



meridian

## **Release**

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

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# Meridian Energy monthly operating report for September 2015

15 October 2015

Attached is Meridian Energy Limited's monthly operating report for the month ended 30 September 2015.

Highlights this month include:

- National storage decreased to 98% of historical average by 12 October 2015
- South Island storage sat at 93% of average and North Island storage at 115% of average on 12 October 2015
- Meridian's September 2015 monthly inflows were 67% of historical average
- Meridian's Waitaki catchment storage decreased from 134% to 125% of average by 30 September 2015
- 2019 futures commenced trading on 1 October 2015 with most recent 2019 prices trading at a premium to 2018
- Electricity demand in September 2015 was 1.8% higher than the same month last year
- Demand in the last 12 months is 2.3% higher than the preceding 12 months
- Meridian's retail sales volumes in September 2015 increased by 4.5% compared to September 2014

**ENDS**

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Chief Executive  
Meridian Energy Limited

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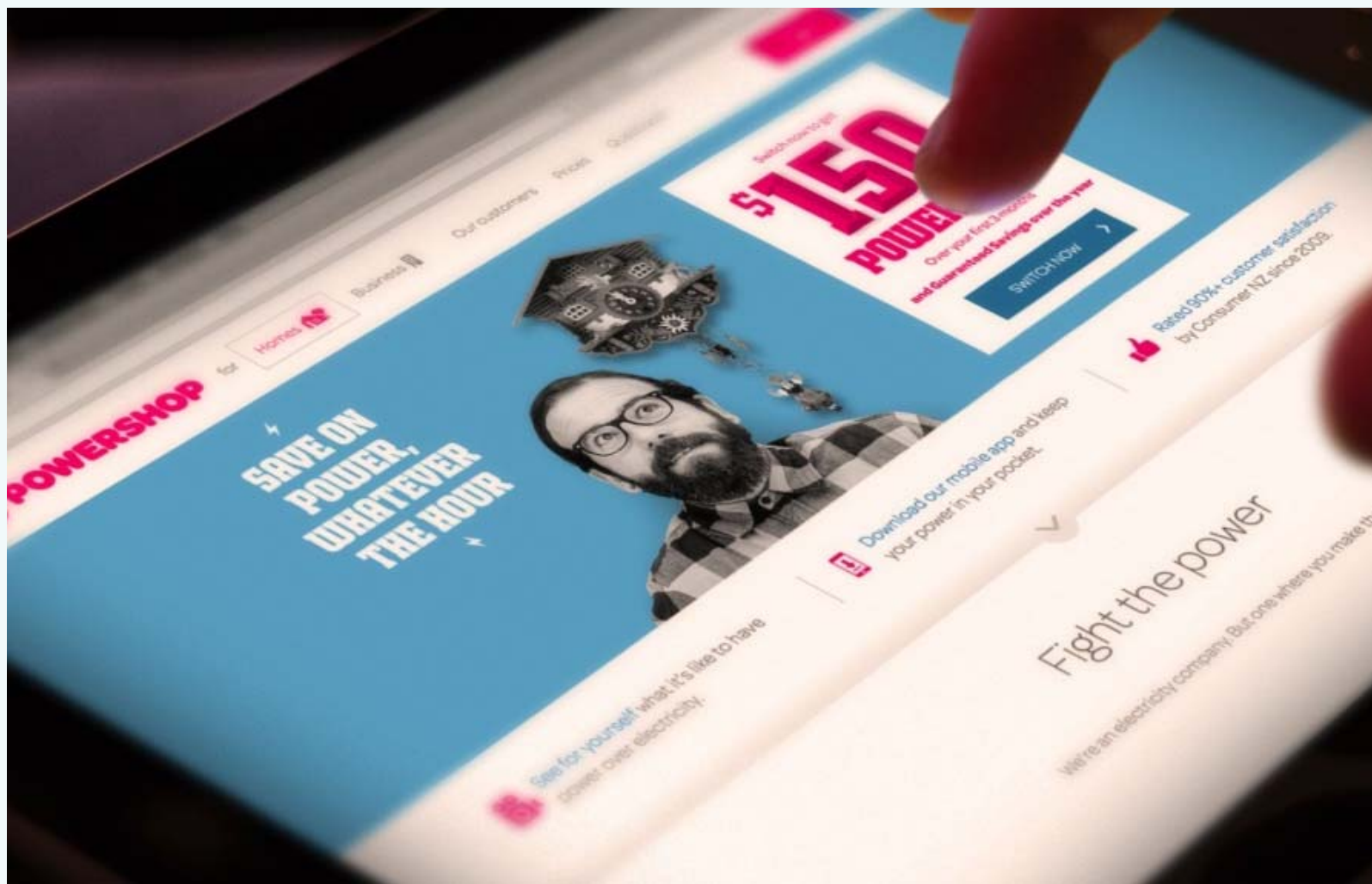
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# ***Better energy future***



