



meridian

## **Release**

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

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# Meridian Energy monthly operating report for April 2018

15 May 2018

Attached is Meridian Energy Limited's monthly operating report for the month of April 2018.

Highlights this month include:

- In the month to 11 May 2018, national hydro storage increased from 113% to 121% of historical average
- South Island storage sat at 121% of average and North Island storage at 123% of average on 11 May 2018
- Meridian's April 2018 monthly total inflows were 123% of historical average
- Meridian's Waitaki catchment storage at the end of April 2018 was 120% of historical average
- Storage in Meridian's Waiau catchment was well above average at the end of April 2018
- National electricity demand in April 2018 was 2.3% higher than the same month last year, with Good Friday public holiday falling in March this year and April last year
- April 2018 saw near average temperatures punctuated by a mid-month cold snap. Most parts of the country recorded above average rainfall for the month
- Meridian's retail sales volumes in April 2018 decreased by 0.6% compared to April 2017

## **ENDS**

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# APRIL 2018.



meridian

**MERIDIAN  
ENERGY  
LIMITED  
MONTHLY  
OPERATING  
REPORT**

MEMBER OF  
**Dow Jones  
Sustainability Indices**

In Collaboration with RobecoSAM 

# • April highlights.

**In the month to 11 May 2018, national hydro storage increased from 113% to 121% of historical average**

**South Island storage sat at 121% of average and North Island storage at 123% of average on 11 May 2018**

**Meridian's April 2018 monthly total inflows were 123% of historical average**

**Meridian's Waitaki catchment storage at the end of April 2018 was 120% of historical average**

**Storage in Meridian's Waiau catchment was well above average at the end of April 2018**

**National electricity demand in April 2018 was 2.3% higher than the same month last year, with Good Friday public holiday falling in March this year and April last year**

**April 2018 saw near average temperatures punctuated by a mid-month cold snap. Most parts of the country recorded above average rainfall for the month**

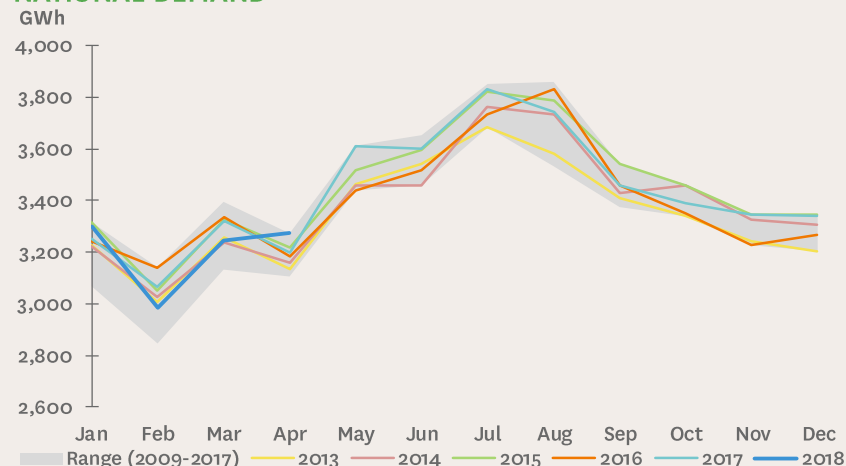
**Meridian's retail sales volumes in April 2018 decreased by 0.6% compared to April 2017**

[www.meridianenergy.co.nz/investors/](http://www.meridianenergy.co.nz/investors/)

# Market data.

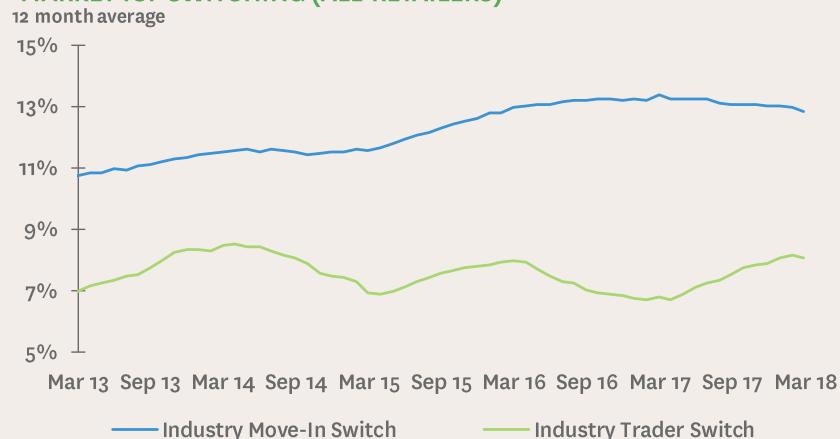
- National electricity demand in April 2018 was 2.3% higher than the same month last year, with Good Friday public holiday falling in March this year and April last year
- April 2018 saw near average temperatures punctuated by a mid-month cold snap. Most parts of the country recorded above average rainfall for the month
- Demand in the last 12 months was 1.2% higher than the preceding 12 months
- New Zealand Aluminium Smelter's average load during April 2018 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 8.1% at the end of March 2018
- 12-month average switching rate of customers moving and changing retailers ("move in" switch) was 12.8% at the end of March 2018

