Monthly Operating Report

March 2018

March overview

» For the month of March 2018 Contact recorded:
  • Electricity and gas sales of 603 GWh (March 2017: 621 GWh)
  • Netback of $86.51/MWh (March 2017: $88.94/MWh)
  • Cost of energy was $25.07/MWh (March 2017: $24.77/MWh)

» Otahuhu futures settlement wholesale price for the 2nd quarter of 2018 (ASX):
  • As at 11 April 2018: $69/MWh
  • As at 31 March 2018: $67/MWh
  • As at 28 February 2018: $68/MWh

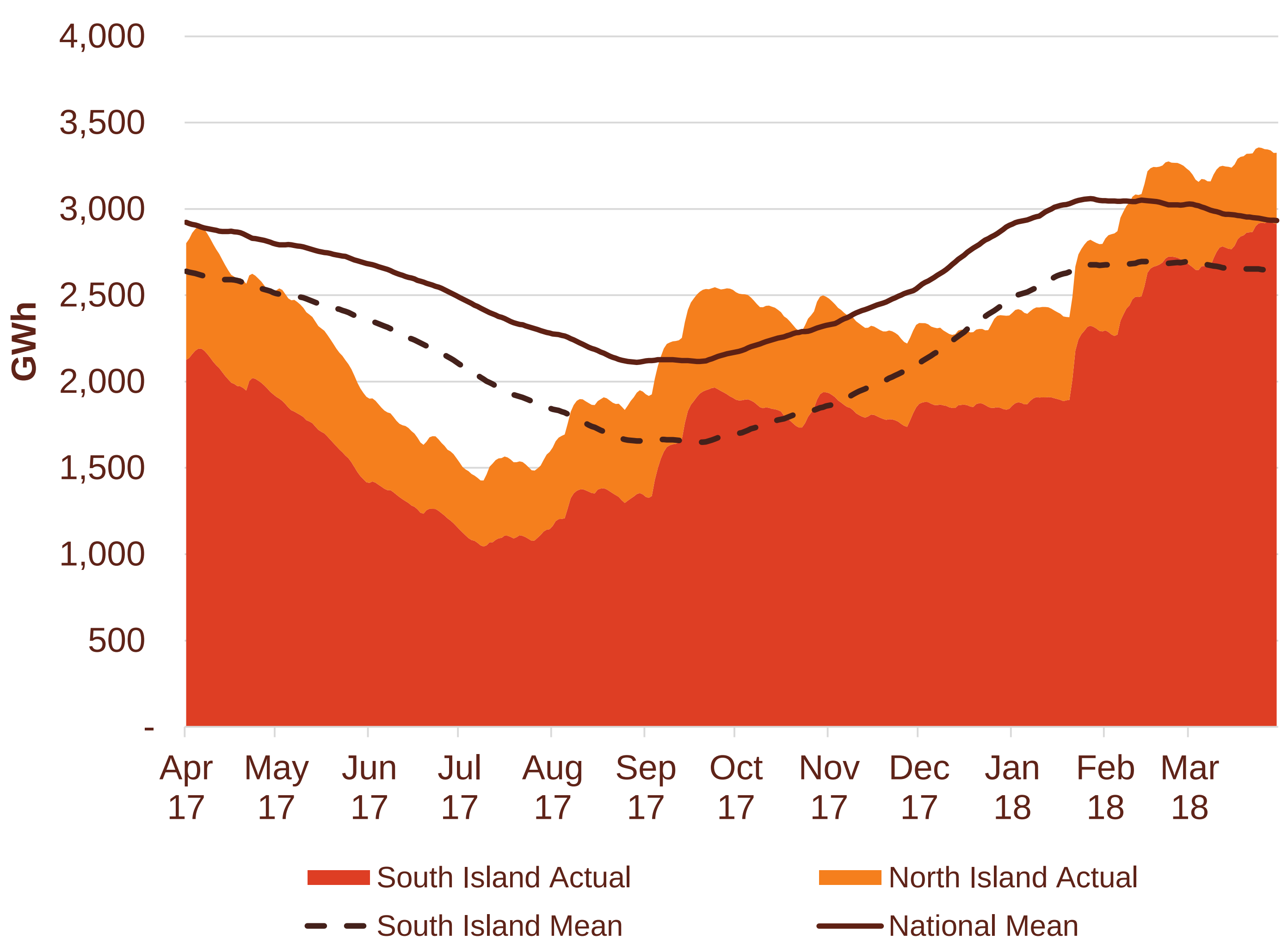
» As at 11 April 2018, South Island controlled storage was 110% of mean (31 March 2018: 107%) and North Island controlled storage was 144% of mean (31 March 2018: 152%)
  • As at 11 April, total Clutha scheme storage (including uncontrolled storage) was 74% of mean
  • Inflows into Contact's Clutha catchment for March 2018 were at 112% of mean (February 2018: 119%, January 2018: 44%, December 2017: 50%)

» Contact is actively working with customers to help them identify opportunities to transition to flexible, efficient, low-carbon energy solutions.