## September highlights



In the month to 12 October 2015, national hydro storage decreased from 110% to 98% of historical average

South Island storage sat at 93% of average and North Island storage at 115% of average on 12 October 2015



Meridian's September 2015 monthly inflows were 67% of historical average

Meridian's Waitaki catchment decreased from 134% to 125% of historical average by the end of September 2015

2019 futures commenced trading on 1 October 2015 with most recent 2019 prices trading at a premium to 2018



National electricity demand in September 2015 was 1.8% higher than the same month last year

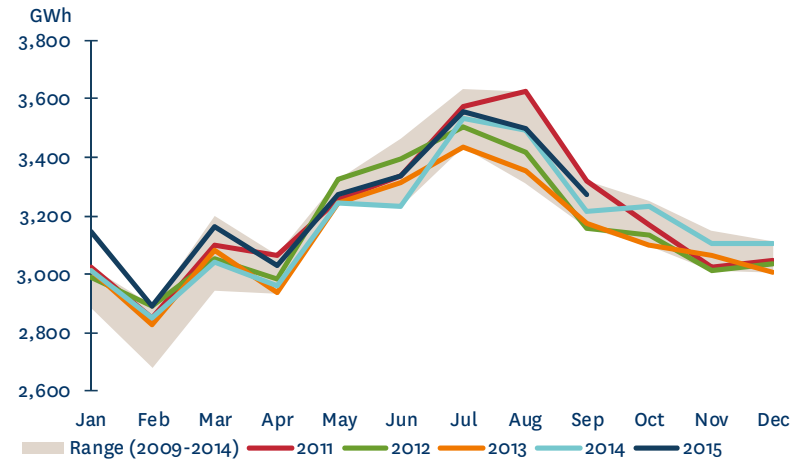
Demand in the last 12 months is 2.3% higher than the preceding 12 months

Meridian's retail sales volumes in September 2015 increased by 4.5% compared to September 2014

