



meridian

Release

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

Meridian Energy monthly operating report for November 2016

14 December 2016

Attached is Meridian Energy Limited's monthly operating report for the month ended 30 November 2016.

Highlights this month include:

- In the month to 13 December 2016, national hydro storage increased from 105% to 113% of historical average
- South Island storage sat at 109% of average and North Island storage at 135% of average on 13 December 2016
- Meridian's November 2016 monthly inflows were 104% of historical average
- Meridian's Waitaki catchment storage at the end of November 2016 was 126% of historical average
- National electricity demand in November 2016 was 3.5% lower than the same month last year
- Lack of irrigation use reduced November 2016 demand to the lowest November month total in 7 years
- Meridian's retail sales volumes in November 2016 decreased by 19.2% compared to November 2015

ENDS

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meridian

Powering today, protecting tomorrow



November highlights



In the month to 13 December 2016, national hydro storage increased from 105% to 113% of historical average

South Island storage sat at 109% of average and North Island storage at 135% of average on 13 December 2016



Meridian's November 2016 monthly inflows were 104% of historical average

Meridian's Waitaki catchment storage at the end of November 2016 was 126% of historical average



National electricity demand in November 2016 was 3.5% lower than the same month last year

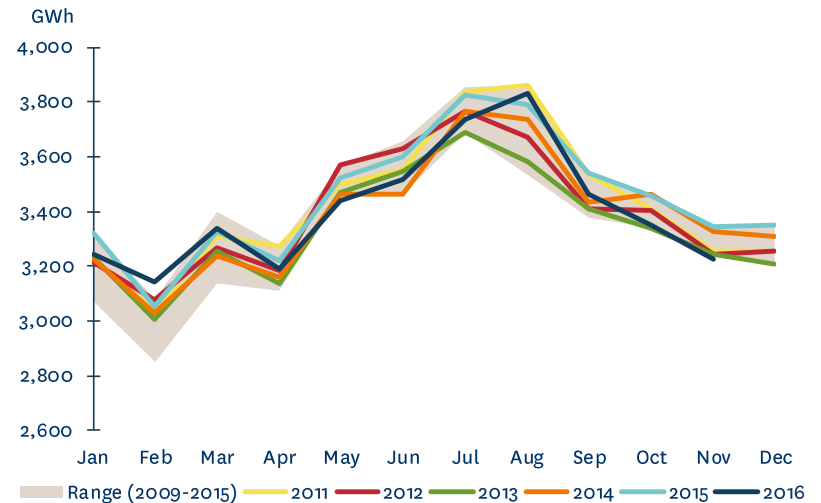
Lack of irrigation use reduced November 2016 demand to the lowest November month total in 7 years

Meridian's retail sales volumes in November 2016 decreased by 19.2% compared to November 2015

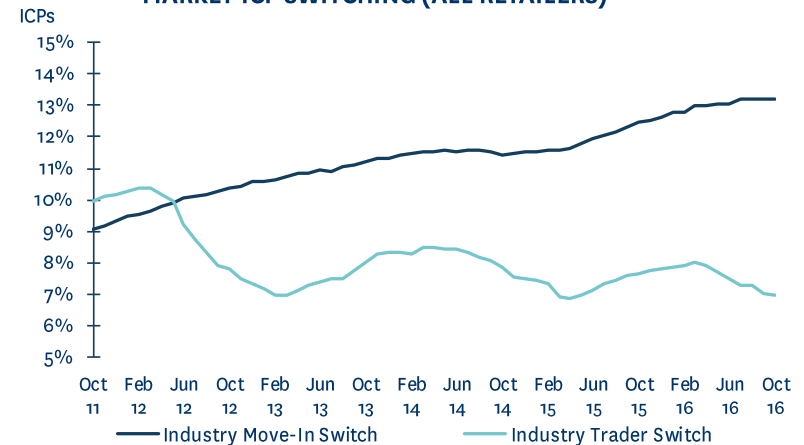
Market data

- National electricity demand¹ in November 2016 was 3.5% lower than the same month last year
- Rainfall was above average throughout most of New Zealand in November 2016
- Lack of irrigation use reduced November 2016 demand to the lowest November month total in 7 years
- Demand in the last 12 months was 1.2% lower than the preceding 12 months
- New Zealand Aluminium Smelter's average load during November 2016 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 October 2016
- 12-month average switching rate of customers moving and changing retailers (“move in” switch) was 13.2% at the end of October 2016

