



meridian

Powering today, protecting tomorrow

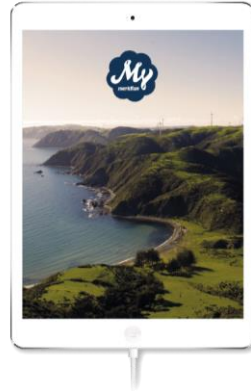


January highlights



In the month to 13 February 2017, national hydro storage increased from 109% to 120% of historical average

South Island storage sat at 119% of average and North Island storage at 132% of average on 13 February 2017



Meridian's January 2017 monthly inflows were 123% of historical average

Meridian's Waitaki catchment storage at the end of January 2017 was 118% of historical average



National electricity demand in January 2017 was 0.3% higher than the same month last year

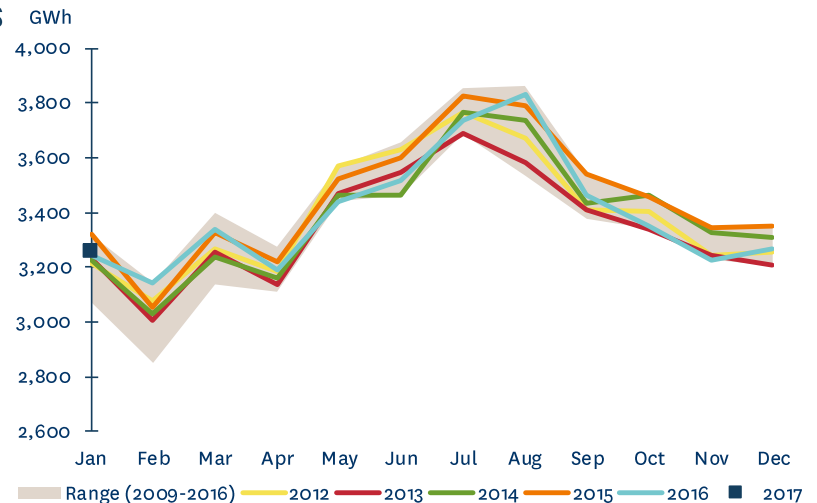
January demand reflected contrasting rainfall and soil moisture levels in the North and South Islands

Meridian's retail sales volumes in January 2017 increased by 4.8% compared to January 2016

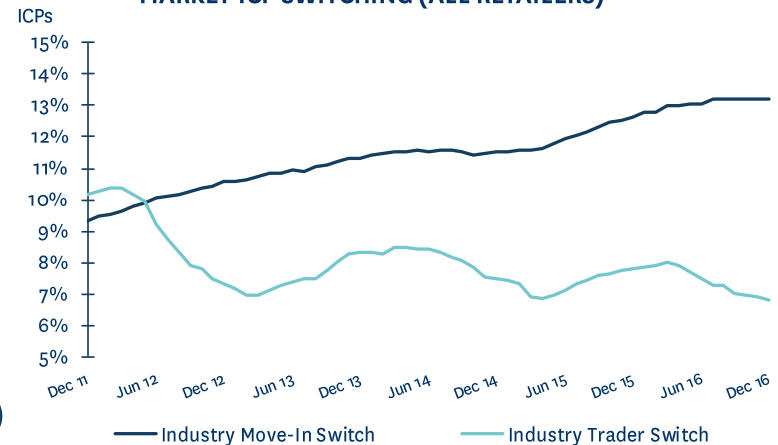
Market data

- National electricity demand¹ in January 2017 was 0.3% higher than the same month last year
- January rainfall was well below average in the north and east of the North Island and above average through most of the rest of New Zealand
- Soil moisture levels were much lower than normal across most of the North Island and coastal North Canterbury
- Demand in the last 12 months was 1.2% lower than the preceding 12 months
- New Zealand Aluminium Smelter's average load during January 2017 was at the 572MW base quantity of the NZAS agreement
- 12-month average switching rate of customers changing retailers but not moving ("trader" switch) was 6.8% at the end of December 2016
- 12-month average switching rate of customers moving and changing retailers ("move in" switch) was 13.2% at the end of December 2016