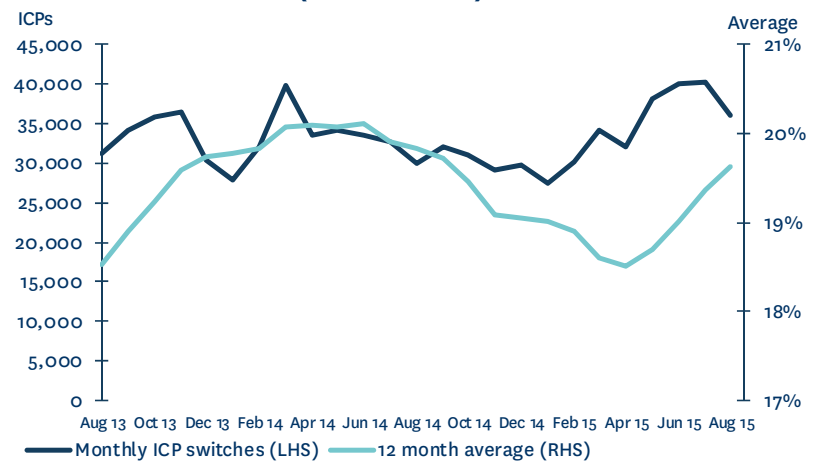
## Market data

- National electricity demand in September 2015 was 1.8% higher than the same month last year
- Demand in the 2015 calendar year is 2.0% higher than the same nine month period last year
- Demand in the last 12 months is 2.3% higher than the preceding 12 months
- New Zealand Aluminium Smelter's average load was slightly above the 572MW base quantity of the NZAS agreement
- The number of switches for all retailers in August 2015 was 10.8% lower than the previous month and 20.1% higher than August 2014
- The 12 month average switching rate for all retailers was 19.6% at the end of August 2015

