



meridian

## News Release

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Stock exchange listings: NZX (MELCA) ASX (MEZCA)

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# Meridian Energy monthly operating report for June

14 July, 2014

Attached is Meridian Energy Limited's monthly operating report for the month ending 30 June 2014.

Highlights this month include:

- Record warm temperatures driving a 3% decrease in national electricity demand compared to June last year
- A 1.8% decrease in Meridian's average retail contracted sales price in the year to June 2014, compared to the same period last year
- The highest June monthly inflows into Meridian's catchments in the last 10 years
- National and South Island storage now well above average levels

## Annual Results

Meridian Energy Limited annual results for the 12 months ended 30 June 2014 will be released on Monday, 18 August 2014.

## Annual Meeting

Meridian Energy Limited intends to hold its Annual Meeting of shareholders in Wellington on Wednesday, 29 October 2014 at 2.00pm. Further details, including venue, will be advised in the Notice of Meeting.

### For investor relations queries, please contact:

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Investor Relations Manager  
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**Important Notice for Investors:** The securities of Meridian Energy Limited are represented by Instalment Receipts. Each Instalment Receipt carries a liability to pay a further instalment of NZ\$0.50 on 15 May 2015. When investors acquire the Instalment Receipts they assume the liability to pay the Final Instalment. It is the investor's responsibility to ensure that if they are on the register when the liability for the instalment arises, they can afford to pay the instalment. If an investor has a liability and does not pay the instalment, the Trustee can take action to recover the amount owing including costs and expenses.

Meridian Energy Limited (ARBN 151 800 396) A company incorporated in New Zealand 33 Customhouse Quay, PO Box 10840, Wellington 6143

[www.meridian.co.nz](http://www.meridian.co.nz)

An aerial photograph of a hydroelectric dam and power plant. The dam is a concrete structure with several spillways, situated on a river. The water is a vibrant blue. The surrounding landscape is arid and hilly, with brownish-yellow soil and sparse vegetation. In the background, there are large, rugged mountains under a clear blue sky. The overall scene is a mix of natural beauty and industrial infrastructure.

# ***Meridian Energy***

MONTHLY OPERATING REPORT *June 2014*

# June Highlights

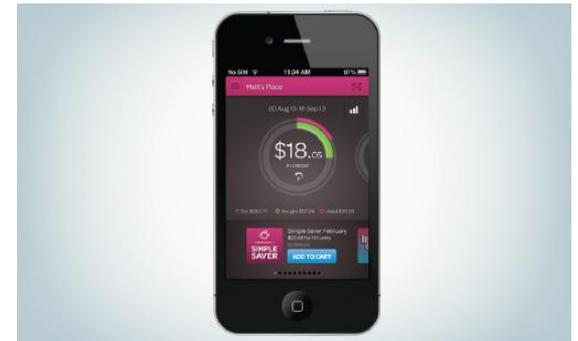
In the month to 11 July 2014, national hydro storage increased from 103% to 111% of historical average, with South Island storage now at 120% of average and North Island storage at 68% of average

Meridian saw the highest June month inflows in the last 10 years

Meridian's Waitaki catchment storage continued to lift, sitting at 113% of historical average at the end of June 2014

Record warm temperatures in June 2014 saw monthly electricity demand drop 3% compared to June last year

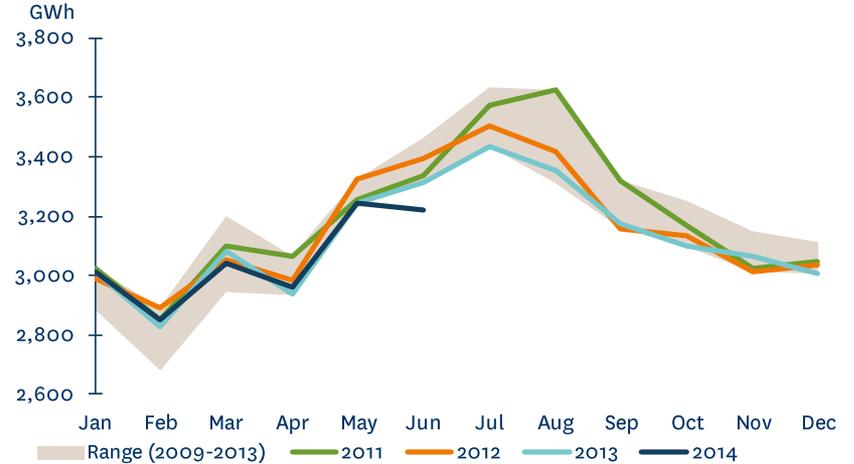
A 1.8% decrease in Meridian's average retail contracted sales price in the year to June 2014, compared to the same period last year