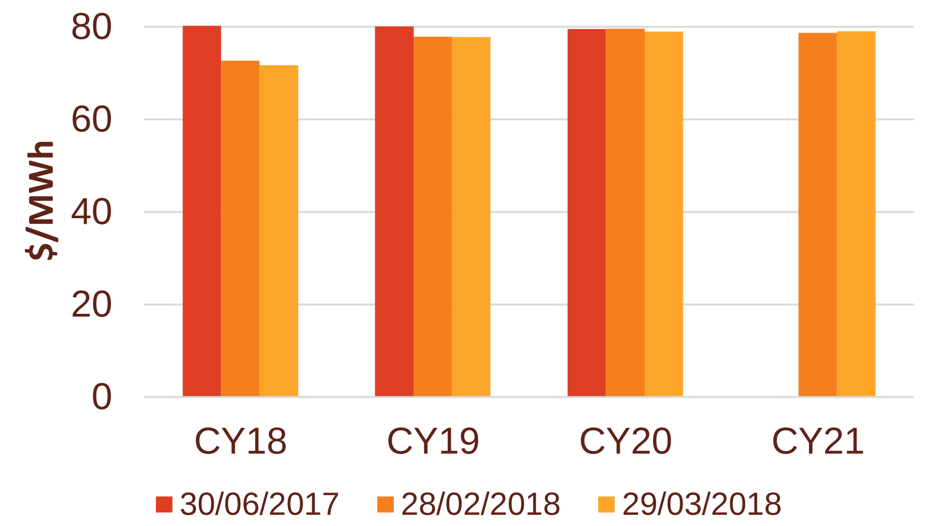
» A video series highlighting our role in a low-carbon future is available to view at https://www.youtube.com/user/ContactEnergy

Hydro storage and forward prices

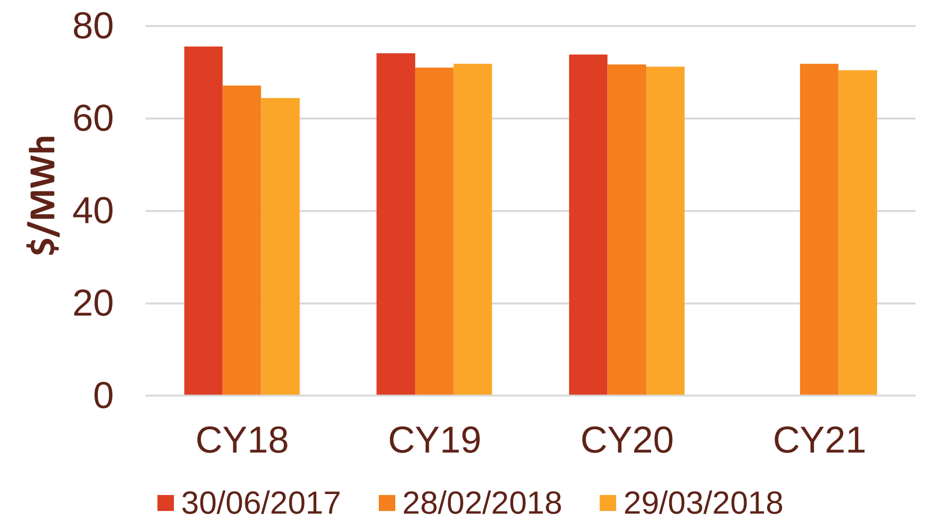
New Zealand controlled hydro storage against mean