NATIONAL DEMAND



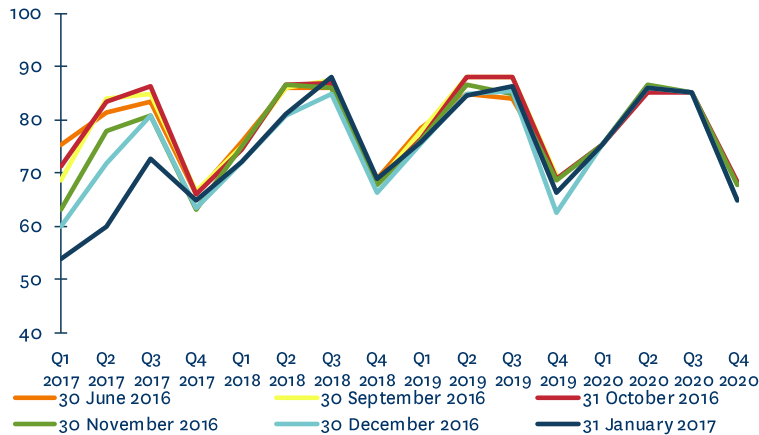
MARKET ICP SWITCHING (ALL RETAILERS)



Market data

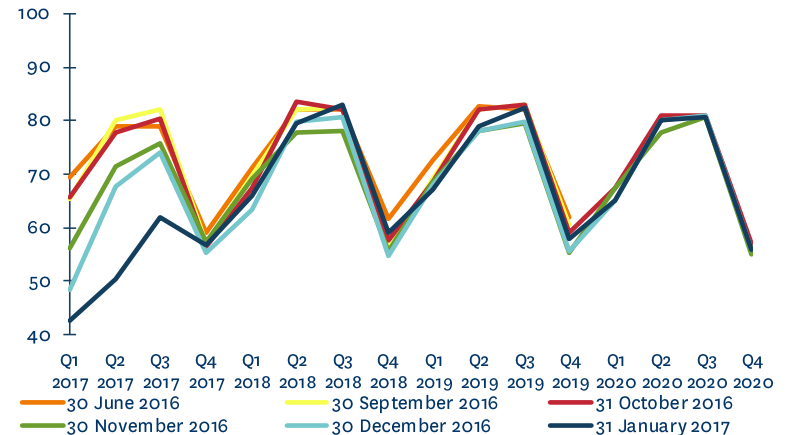
OTAHUHU ASX FUTURES SETTLEMENT PRICE

\$/MWh



BENMORE ASX FUTURES SETTLEMENT PRICE

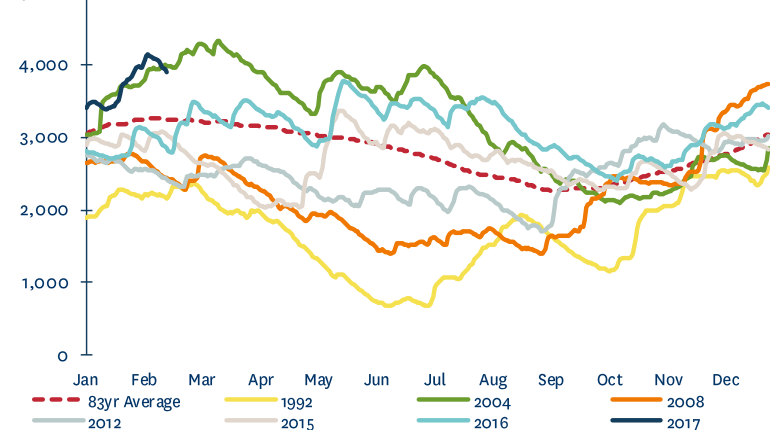
\$/MWh



- January 2017 saw further reduction in near-term ASX prices
- National storage increased from 109% of the 83 year average on 17 January 2017 to 120% of average on 13 February 2017
- South Island storage increased to 119% of historical average on 17 January 2017. North Island storage remained unchanged at 132% of average