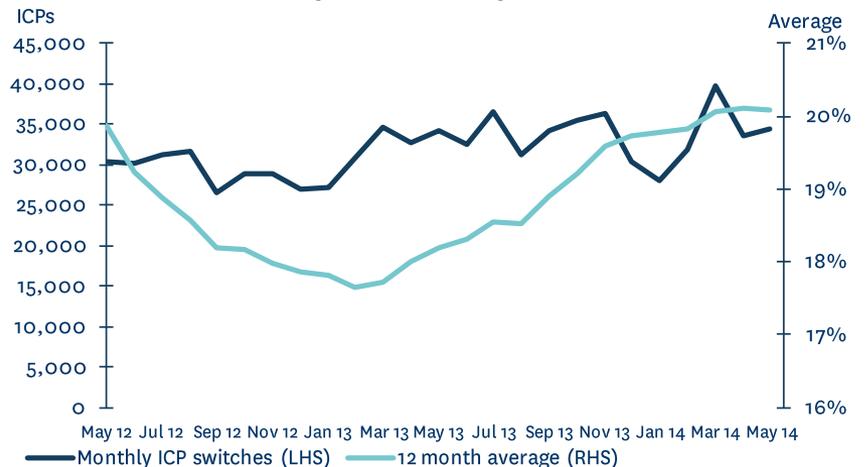
## Market Data

- Niwa records show almost all parts of the country reporting record warm temperatures in June 2014
- As a result, demand in June 2014 was 2.9% lower than the same month last year
- Demand in 2014 is now 0.5% lower than the same six month period last year
- New Zealand Aluminium Smelters' average load during June 2014 was consistent with the 572MW base quantity of the NZAS Agreement
- The number of switches in May 2014 rose slightly from the previous month and was similar to the level in May 2013
- 12 month average switching rate of 20.1% at the end of May 2014

