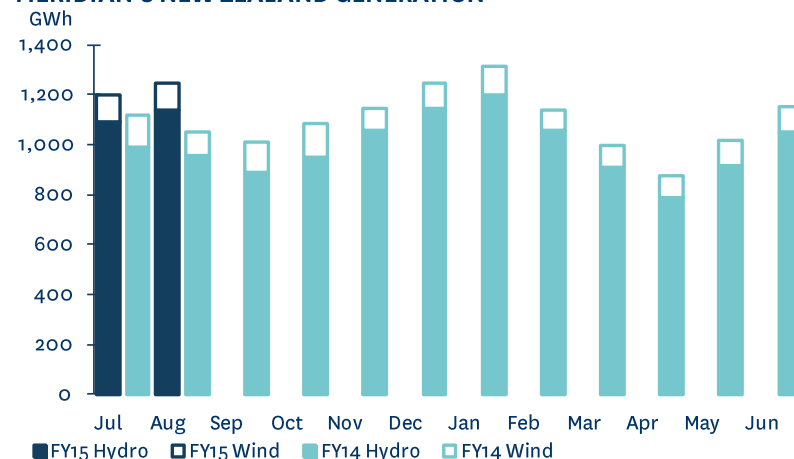
- August 2014 monthly inflows were 168% of historical average, representing the 5th highest August inflows on record
- To date this financial year inflows are 155% of historical average
- Meridian's Waitaki catchment storage at the end of August 2014 was 1,485GWh, which was 136% of historical average
- Waitaki storage at the end of August 2014 was 7% higher than the same time last year
- Storage in Meridian's Waiau catchment also fell during August 2014



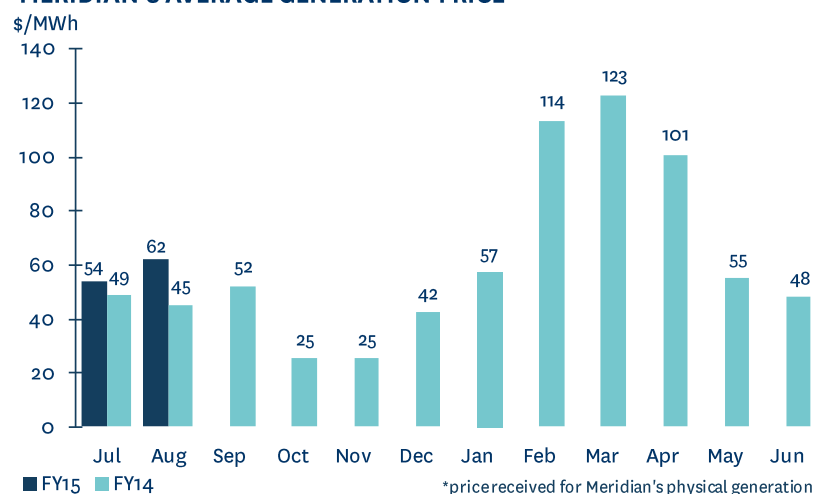
Meridian Operating Information

- Meridian's New Zealand generation in August 2014 was 18.6% higher than the same month last year
- To date this financial year Meridian's New Zealand generation is 12.9% higher than the same period last year
- This largely reflects Meridian's high hydro generation in August 2014, 19.6% higher than the same month last year
- The average price Meridian received for its generation in August 2014 was 38.0% higher than the same month last year
- The average price Meridian paid to supply contracted sales in August 2014 was also higher than the same month last year