**NATIONAL DEMAND**

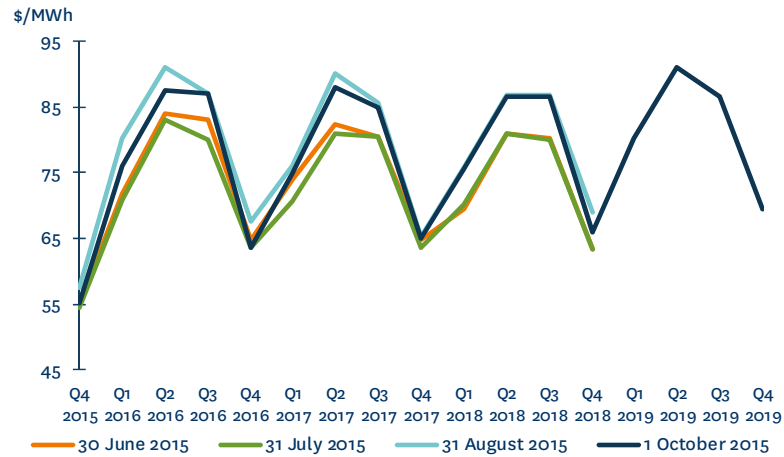


**MARKET ICP SWITCHING (ALL RETAILERS)**

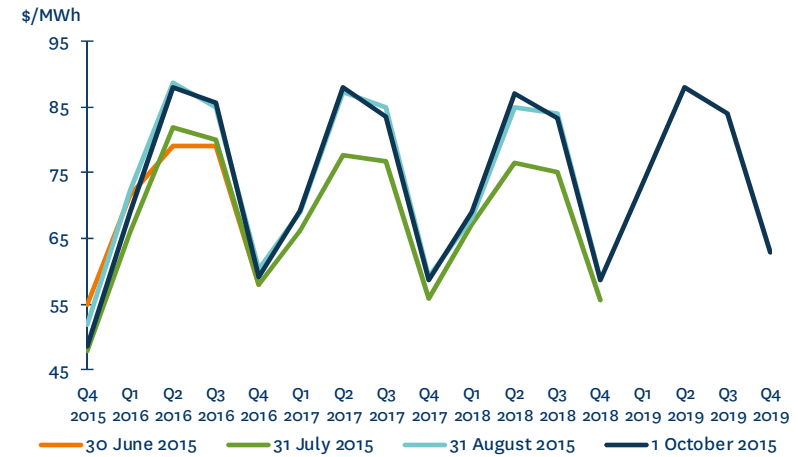


# Market data

OTAHUHU ASX FUTURES SETTLEMENT PRICE

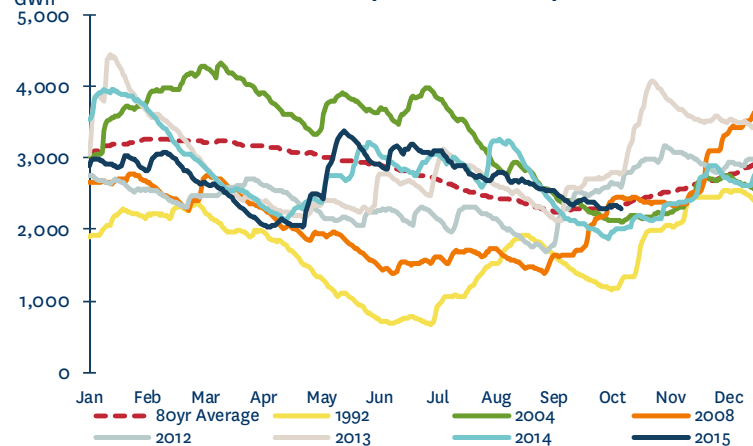


BENMORE ASX FUTURES SETTLEMENT PRICE



- 2019 futures commenced trading on 1 October 2015. Most recent 2019 prices were trading at a premium to 2018 (on average Otahuhu +9%, Benmore +4%)
- National storage decreased from 110% of the 80 year average on 9 September 2015 to 98% of average by 12 October 2015
- South Island storage decreased to 93% of historical average by 12 October 2015. North Island storage decreased to 115% of average

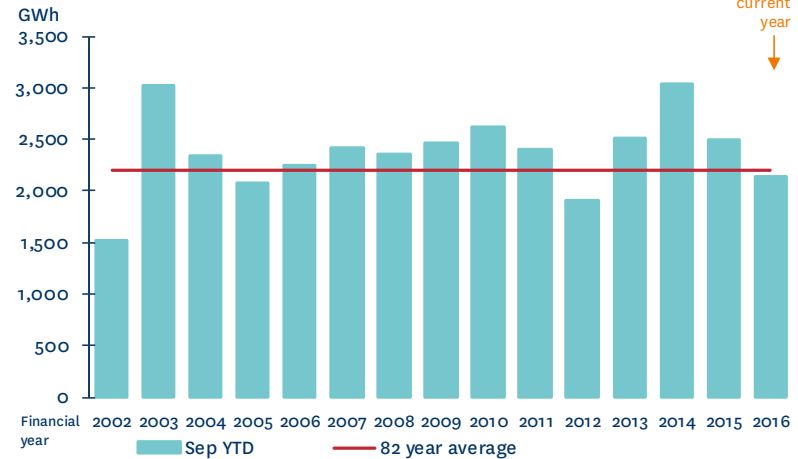
NATIONAL HYDRO STORAGE (12 OCTOBER 2015)



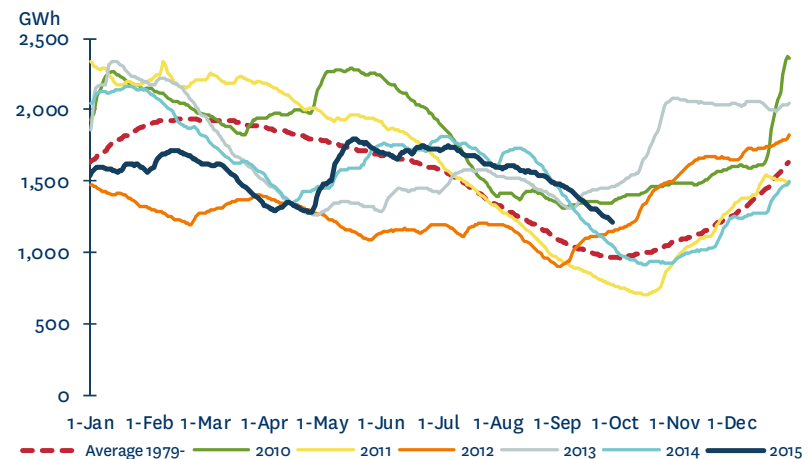
# Meridian operating information

- September monthly inflows were 67% of historical average
- Meridian's Waitaki catchment storage moved from 1,483GWh to 1,209GWh during September 2015
- Storage at the end of September 2015 was 125% of historical average, compared with the position a month earlier, where storage was at 134% of historical average
- Waitaki storage at the end of September 2015 was 16% higher than the same time last year
- Storage in Meridian's Waiau catchment also declined during September 2015

