



Monthly Operating Report

December 2016

December overview

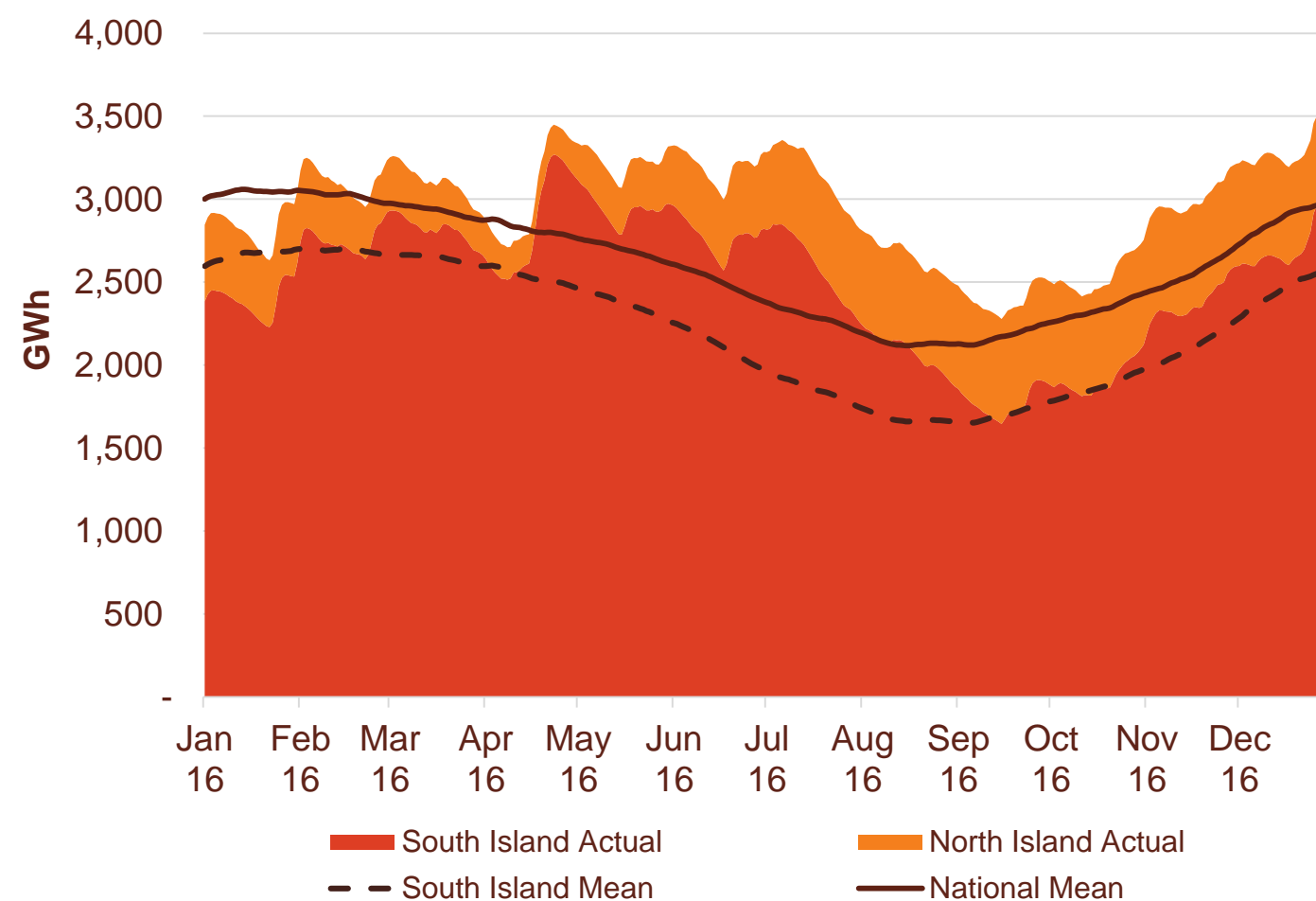
- » For the month of December 2016 Contact recorded:
 - Electricity, gas and steam sales of 682 GWh (December 2015: 709 GWh)
 - Netback of \$73.18/MWh (December 2015: \$78.28/MWh)
 - Cost of energy was \$23.83/MWh (December 2015: \$19.75/MWh) as compensation related to the Te Mihi power station recognised in December 2015 did not recur.
- » Otahuhu futures settlement wholesale price for the 1st quarter of 2017 (ASX):
 - As at 25 January 2017: \$53/MWh
 - As at 31 December 2016: \$60/MWh
 - As at 30 November 2016: \$63/MWh
- » As at the 25th of January 2017, South Island storage was 117% of mean (31 December: 111%) and North Island storage was 136% of mean (31 December: 138%)