Otahuhu ASX futures settlement

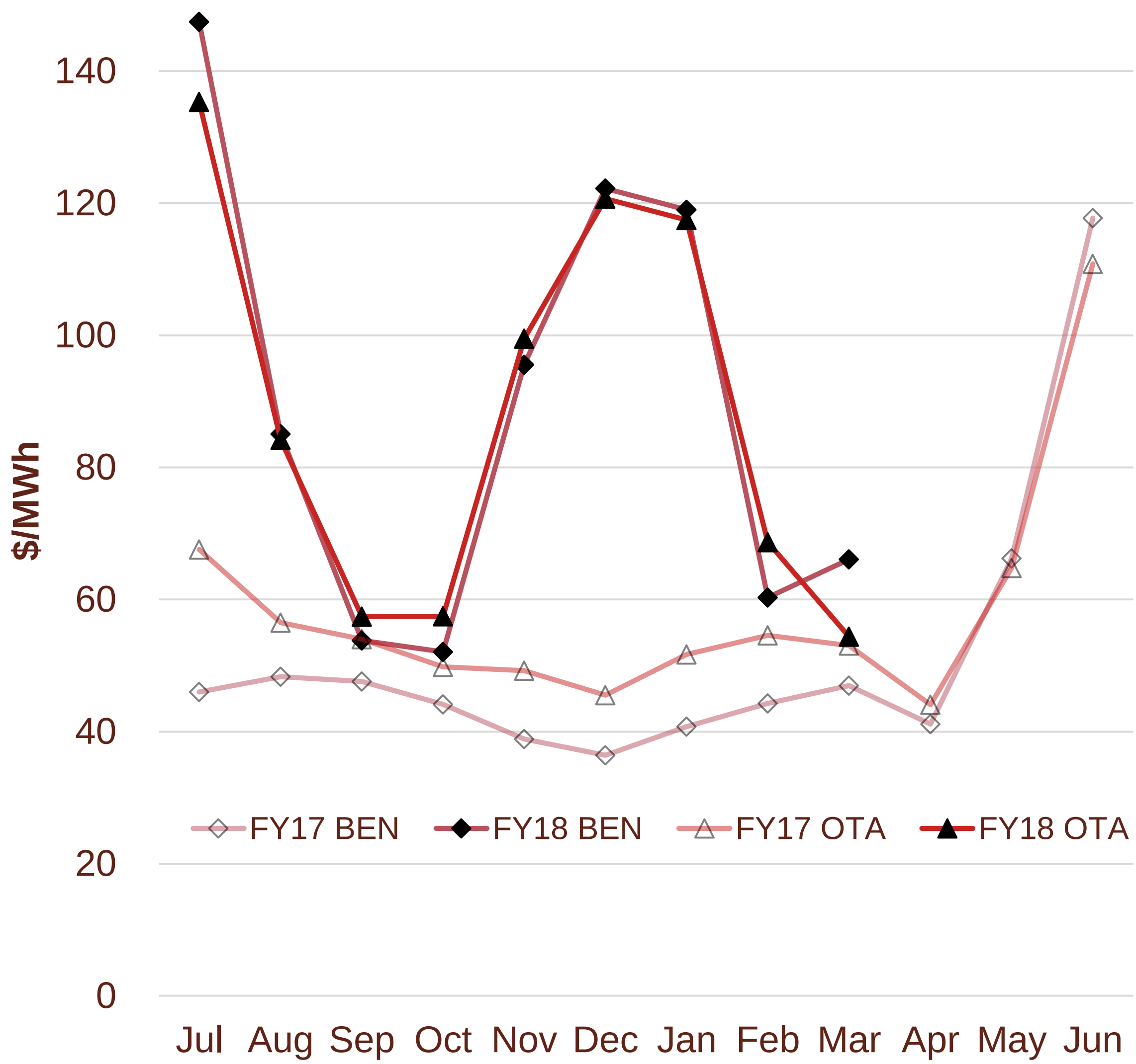


Benmore ASX futures settlement



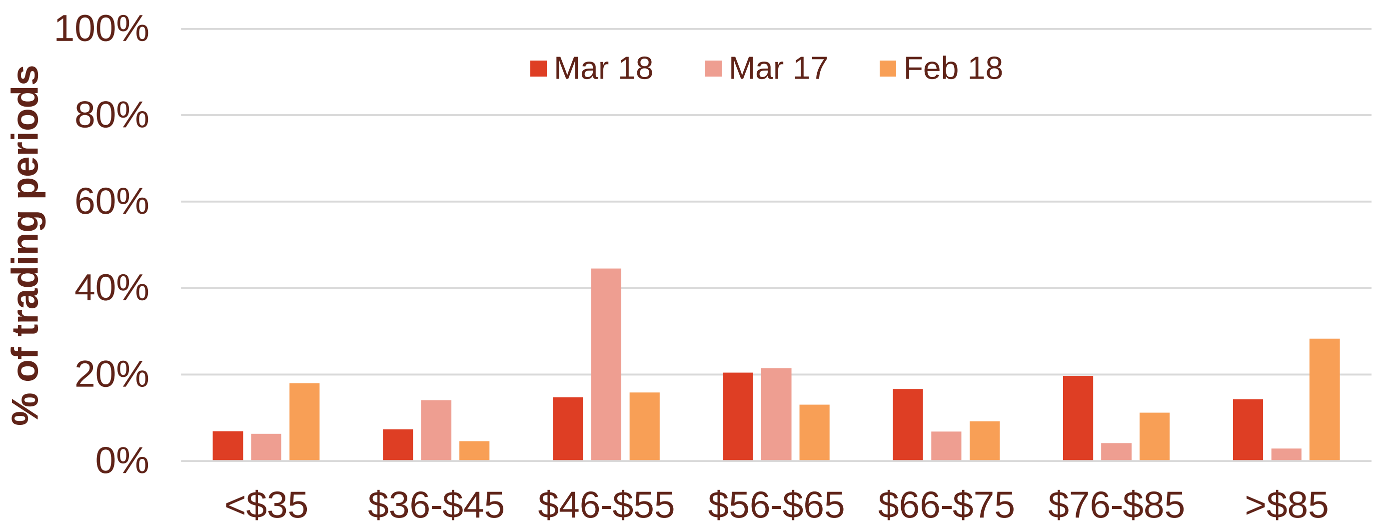
Wholesale market

Wholesale electricity pricing