**MERIDIAN'S COMBINED CATCHMENT INFLOWS**



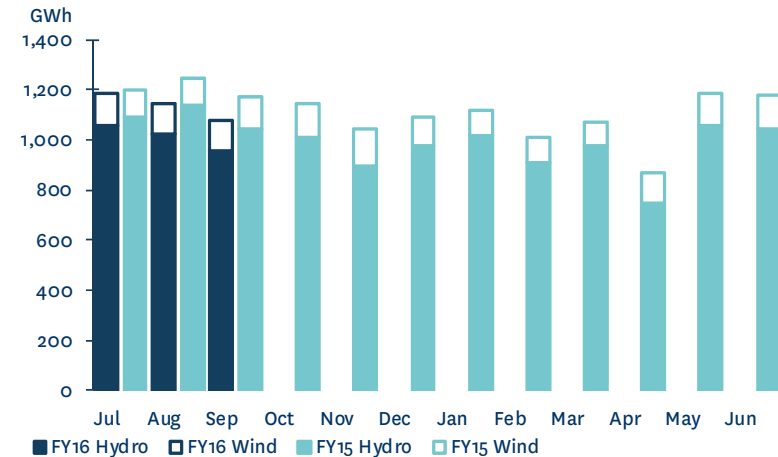
**MERIDIAN'S WAITAKI STORAGE**



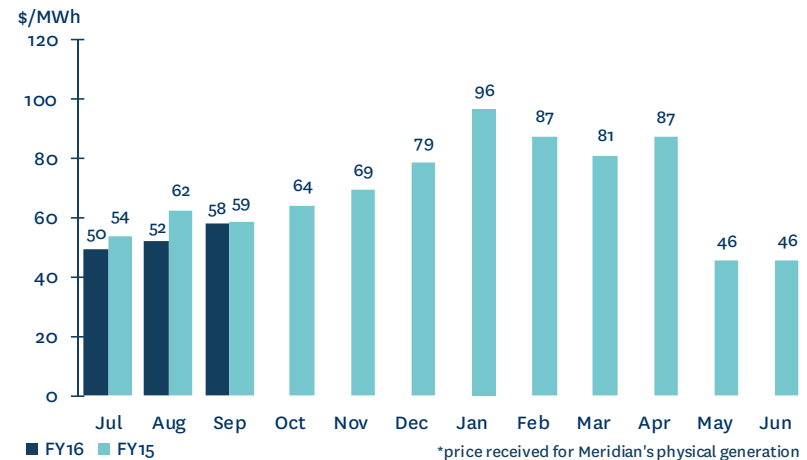
# Meridian operating information

- Meridian's New Zealand generation in September 2015 was 7.9% lower than the same month last year
- This reflected lower hydro generation and a similar level of wind generation
- To date this financial year Meridian's New Zealand generation is 5.9% lower than the same period last year
- The average price Meridian received for its generation in September 2015 was 0.8% lower than the same month last year
- The average price Meridian paid to supply contracted sales in September 2015 was similar to the same month last year
- To date this financial year, the average price Meridian has received for its generation is 8.9% lower than the same period last year

**MERIDIAN'S NEW ZEALAND GENERATION**



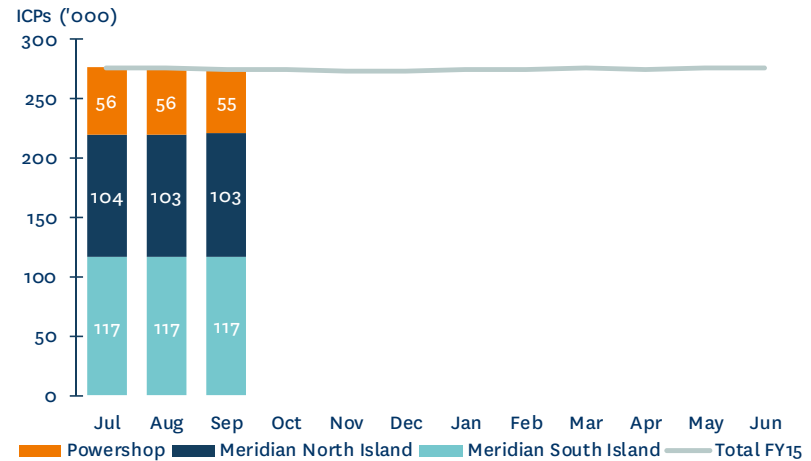
**MERIDIAN'S AVERAGE GENERATION PRICE\***