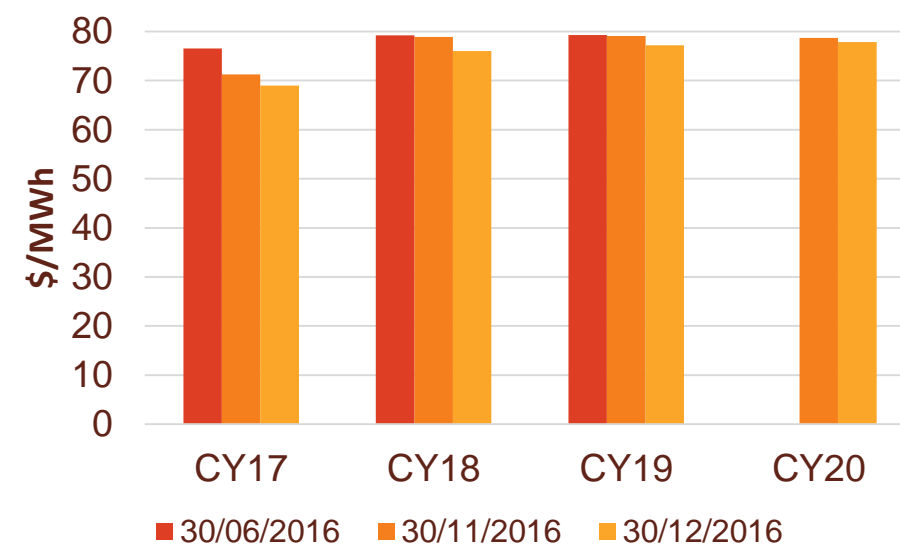
- » Contact's financial results for the six months ending 31 December 2016 will be released prior to the market opening on Monday, 13 February 2017.

