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# Monthly Operating Report

January 2018

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# January overview

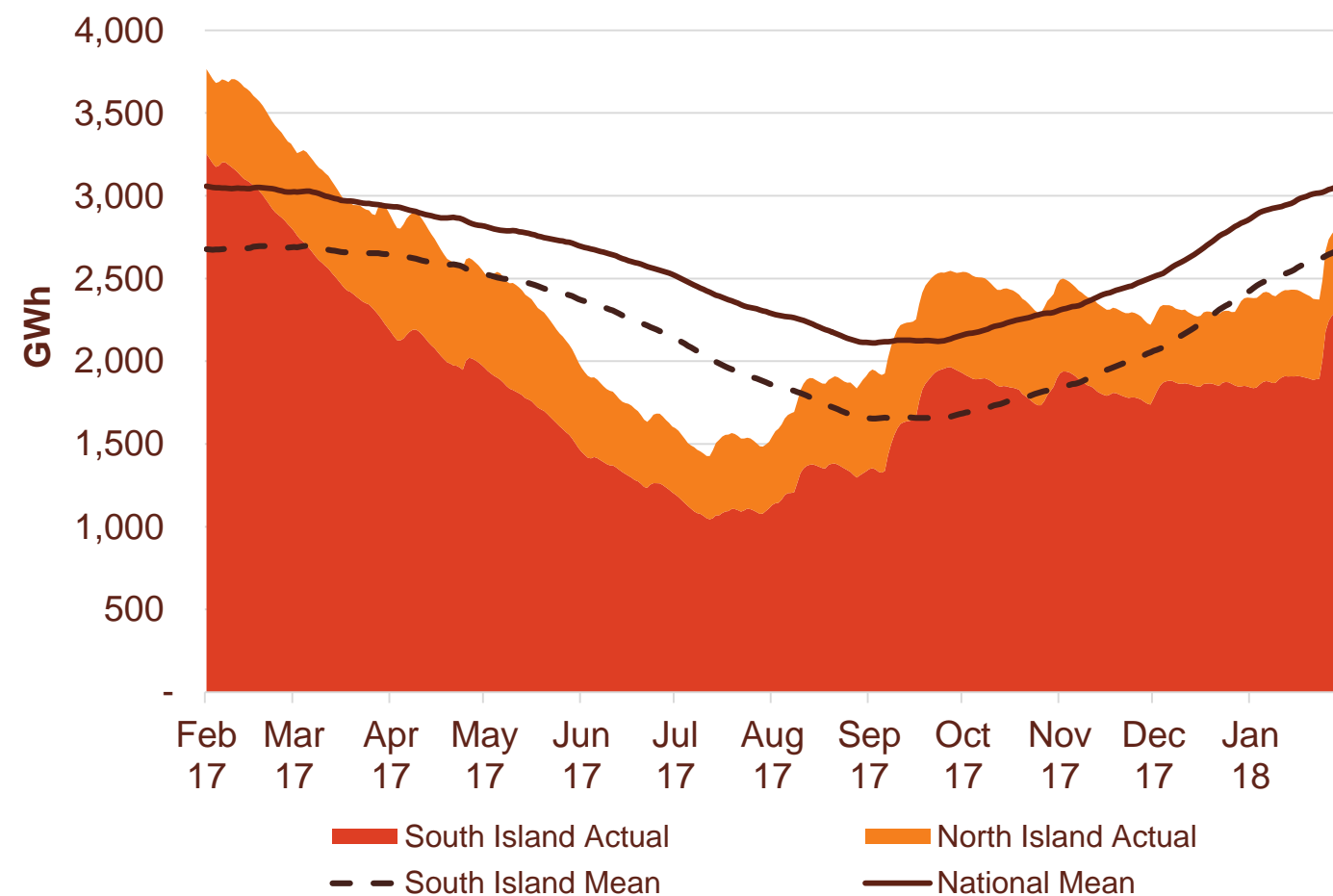
- » For the month of January 2018 Contact recorded:
  - Electricity and gas sales of 568 GWh (January 2017: 572 GWh)
  - Netback of \$85.62/MWh (January 2017: \$81.33/MWh)
  - Cost of energy was \$31.31/MWh (January 2017: \$18.67/MWh)
- » Otahuhu futures settlement wholesale price for the 1<sup>st</sup> quarter of 2018 (ASX):
  - As at 8 February 2018: \$91/MWh
  - As at 31 January 2018: \$105/MWh
  - As at 31 December 2017: \$104/MWh
- » As at 8 February 2018, South Island controlled storage was 87% of mean (31 January 2018: 72%) and North Island storage was 129% of mean (31 January 2018: 121%)
  - As at 8 February, total Clutha scheme storage (including uncontrolled storage) was 60% of mean
  - Inflows into Contact's Clutha catchment for January 2018 were at 44% of mean (December 2017: 50 %, November 2017: 69%, October 2017: 51%)