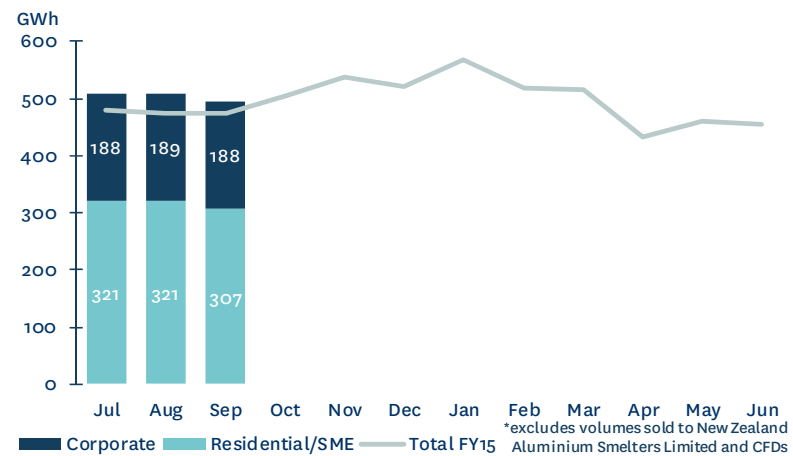
# Meridian operating information

- Meridian's New Zealand customer connection numbers increased 0.1% during September 2015
- Retail sales volumes in September 2015 increased by 4.5% compared to September 2014
- Compared to September 2014, residential/SME sales volumes increased by 5.1% and corporate sales volumes increased by 3.6%
- To date this financial year Meridian's retail sales volumes are 5.9% higher than the same period last year
- This reflects a 6.4% increase in residential/SME sales volumes and a 5.1% increase in corporate sales volumes

**MERIDIAN'S NEW ZEALAND CUSTOMER CONNECTIONS**



**MERIDIAN'S RETAIL SALES VOLUMES\***



# Meridian operating information

	September 2015 month	September 2014 month	August 2015 month	July 2015 month	3 months to September 2015	3 months to September 2014
<b>New Zealand Contracted Sales<sup>1</sup></b>						
Retail contracted sales volume (GWh)	495	474	510	509	1,514	1,430
Average retail contracted sales price (\$/MWh)	\$111.5	\$107.3	\$119.3	\$120.9	\$117.3	\$112.6
NZAS sales volume (GWh)	411	411	426	426	1,262	1,262
Sell side derivative volumes <sup>2</sup> (GWh)	113	125	158	140	411	389
Wholesale contracted sales average price (\$/MWh)	\$51.6	\$50.7	\$51.4	\$50.7	\$51.2	\$50.5
Total New Zealand customer connections <sup>3</sup>	275,875	274,821	275,479	276,366		
Powershop Australia customer connections <sup>4</sup>	55,993	21,775	<i>not disclosed</i>	<i>not disclosed</i>		
<b>New Zealand Generation</b>						
Hydro generation volume (GWh)	954	1,046	1,021	1,060	3,035	3,281
Wind generation volume (GWh)	124	124	124	123	371	338
<b>Total generation volume (GWh)</b>	<b>1,078</b>	<b>1,170</b>	<b>1,145</b>	<b>1,183</b>	<b>3,406</b>	<b>3,619</b>
Average generation price <sup>5</sup> (\$/MWh)	\$58.0	\$58.5	\$52.2	\$49.7	\$53.2	\$58.4
Acquired generation volume <sup>6</sup> (GWh)	95	114	97	144	336	376
Cost of acquired generation (\$/MWh)	\$83.6	\$86.3	\$84.7	\$82.2	\$83.3	\$86.3
Acquired generation revenue average price (\$/MWh)	\$56.6	\$54.4	\$52.4	\$50.4	\$52.8	\$57.8
Future contract close outs (\$m)	(\$0.1)	(\$0.9)	(\$0.9)	(\$0.1)	(\$1.1)	(\$5.4)
Contracted sales supply volume (GWh)	1,050	1,053	1,120	1,092	3,262	3,158
Cost to supply contracted sales (\$/MWh)	\$60.4	\$60.4	\$55.5	\$52.6	\$56.1	\$63.1