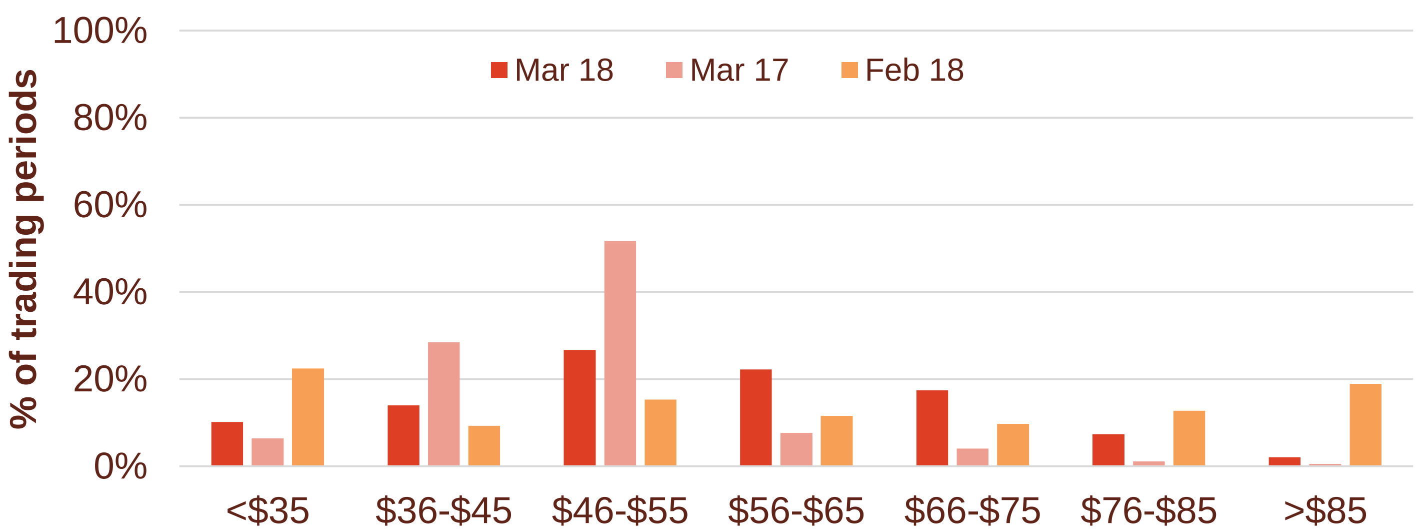


Distribution of wholesale market price by trading periods

Otahuhu node



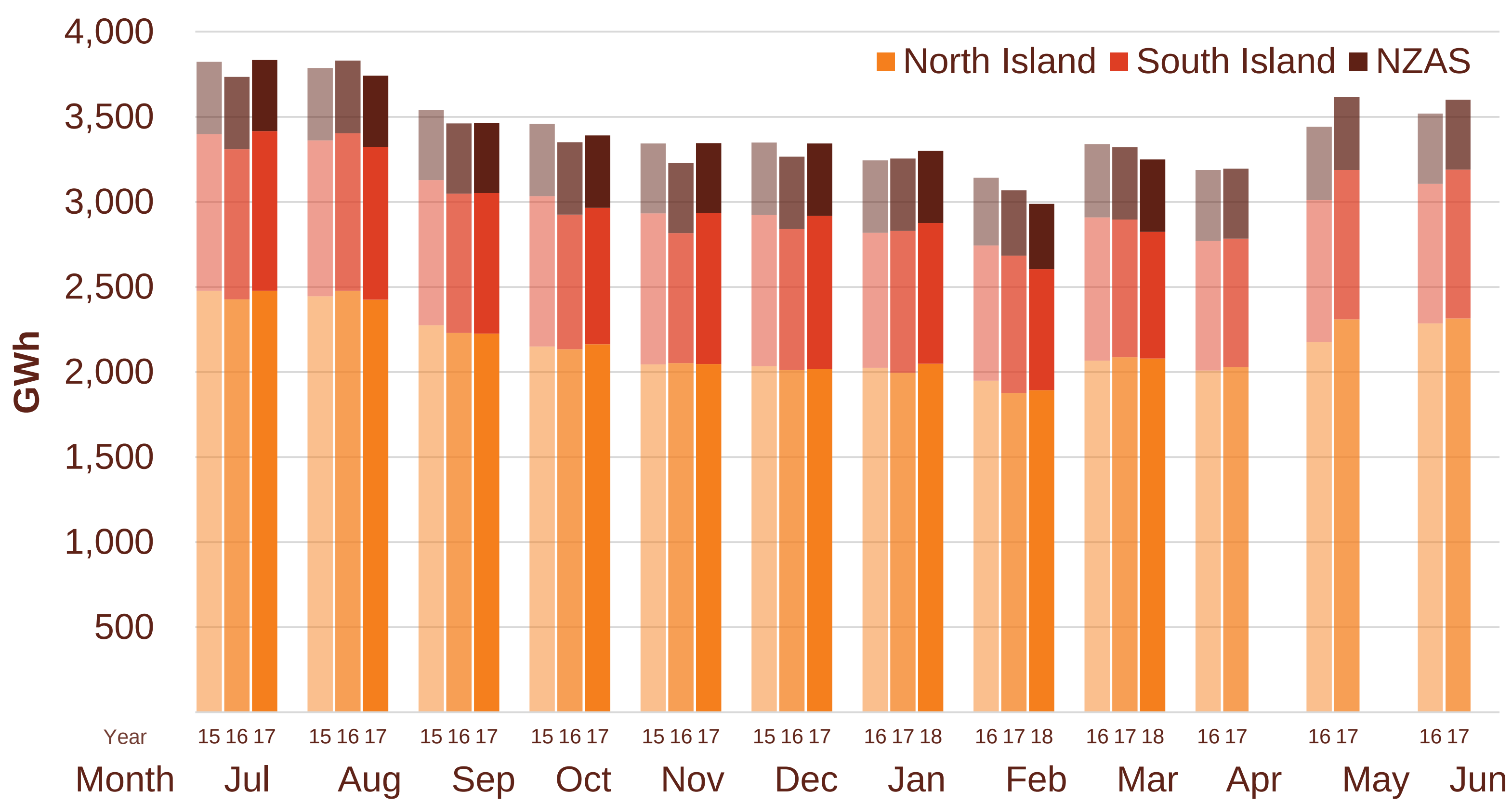
Benmore node



Electricity demand