## NATIONAL DEMAND



Source: Electricity Authority

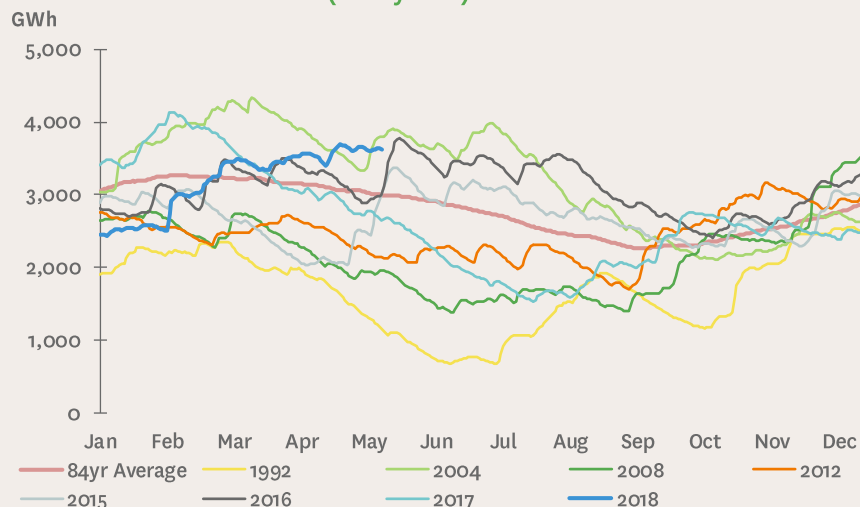
## MARKET ICP SWITCHING (ALL RETAILERS)



Source: Electricity Authority

# Market data.

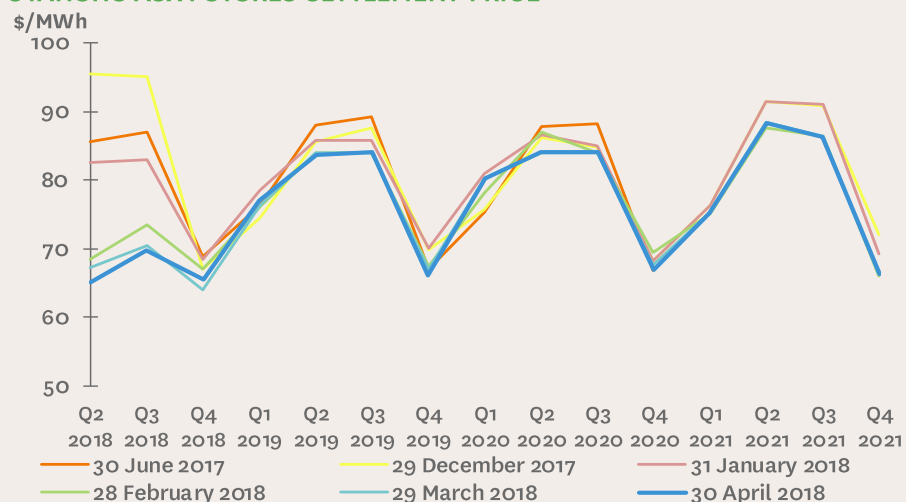
## NATIONAL HYDRO STORAGE (11 May 2018)