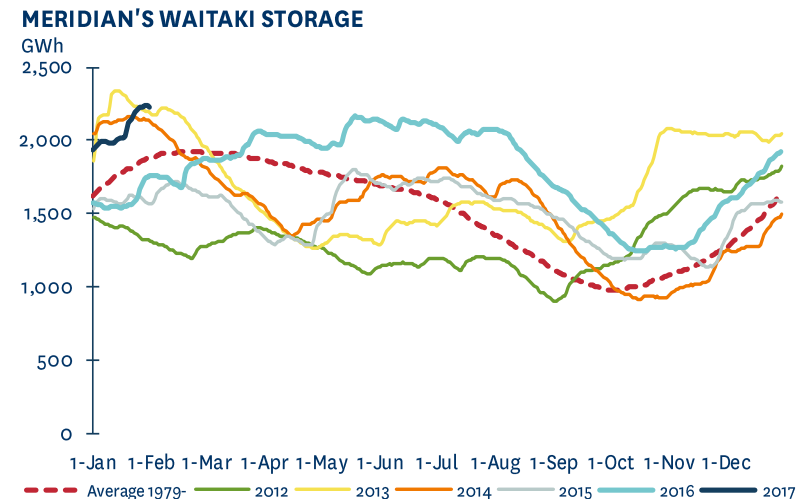
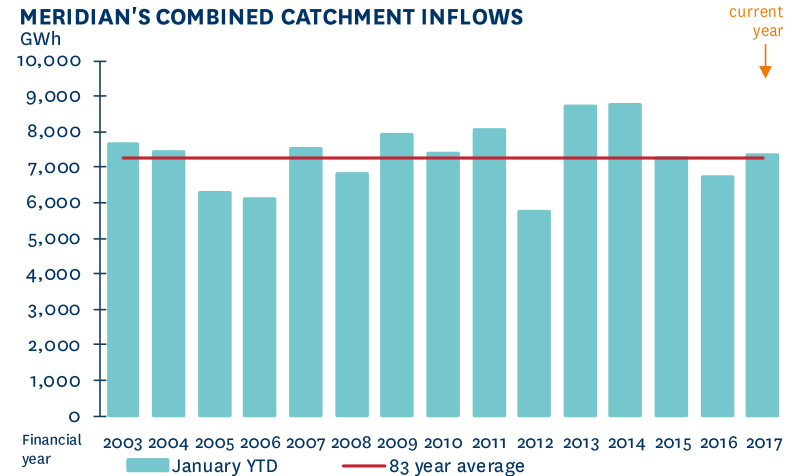
NATIONAL HYDRO STORAGE (13 FEBRUARY 2017)

GWh



Meridian operating information

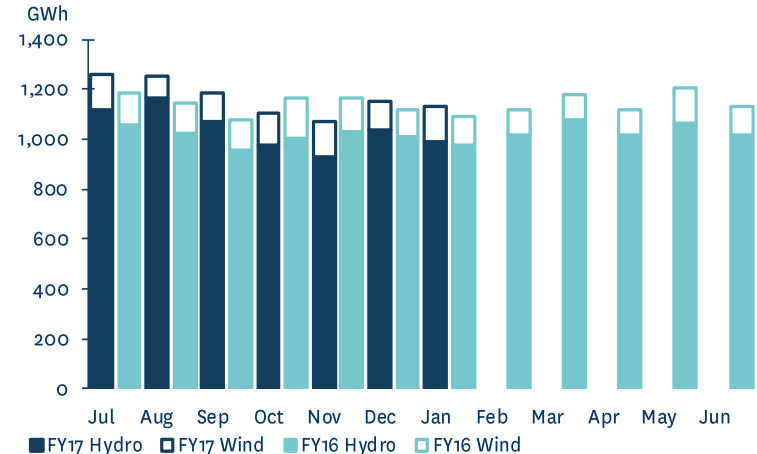
- January 2017 monthly inflows were 123% of historical average
- To date this financial year, inflows are 101% of historical average
- Meridian's Waitaki catchment storage moved from 1,919GWh to 2,226GWh during January 2017
- Waitaki storage at the end of January 2017 was 118% of historical average, unchanged from the position a month earlier
- Waitaki storage at the end of January 2017 was 27% higher than the same time last year
- Total storage in Meridian's Waiau catchment increased during January 2017