Hydro storage and forward prices

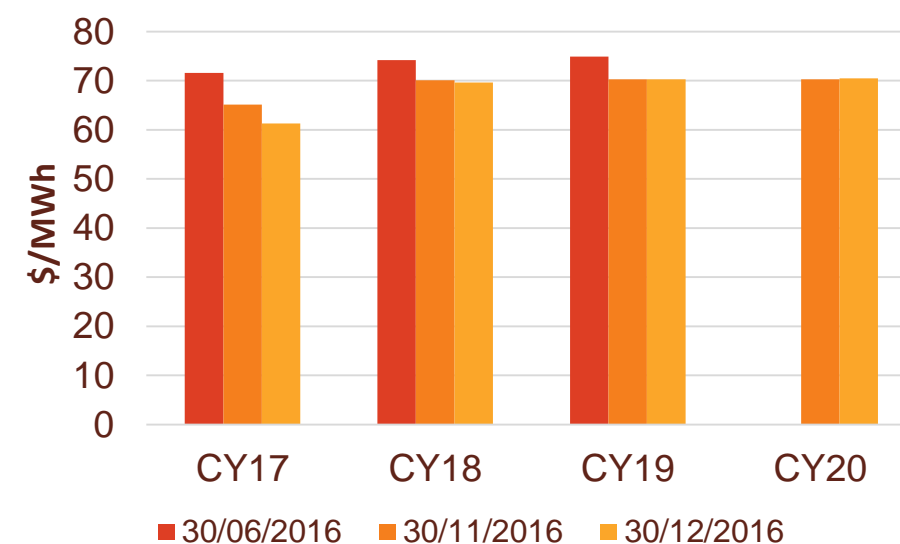
New Zealand hydro storage against mean



