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## **Release**

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*Stock exchange listings: NZX (MEL) ASX (MEZ)*

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# Meridian Energy monthly operating report for June 2017

12 July 2017

Attached is Meridian Energy Limited's monthly operating report for the month of June 2017.

Highlights this month include:

- In the month to 11 July 2017, national hydro storage decreased from 74% to 64% of historical average
- South Island storage sat at 56% of average and North Island storage at 105% of average on 11 July 2017
- Meridian's June 2017 monthly total inflows were 61% of historical average
- Meridian's Waitaki catchment storage at the end of June 2017 was 55% of historical average
- Combined catchment inflows in the five months between February 2017 and the end of June 2017 were the lowest same period inflows on record
- In June 2017, Meridian began accessing cover under the swaption contract with Genesis
- National electricity demand in June 2017 was 2.3% higher than the same month last year
- June 2017 temperatures were near average for most of the country, while rainfall was below average in most areas south of Auckland
- Meridian's retail sales volumes in June 2017 increased by 7.6% compared to June 2016

## **ENDS**

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meridian

# ***Powering today, protecting tomorrow***



# June highlights



In the month to 11 July 2017, national hydro storage decreased from 74% to 64% of historical average

South Island storage sat at 56% of average and North Island storage at 105% of average on 11 July 2017

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Meridian's Waitaki catchment storage at the end of June 2017 was 55% of historical average

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In June 2017, Meridian began accessing cover under the swaption contract with Genesis

National electricity demand in June 2017 was 2.3% higher than the same month last year

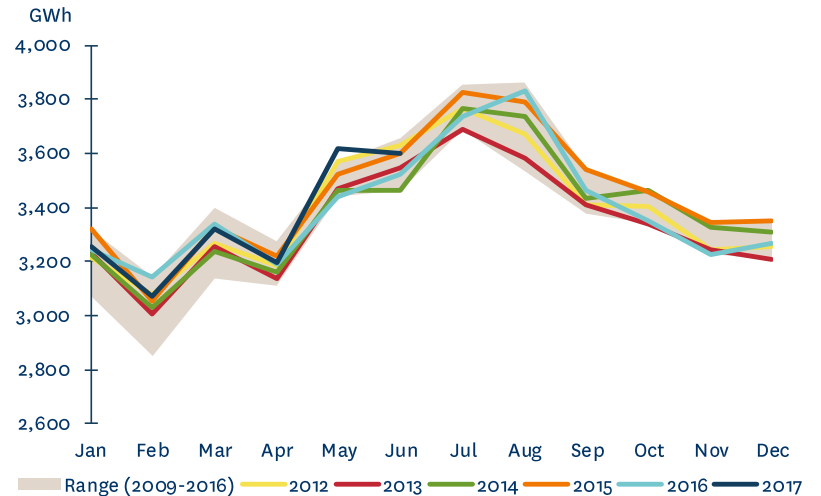
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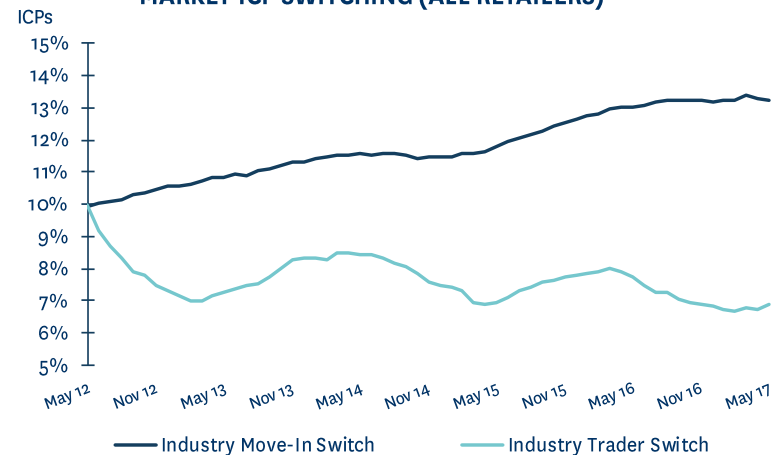
# Market data

