

# *Monthly Operating Report*

## September 2014



meridian



# September Highlights



In the month to 13 October 2014, national hydro storage fell from 94% to 85% of historical average

South Island storage now sits at 85% of average and North Island storage at 86% of average

Meridian's September 2014 monthly inflows were 51% of historical average

Meridian's Waitaki catchment storage declined to 109% of average at the end of September 2014

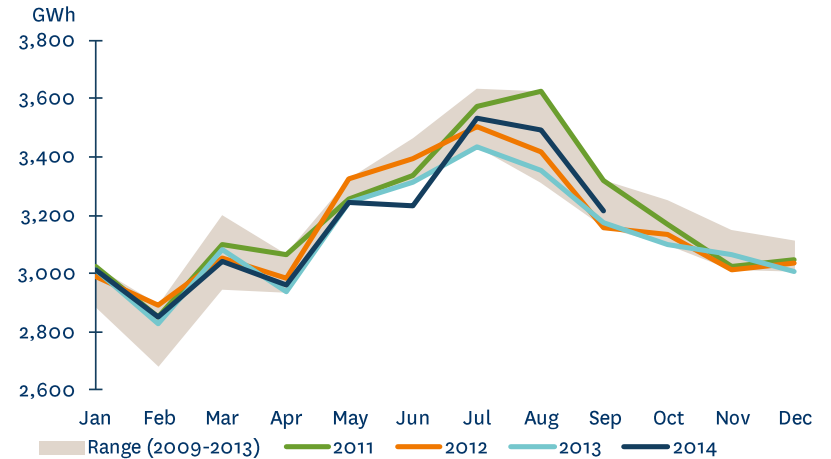
Electricity demand in September 2014 was 1.4% higher than in September last year

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

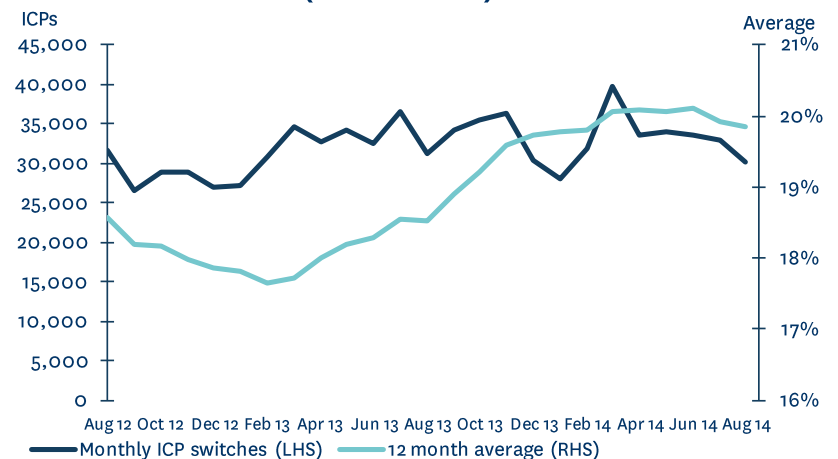
# Market Data

- Demand in September 2014 was 1.4% higher than the same month last year
- Demand in 2014 is showing slight growth compared with the same nine month period last year
- New Zealand Aluminium Smelters' average load during September 2014 was consistent with the 572MW base quantity of the NZAS agreement
- The number of switches in August 2014 was 8.3% lower than the previous month and was 3.3% lower than August 2013
- 12 month average switching rate of 19.9% at the end of August 2014