NATIONAL DEMAND

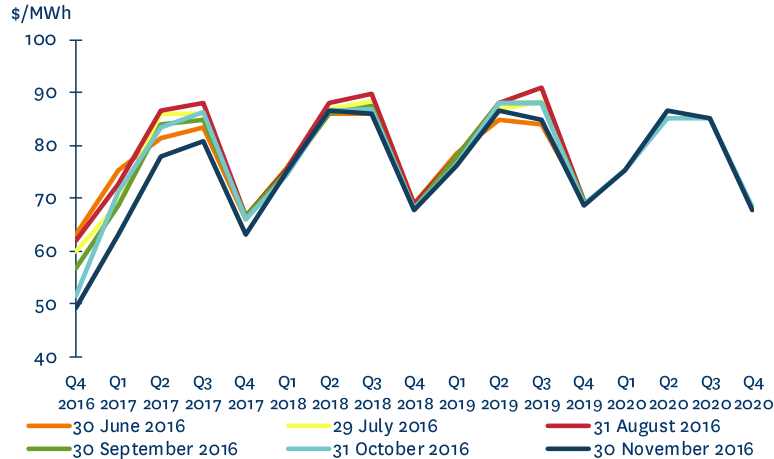


MARKET ICP SWITCHING (ALL RETAILERS)