- National electricity demand<sup>1</sup> in June 2017 was 2.3% higher than the same month last year
- June 2017 temperatures were near average for most of the country, while rainfall was below average in most areas south of Auckland
- Demand in the last 12 months was 0.6% lower than the preceding 12 months
- New Zealand Aluminium Smelter's average load during June 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 6.9% at the end of May 2017
- 12-month average switching rate of customers moving and changing retailers (“move in” switch) was 13.2% at the end of May 2017

### NATIONAL DEMAND

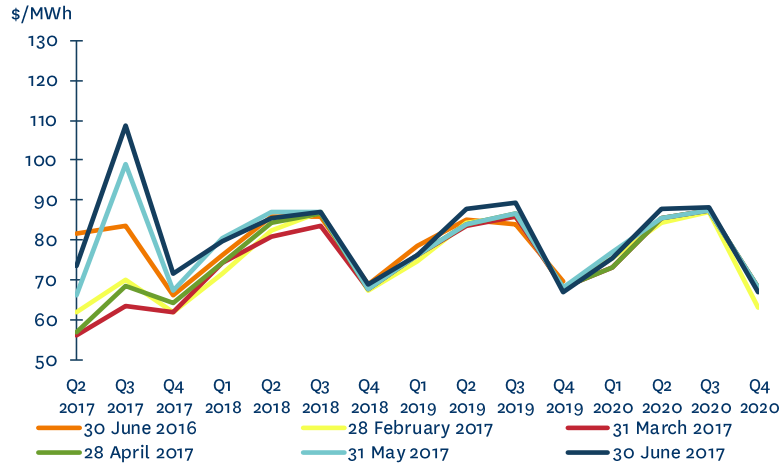


### MARKET ICP SWITCHING (ALL RETAILERS)

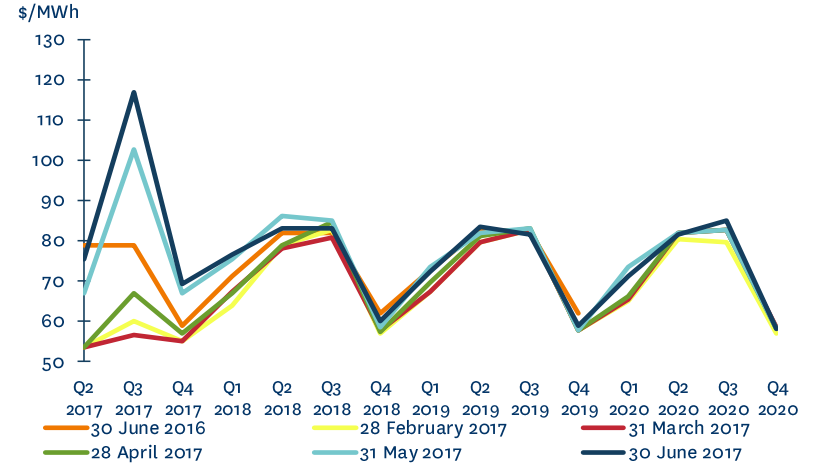


# Market data

**OTAHUHU ASX FUTURES SETTLEMENT PRICE**

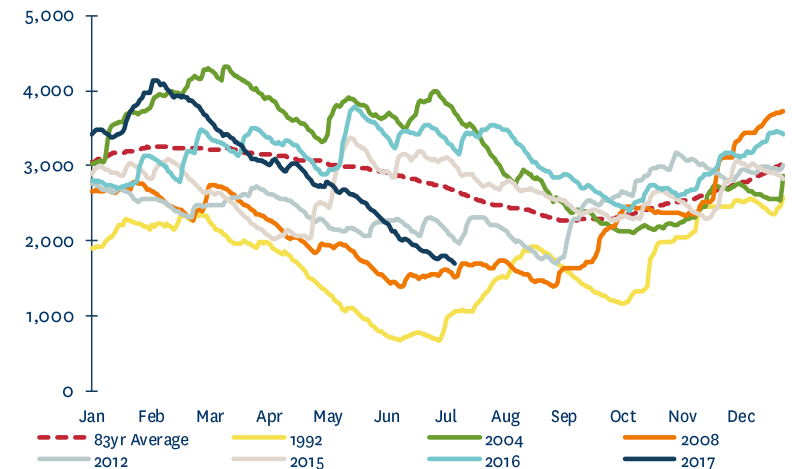


**BENMORE ASX FUTURES SETTLEMENT PRICE**



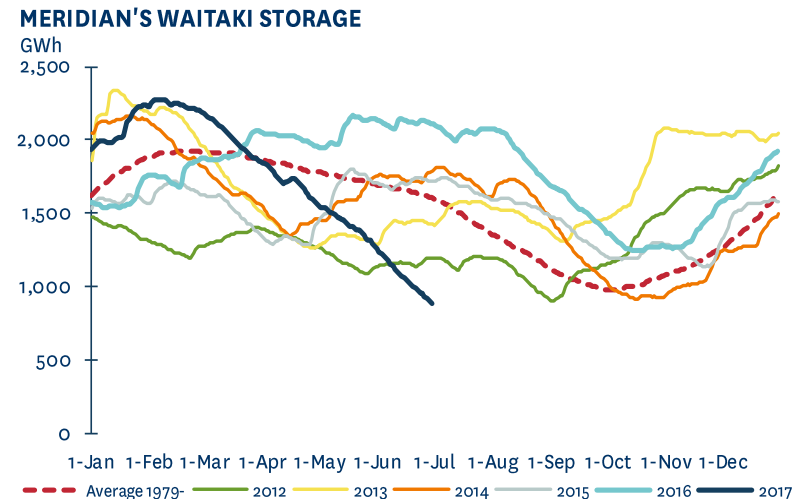
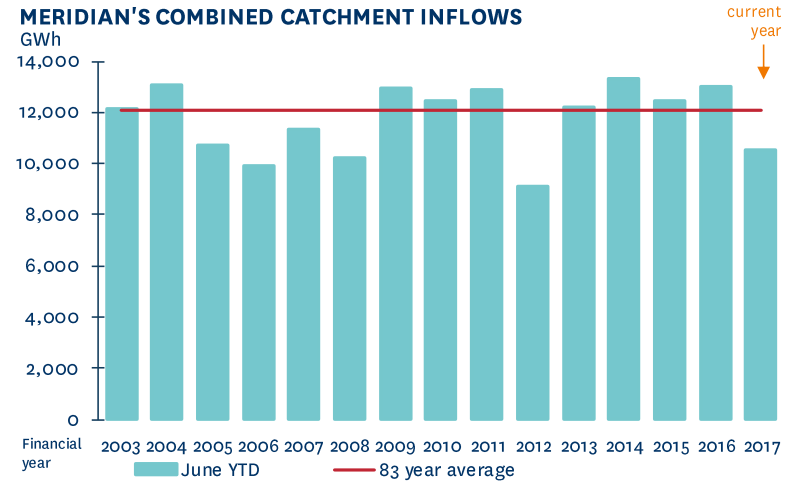
