



Meridian Energy

MONTHLY OPERATING REPORT *February 2014*

February Highlights

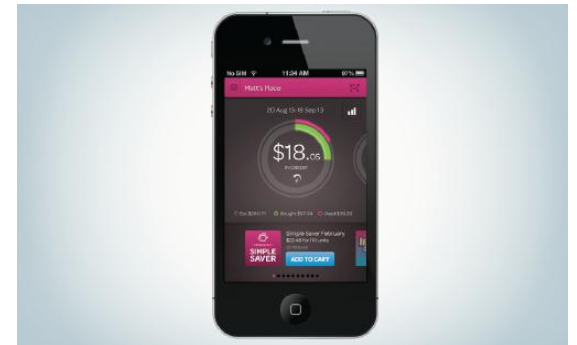
National hydro storage has fallen with significant North Island decline

ASX forward prices in 2014 and 2015 have risen

Meridian saw the 6th lowest February inflows on record this month

Meridian Waitaki catchment storage sat at 95% of historical average at the end of February

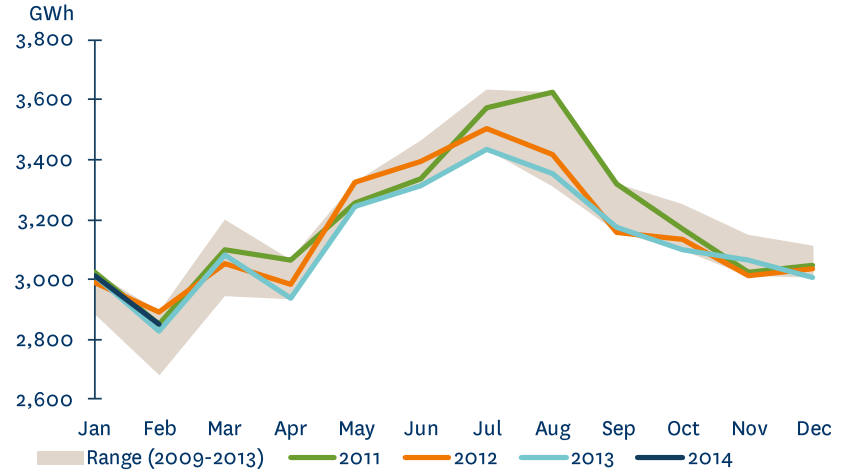
Meridian continues to experience higher retail contracted sales volumes and customer connections in the current financial year



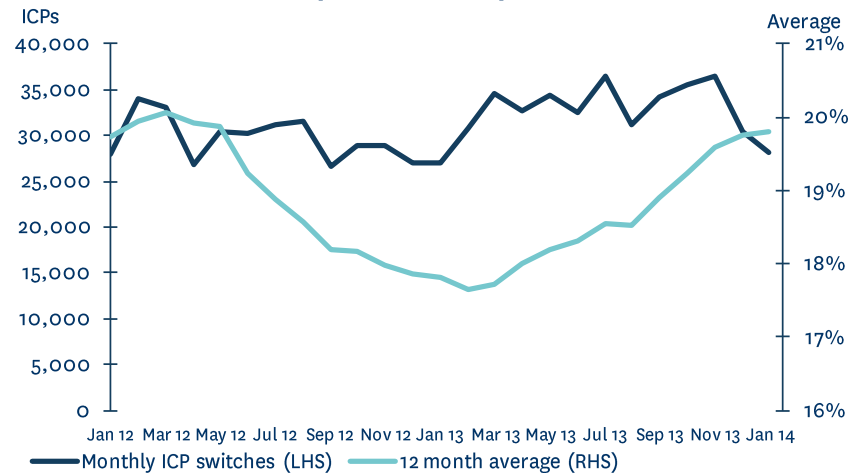
Market Data

- Demand in 2014 shows a slight increase compared to the same period last year
- New Zealand Aluminium Smelters' average load during February 2014 was slightly above the 572MW base quantity of the NZAS Agreement
- The number of switches in January 2014 was 4.1% higher than January 2013
- 12 month average switching rate of 19.8% at the end of January 2014