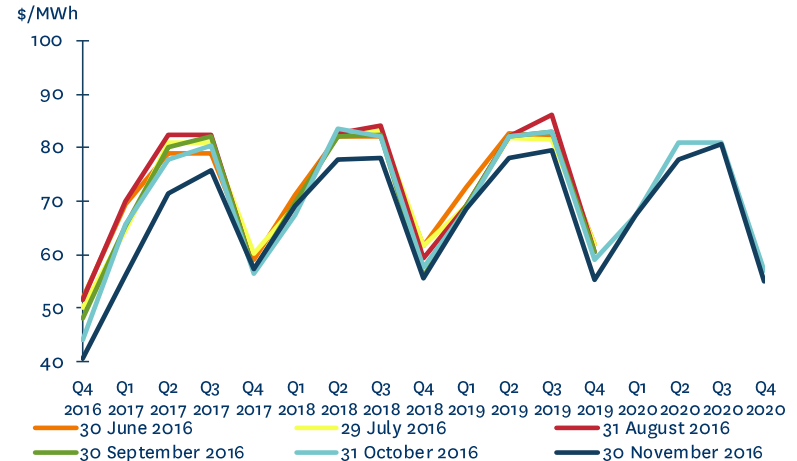


Market data

OTAHUHU ASX FUTURES SETTLEMENT PRICE

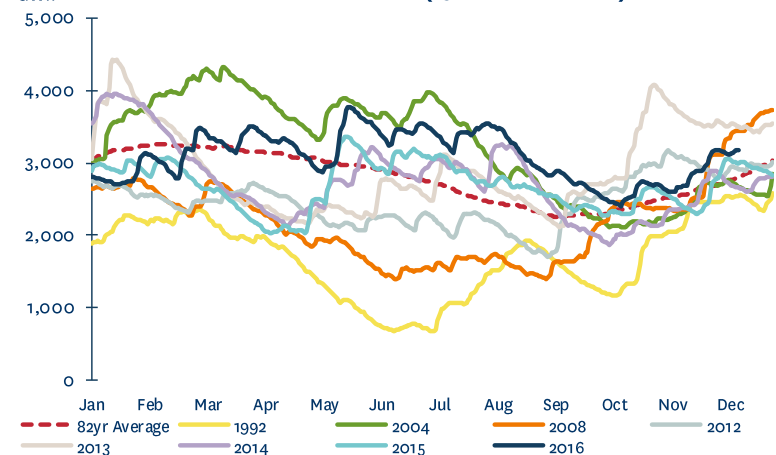


BENMORE ASX FUTURES SETTLEMENT PRICE



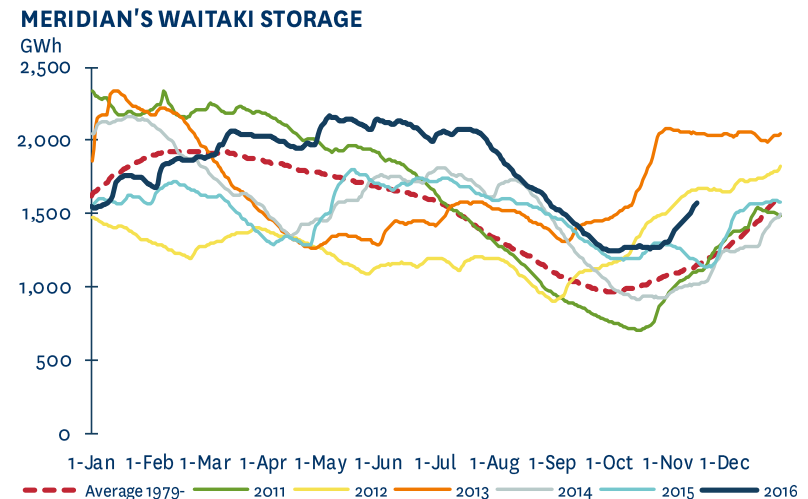
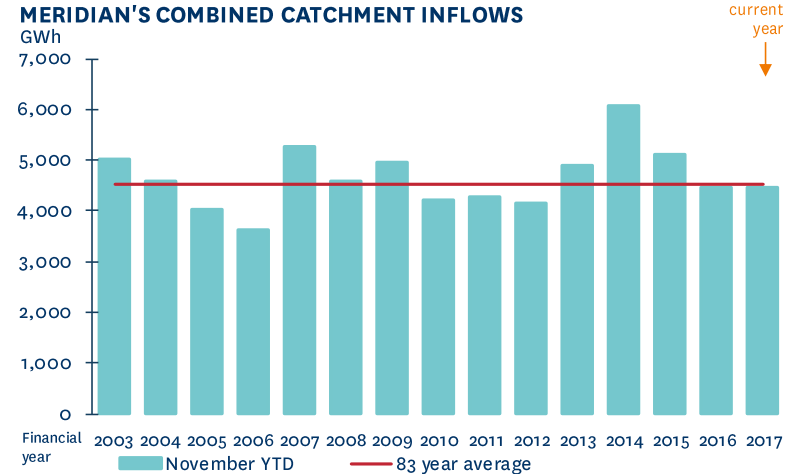
- November 2016 saw a reduction in ASX prices
- National storage increased from 105% of the 82 year average on 10 November 2016 to 113% of average on 13 December 2016
- South Island storage increased to 109% of historical average on 13 December 2016. North Island storage increased to 135% of average

NATIONAL HYDRO STORAGE (13 DECEMBER 2016)



Meridian operating information

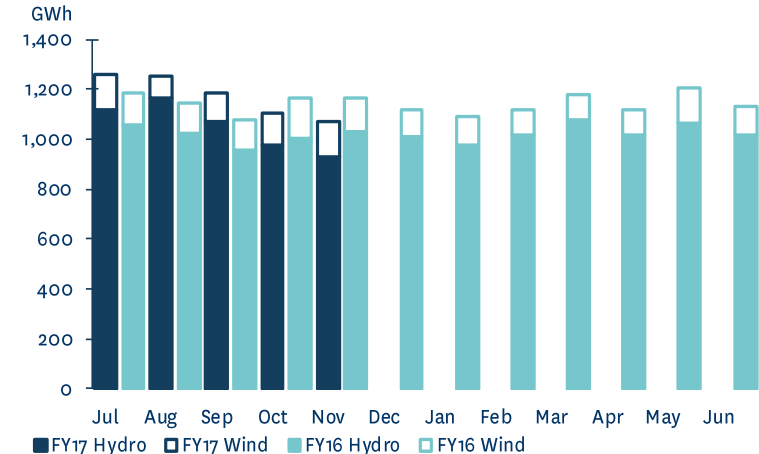
- November 2016 monthly inflows were 104% of historical average
- To date this financial year, inflows are 98% of historical average
- Meridian's Waitaki catchment storage moved from 1,277GWh to 1,578GWh during November 2016
- Waitaki storage at the end of November 2016 was 126% of historical average, compared with the position a month earlier, where storage was at 119% of historical average
- Waitaki storage at the end of November 2016 was 22% higher than the same time last year
- Total storage in Meridian's Waiau catchment increased during November 2016