**NATIONAL DEMAND**

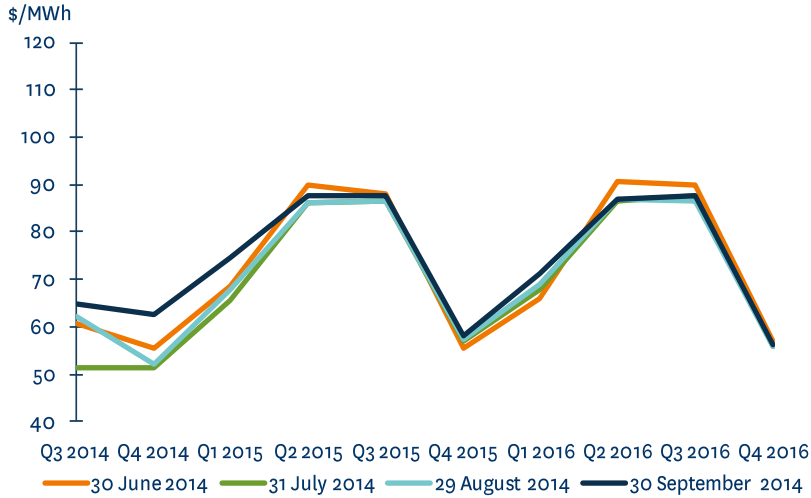


**MARKET ICP SWITCHING (ALL RETAILERS)**

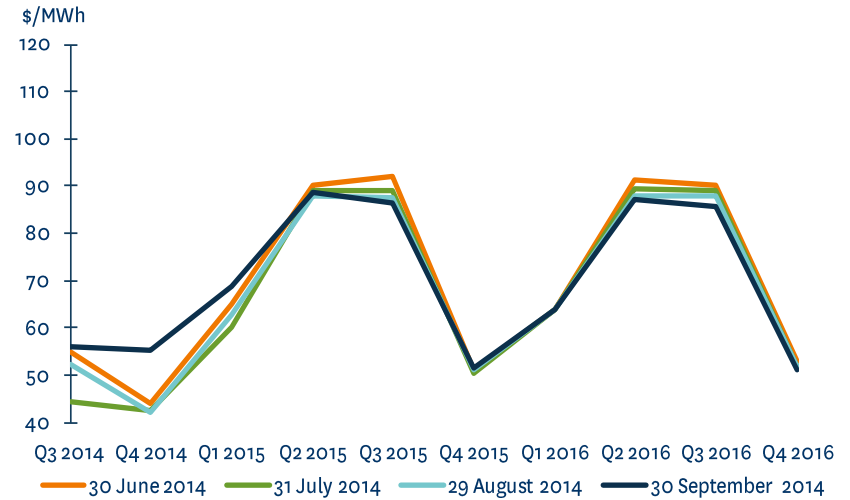


# Market Data

## OTAHUHU ASX FUTURES SETTLEMENT PRICE

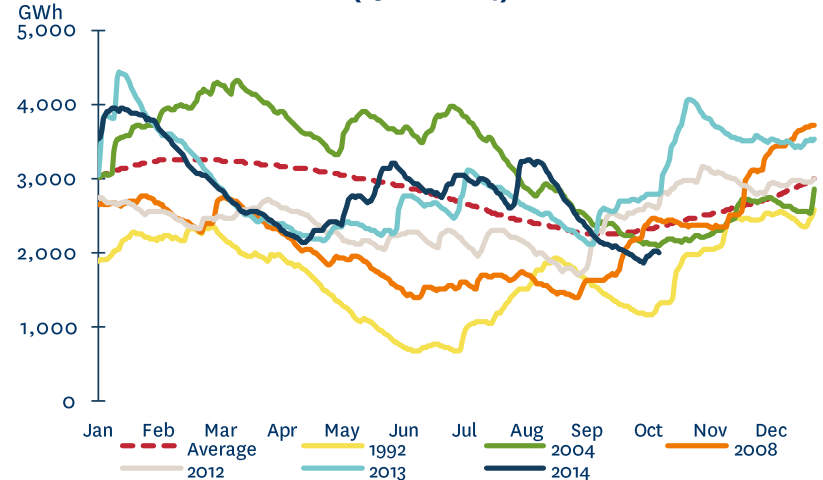


## BENMORE ASX FUTURES SETTLEMENT PRICE



- Declining hydro storage saw 2014 ASX futures prices rise. 2015 and 2016 prices showed little movement from recent months
- National storage fell from 94% of average on 15 September 2014 to 85% of average by 13 October 2014
- South Island storage fell to 85% of historical average by 13 October 2014. North Island storage has risen to 86% of average