Otahuhu ASX futures settlement

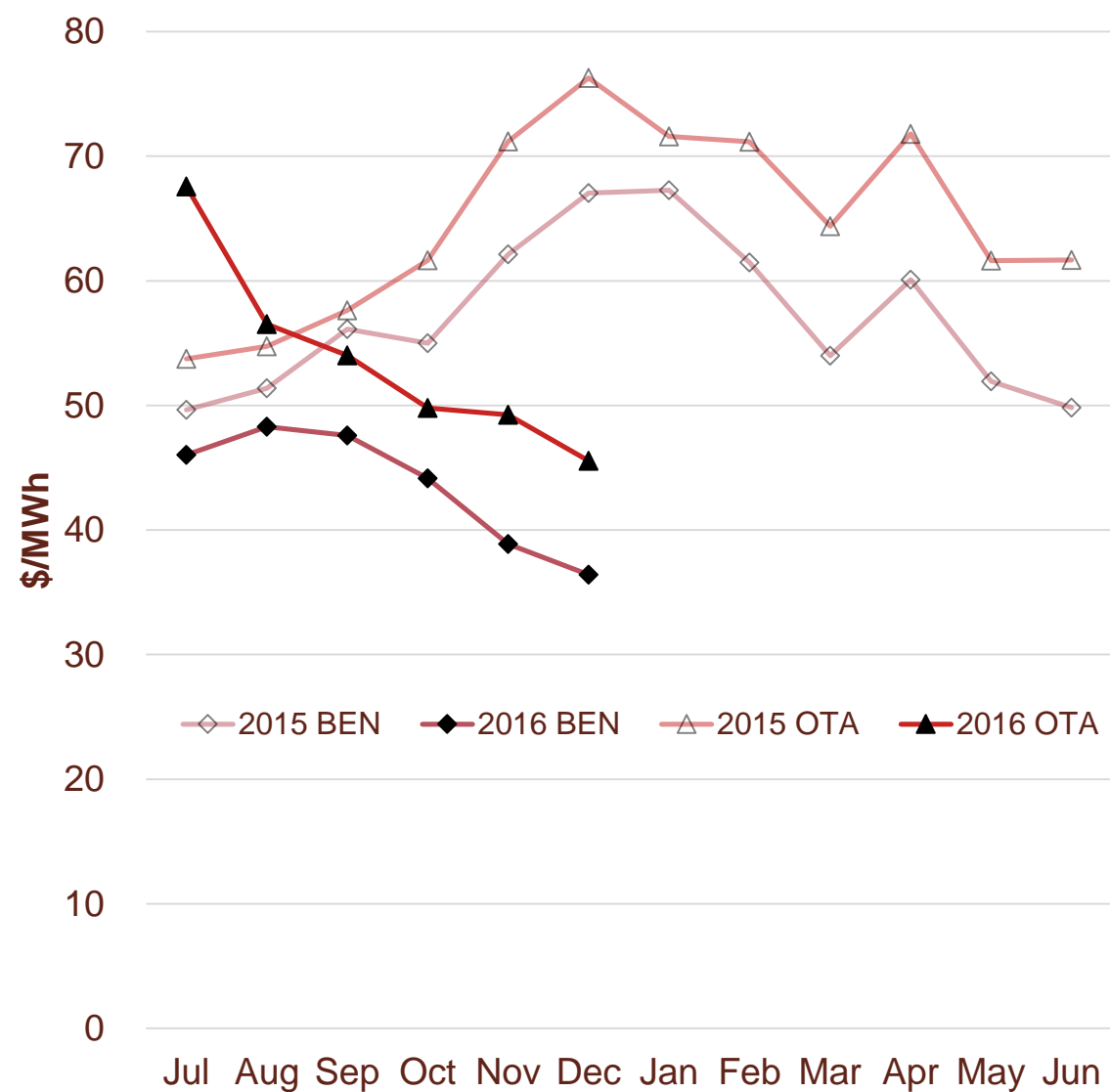


Benmore ASX futures settlement



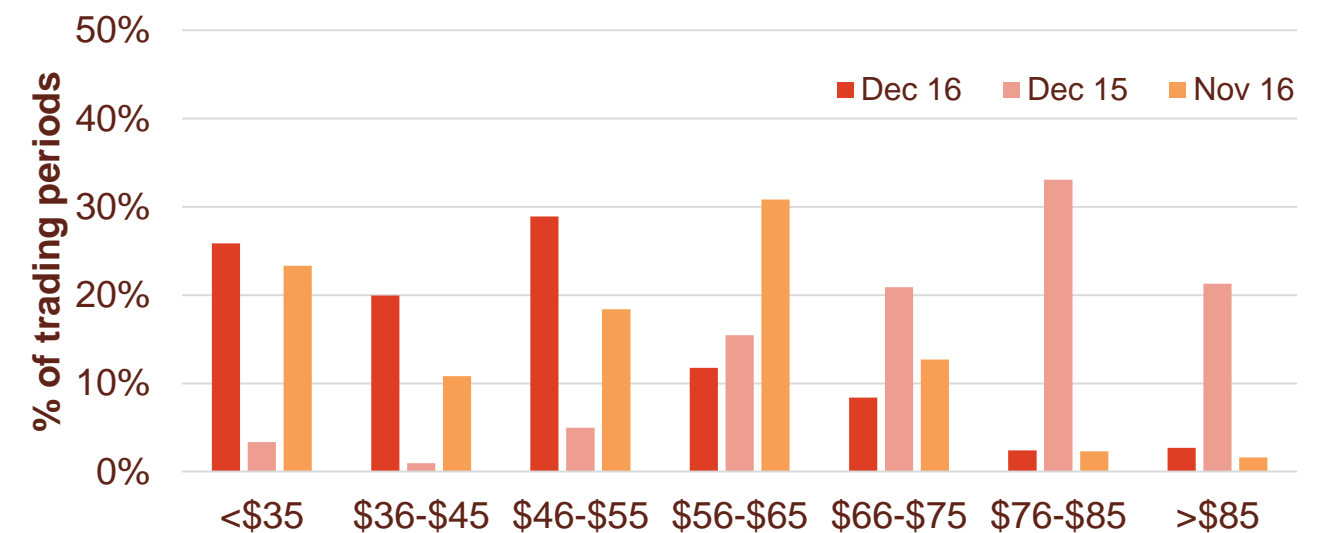