Source: NZX

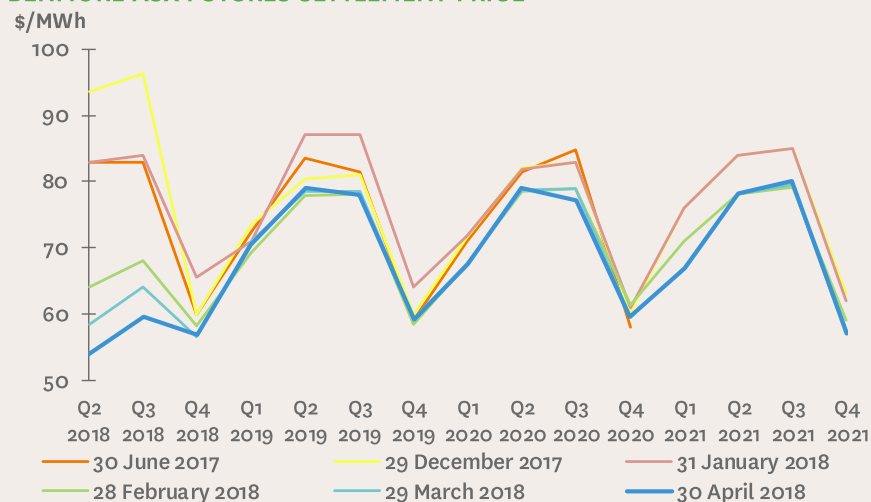
- April 2018 saw small declines in near-term forward ASX prices
- National storage increased from 113% of the 84 year average on 10 April 2018 to 121% of average on 11 May 2018
- South Island storage increased to 121% of historical average on 11 May 2018. North Island storage decreased to 123% of average

## OTAHUHU ASX FUTURES SETTLEMENT PRICE



Source: ASX

## BENMORE ASX FUTURES SETTLEMENT PRICE

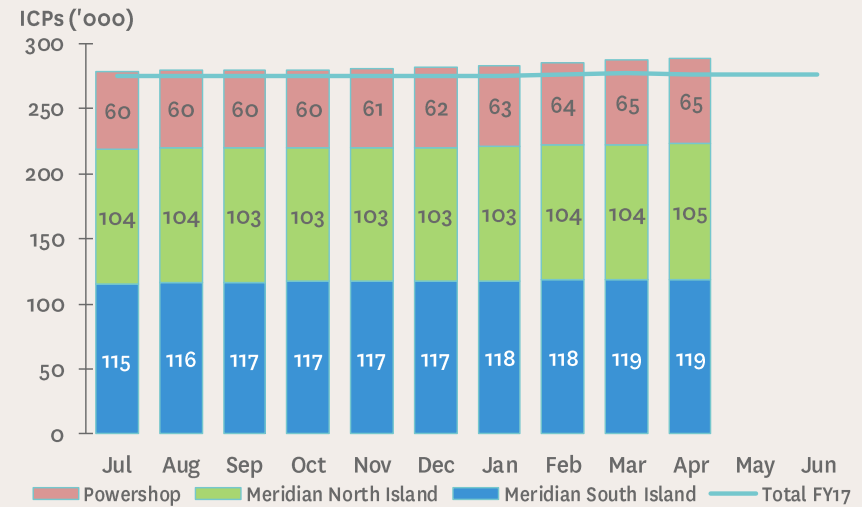


Source: ASX

# Operating information.

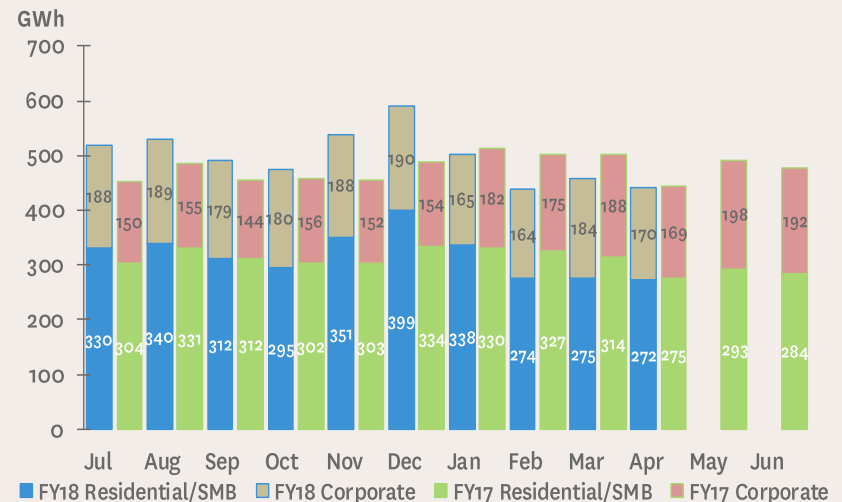
- Meridian's New Zealand customer connection numbers rose 0.5% during April 2018 and have risen 4.3% since June 2017
- Retail sales volumes in April 2018 decreased by 0.6% compared to April 2017
- Compared to April 2017, residential/SMB sales volumes decreased by 1.3% (slightly lower agri volumes) and corporate sales volumes increased by 0.7%
- To date this financial year, retail sales volumes are 4.7% higher than the same period last year
- This reflects a 1.7% increase in residential/SMB sales volumes and a 10.6% increase in corporate sales volumes