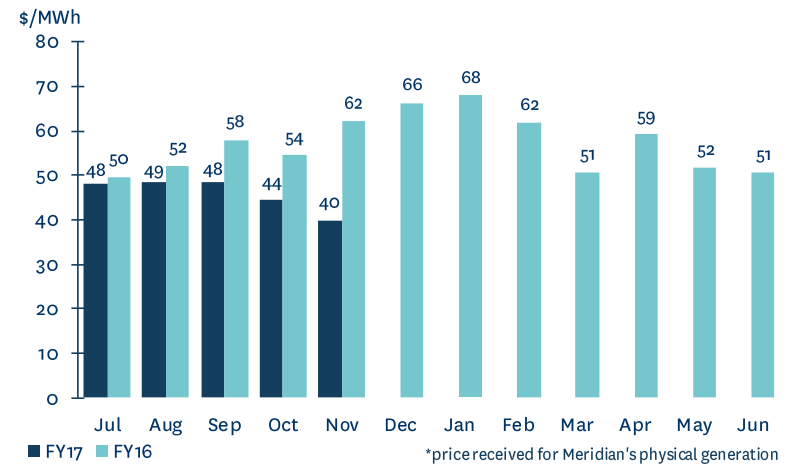
Meridian operating information

- Meridian's New Zealand generation in November 2016 was 8.4% lower than the same month last year, reflecting lower hydro generation and higher wind generation
- To date this financial year, Meridian's New Zealand generation is 2.4% higher than the same period last year, reflecting higher hydro generation and lower wind generation
- The average price Meridian received for its generation in November 2016 was 35.6% lower than the same month last year
- The average price Meridian paid to supply contracted sales in November 2016 was 38.7% lower than the same month last year
- To date this financial year, the average price Meridian has received for its generation is 16.6% lower than the same period last year