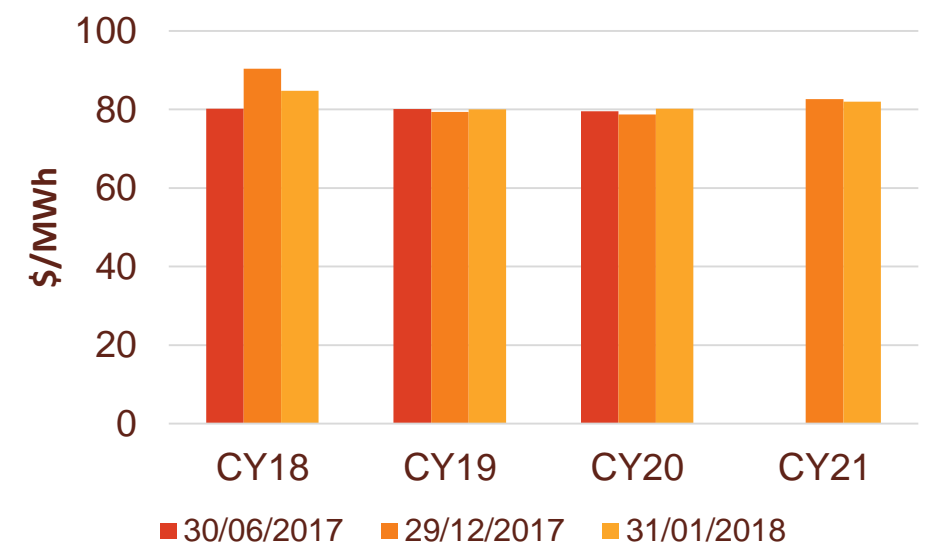
- » Contact had no recordable injuries in December and January, a period which included the major outage at the Taranaki Combined Cycle plant where 125,000 hours were worked.

# Hydro storage and forward prices

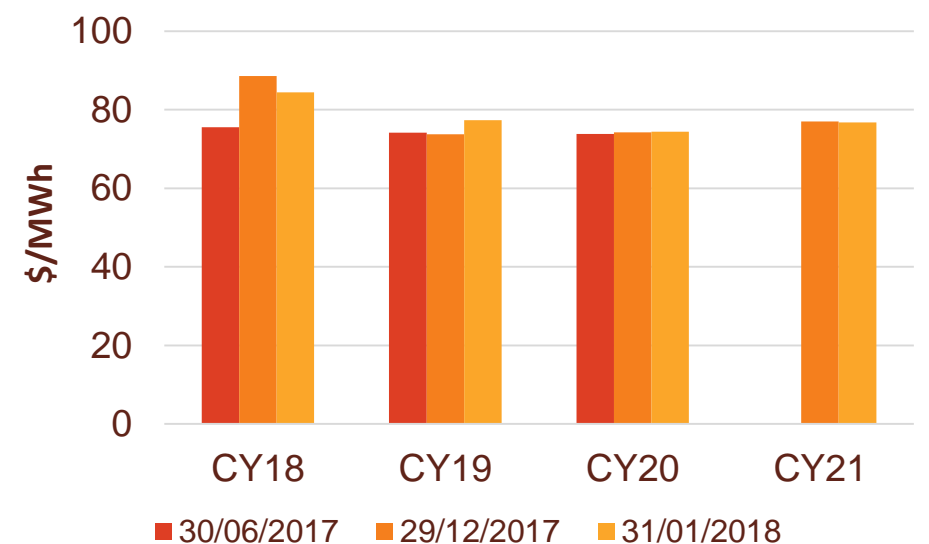
## New Zealand controlled hydro storage against mean



