

## >> QUARTERLY HIGHLIGHTS

### WET WET WET!

WETTEST FIRST HALF EVER. Q2 HYDRO GENERATION UP 38% ON PCP

### ELECTRICITY FUTURES PRICES HIGH

ELECTRICITY SPOT PRICES COLLAPSE DURING Q2, BUT FUTURES PRICES AT OR ABOVE \$190/MWh OUT TO CY26

### CONNECTION GROWTH ACROSS ALL PRODUCTS

35,000 NEW CONNECTIONS IN Q2. NOW BROADBAND ACQUISITION LIFTS TELCO CONNECTIONS BY 24,000

## >> COMMENTARY

### WET WET WET

Weather patterns across the Waikato catchment were very wet, almost the wettest second quarter since records began, extending the wet trend from the start of the financial year which is now ranked as the wettest July to December period on record. This is a marked change from the prior year where inflows trended around the lower quartile. Accordingly hydro generation was 1,281GWh for the three months ended 31 December 2022, up 352GWh (or 38%) on the prior comparable period, reflecting these very wet conditions. Hydro spill was significant at 386GWh for the quarter and 675GWh over the half year to maintain lakes within operating levels.

### ELECTRICITY SPOT PRICES WEAK OVER QUARTER, BUT FORWARD PRICES HIGH

National inflows for the last quarter were also wet, around the upper tercile and very wet for the first half of the financial year. This reflected in relatively low electricity spot prices over the quarter and half, averaging \$47/MWh and \$59/MWh in Auckland respectively. However, forward electricity prices remain high with calendar years 2023 to 2026 around or above \$190/MWh in Auckland reflecting high thermal generation costs.

### NATIONAL DEMAND GROWTH MODEST

National demand growth remains modest up only 0.5% on the prior comparable period but 1.2% lower than the same period 2 years ago with lower industrial demand driven mainly by reduced electricity consumption by Channel Infrastructure at Marsden Point.

### GENERATION PRODUCTION LIFTS STRONGLY

As noted, hydro generation was strong due to very wet weather. Geothermal generation for the quarter of 606GWh was 61GWh lower than the prior comparable period due to significant turnarounds (maintenance outages) at Nga Awa Pūrua and Kawerau. Wind generation for the last quarter was 9% higher than the prior comparable period due mostly to commissioning of Turitea North wind farm in 2021. For the financial year, we are forecasting hydro generation of 4,700GWh with much of this additional generation being sold at lower spot prices over the quarter.

### CONNECTION GROWTH CONTINUES, MERCURY ACQUIRES OUTSTANDING SHARES IN NOW NZ LIMITED

Mercury's quarterly operational update now includes the impact of the Trustpower retail business resulting in higher mass market connections, volumes, and prices versus the prior comparable period. In December 2022, Mercury acquired the outstanding interest of 52% in the NOW broadband business with 24,000 residential and commercial broadband connections. Mercury saw connection growth across all product lines, lifting total connections by 11,000 over the quarter (excluding NOW acquisition). Commercial & Industrial yields (physical and end-user CfDs) rose by \$13/MWh to almost \$107/MWh versus the prior comparable period, reflecting the rising electricity forward curve repricing contract renewals.