## MERIDIAN'S NEW ZEALAND CUSTOMER CONNECTIONS



Source: Meridian

## MERIDIAN'S RETAIL SALES VOLUMES\*



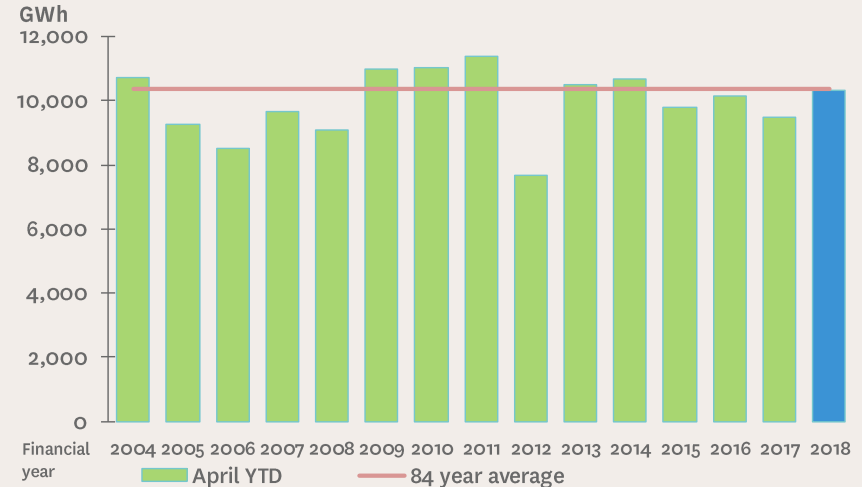
Source: Meridian

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

# Operating information.

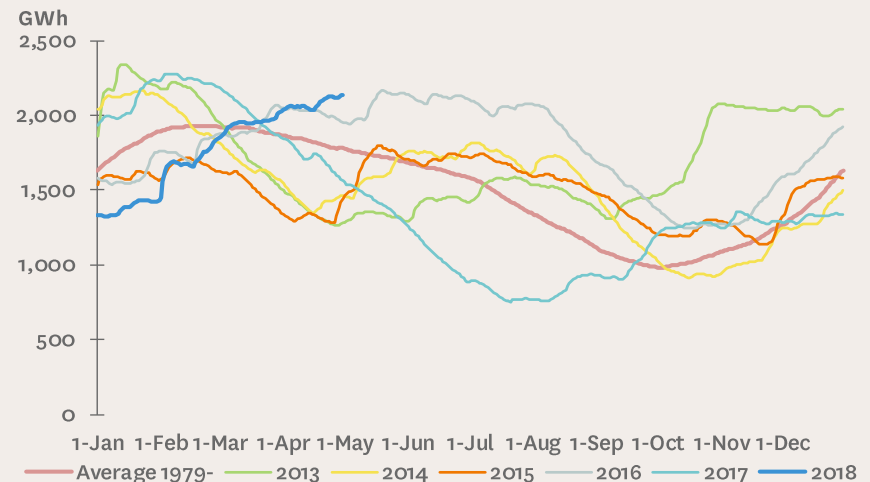
- April 2018 monthly inflows were 123% of historical average
- To date this financial year, inflows are 100% of historical average
- Meridian's Waitaki catchment storage moved from 2,030GWh to 2,138GWh during April 2018
- Waitaki storage at the end of April 2018 was 120% of historical average and 37% higher than the same time last year
- Storage in Meridian's Waiau catchment was well above average at the end of April 2018