## Otahuhu ASX futures settlement

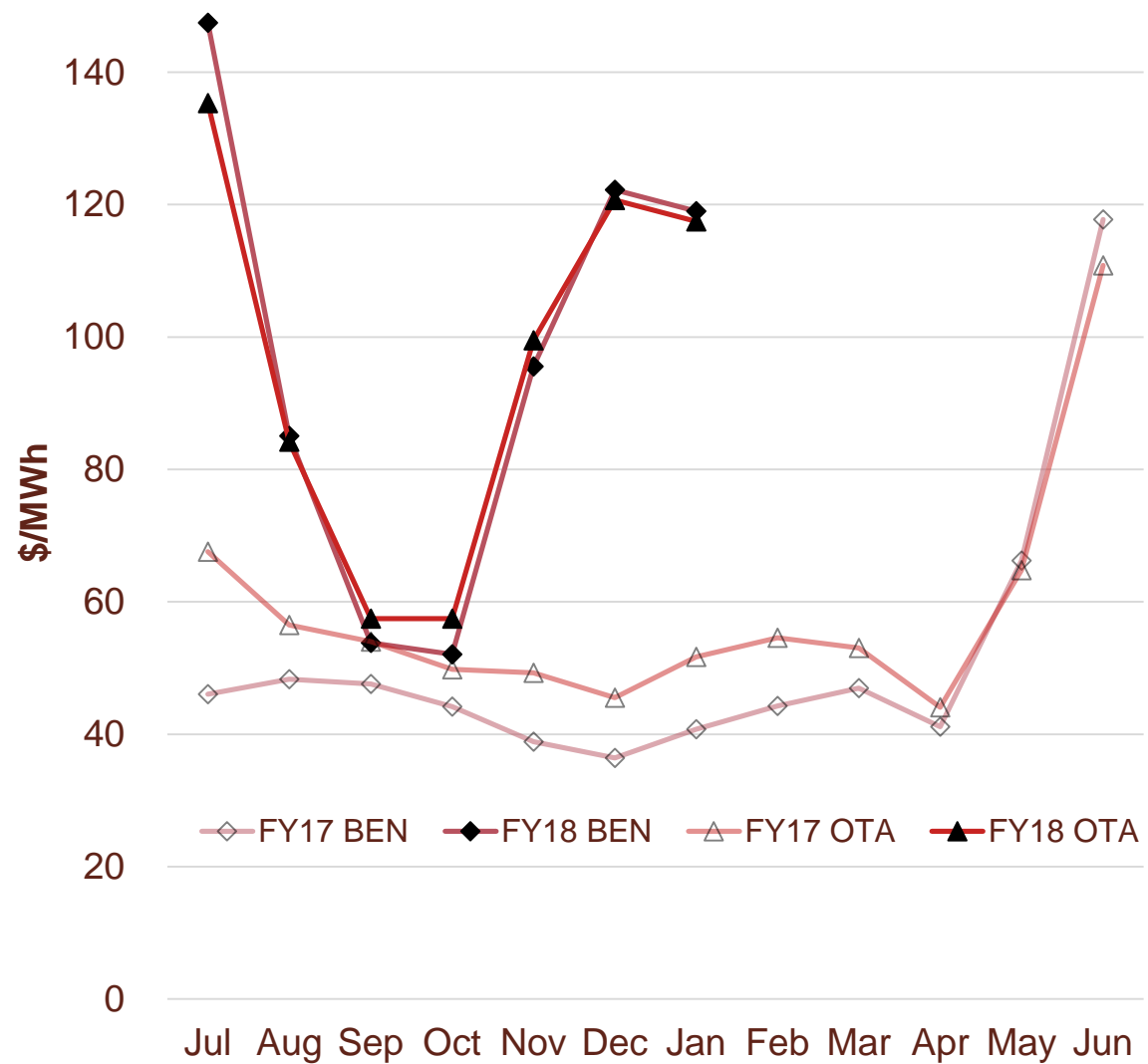


## Benmore ASX futures settlement



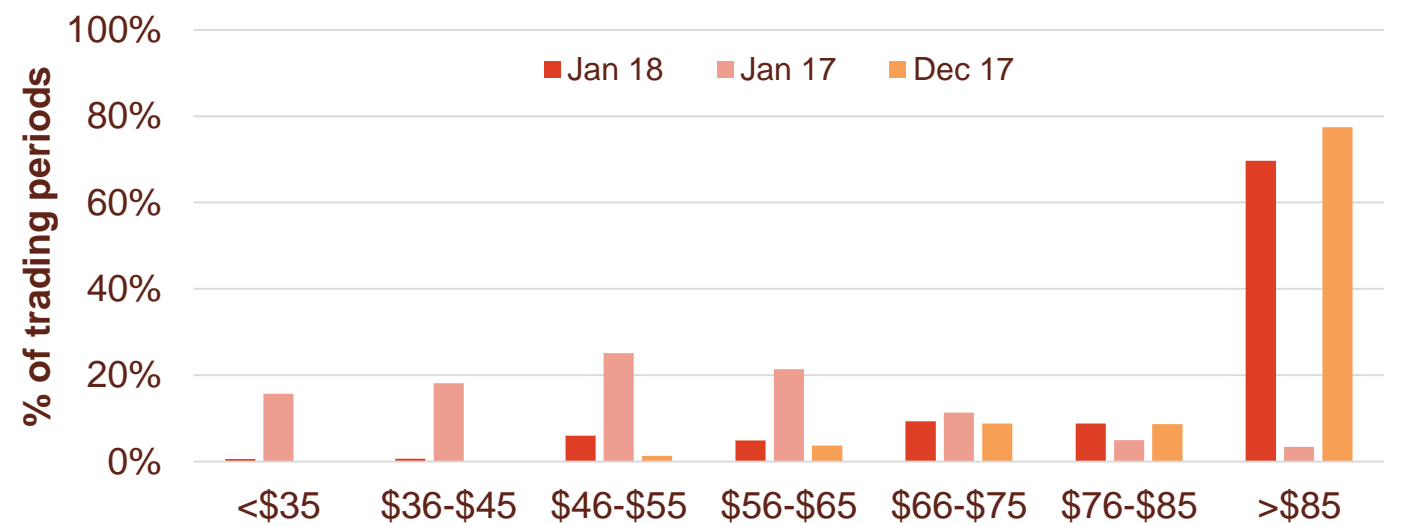