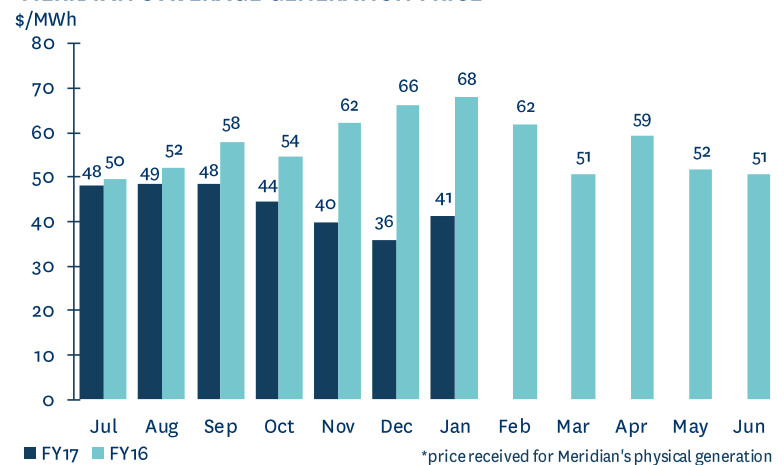
Meridian operating information

- Meridian's New Zealand generation in January 2017 was 3.2% higher than the same month last year, reflecting higher hydro generation and higher wind generation
- To date this financial year, Meridian's New Zealand generation is 2.6% higher than the same period last year, reflecting higher hydro generation and lower wind generation
- The average price Meridian received for its generation in January 2017 was 38.9% lower than the same month last year
- The average price Meridian paid to supply contracted sales in January 2017 was 38.3% lower than the same month last year
- To date this financial year, the average price Meridian has received for its generation is 24.8% lower than the same period last year