**MERIDIAN'S COMBINED CATCHMENT INFLOWS**



Source: Meridian

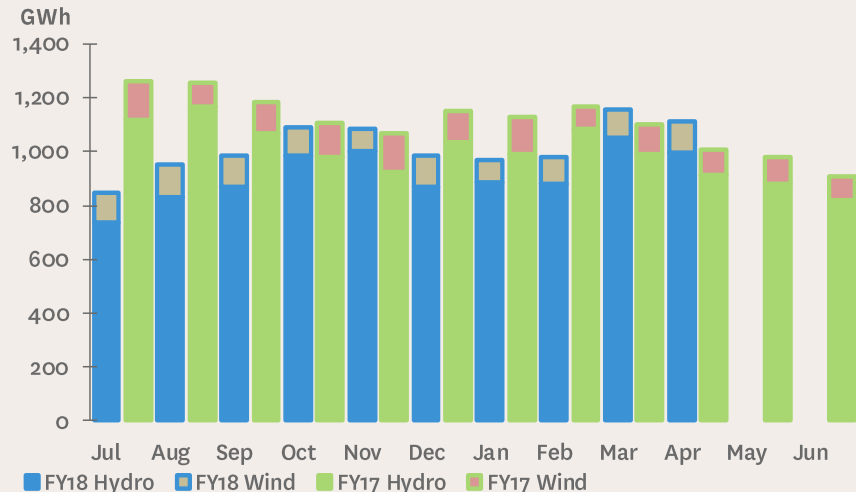
**MERIDIAN'S WAITAKI STORAGE**



Source: Meridian

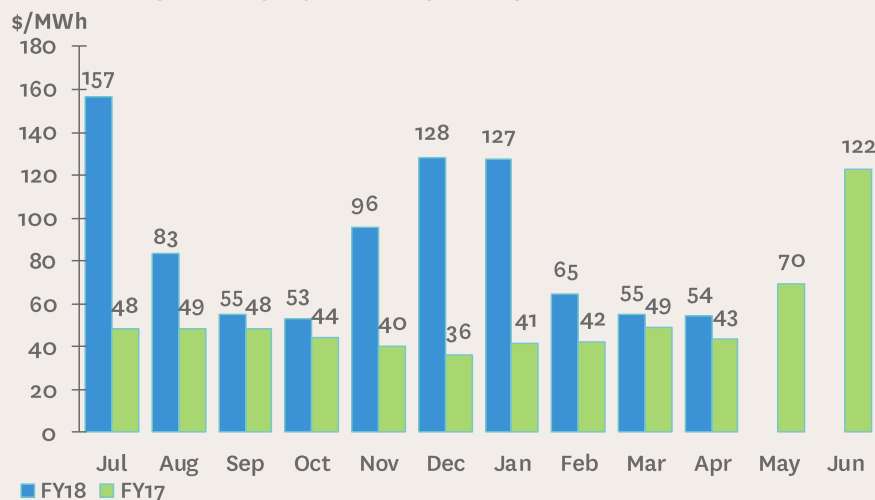
# Operating information.

## MERIDIAN'S NEW ZEALAND GENERATION



Source: Meridian

## MERIDIAN'S AVERAGE GENERATION PRICE\*



\*price received for Meridian's physical generation  
15 May 2018

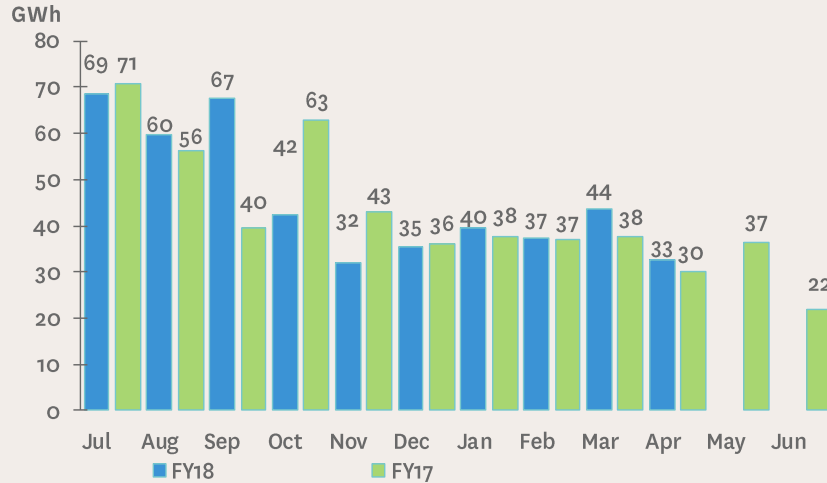
Source: Meridian

- Meridian's New Zealand generation in April 2018 was 10.6% 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 11.2% lower than the same period last year, reflecting lower hydro generation and lower wind generation
- The average price Meridian received for its generation in April 2018 was 25.3% higher than the same month last year
- The average price Meridian paid to supply contracted sales in April 2018 was 26.6% higher than the same month last year
- To date this financial year, the average price Meridian received for its generation is 92.5% higher than the same period last year