# Wholesale market

## Wholesale electricity pricing

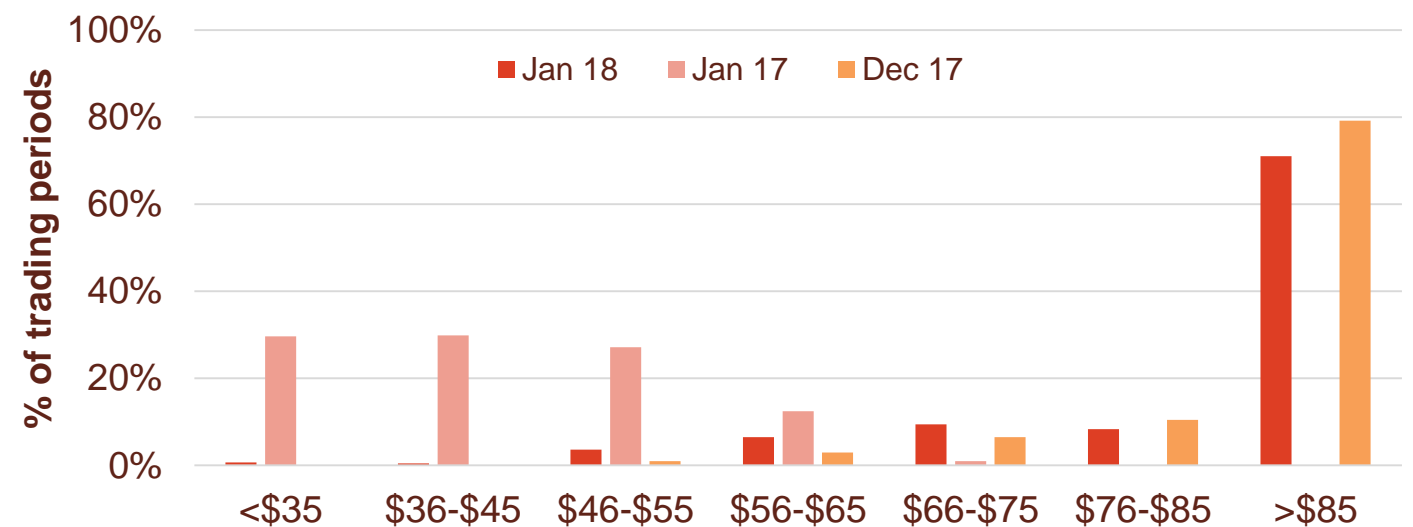


## Distribution of wholesale market price by trading periods

### Otahuhu node



### Benmore node