MERIDIAN'S NEW ZEALAND GENERATION



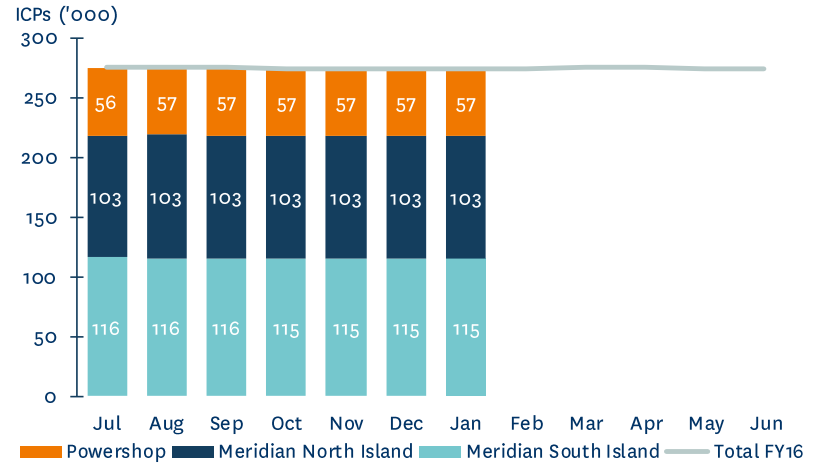
MERIDIAN'S AVERAGE GENERATION PRICE*



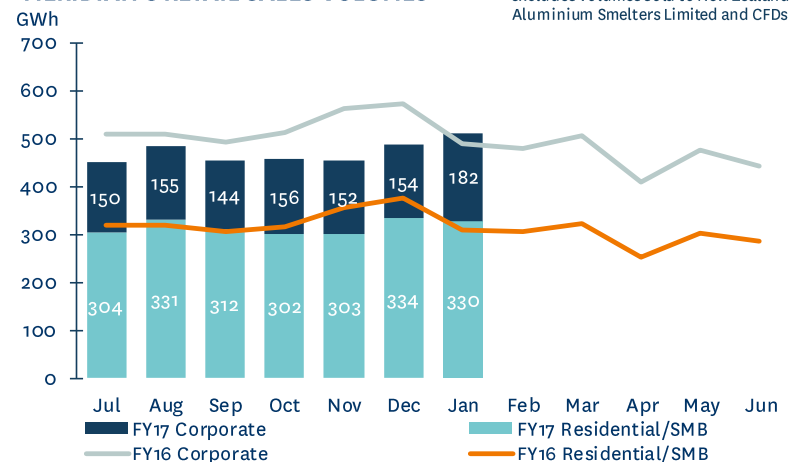
Meridian operating information

- Meridian's New Zealand customer connection numbers fell slightly during January 2017
- Retail sales volumes in January 2017 increased by 4.8% compared to January 2016
- Compared to January 2016, residential/SMB sales volumes increased by 6.8% (higher SMB sales, lower but improving irrigation load) and corporate sales volumes increased by 1.3% (recent large customer signings)
- Despite a 0.2% increase in customer connection numbers since June 2016, Meridian's retail sales volumes in the current financial year are 9.4% lower than the same period last year
- This reflects a 4.0% irrigation driven decrease in residential/SMB sales volumes and an 18.6% decrease in corporate sales volumes

MERIDIAN'S NEW ZEALAND CUSTOMER CONNECTIONS



MERIDIAN'S RETAIL SALES VOLUMES*



Meridian operating information

	January 2017 month	January 2016 month	December 2016 month	November 2016 month	7 months to January 2017	7 months to January 2016
New Zealand Contracted Sales¹						
Retail contracted sales volume (GWh)	512	489	489	455	3,310	3,653
Average retail contracted sales price (\$/MWh)	\$96.9	\$96.1	\$99.6	\$98.7	\$107.0	\$103.4
NZAS sales volume (GWh)	426	426	426	412	2,951	2,951
Sell side derivative volumes ² (GWh)	137	94	87	110	713	770
Wholesale contracted sales average price (\$/MWh)	\$55.5	\$53.5	\$50.0	\$50.4	\$51.0	\$51.3
Total New Zealand customer connections ³	275,598	274,433	275,714	275,785		
Powershop Australia customer connections ⁴	<i>not disclosed</i>	<i>not disclosed</i>	90,638	<i>not disclosed</i>		
New Zealand Generation						
Hydro generation volume (GWh)	991	980	1,036	926	7,286	7,066
Wind generation volume (GWh)	138	114	116	144	872	886
Total generation volume (GWh)	1,129	1,094	1,152	1,070	8,158	7,952
Average generation price ⁵ (\$/MWh)	\$41.4	\$67.9	\$35.9	\$40.0	\$44.0	\$58.6
Acquired generation volume ⁶ (GWh)	172	71	56	64	626	739
Cost of acquired generation (\$/MWh)	\$59.6	\$74.5	\$65.6	\$66.8	\$58.4	\$75.2
Acquired generation revenue average price (\$/MWh)	\$45.4	\$72.2	\$43.9	\$47.2	\$49.1	\$59.9
Future contract close outs (\$m)	\$0.1	(\$0.1)	\$0.1	\$0.0	(\$0.1)	(\$1.9)
Contracted sales supply volume (GWh)	1,091	1,009	1,022	1,007	7,125	7,543
Cost to supply contracted sales (\$/MWh)	\$44.6	\$72.3	\$38.6	\$42.3	\$47.2	\$62.5

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. 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. Derivatives acquired excluding the buy-side of virtual asset swaps