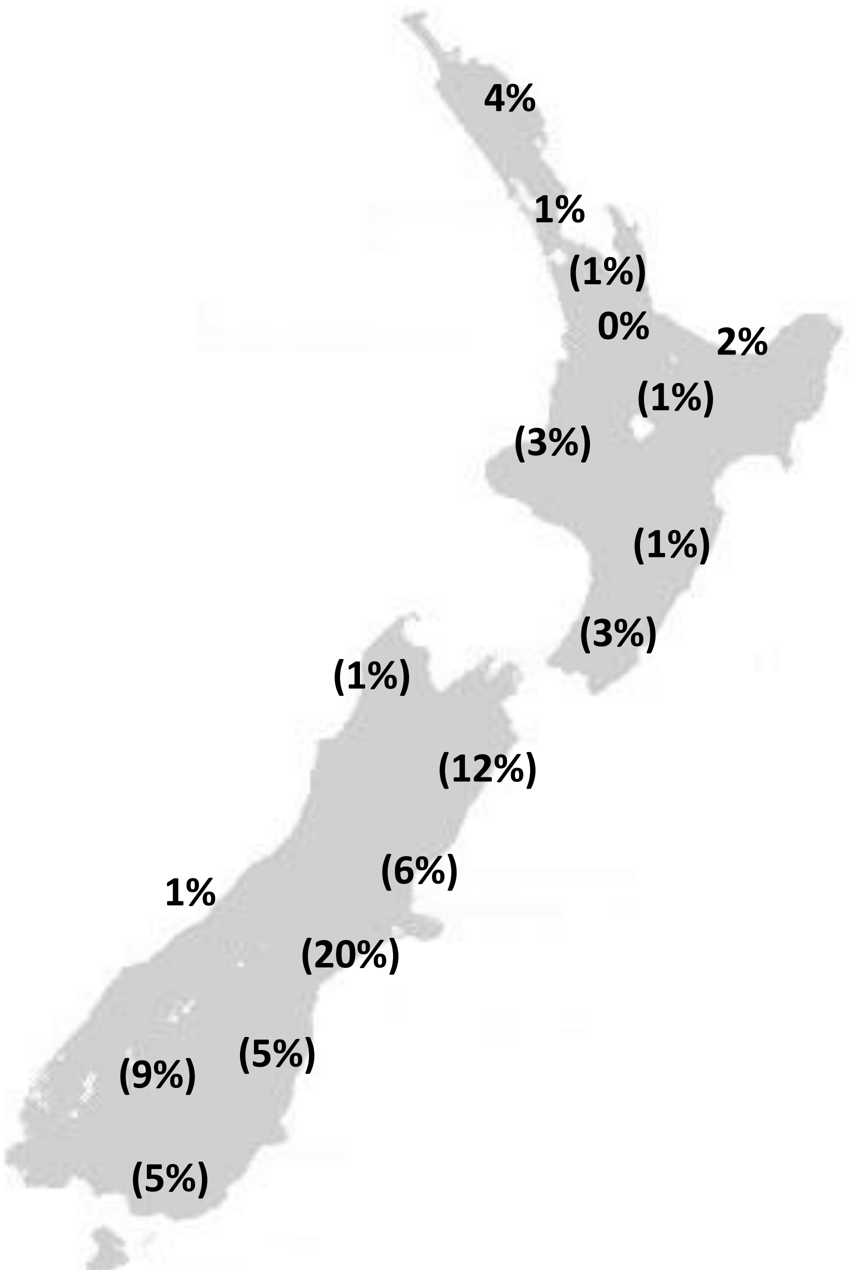
» New Zealand electricity demand was down 2.2% on March 2017 (down 2.7% on March 2016)
- Cumulative 12 months demand for April 2017 to March 2018 of 41,068 GWh is 1.0% higher than the prior comparative period.