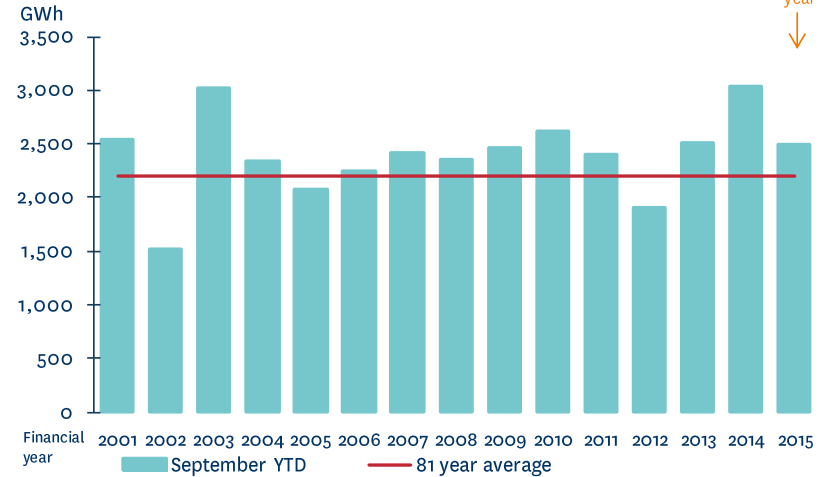
## NATIONAL HYDRO STORAGE (13 OCT 2014)



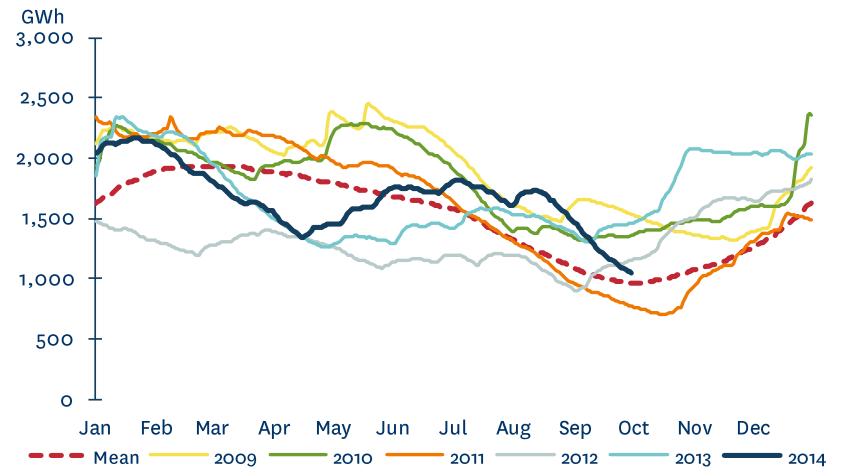
# Meridian Operating Information

- September 2014 monthly inflows were 51% of historical average
- To date this financial year inflows are 114% of historical average, reflecting comparatively high inflows in July and August 2014
- Meridian's Waitaki catchment storage at the end of September 2014 declined to 1,045GWh, which was 109% of historical average
- Waitaki storage at the end of September 2014 was 29% lower than the same time last year
- Storage in Meridian's Waiau catchment also fell during September 2014

