



meridian

## **Release**

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

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# Meridian Energy monthly operating report for March 2016

13 April 2016

Attached is Meridian Energy Limited's monthly operating report for the month ended 31 March 2016.

Highlights this month include:

- In the month to 12 April 2016, national hydro storage increased from 102% to 106% of historical average
- South Island storage sat at 107% of average and North Island storage at 99% of average on 12 April 2016
- Meridian's March 2016 monthly inflows were 115% of historical average
- Meridian's Waitaki catchment storage increased from 98% to 110% of historical average at the end of March 2016
- National electricity demand in March 2016 was 0.8% lower than the same month last year
- This was driven by Easter 2016 falling in March and higher South Island irrigation
- Meridian's retail sales volumes in March 2016 decreased by 1.1% compared to March 2015, as a result of lower corporate sales volumes and higher South Island irrigation

## **ENDS**

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Chief Executive  
Meridian Energy Limited

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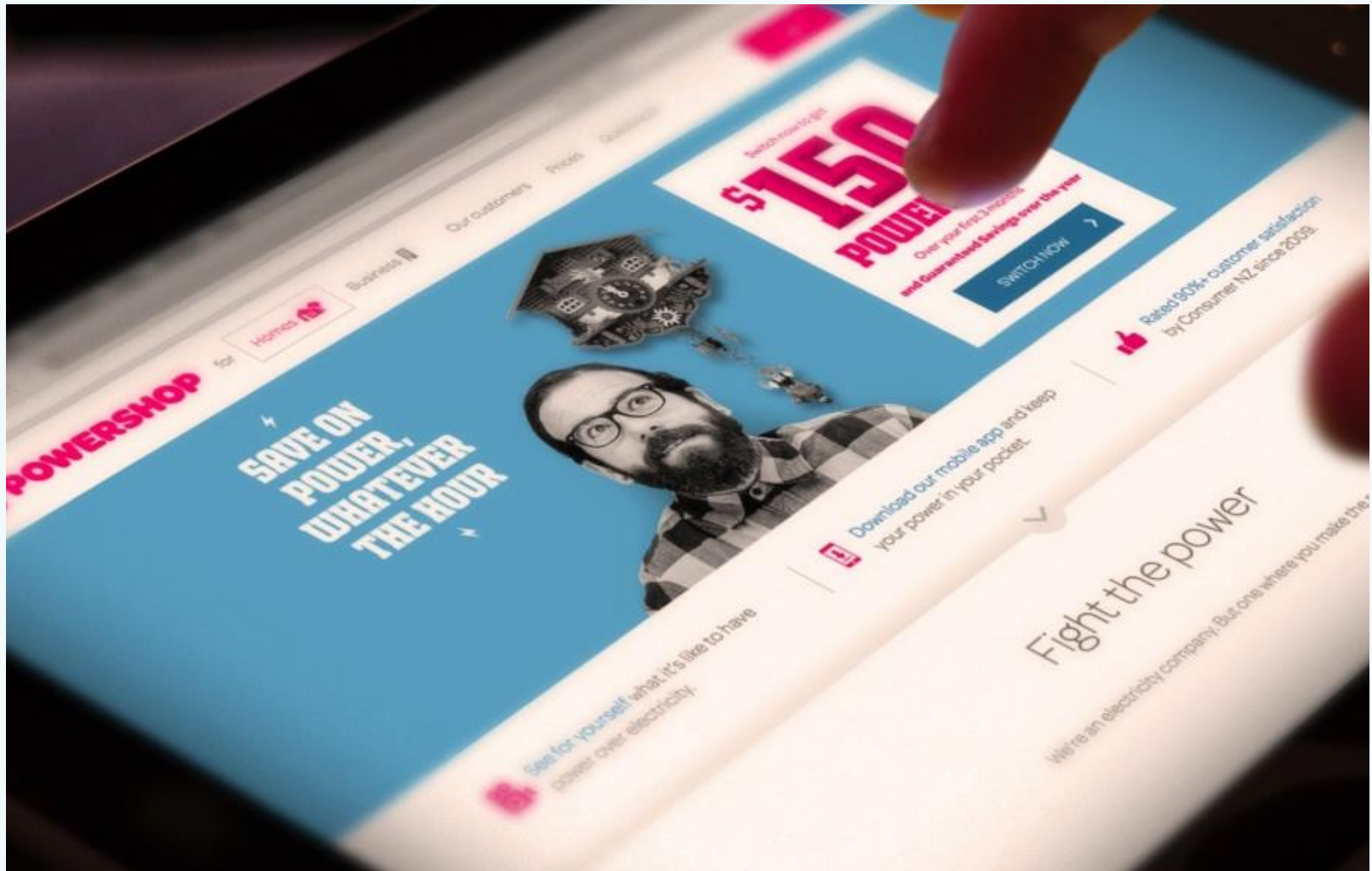
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# Better energy future