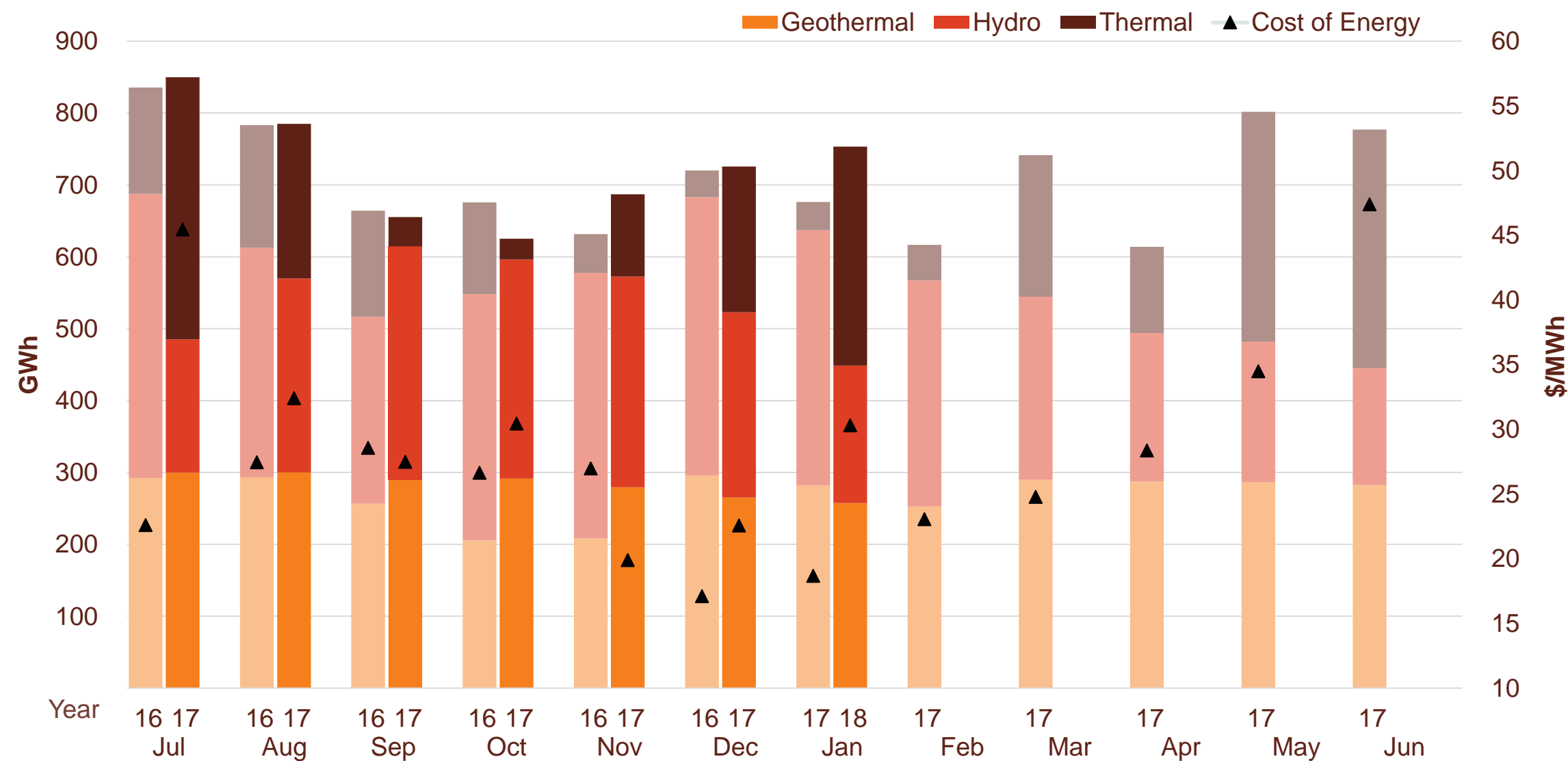
# Electricity demand

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» Reconciled market demand data not available as at time of release