**MERIDIAN'S COMBINED CATCHMENT INFLOWS**



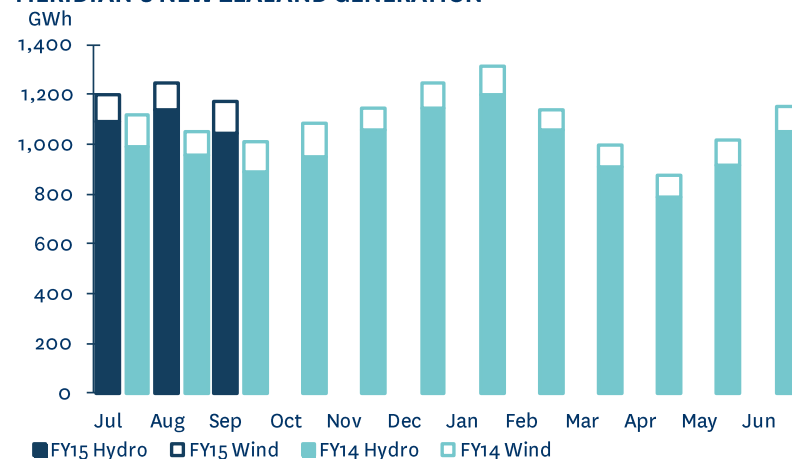
**MERIDIAN'S WAITAKI STORAGE**



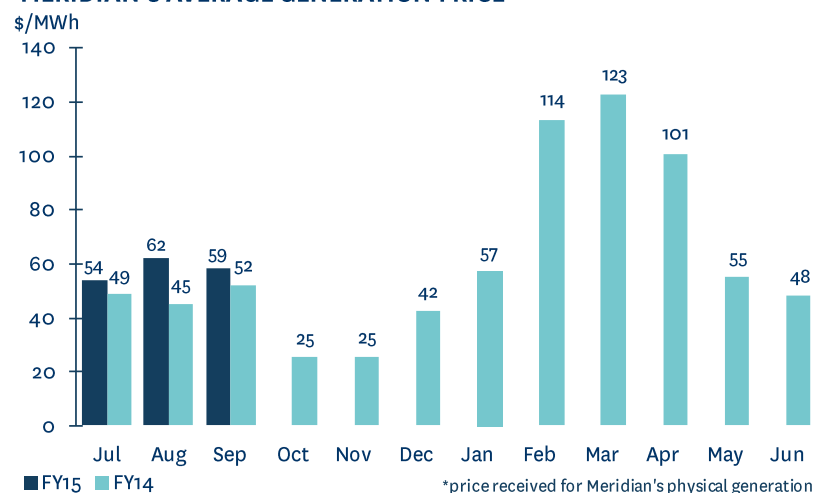
# Meridian Operating Information

- Meridian's New Zealand generation in September 2014 was 16.0% higher than the same month last year
- To date this financial year Meridian's New Zealand generation is 13.9% higher than the same period last year
- The average price Meridian received for its generation in September 2014 was 11.9% higher than the same month last year
- To date this financial year, the average price Meridian has received for its generation is 20.2% higher than the same period last year
- The average price Meridian paid to supply contracted sales in September 2014 was also higher than the same month last year

**MERIDIAN'S NEW ZEALAND GENERATION**



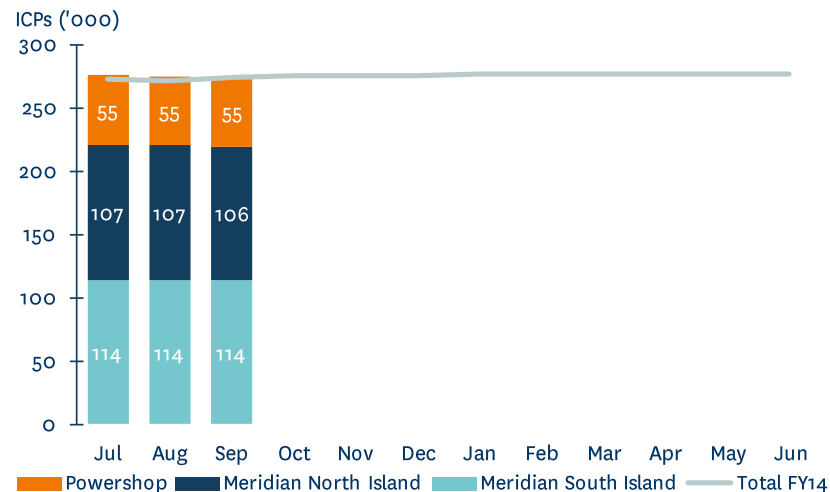
**MERIDIAN'S AVERAGE GENERATION PRICE\***



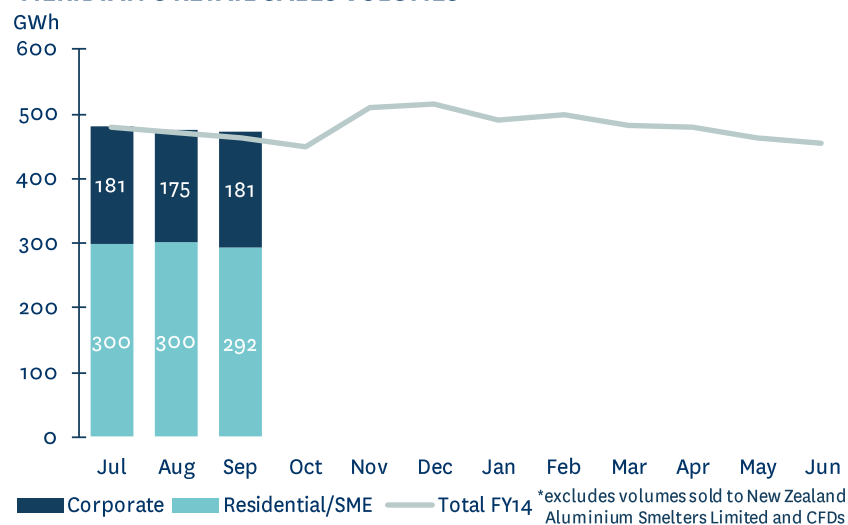
# Meridian Operating Information

- Meridian's New Zealand customer connection numbers fell slightly during September 2014
- Retail sales volumes in September 2014 increased by 2.4% compared to September 2013
- Compared to September 2013, residential/SME sales volumes increased by 4.3% and corporate sales volumes fell by 0.4%
- To date this financial year Meridian's retail sales volumes are 1.3% higher than the same period last year
- This reflects a 1.8% increase in corporate sales volumes and a 1.0% increase in residential/SME sales volumes