# March highlights



In the month to 12 April 2016, national hydro storage increased from 102% to 106% of historical average

South Island storage sat at 107% of average and North Island storage at 99% of average on 12 April 2016



Meridian's March 2016 monthly inflows were 115% of historical average

Meridian's Waitaki catchment storage increased from 98% to 110% of historical average at the end of March 2016



National electricity demand in March 2016 was 0.8% lower than the same month last year

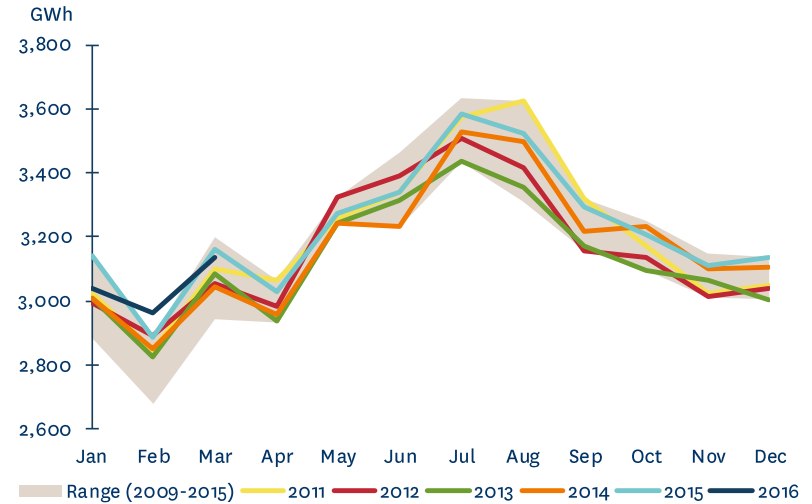
This was driven by Easter 2016 falling in March and higher South Island irrigation

Meridian's retail sales volumes in March 2016 decreased by 1.1% compared to March 2015, as a result of lower corporate sales volumes and higher South Island irrigation

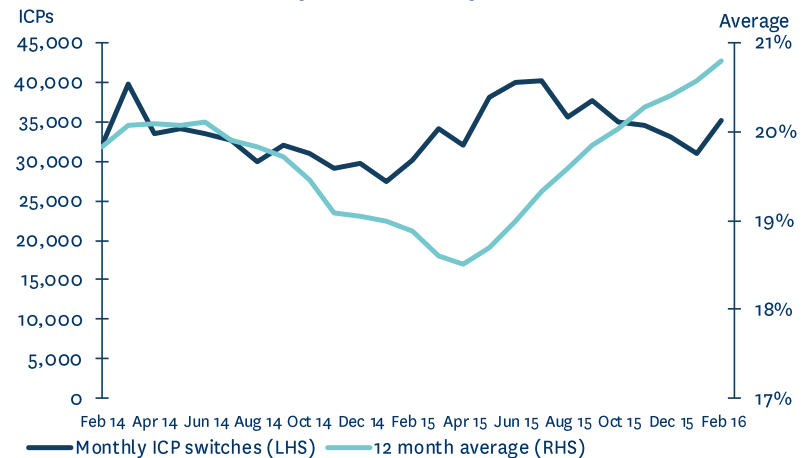
# Market data

- National electricity demand in March 2016 was 0.8% lower than the same month last year
- This was driven by the negative effect of Easter 2016 falling in March, mostly offset by higher irrigation load compared to last year
- Demand in the last 12 months was 0.9% higher than the preceding 12 months
- New Zealand Aluminium Smelter's average load was slightly above the 572MW base quantity of the NZAS agreement during March 2016
- The number of switches for all retailers in February 2016 was 13.2% higher than the previous month and 16.6% higher than February 2015
- The 12 month average switching rate for all retailers was 20.8% at the end of February 2016