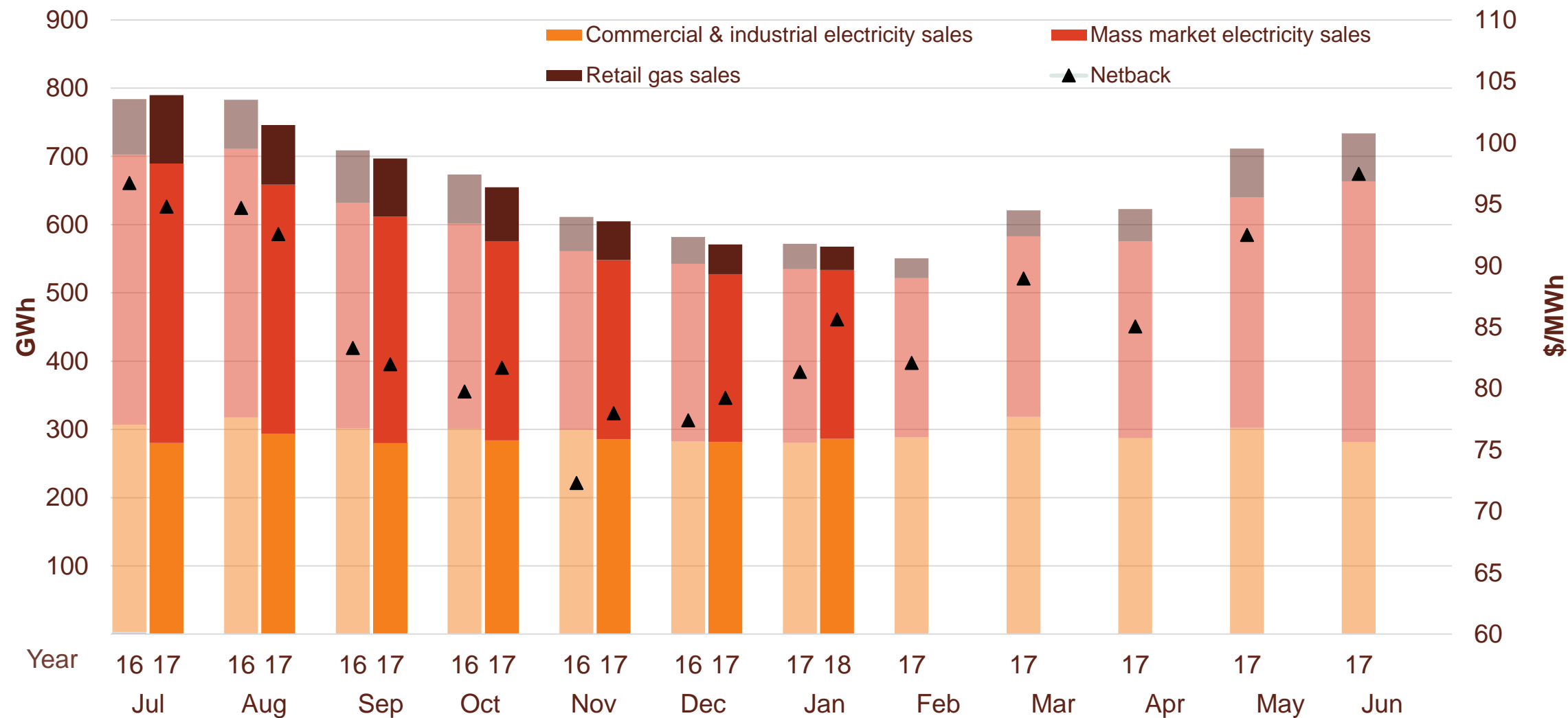
# Contact's Generation business performance