Total national demand (FY16, 17 and 18)



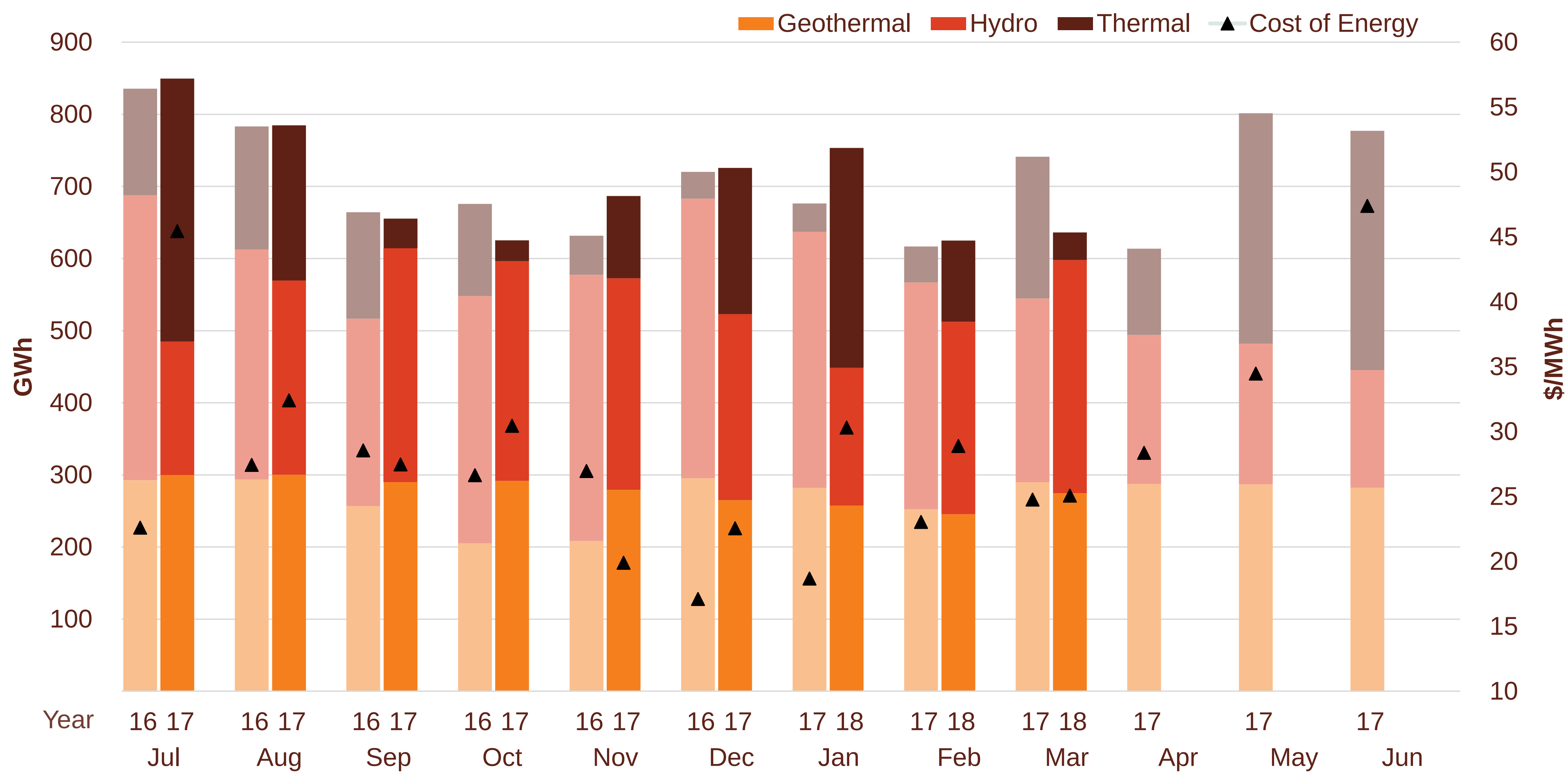
Source: Contact and Electricity Authority grid demand (reconciled) http://www.emi.ea.govt.nz