- June 2017 saw continued increases in near-term ASX prices
- National storage decreased from 74% of the 83 year average on 8 June 2017 to 64% of average on 11 July 2017
- South Island storage decreased to 56% of historical average on 10 July 2017. North Island storage decreased to 105% of average

**NATIONAL HYDRO STORAGE (11 July 2017)**



# Meridian operating information

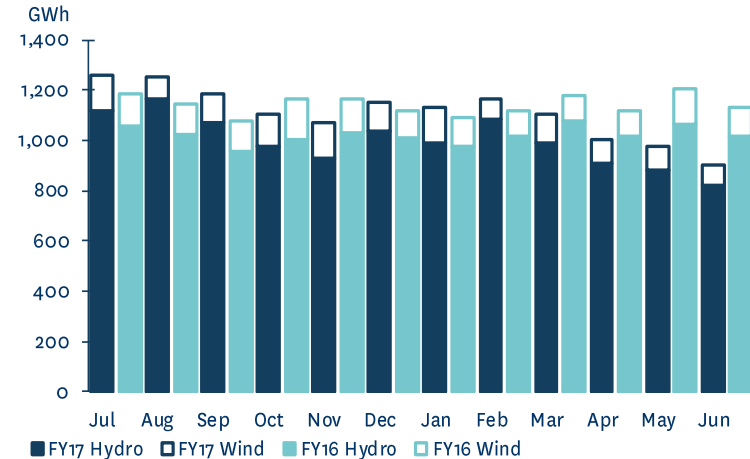
- June 2017 monthly inflows were 61% of historical average
- For the 2017 financial year, inflows were 87% of historical average
- Meridian's Waitaki catchment storage moved from 1,269GWh to 883GWh during June 2017
- Waitaki storage at the end of June 2017 was 55% of historical average and 58% lower than the same time last year
- Combined catchment inflows in the five months between February 2017 and the end of June 2017 were the lowest same period inflows on record (84 years)
- In June 2017, Meridian began accessing cover under the swaption contract with Genesis