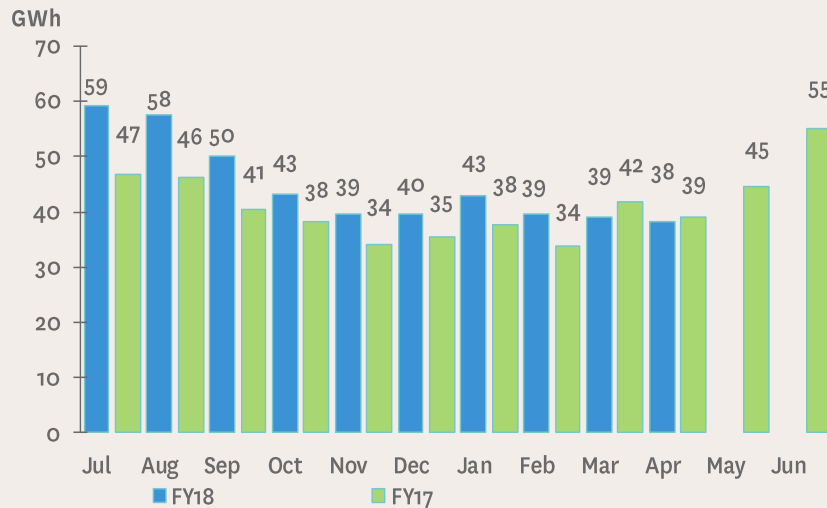
# Operating information.

## MERIDIAN'S AUSTRALIAN GENERATION



Source: Meridian

## AUSTRALIAN RETAIL SALES VOLUMES



Source: Meridian

- Meridian's Australian generation in April 2018 was 7.9% higher than the same month last year
- To date this financial year, Australian generation is 1.5% higher than the same period last year
- Australian retail sales volumes in April 2018 decreased by 1.6% compared to April 2017
- To date this financial year, Australian retail sales volumes are 14.2% higher than the same period last year

# Operating information.

	APRIL 2018 MONTH	APRIL 2017 MONTH	MARCH 2018 MONTH	FEBRUARY 2018 MONTH	10 MONTHS TO APRIL 2018	10 MONTHS TO APRIL 2017
<b>New Zealand contracted sales<sup>1</sup></b>						
Retail contracted sales volume (GWH)	442	445	459	438	4,983	4,758
Average retail contracted sales price (\$/MWH)	\$107.0	\$108.4	\$100.2	\$101.6	\$103.3	\$105.7
NZAS sales volume (GWH)	412	412	426	384	4,173	4,173
Sell side derivative volumes <sup>2</sup> (GWH)	272	240	294	239	1,754	1,280
Wholesale contracted sales average price <sup>3</sup> (\$/MWH)	\$60.1	\$56.8	\$58.7	\$61.3	\$59.2	\$52.5
Total New Zealand customer connections <sup>4</sup>	288,538	276,485	287,167	285,611		
<b>New Zealand generation</b>						
Hydro generation volumes (GWH)	994	912	1,049	878	9,098	10,273
Wind generation volumes (GWH)	118	93	105	102	1,053	1,159
Total generation volumes (GWH)	1,112	1,005	1,154	980	10,151	11,432
Average generation price <sup>5</sup> (\$/MWH)	\$54.3	\$43.3	\$55.2	\$64.8	\$85.1	\$44.2
Acquired generation volume <sup>6</sup> (GWH)	163	175	152	156	1,892	1,095
Cost of acquired generation (\$/MWH)	\$63.9	\$58.4	\$63.6	\$65.0	\$68.4	\$59.1
Acquired generation revenue average price (\$/MWH)	\$57.7	\$45.2	\$59.8	\$65.5	\$89.9	\$48.4
Future contract close outs (\$M)	\$0.0	\$0.1	\$0.0	-\$0.4	-\$3.3	\$0.0
Contracted sales supply volumes (GWH)	1,150	1,124	1,205	1,086	11,170	10,443
Cost to supply contracted sales (\$/MWH)	\$57.5	\$45.4	\$59.8	\$69.1	\$90.1	\$47.4
<b>Australia</b>						
Wind generation volumes (GWH)	33	30	44	37	458	452
Retail contracted sales volume (GWH)	38	39	39	39	449	393
Powershop customer connections <sup>7</sup>	not disclosed	not disclosed	100,773	not disclosed		