## NATIONAL DEMAND

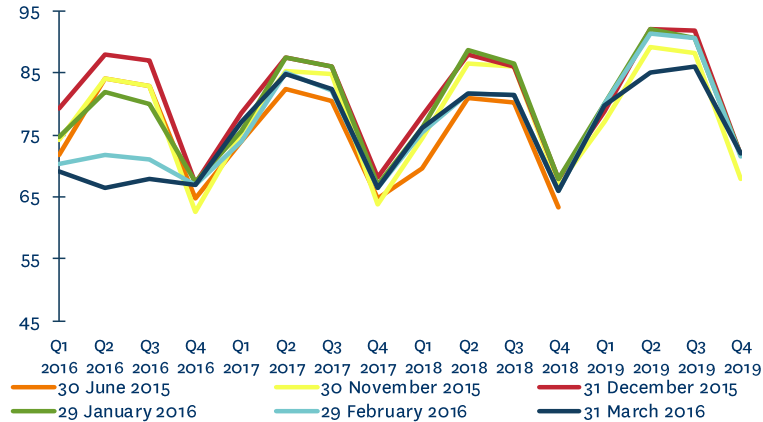


## MARKET ICP SWITCHING (ALL RETAILERS)

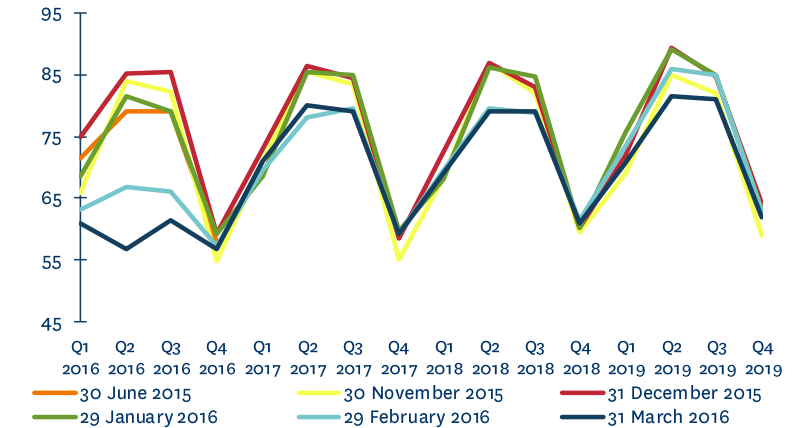


# Market data

**OTAHUHU ASX FUTURES SETTLEMENT PRICE**  
\$/MWh

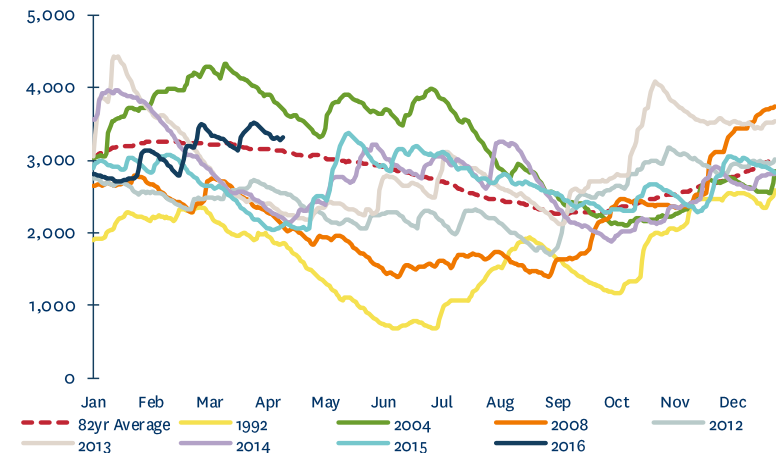


**BENMORE ASX FUTURES SETTLEMENT PRICE**  
\$/MWh



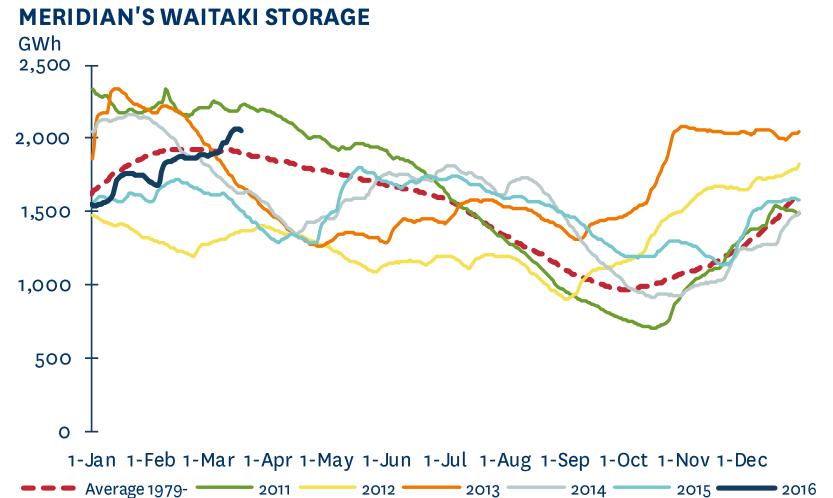
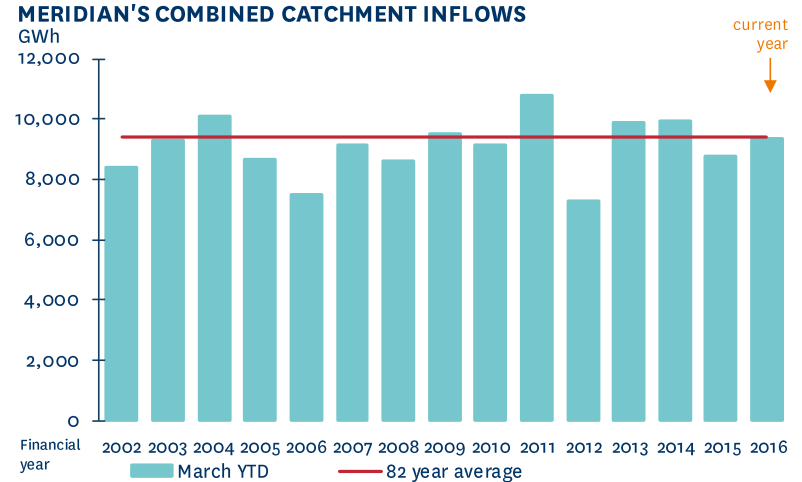
- March 2016 saw some downward movement in near-term ASX prices
- National storage increased from 102% of the 81 year average on 10 March 2016 to 106% of average on 12 April 2016
- South Island storage increased to 107% of historical average on 12 April 2016. North Island storage decreased to 99% of average