NATIONAL DEMAND

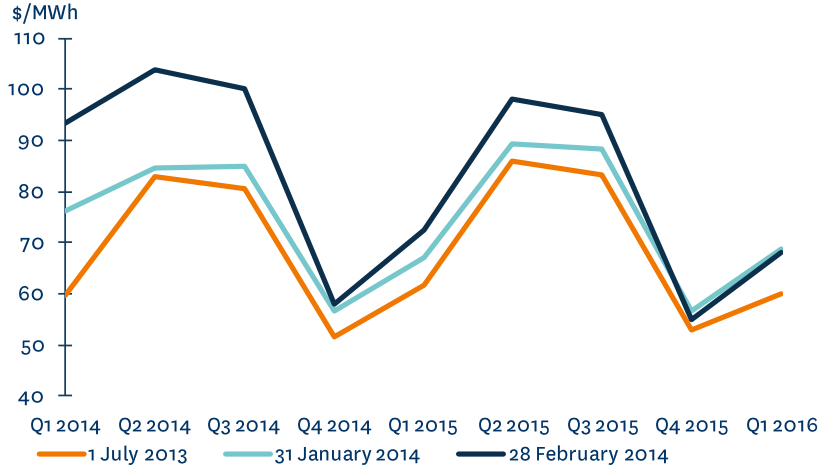


MARKET ICP SWITCHING (ALL RETAILERS)

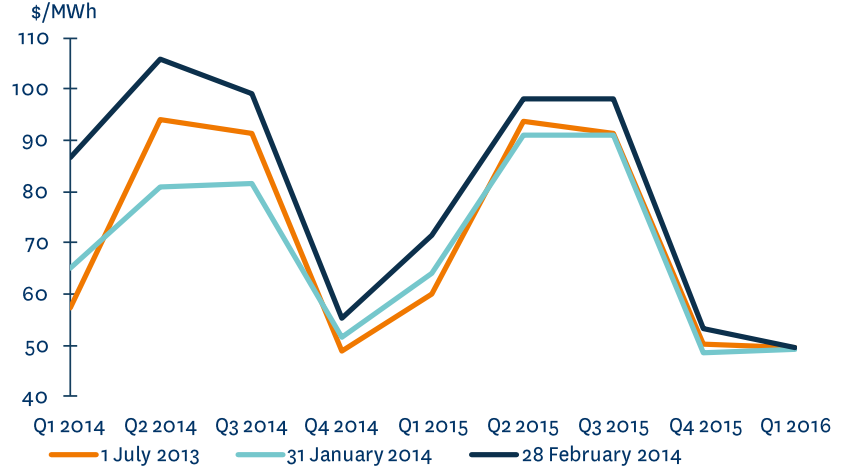


Market Data

OTAHUHU ASX FUTURES SETTLEMENT PRICE

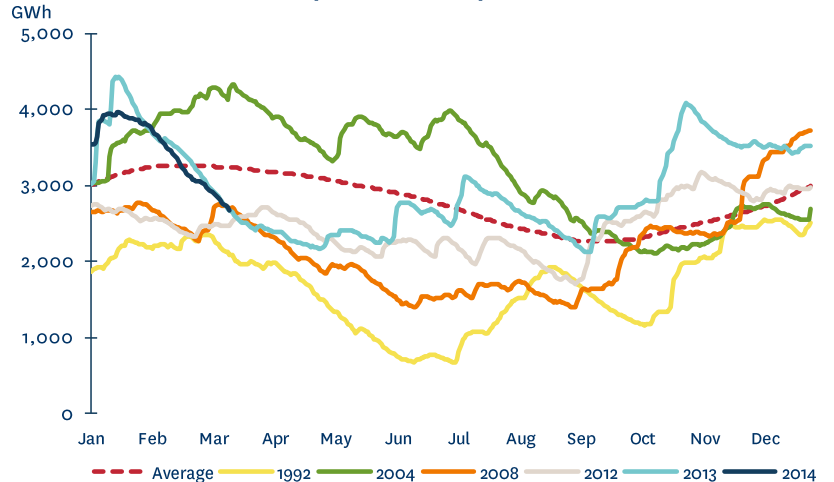


BENMORE ASX FUTURES SETTLEMENT PRICE



- 2014 ASX futures prices increased as hydro storage continued to fall
- Notable uplift in prices into 2015
- National storage has fallen from 104% of average on 12 February 2014 to 83% of average by 12 March 2014
- Storage in the last 8 weeks has followed a very similar trend to the same period in 2013