**MERIDIAN'S NEW ZEALAND CUSTOMER CONNECTIONS**



**MERIDIAN'S RETAIL SALES VOLUMES\***



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

# Meridian Operating Information

	September 2014 month	September 2013 month	August 2014 month	July 2014 month	3 months to September 2014	3 months to September 2013
<b>New Zealand Contracted Sales<sup>1</sup></b>						
Retail contracted sales volume (GWh)	474	463	475	481	1,430	1,412
Average retail contracted sales price (\$/MWh)	\$107.3	\$109.1	\$113.0	\$117.3	\$112.6	\$114.9
NZAS sales volume (GWh)	411	411	426	426	1,262	1,262
Sell side derivative volumes <sup>2</sup> (GWh)	125	36	170	95	389	102
Wholesale contracted sales average price (\$/MWh)	\$50.7	\$51.4	\$50.7	\$50.2	\$50.5	\$51.5
Total New Zealand customer connections <sup>3</sup>	274,821	275,303	275,410	276,413		
<b>New Zealand Generation</b>						
Hydro generation volume (GWh)	1,046	892	1,141	1,095	3,281	2,835
Wind generation volume (GWh)	124	117	108	106	338	343
Total generation volume (GWh)	1,170	1,009	1,249	1,201	3,619	3,178
Average generation price <sup>4</sup> (\$/MWh)	\$58.5	\$52.3	\$62.4	\$54.0	\$58.4	\$48.6
Acquired generation volume <sup>5</sup> (GWh)	114	119	120	142	376	434
Cost of acquired generation (\$/MWh)	\$86.3	\$83.7	\$84.8	\$88.1	\$86.3	\$86.1
Cost to supply contracted sales (\$/MWh)	\$60.4	\$56.5	\$70.7	\$57.9	\$63.1	\$52.2

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

<b>Acquired generation volumes</b>	buy-side electricity derivatives excluding the buy-side of virtual asset swaps
<b>Average generation price</b>	the volume weighted average price received for Meridian's physical generation
<b>Average retail contracted sales price</b>	volume weighted average electricity price received from retail customers, less distribution costs
<b>Average wholesale contracted sales price</b>	volume weighted average electricity price received from wholesale customers, including NZAS
<b>Combined catchment inflows</b>	combined water inflows into Meridian's Waitaki and Waiau hydro storage lakes
<b>Cost of acquired generation</b>	volume weighted average price Meridian pays for derivatives acquired to supplement generation
<b>Cost to supply contracted sales</b>	volume weighted average price Meridian pays to supply contracted customer sales
<b>Customer connections (NZ)</b>	number of installation control points, excluding vacants
<b>GWh</b>	gigawatt hour. Enough electricity for 125 average New Zealand households for one year
<b>Historic average inflows</b>	the historic average combined water inflows into Meridian's Waitaki and Manapouri hydro storage lakes over the last 81 years
<b>Historic average storage</b>	the historic average level of storage in Meridian's Waitaki catchment since 1979
<b>HVDC</b>	high voltage direct current link between the North and South Islands of New Zealand
<b>ICP</b>	New Zealand installation control points, excluding vacants
<b>ICP switching</b>	the number of installation control points changing retailer supplier in New Zealand, recorded in the month the switch was initiated
<b>MWh</b>	megawatt hour. Enough electricity for one average New Zealand household for 46 days
<b>National demand</b>	Transpower's Daily Demand reporting, adjusted for embedded generation from Meridian's Te Uku, White Hill and Mill Creek wind farms
<b>NZAS</b>	New Zealand Aluminium Smelters Limited
<b>Retail sales volumes</b>	contract sales volumes to retail customers, including both non half hourly and half hourly metered customers
<b>Sell side derivatives</b>	sell-side electricity derivatives excluding the sell-side of virtual asset swaps