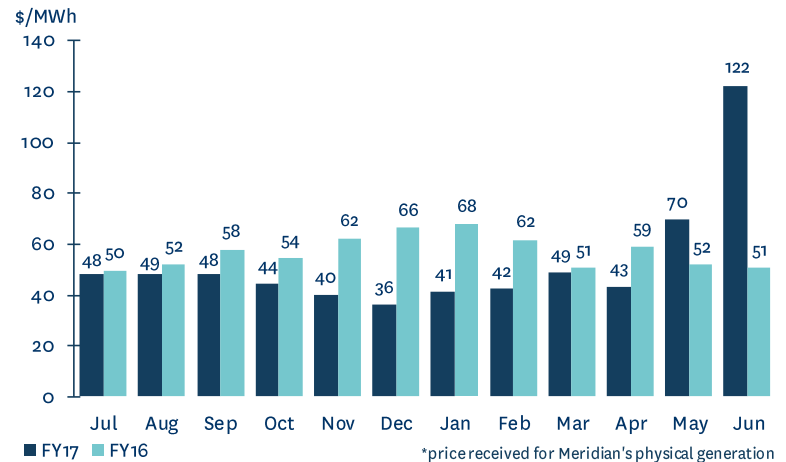
# Meridian operating information

- Meridian’s New Zealand generation in June 2017 was 20.3% lower than the same month last year, reflecting lower hydro generation and lower wind generation
- For the 2017 financial year, Meridian’s New Zealand generation was 2.9% lower than the same period last year, reflecting lower hydro generation and lower wind generation
- The average price Meridian received for its generation in June 2017 was 142.2% higher than the same month last year
- The average price Meridian paid to supply contracted sales in June 2017 was 130.6% higher than the same month last year
- For the 2017 financial year, the average price Meridian has received for its generation was 9.7% lower than the same period last year

**MERIDIAN’S NEW ZEALAND GENERATION**



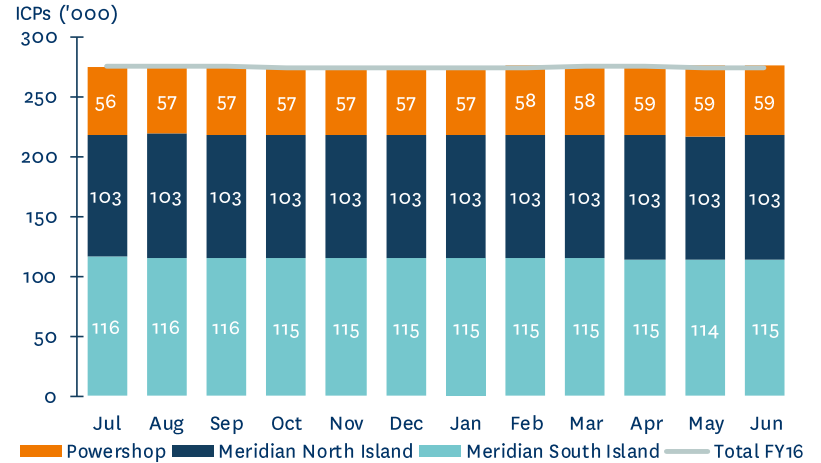
**MERIDIAN’S AVERAGE GENERATION PRICE\***