Wholesale market

Wholesale electricity pricing

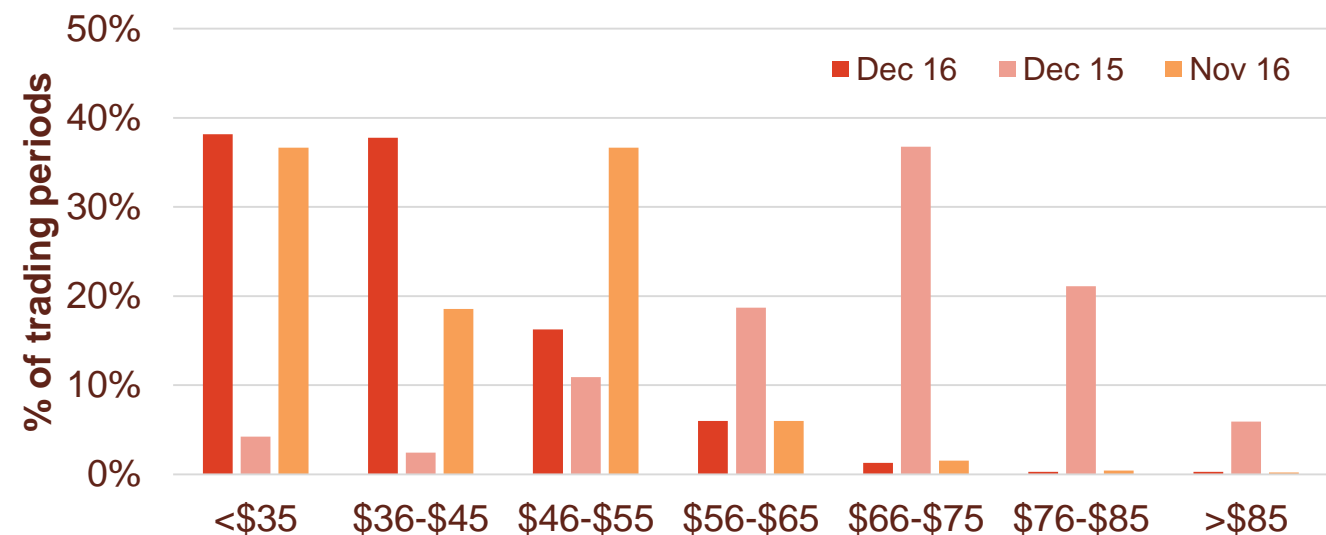


Distribution of wholesale market price by trading periods