Regional demand change (%) on March 2017*



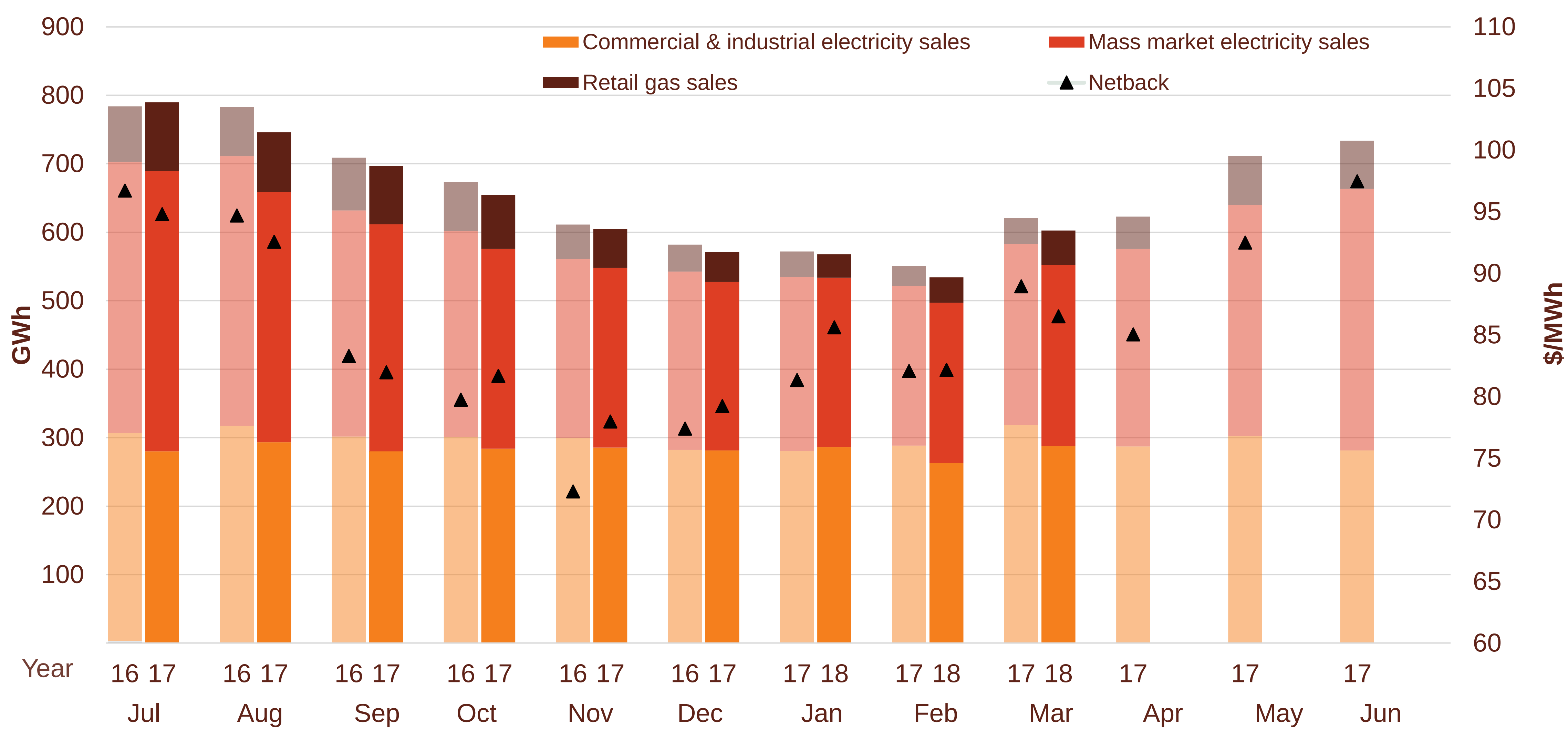
Contact's Generation business performance