**NATIONAL HYDRO STORAGE (12 APRIL 2016)**  
GWh



# Meridian operating information

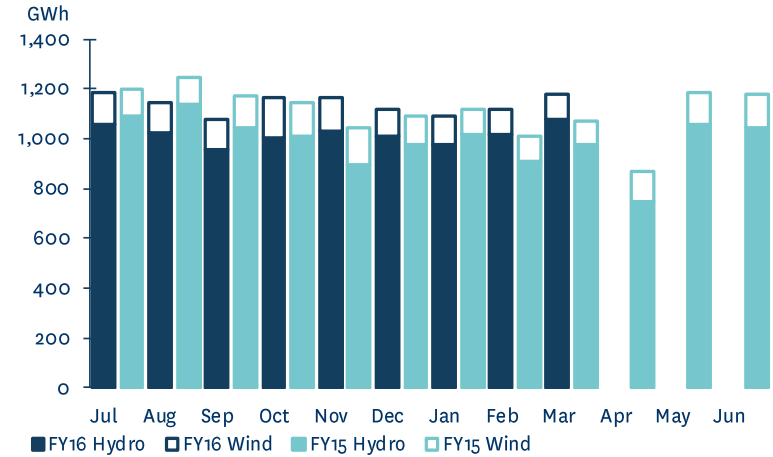
- March 2016 monthly inflows were 115% of historical average
- Meridian’s Waitaki catchment storage moved from 1,873GWh to 2,053GWh during March 2016
- Waitaki storage at the end of March 2016 was 110% of historical average, compared with the position a month earlier, where storage was at 98% of historical average
- Waitaki storage at the end of March 2016 was 52% higher than the same time last year
- Storage in Meridian’s Waiau catchment fell during March 2016