OPERATING INFORMATION	Three months ended 31 December 2022		Three months ended 31 December 2021		Six months ended 31 December 2022		Six months ended 31 December 2021	
<b>ELECTRICITY CUSTOMERS</b> (’000s ICPs)								
Electricity connections		579		327				
Gas connections		98		47				
Telecommunication customers		146						
Mobile connections		15						
Customers with two or more products		183		47				
		VWAP <sup>1</sup> (\$/MWh)		Volume (GWh)		VWAP (\$/MWh)		Volume (GWh)
<b>ELECTRICITY SALES</b>		2,455		1,922		5,321		3,998
Physical		135.60		1,590		120.39		1,117
Mass Market <sup>2</sup>		153.55		962		143.34		584
Commercial & Industrial <sup>3</sup>		108.08		628		95.25		533
Network Losses				82				52
Physical Purchases <sup>4</sup>		52.86		1,672		71.54		1,169
Financial		99.22		865		91.87		805
End User CfDs		103.95		301		90.48		270
Other Sell CfDs		96.69		564		92.57		535
Spot Settlement of CfDs		45.82				73.48		
Spot Customer Purchases		47.26		28		69.73		31
<b>GAS SALES (\$/GJ, TJ)</b> <sup>5</sup>		20.99		449		14.05		225
Gas purchases (\$/GJ, TJ) <sup>5</sup>		12.47		453		9.26		229
<b>TELCO SALES (\$/month/connection)</b> <sup>6</sup>		81.48				81.14		
Telco costs (\$/month/connection) <sup>6</sup>		58.82				57.31		
<b>ELECTRICITY GENERATION</b>		37.43		2,984		74.93		2,217
Physical		49.12		2,274		73.67		1,950
Hydro		52.16		1,281		83.57		929
Geothermal (consolidated) <sup>7</sup>		41.64		606		68.72		667
Wind Spot		33.31		116		54.77		92
Wind PPA		58.24		271		57.74		262
Financial		93.78		710		84.14		267
Buy CfDs <sup>8</sup>		93.78		710		84.14		267
Spot Settlement of CfDs		43.88				65.73		
<b>Net Position</b> <sup>9</sup>				176				-19
								352
								-130

<sup>1</sup> For electricity and gas, VWAP is the volume weighted average energy-only price sold to customers after lines, metering and fees

<sup>2</sup> Mass market includes residential segments and non time-of-use commercial customers

<sup>3</sup> Fixed-price, variable-volume (FPVV) sales to time-of-use commercial customers

<sup>4</sup> Excludes spot customer purchases

<sup>5</sup> Includes LPG

<sup>6</sup> Includes mobile connections, excludes NOW connections

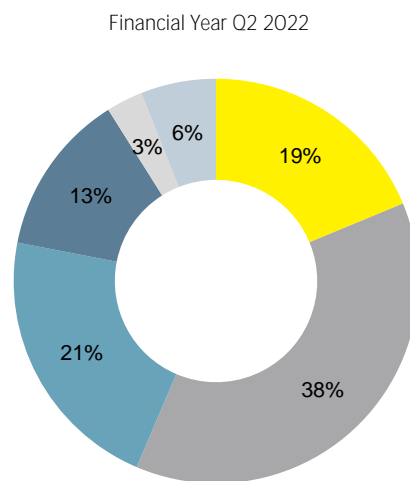
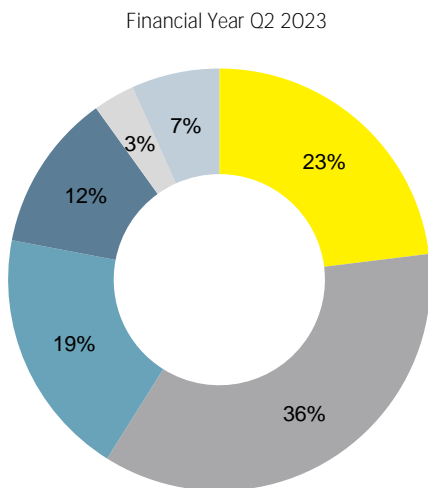
<sup>7</sup> Includes Mercury’s 65% share of Nga Awa Purua generation

<sup>8</sup> Includes Virtual Asset Swap volumes of 151 GWh for the 3 months ended 31 December 2022 and 151 GWh for the 3 months ended 31 December 2021 and of 302 GWh for the 6 months ended 31 December 2022 and 302 GWh for the 6 months ended 31 December 2021. Also includes the Manawa CFD volumes relating to the Trustpower retail transaction since May 2022

<sup>9</sup> Includes all physical and financial buys and sells except spot customer purchases and wind ppa