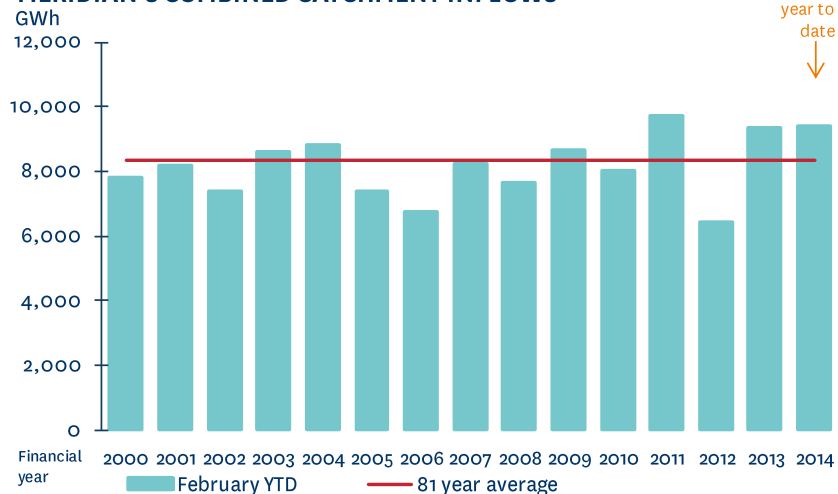
NATIONAL HYDRO STORAGE (12 MARCH 2014)



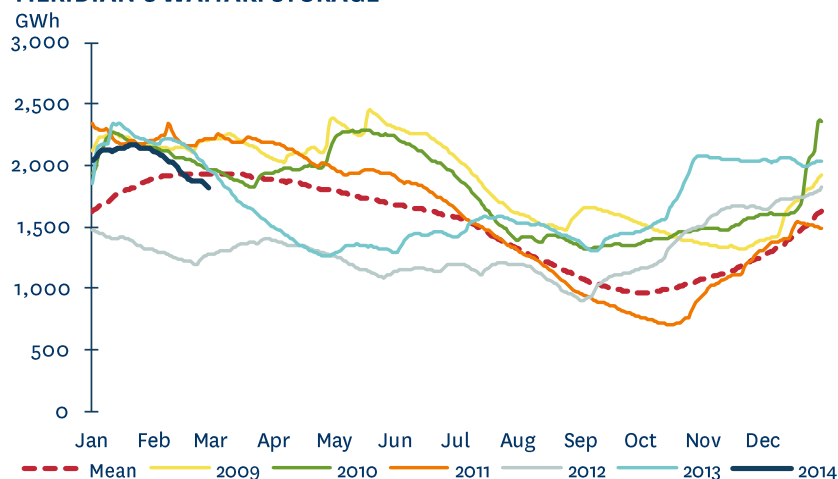
Meridian Operating Information

- February monthly inflows were at 60% of historical average, representing the 6th lowest February inflows on record
- To date this financial year inflows are 113% of historical average, largely due to high Spring 2013 inflows
- Meridian's Waitaki catchment storage at the end of February was 1,824GWh, which was 95% of historical average
- At the end of February, storage was 7% lower than the same time last year