MERIDIAN'S NEW ZEALAND GENERATION



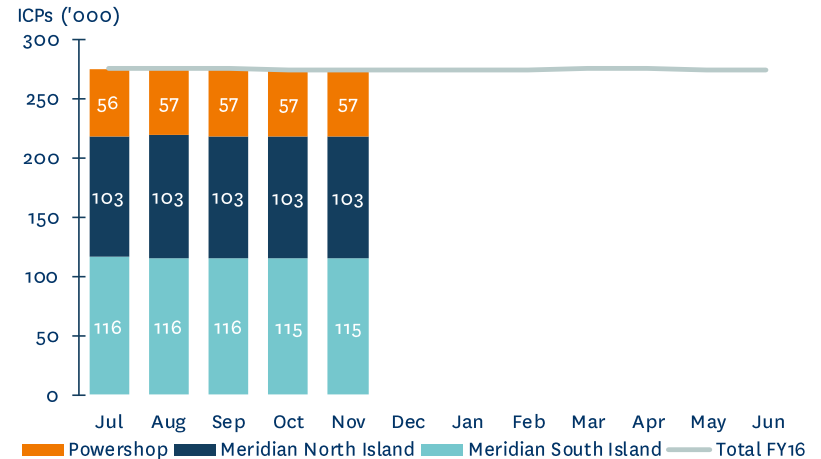
MERIDIAN'S AVERAGE GENERATION PRICE*



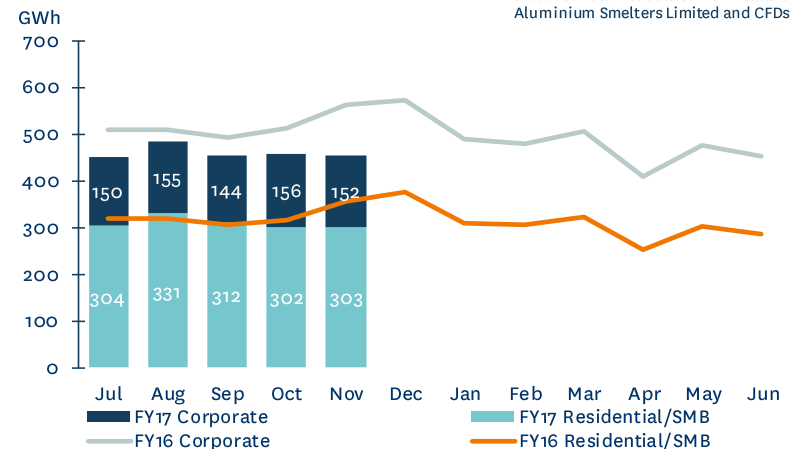
Meridian operating information

- Meridian's New Zealand customer connection numbers increased slightly during November 2016
- Retail sales volumes in November 2016 decreased by 19.2% compared to November 2015
- Compared to November 2015, residential/SMB sales volumes decreased by 14.7% (lack of irrigation use) and corporate sales volumes decreased by 26.8% (from churn in time-of-use customers)
- To date this financial year, Meridian's retail sales volumes are 10.9% lower than the same period last year
- This reflects a 4.3% decrease in residential/SMB sales volumes and a 21.8% decrease in corporate sales volumes

MERIDIAN'S NEW ZEALAND CUSTOMER CONNECTIONS



MERIDIAN'S RETAIL SALES VOLUMES*



Meridian operating information

| | November 2016 month | November 2015 month | October 2016 month | September 2016 month | 5 months to November 2016 | 5 months to November 2015 |
|---|---------------------------|---------------------------|--------------------------|----------------------------|---------------------------------|---------------------------------|
| New Zealand Contracted Sales¹ | | | | | | |
| Retail contracted sales volume (GWh) | 455 | 563 | 458 | 456 | 2,309 | 2,590 |
| Average retail contracted sales price (\$/MWh) | \$98.7 | \$94.9 | \$100.1 | \$112.2 | \$110.8 | \$108.2 |
| NZAS sales volume (GWh) | 412 | 412 | 426 | 411 | 2,100 | 2,100 |
| Sell side derivative volumes ² (GWh) | 110 | 102 | 102 | 128 | 490 | 627 |
| Wholesale contracted sales average price (\$/MWh) | \$50.4 | \$51.7 | \$50.2 | \$50.3 | \$50.3 | \$51.1 |
| Total New Zealand customer connections ³ | 275,785 | 274,146 | 275,339 | 275,840 | | |
| Powershop Australia customer connections ⁴ | <i>not disclosed</i> | <i>not disclosed</i> | <i>not disclosed</i> | 83,908 | | |
| New Zealand Generation | | | | | | |
| Hydro generation volume (GWh) | 926 | 1,033 | 980 | 1,069 | 5,260 | 5,074 |
| Wind generation volume (GWh) | 144 | 135 | 125 | 114 | 617 | 663 |
| Total generation volume (GWh) | 1,070 | 1,168 | 1,105 | 1,183 | 5,877 | 5,737 |
| Average generation price ⁵ (\$/MWh) | \$40.0 | \$62.1 | \$44.4 | \$48.3 | \$46.1 | \$55.3 |
| Acquired generation volume ⁶ (GWh) | 64 | 94 | 49 | 72 | 398 | 563 |
| Cost of acquired generation (\$/MWh) | \$66.8 | \$70.5 | \$70.0 | \$52.1 | \$56.9 | \$76.1 |
| Acquired generation revenue average price (\$/MWh) | \$47.2 | \$66.6 | \$49.1 | \$51.5 | \$51.5 | \$56.0 |
| Future contract close outs (\$m) | \$0.0 | (\$0.2) | \$0.0 | (\$0.1) | (\$0.3) | (\$1.5) |
| Contracted sales supply volume (GWh) | 1,007 | 1,096 | 1,032 | 1,003 | 5,012 | 5,448 |
| Cost to supply contracted sales (\$/MWh) | \$42.3 | \$69.0 | \$47.0 | \$51.1 | \$49.5 | \$59.1 |