> ELECTRICITY GENERATION BY COMPANY FOR THE THREE MONTHS ENDED 31 DECEMBER

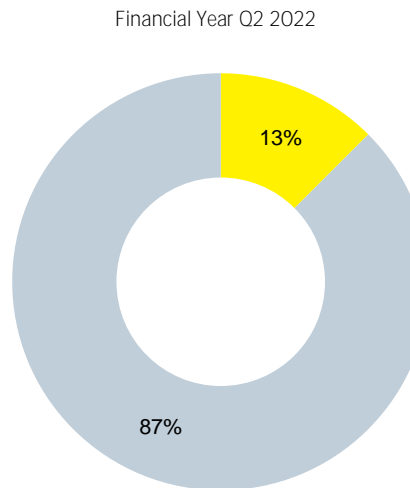
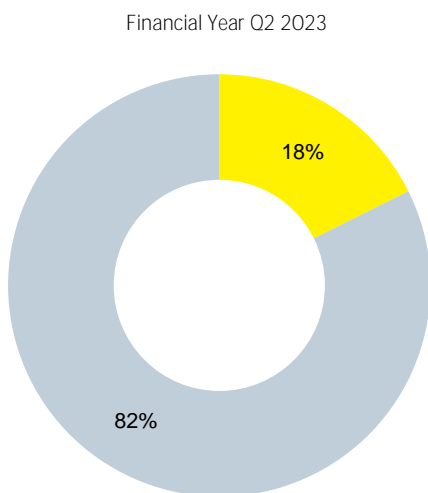
- MERCURY
- MERIDIAN ENERGY
- CONTACT ENERGY
- GENESIS ENERGY
- MANAWA ENERGY
- OTHER



Source: Electricity Authority

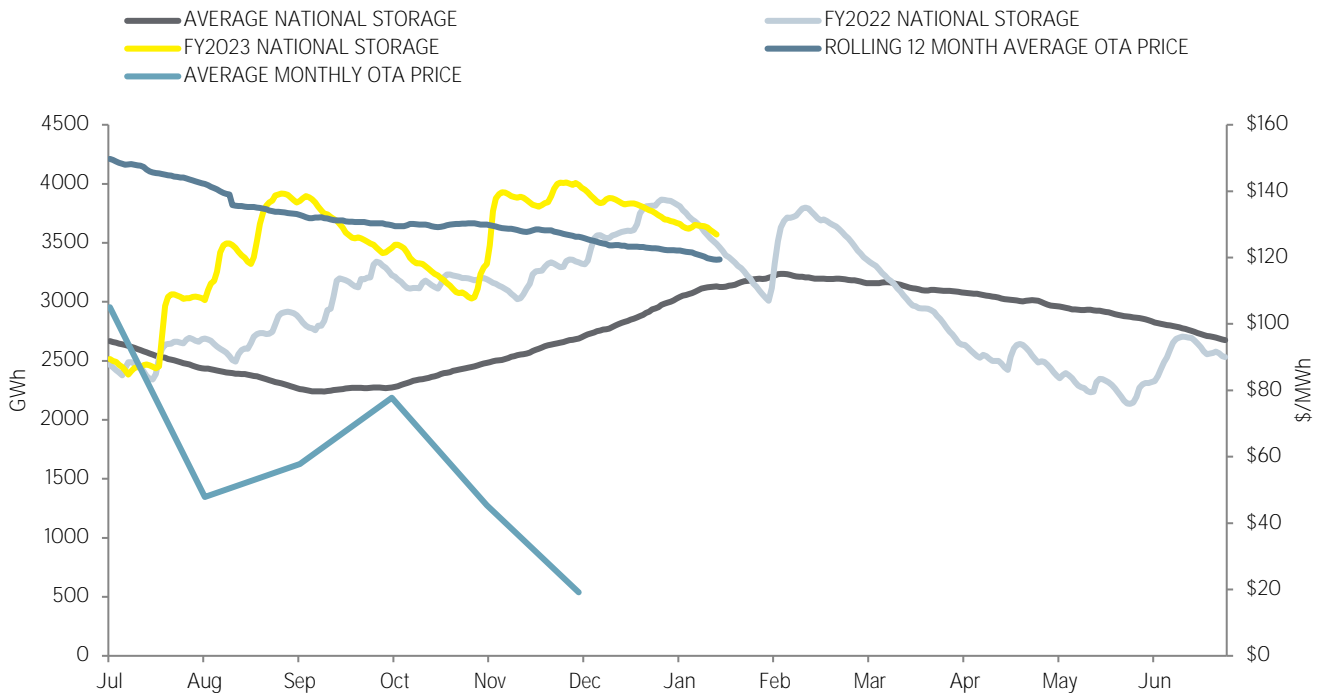
> SHARE OF ELECTRICITY SALES (GWh) FOR THE THREE MONTHS ENDED 31 DECEMBER (EXCLUDING CFDs)