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 September 2015**

# 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
<b>New Zealand Contracted Sales</b>												
Retail contracted sales volume (GWh)	509	510	495									
Average retail contracted sales price (\$/MWh)	\$120.9	\$119.3	\$111.5									
NZAS sales volume (GWh)	426	426	411									
Sell side derivative volumes (GWh)	140	158	113									
Wholesale contracted sales average price (\$/MWh)	\$50.7	\$51.4	\$51.6									
Total New Zealand customer connections	276,366	275,479	275,875									
Powershop Australia customer connections	not disclosed	not disclosed	55,993									
<b>New Zealand Generation</b>												
Hydro generation volume (GWh)	1,060	1,021	954									
Wind generation volume (GWh)	123	124	124									
<b>Total generation volume (GWh)</b>	<b>1,183</b>	<b>1,145</b>	<b>1,078</b>									
Average generation price (\$/MWh)	\$49.7	\$52.2	\$58.0									
Acquired generation volume (GWh)	144	97	95									
Cost of acquired generation (\$/MWh)	\$82.2	\$84.7	\$83.6									
Acquired generation revenue average price (\$/MWh)	\$50.4	\$52.4	\$56.6									
Future contract close outs (\$m)	(\$0.1)	(\$0.9)	(\$0.1)									
Contracted sales supply volume (GWh)	1,093	1,120	1,050									
Cost to supply contracted sales (\$/MWh)	\$52.6	\$55.5	\$60.4									

# 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
<b>New Zealand Contracted Sales</b>												
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	74	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
<b>New Zealand Generation</b>												
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	102	95	121	132	136
<b>Total generation volume (GWh)</b>	<b>1,201</b>	<b>1,249</b>	<b>1,170</b>	<b>1,144</b>	<b>1,047</b>	<b>1,092</b>	<b>1,115</b>	<b>1,009</b>	<b>1,072</b>	<b>865</b>	<b>1,189</b>	<b>1,179</b>
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