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. Financially responsible market participants, excluding vacants

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

6. Excludes the buy-side of virtual asset swaps

MERIDIAN ENERGY LIMITED Monthly operating report for November 2016

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 |
|--|---------------|---------------|--------------|---------------|---------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| New Zealand Contracted Sales | | | | | | | | | | | | |
| Retail contracted sales volume (GWh) | 454 | 487 | 456 | 458 | 455 | | | | | | | |
| Average retail contracted sales price (\$/MWh) | \$122.9 | \$119.7 | \$112.2 | \$100.1 | \$98.7 | | | | | | | |
| NZAS sales volume (GWh) | 426 | 426 | 411 | 426 | 412 | | | | | | | |
| Sell side derivative volumes (GWh) | 64 | 87 | 128 | 102 | 110 | | | | | | | |
| Wholesale contracted sales average price (\$/MWh) | \$49.7 | \$50.8 | \$50.3 | \$50.2 | \$50.4 | | | | | | | |
| Total New Zealand customer connections | 275,344 | 275,861 | 275,840 | 275,339 | 275,785 | | | | | | | |
| Powershop Australia customer connections | not disclosed | not disclosed | 83,908 | not disclosed | not disclosed | | | | | | | |
| New Zealand Generation | | | | | | | | | | | | |
| Hydro generation volume (GWh) | 1,119 | 1,166 | 1,069 | 980 | 926 | | | | | | | |
| Wind generation volume (GWh) | 143 | 91 | 114 | 125 | 144 | | | | | | | |
| Total generation volume (GWh) | 1,262 | 1,257 | 1,183 | 1,105 | 1,070 | | | | | | | |
| Average generation price (\$/MWh) | \$48.1 | \$48.5 | \$48.3 | \$44.4 | \$40.0 | | | | | | | |
| Acquired generation volume (GWh) | 102 | 112 | 72 | 49 | 64 | | | | | | | |
| Cost of acquired generation (\$/MWh) | \$46.2 | \$58.2 | \$52.1 | \$70.0 | \$66.8 | | | | | | | |
| Acquired generation revenue average price (\$/MWh) | \$48.3 | \$57.8 | \$51.5 | \$49.1 | \$47.2 | | | | | | | |
| Future contract close outs (\$m) | (\$0.2) | (\$0.1) | (\$0.1) | \$0.0 | \$0.0 | | | | | | | |
| Contracted sales supply volume (GWh) | 950 | 1,021 | 1,003 | 1,032 | 1,007 | | | | | | | |
| Cost to supply contracted sales (\$/MWh) | \$54.4 | \$52.7 | \$51.1 | \$47.0 | \$42.3 | | | | | | | |

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 |
|--|---------------|---------------|--------------|---------------|---------------|--------------|---------------|---------------|--------------|---------------|---------------|--------------|
| New Zealand Contracted Sales | | | | | | | | | | | | |
| 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 |
| 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 |
| New Zealand Generation | | | | | | | | | | | | |
| 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 |

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 |
|--|---------------|---------------|--------------|---------------|---------------|--------------|---------------|---------------|--------------|---------------|---------------|--------------|
| New Zealand Contracted Sales | | | | | | | | | | | | |
| 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 |
| 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 |
| New Zealand Generation | | | | | | | | | | | | |
| 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 |
| Total generation volume (GWh) | 1,201 | 1,248 | 1,170 | 1,144 | 1,047 | 1,092 | 1,115 | 1,009 | 1,072 | 865 | 1,189 | 1,179 |
| 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 |

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 81 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 www.emi.ea.govt.nz |
| 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 Mightly River Power. They do not result in the physical supply of electricity |