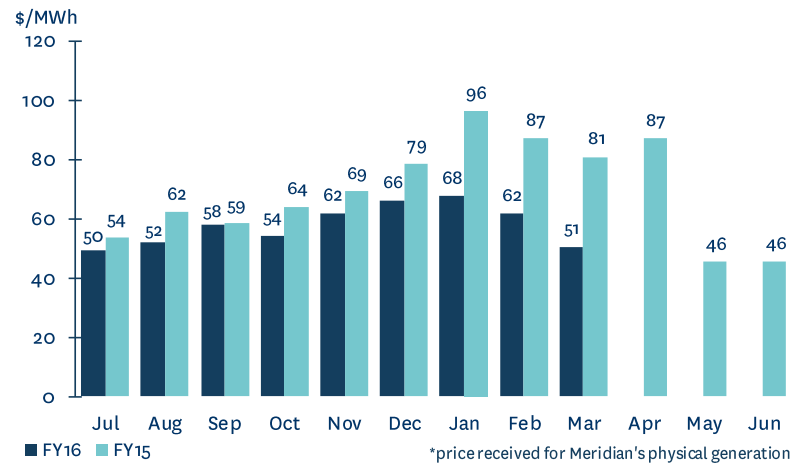
# Meridian operating information

- Meridian’s New Zealand generation in March 2016 was 9.8% higher than the same month last year, reflecting both higher hydro and wind generation
- To date this financial year Meridian’s New Zealand generation is 1.5% higher than the same period last year, reflecting both higher hydro and wind generation
- The average price Meridian received for its generation in March 2016 was 37.4% lower than the same month last year
- The average price Meridian paid to supply contracted sales in March 2016 was 34.6% lower than the same month last year
- To date this financial year, the average price Meridian has received for its generation is 19.3% lower than the same period last year

**MERIDIAN'S NEW ZEALAND GENERATION**



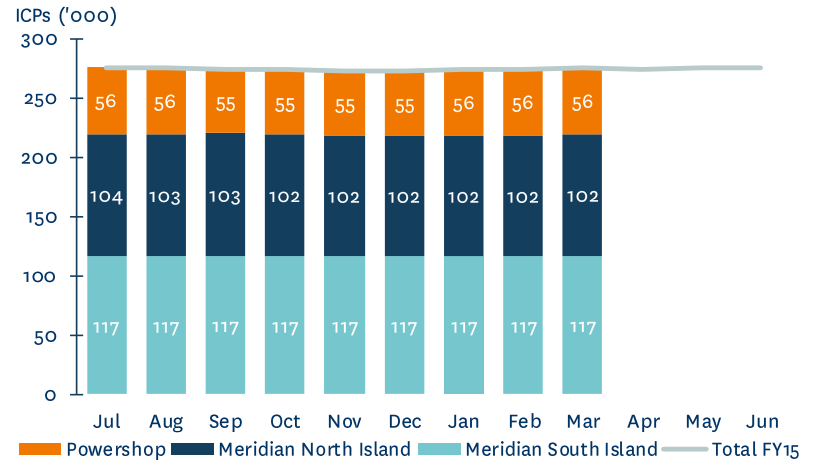
**MERIDIAN'S AVERAGE GENERATION PRICE\***



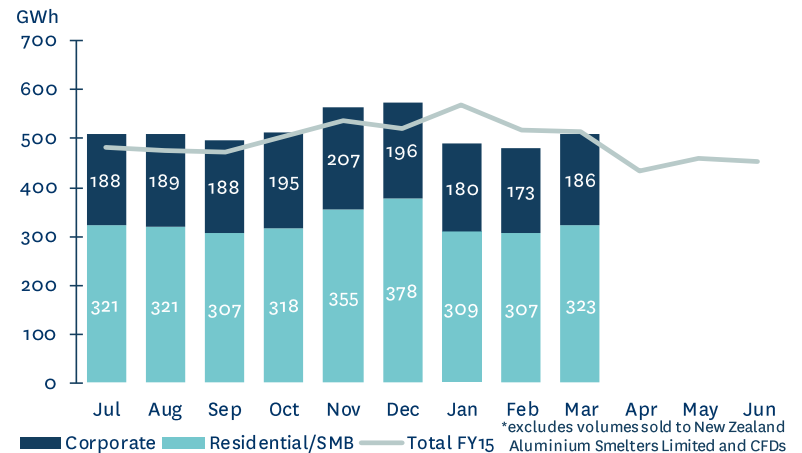
# Meridian operating information

- Meridian’s New Zealand customer connection numbers rose slightly during March 2016
- Retail sales volumes in March 2016 decreased by 1.1% compared to March 2015
- Compared to March 2015, residential/SMB sales volumes increased by 5.9% (reflecting increased irrigation volumes) and corporate sales volumes decreased by 11.4% (churn in time of use customers)
- To date this financial year Meridian’s retail sales volumes are 1.0% higher than the same period last year
- This reflects a 2.4% increase in residential/SMB sales volumes and a 1.3% decrease in corporate sales volumes