- MERCURY
- OTHER



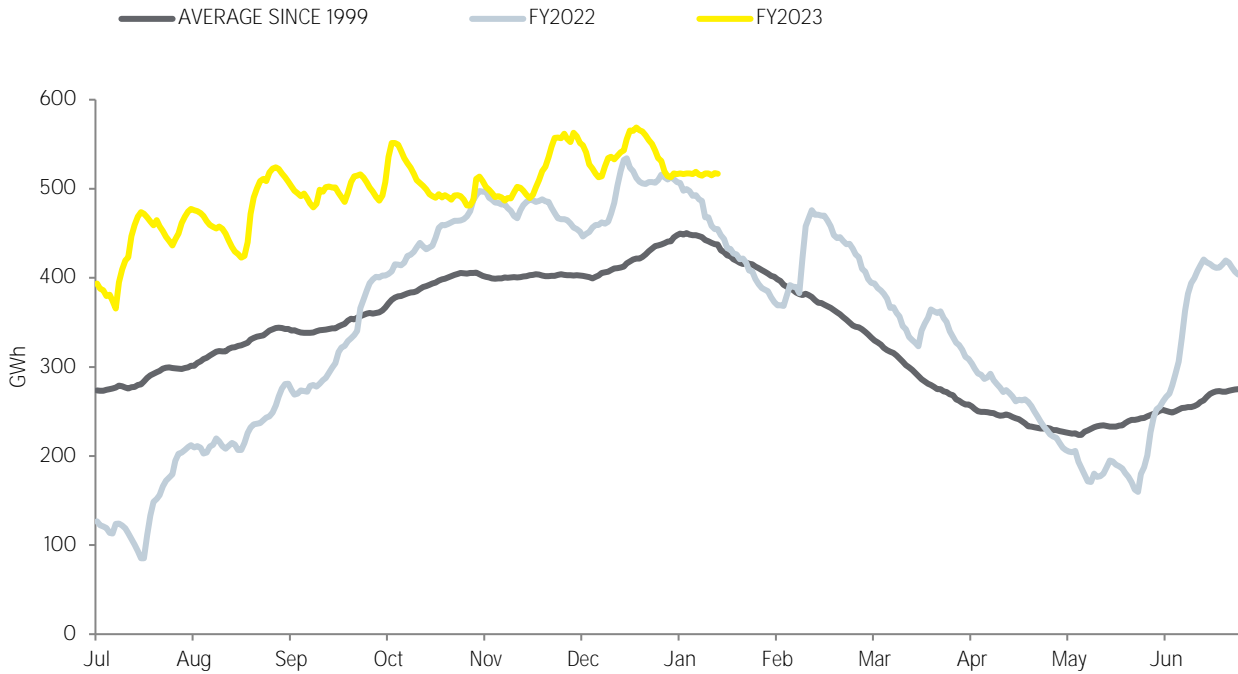
Source: Mercury Purchases and Transpower SCADA