# Meridian operating information

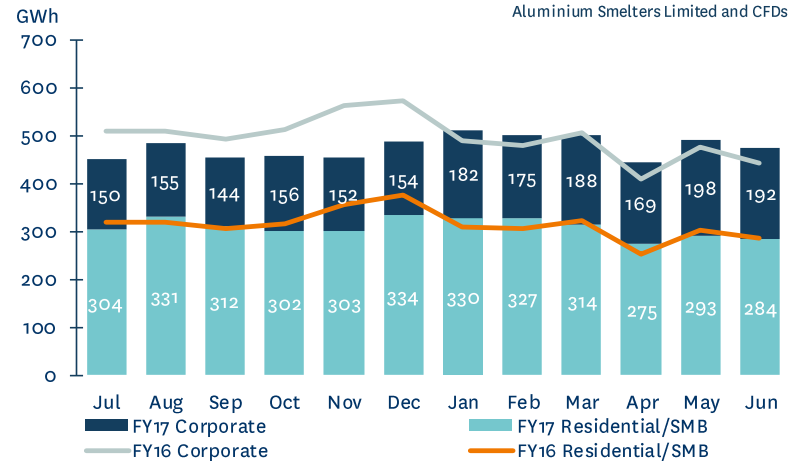
- Meridian’s New Zealand customer connection numbers rose 0.2% during June 2017
- Retail sales volumes in June 2017 increased by 7.6% compared to June 2016
- Compared to June 2016, residential/SMB sales volumes decreased by 0.3% (late irrigation season load last year offsetting growth this year in business volumes) and corporate sales volumes increased by 22.1%
- Despite a 0.7% increase in customer connection numbers since June 2016, Meridian’s retail sales volumes in the current financial year are 4.1% lower than the same period last year
- This reflects a 1.9% irrigation driven decrease in residential/SMB sales volumes and a 7.8% decrease in corporate sales volumes

**MERIDIAN'S NEW ZEALAND CUSTOMER CONNECTIONS**



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

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

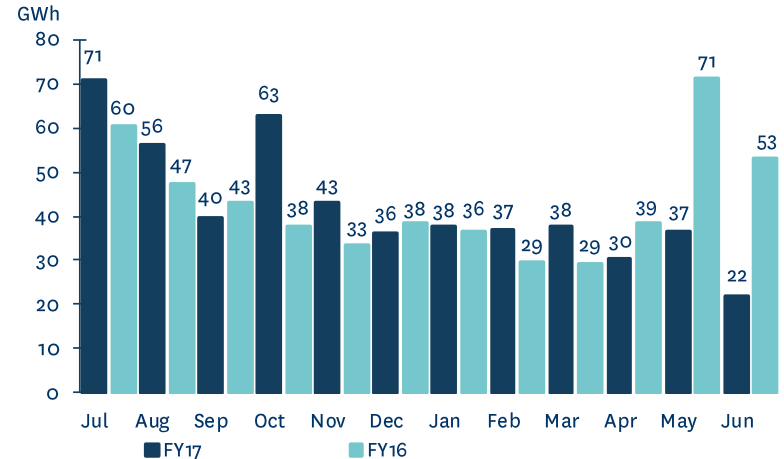




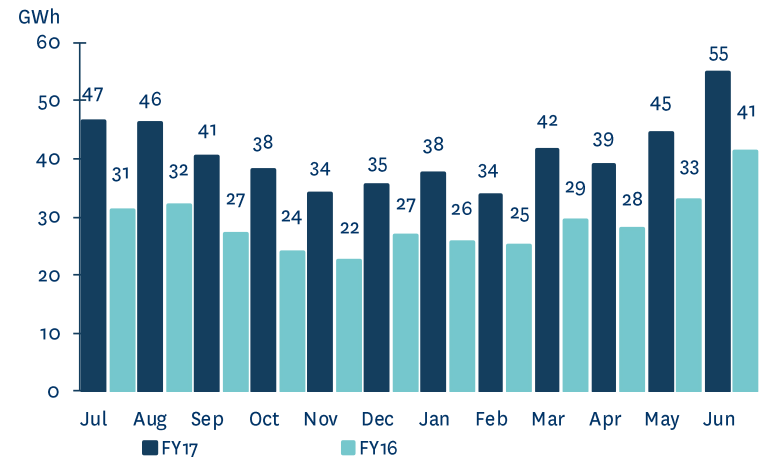
# Meridian operating information

- Meridian's Australian generation in June 2017 was 58.9% lower than the same month last year, with generation lower at both wind farms
- For the 2017 financial year, Meridian's Australian generation was 1.7% lower than the same period last year, reflecting higher Mt Mercer generation and lower Mt Millar generation
- Australian Retail sales volumes in June 2017 increased by 33.6% compared to June 2016
- For the 2017 financial year, Australian Retail sales volumes were 42.6% higher than the same period last year