Generation mix and cost of energy (FY17 and 18)



Contact's Customer business performance

Retail sales volumes and netback (FY17 and 18)



Contact's operational performance

		Measure	The month ended March 18	The month ended March 17	The month ended February 18	Nine months ended March 18	Nine months ended March 17
Customer	Mass market electricity sales	GWh	265	265	234	2,654	2,694
	Commercial & industrial electricity sales	GWh	288	319	263	2,540	2,693
	Retail gas sales	GWh	50	38	37	573	496
	Total electricity and gas sales	**GWh**	**603**	**621**	**534**	**5,767**	**5,883**
	Average electricity sales price	$/MWh	186.64	182.89	182.60	187.56	184.46
	Electricity direct pass thru costs	$/MWh	(82.37)	(76.85)	(82.64)	(83.63)	(81.01)
	Electricity and gas cost to serve	$/MWh	(13.56)	(13.96)	(14.14)	(12.62)	(13.71)
	Netback	$/MWh	86.51	88.94	82.16	85.22	84.75
	Actual electricity line losses	%	4%	6%	4%	5%	6%
	Retail gas sales	PJ	0.2	0.1	0.2	1.9	1.7
	LPG sales	tonnes	5,293	5,293	4,417	52,639	52,615
	Electricity customer numbers	#	417,500	421,500	418,500		
	Gas customer numbers	#	64,500	63,000	64,500		
	LPG customer numbers (includes franchises)	#	86,000	77,500	85,500		
Generation	Thermal generation	GWh	38	197	113	1,422	971
	Geothermal generation	GWh	275	290	245	2,503	2,377
	Hydro generation	GWh	323	255	267	2,417	2,997
	Spot market generation	**GWh**	**636**	**741**	**625**	**6,342**	**6,345**
	Spot electricity purchases	GWh	575	620	518	5,494	5,701
	CfD sales	GWh	75	141	77	428	530
	Steam sales	GWh	51	58	46	470	513
	Commercial & industrial electricity sales	GWh	9	9	8	77	79
	GWAP	$/MWh	58	49	66	89.36	46.63
	LWAP	$/MWh	(64)	(53)	(71)	(95.77)	(52.65)
	LWAP/GWAP	%	110%	108%	107%	107%	113%
	Gas used in internal generation	PJ	0.6	1.7	1.2	14.0	10.3
	Gas storage net movement	PJ	0.3	(0.6)	0.2	(0.72)	(1.10)
	Unit generation cost	$/MWh	(28.57)	(33.34)	(33.14)	(34.43)	(30.60)
	Cost of Energy	$/MWh	(25.07)	(24.77)	(28.90)	(29.79)	(24.23)

Glossary of terms

Netback Measures the performance of the Customer 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
	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 Generation business. Cost of energy reflects the total operational costs of generating and procuring electricity sold to customers. It does not include any capital return expectations.	Wholesale electricity revenue from our generating assets
	Add: Revenue from steam sales and direct electricity sales from Te Rapa
	Less: Electricity purchase costs from the wholesale market to supply customers
	Less: Electricity transmission costs and levies
	Less: Gas and diesel purchase costs (excluding gas purchases for retail gas sales)
	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 and gas sales) to be expressed as $/MWh

Keep in touch

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