Otahuhu node



Benmore node

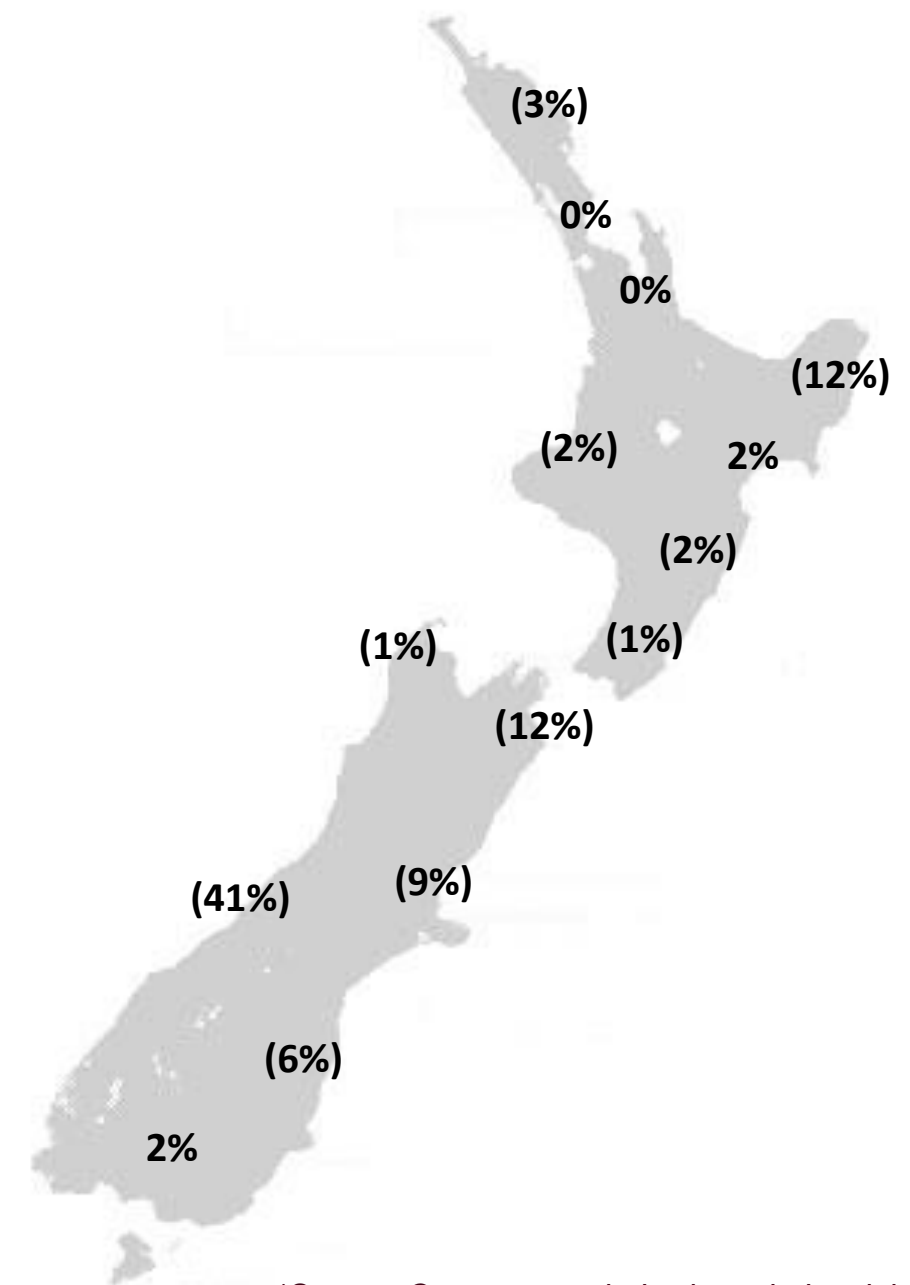
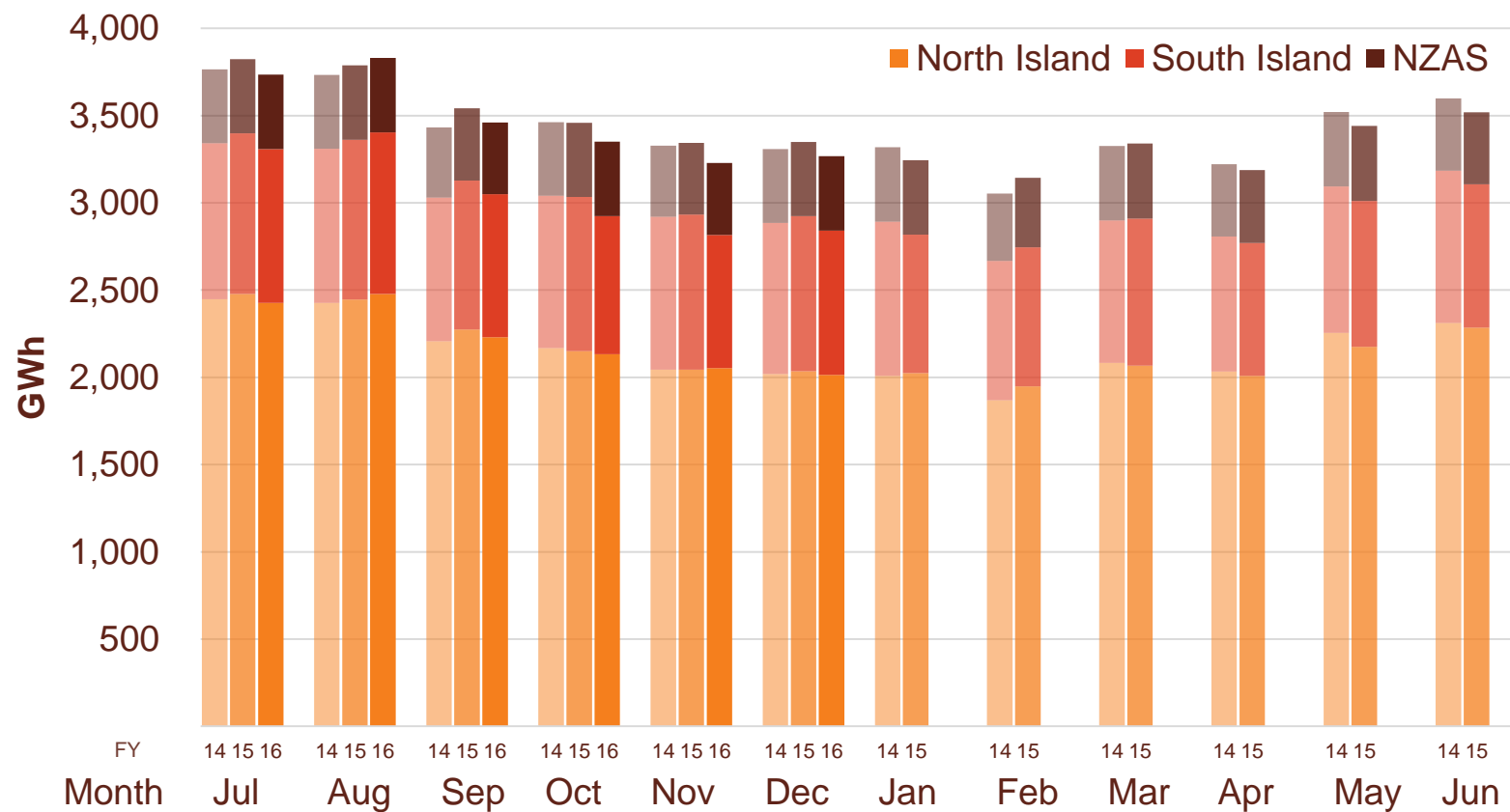