> OTAHUHU WHOLESALE PRICE AND NATIONAL HYDRO STORAGE LEVELS



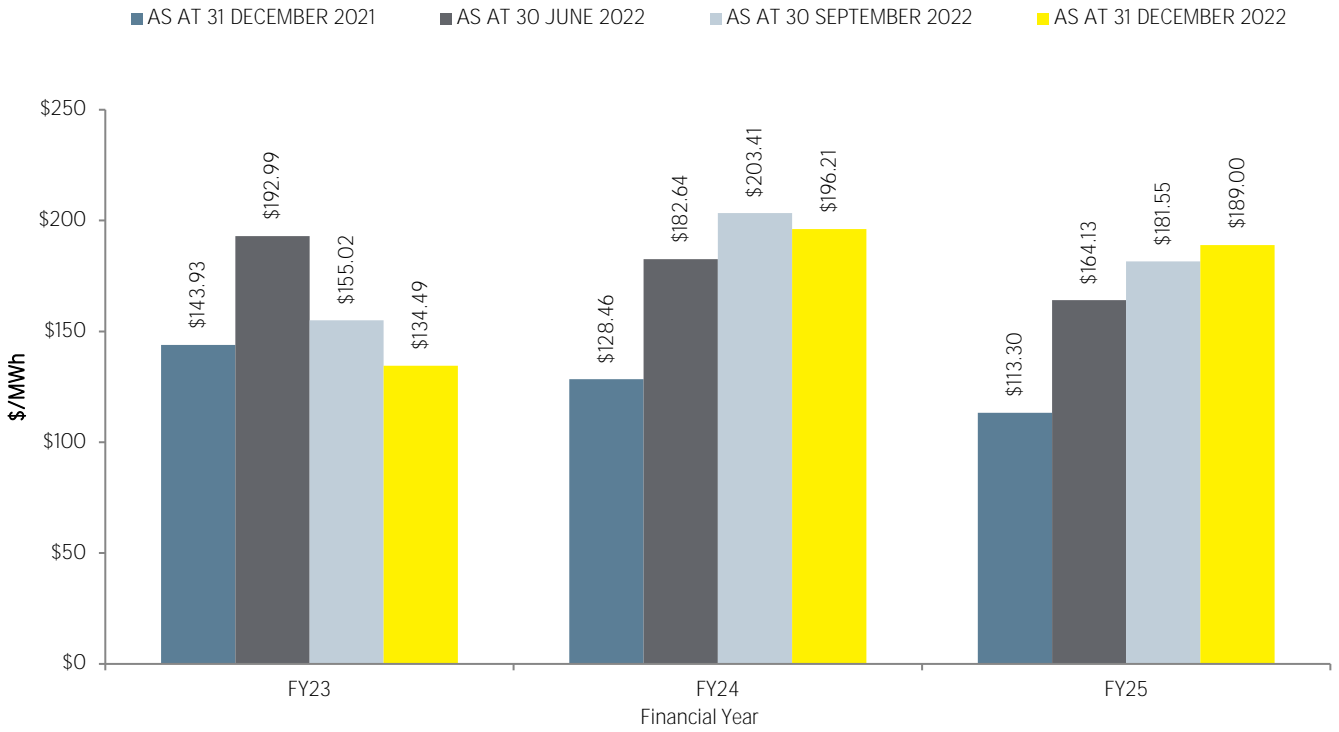
Source: NZX Hydro and NZEM Pricing Manager (NZX)