# Operating information.

## Footnotes

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

# FY18 operating information.

	Jul 2017	Aug 2017	Sep 2017	Oct 2017	Nov 2017	Dec 2017	Jan 2018	Feb 2018	Mar 2018	Apr 2018	May 2018	Jun 2018
<b>New Zealand Contracted Sales</b>												
Retail contracted sales volume (GWh)	519	529	491	475	539	589	503	438	459	442		
Average retail contracted sales price (\$/MWh)	\$113.9	\$115.5	\$109.0	\$98.7	\$96.0	\$93.3	\$96.8	\$101.6	\$100.2	\$107.0		
NZAS sales volume (GWh)	426	426	411	426	412	426	426	384	426	412		
Sell side derivative volumes (GWh)	95	100	111	142	194	125	182	239	294	272		
Wholesale contracted sales average price (\$/MWh)	\$60.9	\$59.0	\$58.1	\$54.9	\$57.6	\$58.5	\$63.0	\$61.3	\$58.7	\$60.1		
<b>Total New Zealand customer connections</b>	<b>278,595</b>	<b>279,967</b>	<b>280,209</b>	<b>280,211</b>	<b>281,314</b>	<b>282,396</b>	<b>283,724</b>	<b>285,611</b>	<b>287,167</b>	<b>288,538</b>		
<b>New Zealand Generation</b>												
Hydro generation volume (GWh)	739	831	867	985	1,000	867	888	878	1,049	994		
Wind generation volume (GWh)	108	118	116	106	82	118	80	102	105	118		
Total generation volume (GWh)	847	949	983	1,091	1,082	985	968	980	1,154	1,112		
Average generation price (\$/MWh)	\$156.5	\$83.4	\$55.0	\$53.1	\$95.5	\$128.4	\$127.2	\$64.8	\$55.2	\$54.3		
Acquired generation volume (GWh)	282	206	158	164	178	200	234	156	152	163		
Cost of acquired generation (\$/MWh)	\$77.4	\$70.1	\$62.5	\$60.6	\$64.9	\$69.9	\$75.4	\$65.0	\$63.6	\$63.9		
Acquired generation revenue average price (\$/MWh)	\$138.8	\$84.1	\$55.6	\$54.4	\$99.7	\$114.2	\$114.2	\$65.5	\$59.8	\$57.7		
Future contract close outs (\$m)	\$0.7	\$0.6	(\$0.7)	(\$0.3)	(\$0.1)	(\$0.4)	(\$0.3)	(\$0.4)	\$0.0	\$0.0		
Contracted sales supply volume (GWh)	1,067	1,077	1,053	1,054	1,174	1,163	1,140	1,086	1,205	1,150		
Cost to supply contracted sales (\$/MWh)	\$155.0	\$88.2	\$59.2	\$54.4	\$100.1	\$126.8	\$130.2	\$69.1	\$59.8	\$57.5		
<b>Australia</b>												
Wind generation volume (GWh)	69	60	67	42	32	35	40	37	44	33		
Retail contracted sales volume (GWh)	59	58	50	43	39	40	43	39	39	38		
<b>Powershop Australia customer connections</b>	<b>not disclosed</b>	<b>not disclosed</b>	<b>101,096</b>	<b>not disclosed</b>	<b>not disclosed</b>	<b>101,460</b>	<b>not disclosed</b>	<b>not disclosed</b>	<b>100,773</b>	<b>not disclosed</b>		

# FY17 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
Total New Zealand customer connections	275,344	275,861	275,840	275,339	275,785	275,714	275,598	276,429	277,096	278,518	276,147	276,767
<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
Total generation volume (GWh)	1,262	1,257	1,183	1,105	1,070	1,152	1,129	1,167	1,102	1,005	978	905
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

# FY16 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
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
<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

# • 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 83 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 <a href="http://www.emi.ea.govt.nz">www.emi.ea.govt.nz</a>
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 Mercury. They do not result in the physical supply of electricity

# Thank you.



meridian