MERIDIAN'S COMBINED CATCHMENT INFLOWS



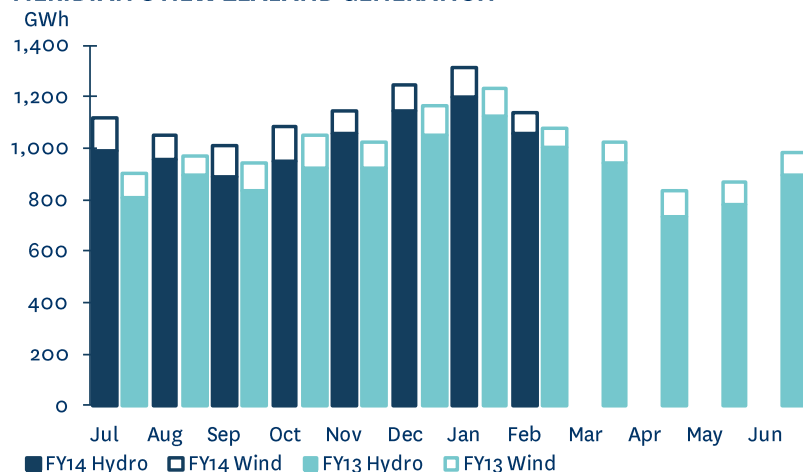
MERIDIAN'S WAITAKI STORAGE



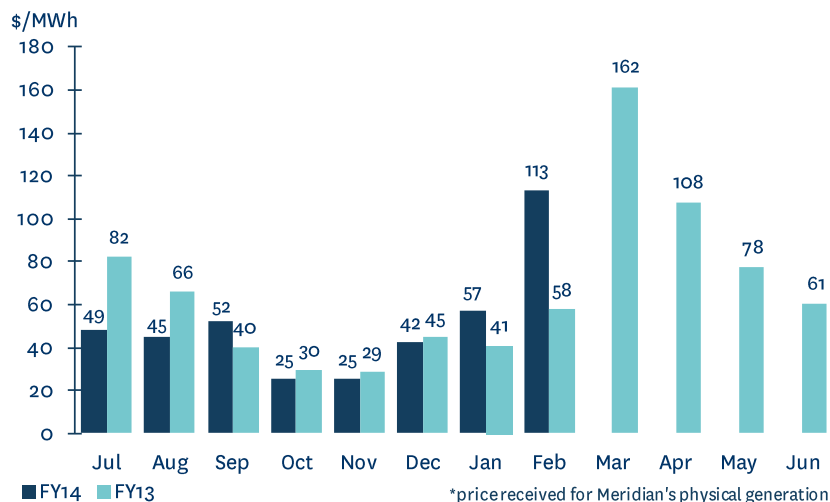
Meridian Operating Information

- The lower levels of inflows in February resulted in more conservative generation, with hydro generation 12.0% lower than January 2014
- Despite lower inflows, Meridian's New Zealand generation in February was 5.7% higher than the same month last year
- To date this financial year Meridian's New Zealand generation is 9.0% higher than the same period last year
- Drier national conditions saw the average price Meridian received for its generation in February lift significantly, to be 96% higher than February 2013
- The average price Meridian paid to supply contracted sales in February also lifted significantly, to be 94% higher than February 2013