### NATIONAL DEMAND

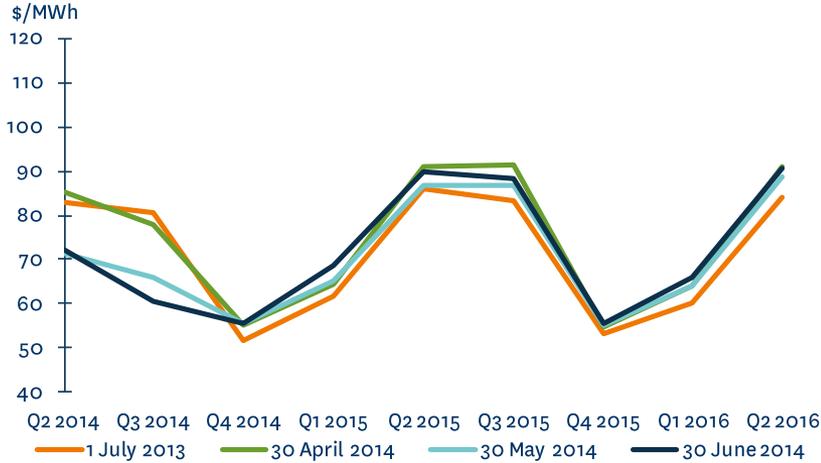


### MARKET ICP SWITCHING (ALL RETAILERS)

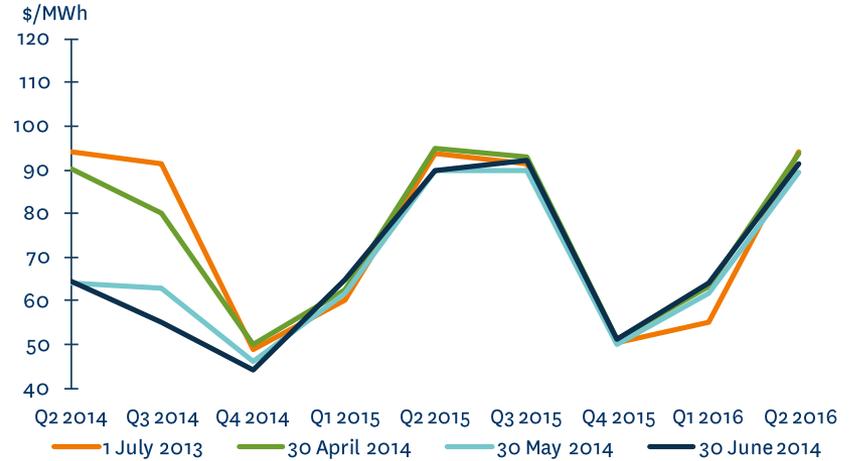


# Market Data

## OTAHUHU ASX FUTURES SETTLEMENT PRICE

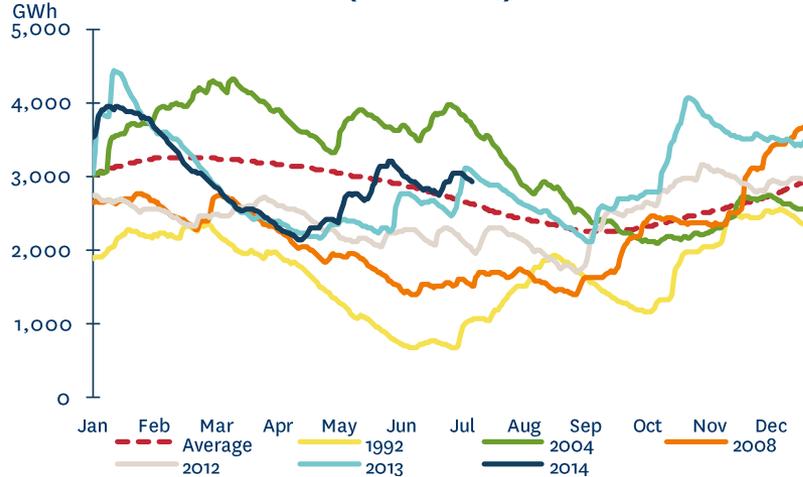


## BENMORE ASX FUTURES SETTLEMENT PRICE



- Improved hydro storage saw 2014 ASX futures prices continue to drop
- National storage has risen from 103% of average on 10 June 2014 to 111% of average by 11 July 2014
- South Island storage has risen to 120% of average by 11 July 2014. North Island storage has risen to 68% of average

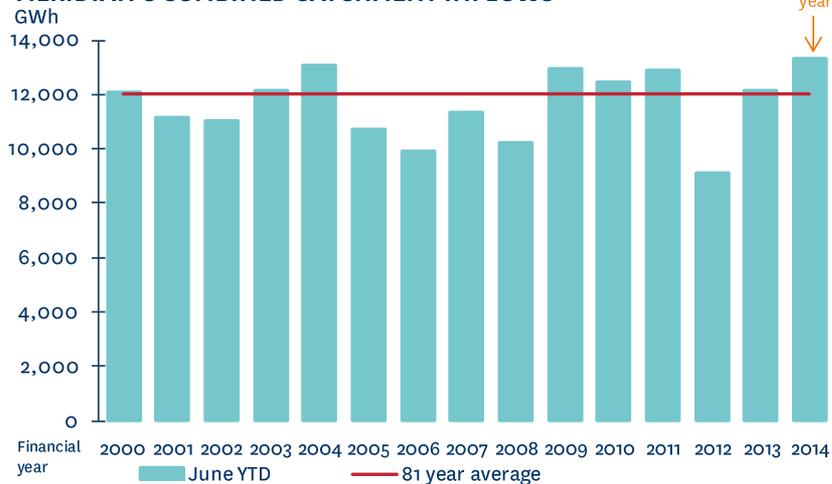
## NATIONAL HYDRO STORAGE (11 JULY 2014)