### MERIDIAN'S AUSTRALIAN GENERATION



### AUSTRALIAN RETAIL SALES VOLUMES



# Meridian operating information

	June 2017 month	June 2016 month	May 2017 month	April 2017 month	12 months to June 2017	12 months to June 2016
<b>New Zealand Contracted Sales<sup>1</sup></b>						
Retail contracted sales volume (GWh)	477	443	492	445	5,727	5,969
Average retail contracted sales price (\$/MWh)	\$109.5	\$122.6	\$115.7	\$108.4	\$106.8	\$105.7
NZAS sales volume (GWh)	412	412	426	412	5,011	5,024
Sell side derivative volumes <sup>2</sup> (GWh)	168	51	149	240	1,597	1,280
Wholesale contracted sales average price <sup>3</sup> (\$/MWh)	\$59.5	\$51.0	\$56.7	\$56.8	\$53.5	\$50.6
Total New Zealand customer connections <sup>4</sup>	276,767	274,920	276,147	276,485		
<b>New Zealand Generation</b>						
Hydro generation volume (GWh)	818	1,014	882	912	11,974	12,251
Wind generation volume (GWh)	87	121	96	93	1,341	1,456
<b>Total generation volume (GWh)</b>	<b>905</b>	<b>1,135</b>	<b>978</b>	<b>1,005</b>	<b>13,315</b>	<b>13,707</b>
Average generation price <sup>5</sup> (\$/MWh)	\$122.5	\$50.6	\$69.5	\$43.3	\$51.4	\$56.9
Acquired generation volume <sup>6</sup> (GWh)	259	80	210	175	1,564	1,130
Cost of acquired generation (\$/MWh)	\$75.8	\$78.9	\$59.8	\$58.4	\$62.0	\$75.8
Acquired generation revenue average price (\$/MWh)	\$112.4	\$58.1	\$64.6	\$45.2	\$61.1	\$61.0
Future contract close outs (\$m)	-\$1.6	-\$0.3	-\$1.1	\$0.1	-\$2.7	-\$7.1
Contracted sales supply volume (GWh)	1,070	940	1,097	1,124	12,610	12,555
Cost to supply contracted sales (\$/MWh)	\$125.8	\$54.5	\$71.1	\$45.4	\$56.1	\$61.0
<b>Australia</b>						
Wind generation volume (GWh)	22	53	37	30	510	519
Retail contracted sales volume (GWh)	55	41	45	39	493	345
Powershop Australia customer connections <sup>7</sup>	100,524	77,970	<i>not disclosed</i>	<i>not disclosed</i>		

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. Average price of both NZAS sales volume and sell side derivative volumes