MERIDIAN ENERGY LIMITED Monthly operating report for January 2017

Meridian operating information

	Jul 2016	Aug 2016	Sep 2016	Oct 2016	Nov 2016	Dec 2016	Jan 2017	Feb 2017	Mar 2017	Apr 2017	May 2017	Jun 2017
New Zealand Contracted Sales												
Retail contracted sales volume (GWh)	454	487	456	458	455	489	512					
Average retail contracted sales price (\$/MWh)	\$122.9	\$119.7	\$112.2	\$100.1	\$98.7	\$99.6	\$96.9					
NZAS sales volume (GWh)	426	426	411	426	412	426	426					
Sell side derivative volumes (GWh)	64	87	128	102	110	87	137					
Wholesale contracted sales average price (\$/MWh)	\$49.7	\$50.8	\$50.3	\$50.2	\$50.4	\$50.0	\$55.5					
Total New Zealand customer connections	275,344	275,861	275,840	275,339	275,785	275,714	275,598					
Powershop Australia customer connections	not disclosed	not disclosed	83,908	not disclosed	not disclosed	90,638	not disclosed					
New Zealand Generation												
Hydro generation volume (GWh)	1,119	1,166	1,069	980	926	1,036	991					
Wind generation volume (GWh)	143	91	114	125	144	116	138					
Total generation volume (GWh)	1,262	1,257	1,183	1,105	1,070	1,152	1,129					
Average generation price (\$/MWh)	\$48.1	\$48.5	\$48.3	\$44.4	\$40.0	\$35.9	\$41.4					
Acquired generation volume (GWh)	102	112	72	49	64	56	172					
Cost of acquired generation (\$/MWh)	\$46.2	\$58.2	\$52.1	\$70.0	\$66.8	\$65.6	\$59.6					
Acquired generation revenue average price (\$/MWh)	\$48.3	\$57.8	\$51.5	\$49.1	\$47.2	\$43.9	\$45.4					
Future contract close outs (\$m)	(\$0.2)	(\$0.1)	(\$0.1)	\$0.0	\$0.0	\$0.1	\$0.1					
Contracted sales supply volume (GWh)	950	1,021	1,003	1,032	1,007	1,022	1,091					
Cost to supply contracted sales (\$/MWh)	\$54.4	\$52.7	\$51.1	\$47.0	\$42.3	\$38.6	\$44.6					

Meridian operating information

	Jul 2015	Aug 2015	Sep 2015	Oct 2015	Nov 2015	Dec 2015	Jan 2016	Feb 2016	Mar 2016	Apr 2016	May 2016	Jun 2016
New Zealand Contracted Sales												
Retail contracted sales volume (GWh)	509	510	495	513	563	574	489	480	509	410	476	443
Average retail contracted sales price (\$/MWh)	\$120.9	\$119.3	\$111.5	\$96.1	\$94.9	\$88.2	\$96.1	\$100.0	\$99.9	\$107.7	\$118.0	\$122.6
NZAS sales volume (GWh)	426	426	411	426	412	426	426	398	426	412	426	412
Sell side derivative volumes (GWh)	140	158	113	114	102	49	94	90	81	112	177	51
Wholesale contracted sales average price (\$/MWh)	\$50.7	\$51.4	\$51.6	\$50.2	\$51.7	\$50.4	\$53.5	\$52.6	\$50.6	\$48.8	\$45.1	\$51.0
Total New Zealand customer connections	276,366	275,479	275,875	275,048	274,146	274,101	274,433	275,006	275,869	275,771	274,947	274,920
Powershop Australia customer connections	not disclosed	not disclosed	55,993	not disclosed	not disclosed	63,763	not disclosed	not disclosed	71,111	not disclosed	not disclosed	77,970
New Zealand Generation												
Hydro generation volume (GWh)	1,060	1,021	954	1,006	1,033	1,013	980	1,015	1,076	1,016	1,063	1,014
Wind generation volume (GWh)	123	124	124	157	135	108	114	103	101	102	144	121
Total generation volume (GWh)	1,183	1,145	1,078	1,163	1,168	1,121	1,094	1,118	1,177	1,118	1,207	1,135
Average generation price (\$/MWh)	\$49.7	\$52.2	\$58.0	\$54.5	\$62.1	\$66.3	\$67.9	\$61.8	\$50.7	\$59.2	\$51.7	\$50.6
Acquired generation volume (GWh)	144	97	95	133	94	105	71	44	69	111	87	80
Cost of acquired generation (\$/MWh)	\$82.2	\$84.7	\$83.6	\$62.0	\$70.5	\$70.8	\$74.5	\$75.2	\$75.1	\$78.7	\$75.1	\$78.9
Acquired generation revenue average price (\$/MWh)	\$50.4	\$52.4	\$56.6	\$56.6	\$66.6	\$72.3	\$72.2	\$74.6	\$62.9	\$66.3	\$57.6	\$58.1
Future contract close outs (\$m)	(\$0.1)	(\$0.9)	(\$0.1)	(\$0.1)	(\$0.2)	(\$0.2)	(\$0.1)	(\$0.8)	(\$1.0)	(\$1.1)	(\$2.0)	(\$0.3)
Contracted sales supply volume (GWh)	1,093	1,120	1,050	1,090	1,096	1,086	1,009	991	1,036	930	1,114	940
Cost to supply contracted sales (\$/MWh)	\$52.6	\$55.5	\$60.4	\$57.9	\$69.0	\$70.7	\$72.3	\$66.6	\$54.4	\$64.3	\$54.5	\$54.5