## Meridian Operating Information

- June monthly inflows were at 130% of historical average, representing the highest June month inflows in the last 10 years
- For the year to 30 June 2014, inflows were 111% of historical average, largely due to high inflows in May and June 2014 and during Spring 2013
- Meridian's Waitaki catchment storage at the end of June was 1,788GWh, which was 113% of historical average
- At the end of June, Meridian's Waitaki storage was 26% higher than the same time last year

**MERIDIAN'S COMBINED CATCHMENT INFLOWS**



**MERIDIAN'S WAITAKI STORAGE**



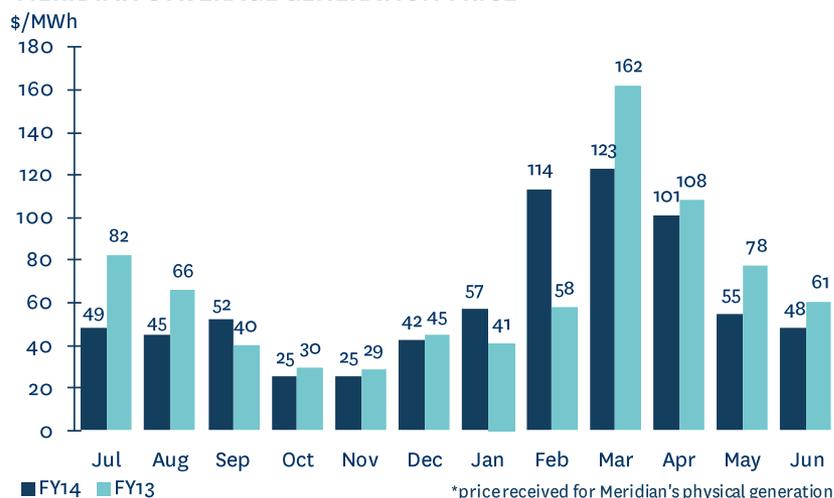
## Meridian Operating Information

- Meridian's New Zealand generation in June was 17.2% higher than the same month last year
- In the year to 30 June 2014, Meridian's New Zealand generation was 8.9% higher than the same period last year
- That year included higher wind generation, 8.0% more than the same period last year
- Continued wetter conditions saw the average price Meridian received for its generation in June decrease
- Drier conditions in 2013 mean this average price is also 20.8% lower than in June 2013
- The average price Meridian paid to supply contracted sales in June 2014 also declined
- In the year to 30 June 2014, the average price Meridian received for its generation was 7.4% lower than the same period last year

**MERIDIAN'S NEW ZEALAND GENERATION**



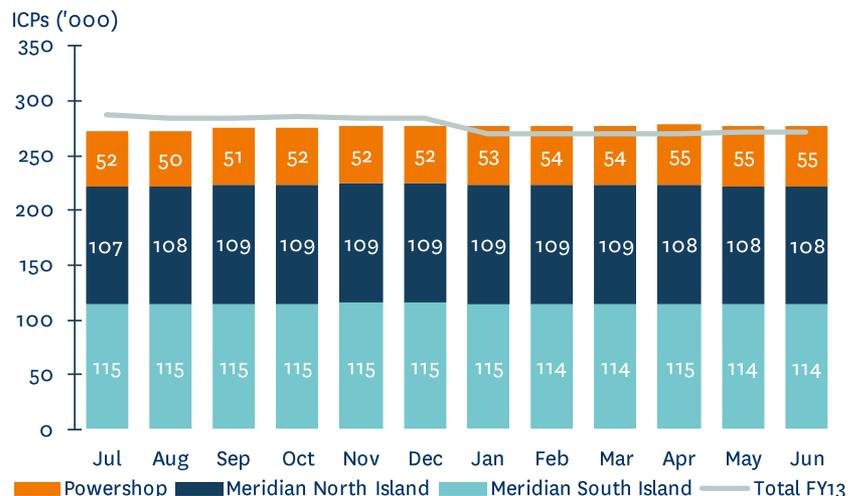
**MERIDIAN'S AVERAGE GENERATION PRICE\***