MERIDIAN'S NEW ZEALAND GENERATION



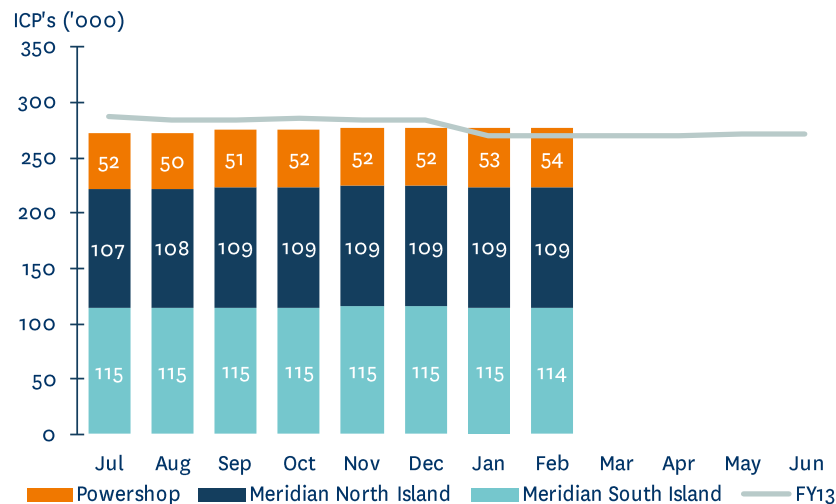
MERIDIAN'S AVERAGE GENERATION PRICE*



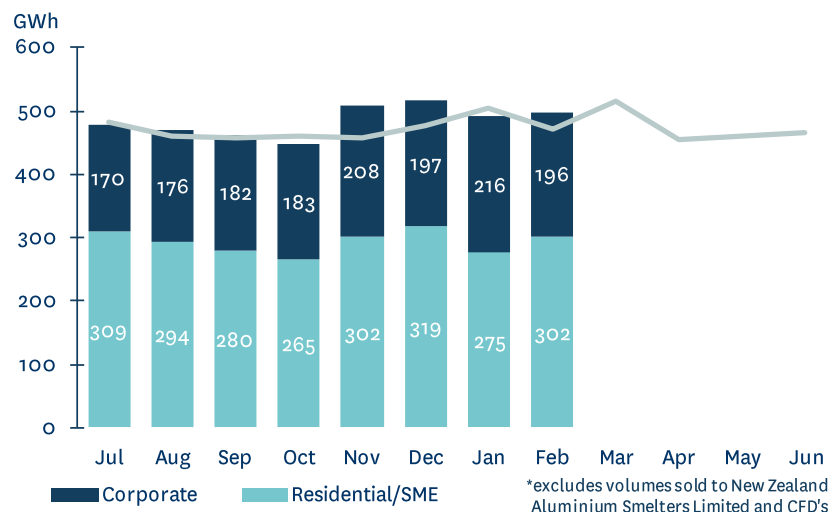
Meridian Operating Information

- Meridian's customer connection numbers have increased by 1.9% since June 2013, reflecting growth in Meridian North Island (+2.7%) and Powershop (+4.9%) customer connection numbers
- In January 2013, Meridian's customer connection numbers dropped by around 14,000, reflecting Energy Direct NZ's decision to operate as an independent retailer at that time
- To date this financial year Meridian's retail sales volumes are 2.9% higher than the same period last year
- Higher irrigation load this month helped to increase retail sales volumes by 6.0% compared to February 2013

MERIDIAN'S CUSTOMER CONNECTIONS



MERIDIAN'S RETAIL SALES VOLUMES*



Meridian Operating Information

	February 2014 month	February 2013 month	January 2014 month	December 2013 month	8 months to February 2014	8 months to February 2013
New Zealand Contracted Sales¹						
Retail contracted sales volume (GWh)	498	470	492	516	3,875	3,768
Retail contracted sales average price (\$/MWh)	\$92.2	\$94.3	\$98.4	\$85.6	\$101.0	\$105.2
NZAS sales volume (GWh)	384	384	426	426	3,335	3,211
Sell side derivatives volumes ² (GWh)	88	116	97	122	620	727
Wholesale contracted sales average price (\$/MWh)	\$52.1	\$61.6	\$51.4	\$48.5	\$50.3	\$56.9
New Zealand customer connections ³	277,226	270,111	277,059	276,564		
New Zealand Generation						
Hydro generation volume (GWh)	1,056	1,006	1,200	1,145	8,248	7,565
Wind generation volume (GWh)	86	74	113	99	859	798
Total generation volume (GWh)	1,142	1,080	1,313	1,244	9,107	8,363
Average generation price ⁴ (\$/MWh)	\$113.4	\$57.8	\$57.1	\$42.4	\$51.4	\$48.0
Acquired generation volume ⁵ (GWh)	21	68	28	71	714	1,169
Cost to supply contracted sales (\$/MWh)	\$122.0	\$62.8	\$59.1	\$46.9	\$54.9	\$51.9

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

5. 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
Combined catchment inflows	combined water inflows into Meridian's Waitaki and Manapouri hydro storage lakes
Cost to supply contracted sales	volume weighted average price Meridian pays to supply contracted customer sales
Customer connections	installation control points, 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 and White Hill wind farms
NZAS	New Zealand Aluminium Smelters Limited
Retail contracted sales average price	volume weighted average electricity price received from retail customers, less distribution costs
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
Wholesale contracted sales average price	volume weighted average electricity price received from wholesale customers, including NZAS