MERIDIAN'S NEW ZEALAND GENERATION



MERIDIAN'S AVERAGE GENERATION PRICE*

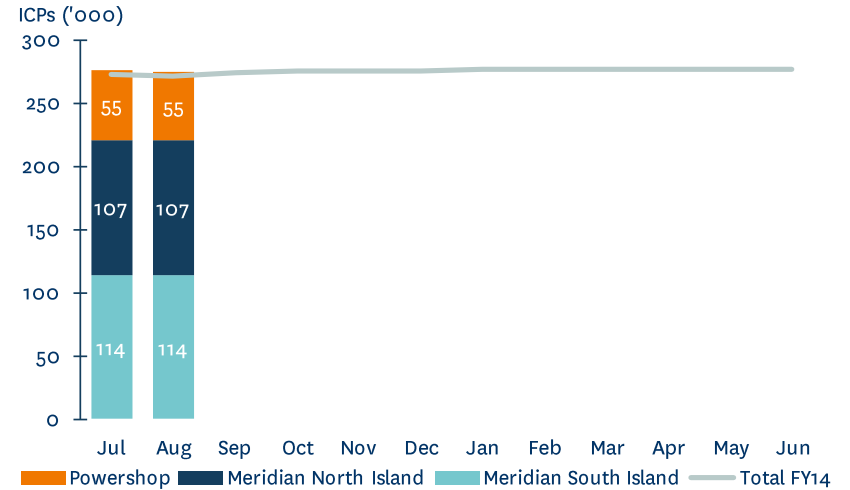


*price received for Meridian's physical generation

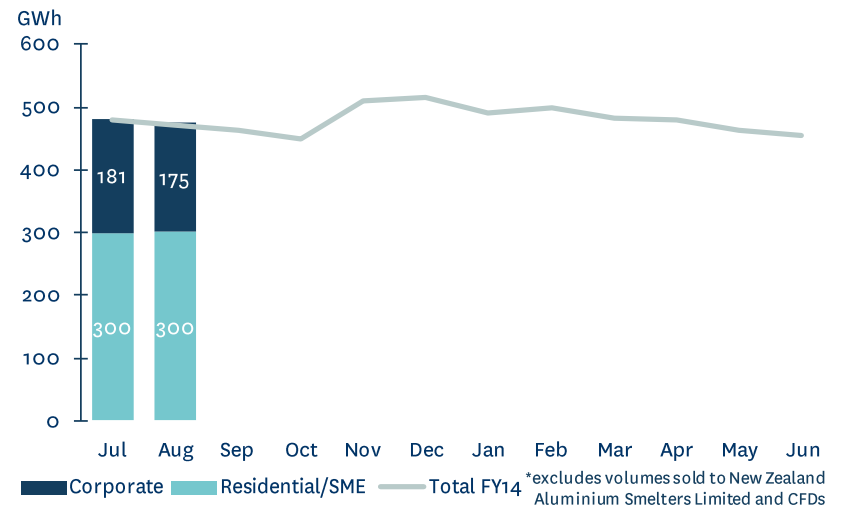
Meridian Operating Information

- Meridian's New Zealand customer connection numbers fell slightly during August 2014
- Powershop Australia customer numbers now exceed 18,500, with another 3,000 in the process of switching in
- Retail sales volumes in August 2014 increased by 1.1% compared to August 2013
- Compared to August 2013, residential/SME sales volumes increased by 2.1% and corporate sales volumes fell by 0.6%
- To date this financial year Meridian's retail sales volumes are 0.7% higher than the same period last year
- This reflects a 2.9% increase in corporate sales volumes and a 0.6% decrease in residential/SME sales volumes

MERIDIAN'S NEW ZEALAND CUSTOMER CONNECTIONS



MERIDIAN'S RETAIL SALES VOLUMES*



Meridian Operating Information

	August 2014 month	August 2013 month	July 2014 month	June 2014 month	2 months to August 2014	2 months to August 2013
New Zealand Contracted Sales¹						
Retail contracted sales volume (GWh)	475	470	481	455	956	949
Average retail contracted sales price (\$/MWh)	\$113.0	\$120.8	\$117.3	\$118.4	\$115.2	\$117.7
NZAS sales volume (GWh)	426	426	426	412	851	851
Sell side derivative volumes ² (GWh)	170	29	95	88	265	66
Wholesale contracted sales average price (\$/MWh)	\$50.7	\$50.4	\$50.2	\$55.2	\$50.5	\$51.5
Total New Zealand customer connections ³	275,410	272,638	276,413	276,708		
Powershop Australia customer connections ⁴	18,519	493	15,415	13,426		
New Zealand Generation						
Hydro generation volume (GWh)	1,141	954	1,095	1,049	2,235	1,943
Wind generation volume (GWh)	108	98	106	100	214	226
Total generation volume (GWh)	1,249	1,052	1,201	1,149	2,449	2,169
Average generation price ⁵ (\$/MWh)	\$62.4	\$45.2	\$54.0	\$48.0	\$58.3	\$46.9
Acquired generation volume ⁶ (GWh)	120	158	142	121	262	315
Cost of acquired generation (\$/MWh)	\$84.8	\$86.6	\$88.1	\$90.4	\$86.3	\$87.0
Cost to supply contracted sales (\$/MWh)	\$70.7	\$50.3	\$57.9	\$51.1	\$64.5	\$50.1

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

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
Customer connections (Australia)	number of financially responsible market participants, 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