## Meridian Operating Information

- Meridian's New Zealand customer connection numbers have increased by 1.7% since 1 July 2013, reflecting growth in Meridian North Island (+1.7%) and Powershop (+7.0%) customer connection numbers
- Australia Powershop customer numbers now exceed 13,400, with another 2,300 in the process of switching in
- In the year to 30 June 2014, Meridian's retail sales volumes were 1.6% higher than the same period last year
- Retail sales volumes in June 2014 decreased by 2.2% compared to June 2013
- The exceptionally warm June temperatures drove 5.7% lower Residential/SME sales compared to June 2013, partly offset by higher Corporate sales
- In the year to 30 June 2014, Meridian's average retail contracted sales price has fallen 1.8% compared to the same period last year

### MERIDIAN'S CUSTOMER CONNECTIONS



### MERIDIAN'S RETAIL SALES VOLUMES\*



## Meridian Operating Information

	June 2014 month	June 2013 month	May 2014 month	April 2014 month	12 months to June 2014	12 months to June 2013
<b>New Zealand Contracted Sales<sup>1</sup></b>						
Retail contracted sales volume (GWh)	455	465	462	479	5,754	5,661
Average retail contracted sales price (\$/MWh)	\$118.5	\$116.1	\$116.0	\$112.1	\$103.7	\$105.6
NZAS sales volume (GWh)	412	412	426	412	5,011	4,886
Sell side derivatives volumes <sup>2</sup> (GWh)	88	64	57	53	898	1,129
Wholesale contracted sales average price (\$/MWh)	\$55.2	\$74.1	\$54.6	\$54.7	\$51.5	\$61.8
Total New Zealand customer connections <sup>3</sup>	276,708	272,077	277,412	277,810		
Powershop Australia customer connections <sup>4</sup>	13,426	326	11,435	8,081		
<b>New Zealand Generation</b>						
Hydro generation volume (GWh)	1,049	898	915	785	11,903	10,918
Wind generation volume (GWh)	100	83	103	93	1,245	1,153
<b>Total generation volume (GWh)</b>	<b>1,149</b>	<b>981</b>	<b>1,018</b>	<b>878</b>	<b>13,148</b>	<b>12,071</b>
Average generation price <sup>5</sup> (\$/MWh)	\$48.0	60.7	\$55.1	\$100.9	\$60.2	\$65.0
Acquired generation volume <sup>6</sup> (GWh)	121	149	146	165	1,269	1,965
Cost to supply contracted sales (\$/MWh)	\$51.1	\$67.2	\$58.6	\$103.8	\$65.0	\$71.1

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's New Zealand Energy Margin

Meridian has made small changes to how New Zealand Energy Margin is set out, compared to the financial information disclosed in the company's Offer Document. The sell-side and buy-side impacts of virtual asset swaps (VAS) have been removed from wholesale contracted sales and net cost of acquired generation respectively. These are now shown in a net VAS position, as a separate component of Energy Margin, and as presented in the company's 2014 interim results.

Energy Margin numbers from the Offer Document with this VAS reclassification are shown below. Total Energy Margin has not changed.