Electricity demand

- » New Zealand electricity demand was down 2.4% on December 2015 (down 1.3% on December 2014).
- Cumulative 12 months demand for January 2016 to December 2016 of 40,746 GWh is 1.4% lower than the prior comparative period.

Regional demand change (%) on December 2015*

Total national demand (FY15, 16 and 17)

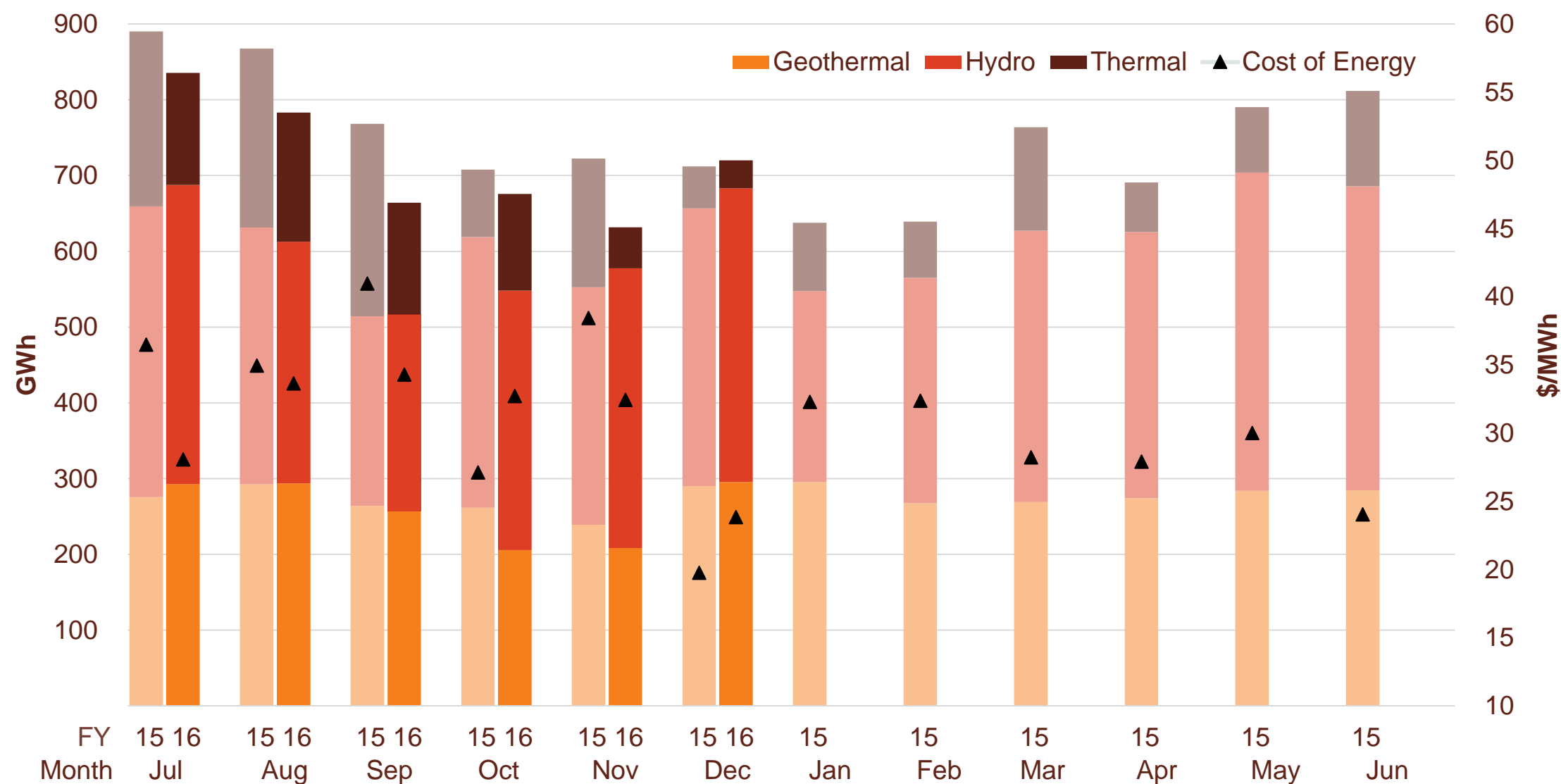


Source: Contact and Electricity Authority grid demand (reconciled) www.emi.govt.nz