**MERIDIAN'S NEW ZEALAND CUSTOMER CONNECTIONS**



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





# Meridian operating information

	March 2016 month	March 2015 month	February 2016 month	January 2016 month	9 months to March 2016	9 months to March 2015
<b>New Zealand Contracted Sales<sup>1</sup></b>						
Retail contracted sales volume (GWh)	509	514	480	489	4,641	4,595
Average retail contracted sales price (\$/MWh)	\$99.9	\$94.6	\$100.0	\$96.1	\$102.7	\$98.8
NZAS sales volume (GWh)	426	426	398	426	3,775	3,761
Sell side derivative volumes <sup>2</sup> (GWh)	81	49	90	94	940	780
Wholesale contracted sales average price (\$/MWh)	\$50.6	\$52.1	\$52.6	\$53.5	\$51.4	\$51.4
Total New Zealand customer connections <sup>3</sup>	275,869	275,488	275,006	274,433		
Powershop Australia customer connections <sup>4</sup>	71,111	35,138	<i>not disclosed</i>	<i>not disclosed</i>		
<b>New Zealand Generation</b>						
Hydro generation volume (GWh)	1,076	977	1,015	980	9,158	9,067
Wind generation volume (GWh)	101	95	103	114	1,089	1,031
<b>Total generation volume (GWh)</b>	<b>1,177</b>	<b>1,072</b>	<b>1,118</b>	<b>1,094</b>	<b>10,247</b>	<b>10,098</b>
Average generation price <sup>5</sup> (\$/MWh)	\$50.7	\$81.0	\$61.8	\$67.9	\$58.0	\$71.9
Acquired generation volume <sup>6</sup> (GWh)	69	40	44	71	853	668
Cost of acquired generation (\$/MWh)	\$75.1	\$80.1	\$75.2	\$74.5	\$75.2	\$83.4
Acquired generation revenue average price (\$/MWh)	\$62.9	\$79.9	\$74.6	\$72.2	\$60.9	\$68.9
Future contract close outs (\$m)	(\$1.0)	(\$1.5)	(\$0.8)	(\$0.1)	(\$3.7)	(\$10.9)
Contracted sales supply volume (GWh)	1,036	1,001	991	1,009	9,570	9,398
Cost to supply contracted sales (\$/MWh)	\$54.4	\$83.2	\$66.6	\$72.3	\$62.1	\$76.6

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 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			
Average retail contracted sales price (\$/MWh)	\$120.9	\$119.3	\$111.5	\$96.1	\$94.9	\$88.2	\$96.1	\$100.0	\$99.9			
NZAS sales volume (GWh)	426	426	411	426	412	426	426	398	426			
Sell side derivative volumes (GWh)	140	158	113	114	102	49	94	90	81			
Wholesale contracted sales average price (\$/MWh)	\$50.7	\$51.4	\$51.6	\$50.2	\$51.7	\$50.4	\$53.5	\$52.6	\$50.6			
Total New Zealand customer connections	276,366	275,479	275,875	275,048	274,146	274,101	274,433	275,006	275,869			
Powershop Australia customer connections	not disclosed	not disclosed	55,993	not disclosed	not disclosed	63,763	not disclosed	not disclosed	71,111			
<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			
Wind generation volume (GWh)	123	124	124	157	135	108	114	103	101			
<b>Total generation volume (GWh)</b>	<b>1,183</b>	<b>1,145</b>	<b>1,078</b>	<b>1,163</b>	<b>1,168</b>	<b>1,121</b>	<b>1,094</b>	<b>1,118</b>	<b>1,177</b>			
Average generation price (\$/MWh)	\$49.7	\$52.2	\$58.0	\$54.5	\$62.1	\$66.3	\$67.9	\$61.8	\$50.7			
Acquired generation volume (GWh)	144	97	95	133	94	105	71	44	69			
Cost of acquired generation (\$/MWh)	\$82.2	\$84.7	\$83.6	\$62.0	\$70.5	\$70.8	\$74.5	\$75.2	\$75.1			
Acquired generation revenue average price (\$/MWh)	\$50.4	\$52.4	\$56.6	\$56.6	\$66.6	\$72.3	\$72.2	\$74.6	\$62.9			
Future contract close outs (\$m)	(\$0.1)	(\$0.9)	(\$0.1)	(\$0.1)	(\$0.2)	(\$0.2)	(\$0.1)	(\$0.8)	(\$1.0)			
Contracted sales supply volume (GWh)	1,093	1,120	1,050	1,090	1,096	1,086	1,009	991	1,036			
Cost to supply contracted sales (\$/MWh)	\$52.6	\$55.5	\$60.4	\$57.9	\$69.0	\$70.7	\$72.3	\$66.6	\$54.4			

# 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 Mightly River Power. They do not result in the physical supply of electricity