Meridian Energy Limited	Interim Results Presentation						Offer Document (VAS reclassified)									
	FY13 Half Year Actual			FY14 Half Year Actual			FY13 Full Year Actual			FY14 Full Year PFI			FY15 Full Year PFI			
	volume	price	\$	volume	price	\$	volume	price	\$	volume	price	\$	volume	price	\$	
	GWh	\$/MWh		GWh	\$/MWh		GWh	\$/MWh		GWh	\$/MWh		GWh	\$/MWh		
<b><u>New Zealand Energy Margin</u></b>																
<b><u>Contracted Revenue</u></b>																
Retail Contracted Sales	2,794	\$109.0	\$304.5m	2,886	\$102.9	\$296.9m	5,661	\$105.6	\$597.7m	5,563	\$103.5	\$575.7m	5,629	\$102.9	\$579.2m	
NZAS Aluminium Sales	2,401			2,524			4,886			5,011			5,011			
Sell side CFDs	488			435			1,129			496			240			
Wholesale Contracted Sales	2,889	\$55.3	\$159.8m	2,959	\$49.9	\$147.6m	6,015	\$61.9	\$372.0m	5,507	\$50.9	\$280.5m	5,251	\$49.7	\$261.0m	
<b>Total Contracted Sales</b>	<b>5,683</b>	<b>\$464.3m</b>		<b>5,845</b>	<b>\$444.5m</b>		<b>11,676</b>	<b>\$969.8m</b>		<b>11,070</b>	<b>\$856.2m</b>		<b>10,880</b>	<b>\$840.3m</b>		
<b>Net VAS Position</b>	<b>453</b> <sup>1</sup>	<b>\$8.1m</b>		<b>554</b> <sup>1</sup>	<b>\$10.2m</b>		<b>998</b> <sup>1</sup>	<b>\$10.0m</b>		<b>1,123</b> <sup>1</sup>	<b>\$7.8m</b>		<b>1,148</b> <sup>1</sup>	<b>\$3.8m</b>		
<b>Net Cost of Acquired Generation</b>	<b>1,030</b> <sup>2</sup>	<b>-\$40.5m</b>		<b>665</b> <sup>2</sup>	<b>-\$24.9m</b>		<b>1,965</b> <sup>2</sup>	<b>-\$48.3m</b>		<b>1,152</b> <sup>2</sup>	<b>-\$22.1m</b>		<b>848</b> <sup>2</sup>	<b>-\$22.2m</b>		
<b><u>Net Spot Exposure</u></b>																
Meridian Generation Spot Revenue	6,050	\$47.7	\$288.3m	6,651	\$39.7	\$263.8m	12,071	\$64.9	\$783.4m	13,136	\$56.0	\$735.0m	13,148	\$60.0	\$789.4m	
Costs to Supply Contracted Sales	5,793	-\$51.5	-\$298.5m	5,965	-\$42.9	-\$255.7m	11,987	-\$71.1	-\$852.0m	11,377	-\$60.5	-\$688.3m	11,193	-\$63.1	-\$706.6m	
<b>Net Spot Exposed Revenue</b>			<b>-\$10.2m</b>			<b>\$8.1m</b>			<b>-\$68.6m</b>			<b>\$46.7m</b>			<b>\$82.8m</b>	
<b>Other Market Revenue/(Costs)</b>			<b>\$2.0m</b>			<b>-\$3.0m</b>			<b>\$2.2m</b>			<b>-\$7.9m</b>			<b>-\$8.3m</b>	
<b>NZ ENERGY MARGIN</b>			<b>\$423.7m</b>			<b>\$434.9m</b>			<b>\$865.1m</b>			<b>\$880.6m</b>			<b>\$896.3m</b>	
LWAP:GWAP <sup>3</sup>	1.10			1.10			1.12			1.11			1.08			

<sup>1</sup> Notional VAS volumes

<sup>2</sup> Acquired generation volumes

<sup>3</sup> Ratio between the price per unit received for Meridian's physical generation and the price paid to supply each unit of contracted sales, inclusive of the impact of line losses

More information on Energy Margin is available on pgs 30-31 of Meridian's FY14 Interim Results Presentation:

<http://www.meridianenergy.co.nz/assets/Uploads/half-yearly-results-presentation-2013.pdf>



## Glossary

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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 Manapouri hydro storage lakes
Cost to supply contracted sales	volume weighted average price Meridian pays to supply contracted customer sales
Customer connections (NZ)	number of installation control points, excluding vacants
Customer connections (Australia)	number of financially responsible market participants, excluding vacants
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 Manapouri 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	Transpower's Daily Demand reporting, adjusted for embedded generation from Meridian's Te Uku, White Hill and Mill Creek wind farms
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