*Source: Contact – excludes large industrial

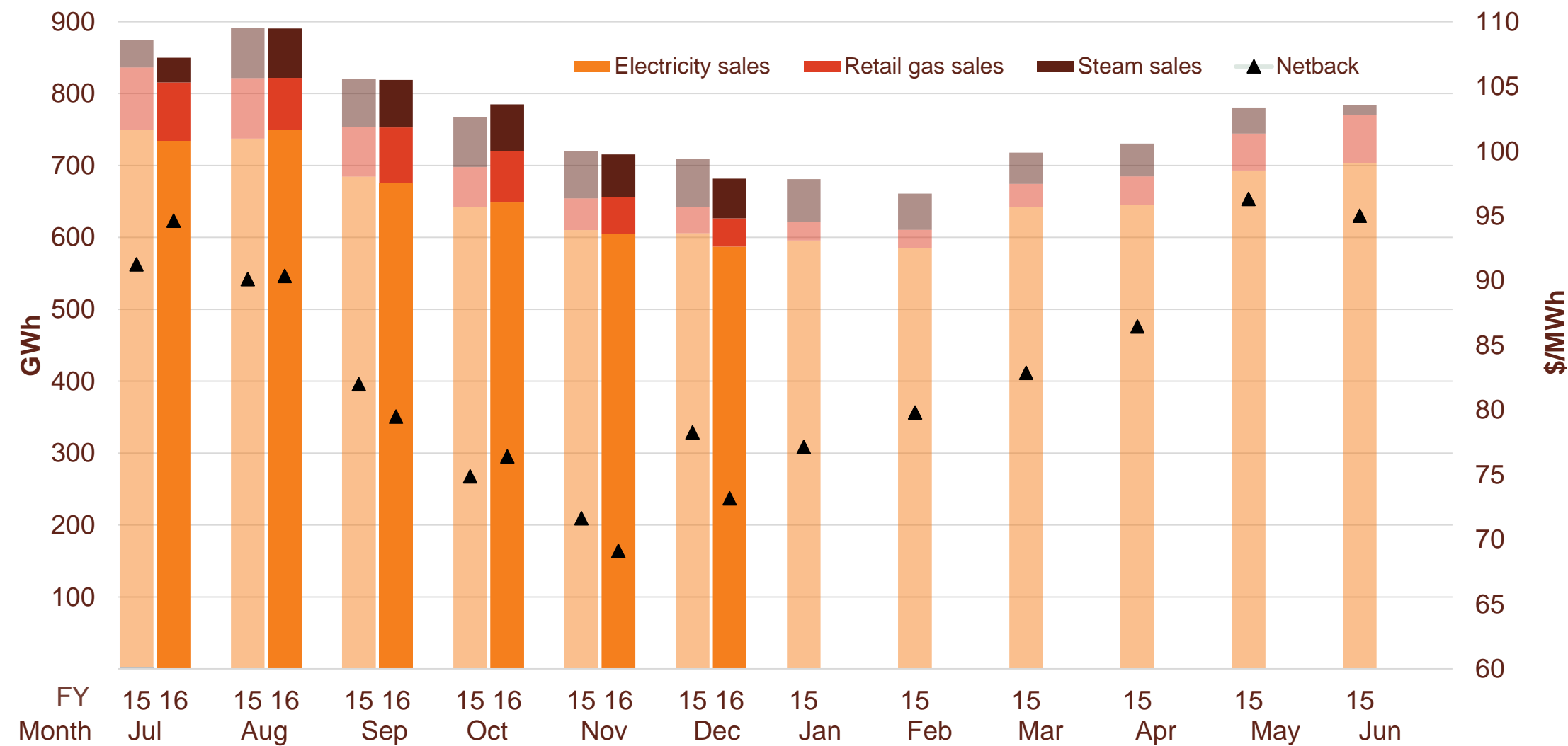
Contact's generation performance

Generation mix and cost of energy (FY16 and 17)



Contact's retail performance

Retail sales volumes and netback (FY16 and 17)



Contact's operational performance

Data		Measure	The month ended December 2016	The month ended December 2015	The month ended November 2016	Six months ended December 2016	Six months ended December 2015
Netback	Mass market electricity sales	GWh	260	278	261	1,942	2,052
	Commercial & industrial electricity sales	GWh	327	327	344	2,059	1,974
	Retail gas sales	GWh	39	37	50	392	377
	Steam sales	GWh	55	67	60	349	377
	Total retail sales	GWh	682	709	715	4,741	4,780
	Average electricity sales price	\$/MWh	171.25	169.85	164.23	179.01	181.31
	Electricity direct pass through costs	\$/MWh	(76.48)	(74.76)	(74.81)	(76.27)	(77.02)
	Electricity and gas cost to serve	\$/MWh	(15.17)	(11.61)	(13.86)	(13.24)	(13.75)
	Netback	\$/MWh	73.18	78.28	68.75	80.83	81.94
	Electricity line losses	%	5%	3%	5%	5%	5%
	Retail gas sales	PJ	0.1	0.1	0.2	1.3	1.3
	Electricity customer numbers ¹	#	421,000	421,000	422,500		
	Gas customer numbers ¹	#	62,500	60,500	62,500		
Cost of energy	Thermal generation	GWh	37	56	54	685	1,036
	Geothermal generation	GWh	295	290	208	1,552	1,623
	Hydro generation	GWh	388	366	369	2,073	2,010
	Spot market generation	GWh	720	712	632	4,310	4,669
	Spot electricity purchases	GWh	610	614	628	4,156	4,186
	CfD purchase / (sales)	GWh	53	1	(15)	(41)	39
	GWAP	\$/MWh	37.74	68.35	41.55	47.04	57.80
	LWAP	\$/MWh	(44.43)	(76.04)	(47.46)	(52.78)	(62.34)
	LWAP/GWAP	%	118%	111%	114%	112%	108%
	Gas used in internal generation	PJ	0.6	0.8	0.7	7.4	9.8
	Gas storage net movement ²	PJ	0.3	(0.1)	0.3	(0.79)	(1.98)
	Unit generation cost	\$/MWh	(25.55)	(26.30)	(32.22)	(31.16)	(35.13)
	Cost of energy	\$/MWh	(23.83)	(19.75)	(32.23)	(30.88)	(33.27)
LPG	LPG sales	tonnes	5,363	5,327	5,882	38,112	37,379
	LPG customer numbers (includes franchises) ¹	#	76,500	72,500	76,000		

¹ Data has been rounded to the nearest 500 and reflects numbers as at month end.

Glossary of terms

Netback

Measures the performance of the retail business.

This enables the performance of the retail channels to be measured without using an energy cost. The netback is meant to cover, inter alia, the net purchase cost, capital return, risk margin and a retail margin.

Electricity revenue from mass market and C&I customers

Add: Revenue from gas sales

Add: Revenue from steam sales

Less: Electricity distribution network costs, meter costs and electricity levies

Less: Gas distribution network costs, meter costs and gas levies

Less: Operating costs to serve the customer, including head office allocation

Cost of Energy

Measures the performance of the energy supply business.

Cost of energy reflects the total operational costs of supplying the energy sold. It does not include any capital return expectations.

Wholesale electricity revenue from our generating assets

Less: Electricity purchase costs from the wholesale market to supply customers

Less: Electricity transmission costs and levies

Less: Gas and diesel purchase costs

Less: Gas transmission costs and levies

Less: Carbon emissions costs

Less: Generation operating costs and head office allocation

Netback and cost of energy is divided by the total retail sales volumes (electricity, gas and steam sales) to be expressed as \$/MWh

Keep in touch

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