> TAUPO STORAGE



Source: NZX Hydro

> OTAHUHU ASX FUTURES SETTLEMENT PRICE



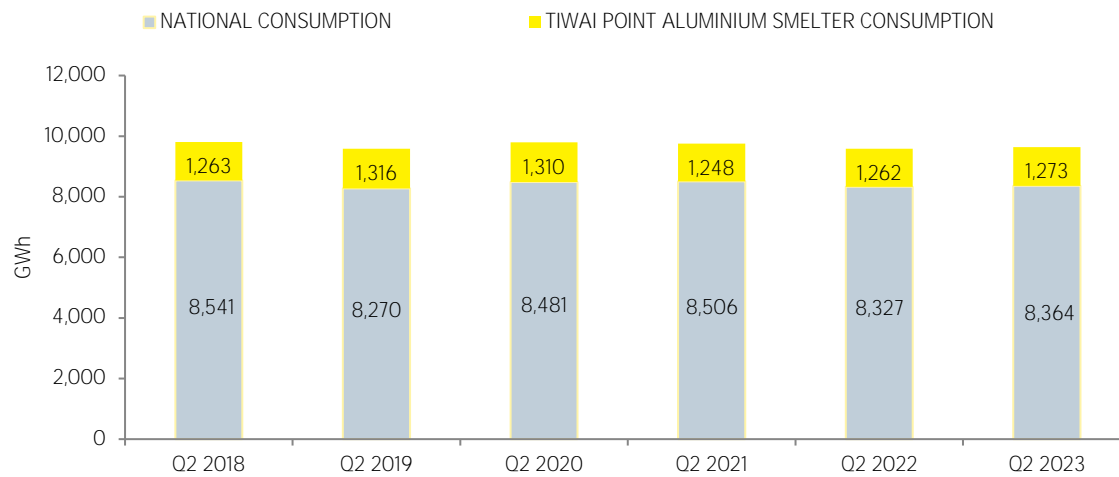
Source: ASX

> BENMORE ASX FUTURES SETTLEMENT PRICE



Source: ASX

## > NATIONAL CONSUMPTION (NON-TEMPERATURE ADJUSTED)



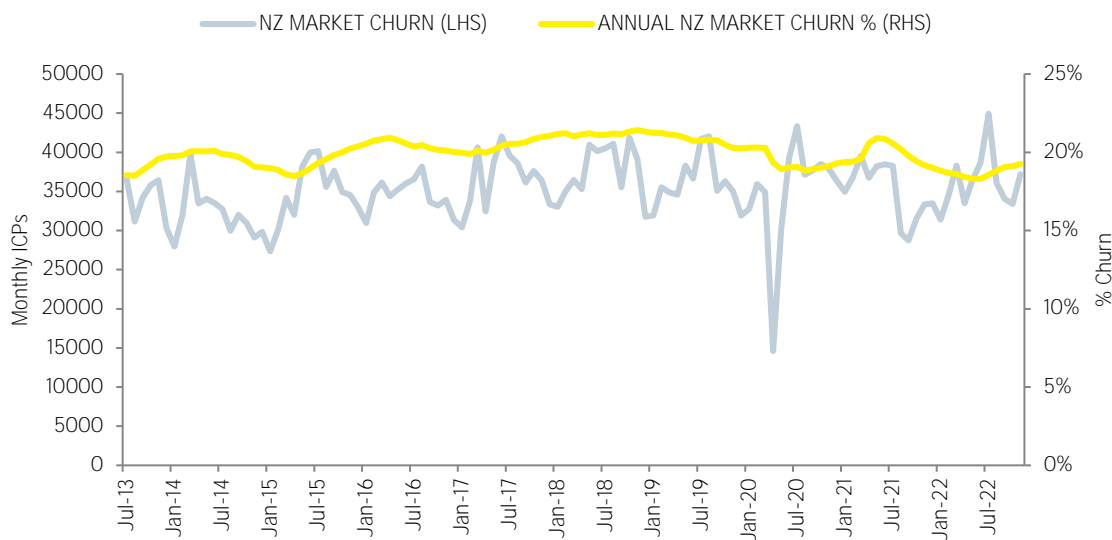
Source: Transpower Information Exchange

## > AUCKLAND CLIMATE SUMMARY ( °C)

FINANCIAL YEAR	Q1	Q2	Q3	Q4
2023	12.9	17.2	-	-
2022	12.2	17.8	20.8	15.1
2021	12.3	16.9	19.5	14.8
2020	12.3	16.7	19.5	14.4
2019	12.1	16.3	20.2	14.1
Historical Average (since 1999)	11.9	16.2	19.5	14.2

Source: Met Service

## > MONTHLY TOTAL CONSUMER RETAIL SWITCHING (ICPs)



Source: Electricity Authority