4. Meridian Retail and Powershop New Zealand installation control points (ICPs), excluding vacants

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

6. Over the counter and ASX contracts excluding the buy-side of virtual asset swaps

7. Financially responsible market participants, excluding vacants

# 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
<b>New Zealand Contracted Sales</b>												
Retail contracted sales volume (GWh)	454	487	456	458	455	489	512	502	502	445	492	477
Average retail contracted sales price (\$/MWh)	\$122.9	\$119.7	\$112.2	\$100.1	\$98.7	\$99.6	\$96.9	\$98.6	\$101.5	\$108.4	\$115.7	\$109.5
NZAS sales volume (GWh)	426	426	411	426	412	426	426	384	426	412	426	412
Sell side derivative volumes (GWh)	64	87	128	102	110	87	137	182	144	240	149	168
Wholesale contracted sales average price (\$/MWh)	\$49.7	\$50.8	\$50.3	\$50.2	\$50.4	\$50.0	\$55.5	\$53.5	\$56.0	\$56.8	\$56.7	\$59.5
<b>Total New Zealand customer connections</b>	<b>275,344</b>	<b>275,861</b>	<b>275,840</b>	<b>275,339</b>	<b>275,785</b>	<b>275,714</b>	<b>275,598</b>	<b>276,429</b>	<b>277,096</b>	<b>278,518</b>	<b>276,147</b>	<b>276,767</b>
<b>New Zealand Generation</b>												
Hydro generation volume (GWh)	1,119	1,166	1,069	980	926	1,036	991	1,083	992	912	882	818
Wind generation volume (GWh)	143	91	114	125	144	116	138	84	110	93	96	87
<b>Total generation volume (GWh)</b>	<b>1,262</b>	<b>1,257</b>	<b>1,183</b>	<b>1,105</b>	<b>1,070</b>	<b>1,152</b>	<b>1,129</b>	<b>1,167</b>	<b>1,102</b>	<b>1,005</b>	<b>978</b>	<b>905</b>
Average generation price (\$/MWh)	\$48.1	\$48.5	\$48.3	\$44.4	\$40.0	\$35.9	\$41.4	\$42.3	\$48.9	\$43.3	\$69.5	\$122.5
Acquired generation volume (GWh)	102	112	72	49	64	56	172	136	158	175	210	259
Cost of acquired generation (\$/MWh)	\$46.2	\$58.2	\$52.1	\$70.0	\$66.8	\$65.6	\$59.6	\$61.0	\$61.0	\$58.4	\$59.8	\$75.8
Acquired generation revenue average price (\$/MWh)	\$48.3	\$57.8	\$51.5	\$49.1	\$47.2	\$43.9	\$45.4	\$45.7	\$51.1	\$45.2	\$64.6	\$112.4
Future contract close outs (\$m)	(\$0.2)	(\$0.1)	(\$0.1)	\$0.0	\$0.0	\$0.1	\$0.1	\$0.1	(\$0.1)	\$0.1	(\$1.1)	(\$1.6)
Contracted sales supply volume (GWh)	950	1,021	1,003	1,032	1,007	1,022	1,091	1,088	1,106	1,124	1,097	1,070
Cost to supply contracted sales (\$/MWh)	\$54.4	\$52.7	\$51.1	\$47.0	\$42.3	\$38.6	\$44.6	\$45.7	\$52.2	\$45.4	\$71.1	\$125.8
<b>Australia</b>												
Wind generation volume (GWh)	71	56	40	63	43	36	38	37	38	30	37	22
Retail contracted sales volume (GWh)	47	46	41	38	34	35	38	34	42	39	45	55
Powershop Australia customer connections	not disclosed	not disclosed	83,908	not disclosed	not disclosed	90,638	not disclosed	not disclosed	95,963	not disclosed	not disclosed	100,524

# 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
<b>New Zealand Contracted Sales</b>												
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
<b>New Zealand Generation</b>												
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
<b>Total generation volume (GWh)</b>	<b>1,183</b>	<b>1,145</b>	<b>1,078</b>	<b>1,163</b>	<b>1,168</b>	<b>1,121</b>	<b>1,094</b>	<b>1,118</b>	<b>1,177</b>	<b>1,118</b>	<b>1,207</b>	<b>1,135</b>
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
<b>Australia</b>												
Wind generation volume (GWh)	60	47	43	38	33	38	36	29	29	39	71	53
Retail contracted sales volume (GWh)	31	32	27	24	22	27	26	25	29	28	33	41
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

# 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
<b>New Zealand Contracted Sales</b>												
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
<b>New Zealand Generation</b>												
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
<b>Total generation volume (GWh)</b>	<b>1,201</b>	<b>1,248</b>	<b>1,170</b>	<b>1,144</b>	<b>1,047</b>	<b>1,092</b>	<b>1,115</b>	<b>1,009</b>	<b>1,072</b>	<b>865</b>	<b>1,189</b>	<b>1,179</b>
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
<b>Australia</b>												
Wind generation volume (GWh)	69	33	44	50	42	36	45	34	39	33	58	37
Retail contracted sales volume (GWh)	9	11	11	11	10	12	13	13	14	16	22	26
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

# 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>Contracts for Difference (CFDs)</b>	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
<b>Customer connections (NZ)</b>	number of installation control points, excluding vacants
<b>FRMP</b>	financially responsible market participant
<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 Waiau 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>	Electricity Authority’s reconciled grid demand <a href="http://www.emi.ea.govt.nz">www.emi.ea.govt.nz</a>
<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
<b>Virtual Asset Swaps (VAS)</b>	CFDs Meridian has with Genesis Energy and Mercury. They do not result in the physical supply of electricity