Generation mix and cost of energy (FY17 and 18)



# Contact's Customer business performance

## Retail sales volumes and netback (FY17 and 18)



# Contact's operational performance

		Measure	The month ended January 2018	The month ended January 2017	The month ended December 2017	Seven months ended January 2018	Seven months ended January 2017
Customer	Mass market electricity sales	GWh	248	254	246	2,154	2,196
	Commercial & industrial electricity sales	GWh	286	280	281	1,990	2,086
	Retail gas sales	GWh	34	37	43	486	429
	<b>Total electricity and gas sales</b>	<b>GWh</b>	<b>568</b>	<b>572</b>	<b>571</b>	<b>4,630</b>	<b>4,711</b>
	Average electricity sales price	\$/MWh	185.12	180.48	181.45	188.28	185.22
	Electricity direct pass thru costs	\$/MWh	(81.92)	(82.10)	(86.27)	(83.92)	(81.51)
	Electricity and gas cost to serve	\$/MWh	(14.31)	(13.96)	(12.07)	(12.33)	(13.65)
	Netback	\$/MWh	85.62	81.33	79.23	85.41	84.51
	Actual electricity line losses	%	4%	6%	5%	6%	5%
	Retail gas sales	PJ	0.1	0.1	0.1	1.6	1.4
	LPG sales	tonnes	4,551	4,676	5,128	42,929	42,788
	Electricity customer numbers	#	419,000	420,500	421,000		
	Gas customer numbers	#	64,500	62,500	64,500		
	LPG customer numbers (includes franchises)	#	85,000	77,000	83,500		
Generation	Thermal generation	GWh	305	39	203	1,271	724
	Geothermal generation	GWh	257	282	265	1,983	1,834
	Hydro generation	GWh	191	355	258	1,826	2,428
	<b>Spot market generation</b>	<b>GWh</b>	<b>753</b>	<b>676</b>	<b>726</b>	<b>5,081</b>	<b>4,987</b>
	Spot electricity purchases	GWh	556	572	556	4,402	4,526
	CfD sales	GWh	127	132	98	276	292
	Steam sales	GWh	44	55	54	373	404
	Commercial & industrial electricity sales	GWh	10	10	10	59	62
	GWAP	\$/MWh	118	43	119	96	47
	LWAP	\$/MWh	(131)	(51)	(130)	(103)	(53)
	LWAP/GWAP	%	111%	118%	109%	107%	113%
	Gas used in internal generation	PJ	2.7	0.6	2.0	12.2	8.0
	Gas storage net movement	PJ	(0.5)	0.1	(0.7)	(1.3)	(0.7)
	Unit generation cost	\$/MWh	(41.19)	(24.59)	(35.64)	(35.33)	(30.47)
	Cost of Energy	\$/MWh	(30.31)	(18.67)	(22.56)	(30.50)	(24.29)



# Glossary of terms

## Netback

Measures the performance of the Customer business.

This enables the performance of the retail channels to be measured without using an energy cost. The netback is meant to cover, inter alia, the net purchase cost, capital return, risk margin and a retail margin.

Electricity revenue from mass market and C&I customers

*Add:* Revenue from gas sales

*Less:* Electricity distribution network costs, meter costs and electricity levies

*Less:* Gas distribution network costs, meter costs and gas levies

*Less:* Operating costs to serve the customer, including head office allocation

## Cost of Energy

Measures the performance of the Generation business.

Cost of energy reflects the total operational costs of generating and procuring electricity sold to customers. It does not include any capital return expectations.

Wholesale electricity revenue from our generating assets

*Add:* Revenue from steam sales and direct electricity sales from Te Rapa

*Less:* Electricity purchase costs from the wholesale market to supply customers

*Less:* Electricity transmission costs and levies

*Less:* Gas and diesel purchase costs (excluding gas purchases for retail gas sales)

*Less:* Gas transmission costs and levies

*Less:* Carbon emissions costs

*Less:* Generation operating costs and head office allocation

Netback and cost of energy is divided by the total retail sales volumes (electricity and gas sales) to be expressed as \$/MWh







# Keep in touch

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