# Meridian operating information

	Jul 2013	Aug 2013	Sep 2013	Oct 2013	Nov 2013	Dec 2013	Jan 2014	Feb 2014	Mar 2014	Apr 2014	May 2014	Jun 2014
<b>New Zealand Contracted Sales</b>												
Retail contracted sales volume (GWh)	479	470	463	448	509	516	492	498	482	479	462	455
Average retail contracted sales price (\$/MWh)	\$114.7	\$120.8	\$109.1	\$97.8	\$91.7	\$85.6	\$98.4	\$92.2	\$91.9	\$112.1	\$116.0	\$118.4
NZAS sales volume (GWh)	426	426	411	426	412	426	426	384	426	412	426	412
Sell side derivative volumes (GWh)	38	29	36	82	129	122	97	88	80	53	57	88
Wholesale contracted sales average price (\$/MWh)	\$52.6	\$50.4	\$51.4	\$49.3	\$47.7	\$48.5	\$51.4	\$52.1	\$51.1	\$54.7	\$54.6	\$55.2
Total New Zealand customer connections	272,972	272,638	275,303	275,870	276,403	276,564	277,059	277,226	277,404	277,810	277,412	276,708
Powershop Australia customer connections	not disclosed	not disclosed	529	not disclosed	not disclosed	1,106	not disclosed	not disclosed	5,879	not disclosed	not disclosed	13,426
<b>New Zealand Generation</b>												
Hydro generation volume (GWh)	989	954	892	953	1,059	1,145	1,200	1,056	907	785	915	1,049
Wind generation volume (GWh)	127	98	117	132	86	99	113	86	90	93	103	100
<b>Total generation volume (GWh)</b>	<b>1,116</b>	<b>1,052</b>	<b>1,009</b>	<b>1,085</b>	<b>1,145</b>	<b>1,244</b>	<b>1,313</b>	<b>1,142</b>	<b>997</b>	<b>878</b>	<b>1,018</b>	<b>1,149</b>
Average generation price (\$/MWh)	\$48.6	\$45.2	\$52.3	\$25.4	\$25.5	\$42.5	\$57.1	\$113.5	\$122.9	\$100.9	\$55.1	\$48.0
Acquired generation volume (GWh)	157	158	119	82	77	71	28	21	123	165	146	121
Cost of acquired generation (\$/MWh)	\$87.5	\$86.6	\$83.7	\$76.7	\$68.7	\$83.7	\$83.0	\$86.4	\$87.3	\$90.1	\$89.2	\$90.4
Acquired generation revenue average price (\$/MWh)	\$52.9	\$55.0	\$60.3	\$40.0	\$61.1	\$49.4	\$104.4	\$72.3	\$116.4	\$90.3	\$59.2	\$49.0
Future contract close outs (\$m)	(\$2.4)	(\$1.0)	(\$1.6)	(\$0.3)	(\$0.2)	(\$0.1)	(\$0.3)	(\$0.9)	(\$0.8)	(\$0.1)	(\$0.9)	(\$2.1)
Contracted sales supply volume (GWh)	958	933	921	963	1,078	1,089	1,064	980	1,045	968	967	991
Cost to supply contracted sales (\$/MWh)	\$50.0	\$50.3	\$56.5	\$28.2	\$28.5	\$46.9	\$59.1	\$122.0	\$125.1	\$103.8	\$58.6	\$51.1

# Glossary

<b>Acquired generation volumes</b>	buy-side electricity derivatives excluding the buy-side of virtual asset swaps
<b>Average generation price</b>	the volume weighted average price received for Meridian's physical generation
<b>Average retail contracted sales price</b>	volume weighted average electricity price received from retail customers, less distribution costs
<b>Average wholesale contracted sales price</b>	volume weighted average electricity price received from wholesale customers, including NZAS
<b>Combined catchment inflows</b>	combined water inflows into Meridian's Waitaki and Waiau hydro storage lakes
<b>Cost of acquired generation</b>	volume weighted average price Meridian pays for derivatives acquired to supplement generation
<b>Cost to supply contracted sales</b>	volume weighted average price Meridian pays to supply contracted customer sales
<b>Contracts for Difference (CFDs)</b>	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
<b>Customer connections (NZ)</b>	number of installation control points, excluding vacants
<b>FRMP</b>	financially responsible market participant
<b>GWh</b>	gigawatt hour. Enough electricity for 125 average New Zealand households for one year
<b>Historic average inflows</b>	the historic average combined water inflows into Meridian's Waitaki and Waiau hydro storage lakes over the last 81 years
<b>Historic average storage</b>	the historic average level of storage in Meridian's Waitaki catchment since 1979
<b>HVDC</b>	high voltage direct current link between the North and South Islands of New Zealand
<b>ICP</b>	New Zealand installation control points, excluding vacants
<b>ICP switching</b>	the number of installation control points changing retailer supplier in New Zealand, recorded in the month the switch was initiated
<b>MWh</b>	megawatt hour. Enough electricity for one average New Zealand household for 46 days
<b>National demand</b>	Transpower's Daily Demand reporting, adjusted for embedded generation from Meridian's Te Uku, White Hill and Mill Creek wind farms
<b>NZAS</b>	New Zealand Aluminium Smelters Limited
<b>Retail sales volumes</b>	contract sales volumes to retail customers, including both non half hourly and half hourly metered customers
<b>Sell side derivatives</b>	sell-side electricity derivatives excluding the sell-side of virtual asset swaps
<b>Virtual Asset Swaps (VAS)</b>	CFDs Meridian has with Genesis Energy and Mightily River Power. They do not result in the physical supply of electricity