Meridian operating information

	Jul 2014	Aug 2014	Sep 2014	Oct 2014	Nov 2014	Dec 2014	Jan 2015	Feb 2015	Mar 2015	Apr 2015	May 2015	Jun 2015
New Zealand Contracted Sales												
Retail contracted sales volume (GWh)	481	475	474	505	538	521	568	519	514	434	460	479
Average retail contracted sales price (\$/MWh)	\$117.3	\$113.0	\$107.3	\$95.6	\$93.4	\$87.6	\$91.5	\$92.7	\$94.6	\$110.4	\$117.0	\$122.9
NZAS sales volume (GWh)	426	426	411	426	412	426	426	384	426	412	426	412
Sell side derivative volumes (GWh)	95	170	125	87	69	61	75	50	49	11	209	100
Wholesale contracted sales average price (\$/MWh)	\$50.2	\$50.7	\$50.7	\$50.4	\$51.0	\$50.4	\$53.6	\$53.6	\$52.1	\$49.8	\$49.0	\$51.0
Total New Zealand customer connections	276,413	275,410	274,821	274,319	273,970	273,572	274,052	274,673	275,488	274,881	275,360	276,446
Powershop Australia customer connections	not disclosed	not disclosed	21,776	not disclosed	not disclosed	28,353	not disclosed	not disclosed	35,138	not disclosed	not disclosed	48,208
New Zealand Generation												
Hydro generation volume (GWh)	1,095	1,141	1,046	1,010	894	979	1,020	907	977	745	1,057	1,043
Wind generation volume (GWh)	106	108	124	134	153	113	95	103	95	120	132	136
Total generation volume (GWh)	1,201	1,248	1,170	1,144	1,047	1,092	1,115	1,009	1,072	865	1,189	1,179
Average generation price (\$/MWh)	\$54.0	\$62.4	\$58.5	\$64.2	\$69.2	\$78.9	\$96.4	\$87.4	\$81.0	\$87.1	\$45.6	\$45.7
Acquired generation volume (GWh)	142	120	114	48	56	51	39	59	40	114	194	77
Cost of acquired generation (\$/MWh)	\$87.6	\$84.8	\$86.3	\$77.5	\$76.5	\$79.4	\$79.1	\$85.2	\$80.1	\$86.6	\$60.6	\$91.7
Acquired generation revenue average price (\$/MWh)	\$54.4	\$65.0	\$54.4	\$67.3	\$74.4	\$87.1	\$99.9	\$92.2	\$79.9	\$81.3	\$47.9	\$48.3
Future contract close outs (\$m)	(\$2.4)	(\$2.1)	(\$0.9)	(\$0.7)	(\$0.2)	(\$0.3)	(\$2.1)	(\$0.7)	(\$1.5)	(\$1.6)	(\$1.8)	(\$0.5)
Contracted sales supply volume (GWh)	1,022	1,083	1,053	1,060	1,046	1,037	1,110	984	1,001	866	1,132	1,024
Cost to supply contracted sales (\$/MWh)	\$57.9	\$70.7	\$60.4	\$68.2	\$73.2	\$84.0	\$100.8	\$91.0	\$83.2	\$91.2	\$48.7	\$48.7

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
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 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	Electricity Authority's reconciled grid demand www.emi.ea.govt.nz
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 Mightly River Power. They do not result in the physical supply of electricity