



meridian

## News Release

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

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# Meridian Energy monthly operating report for February 2015

11 March, 2015

Attached is Meridian Energy Limited's monthly operating report for the month ending 28 February 2015.

Highlights this month include:

- National storage decreased to 81% of average
- Meridian's February 2015 monthly inflows were 82% of average
- Meridian's Waitaki catchment storage increased from 83% to 84% of average by the end of February 2015
- Electricity demand in February 2015 was 1.0% higher than the same month last year
- Demand in the last 12 months is 1.6% higher than preceding 12 months

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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)

# ***Monthly Operating Report***

## **February 2015**



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# February Highlights



In the month to 10 March 2015, national hydro storage decreased from 91% to 81% of historical average

South Island storage now sits at 80% of average and North Island storage at 89% of average

Meridian's February 2015 monthly inflows were 82% of historical average

Meridian's Waitaki catchment storage increased from 83% to 84% of average by the end of February 2015

National electricity demand in February 2015 was 1.0% higher than the same month last year

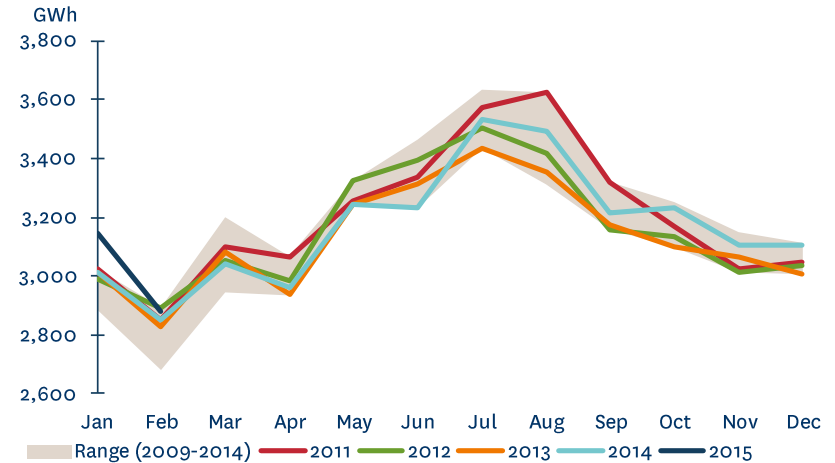
Demand in the last 12 months is 1.6% higher than the preceding 12 months



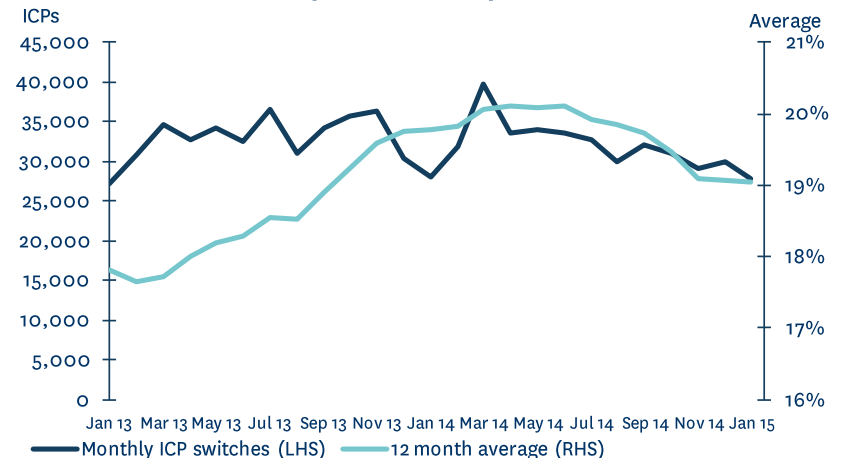
# Market Data

- National electricity demand in February 2015 was 1.0% higher than the same month last year
- Demand in the 2015 calendar year is showing around 2.7% growth compared with the same two month period last year
- New Zealand Aluminium Smelters' average load during February 2015 was slightly above the 572MW base quantity of the NZAS agreement
- The number of switches for all retailers in January 2015 was 7.1% lower than the previous month and at the same level as January 2014
- The 12 month average switching rate for all retailers was 19.1% at the end of January 2015

## NATIONAL DEMAND

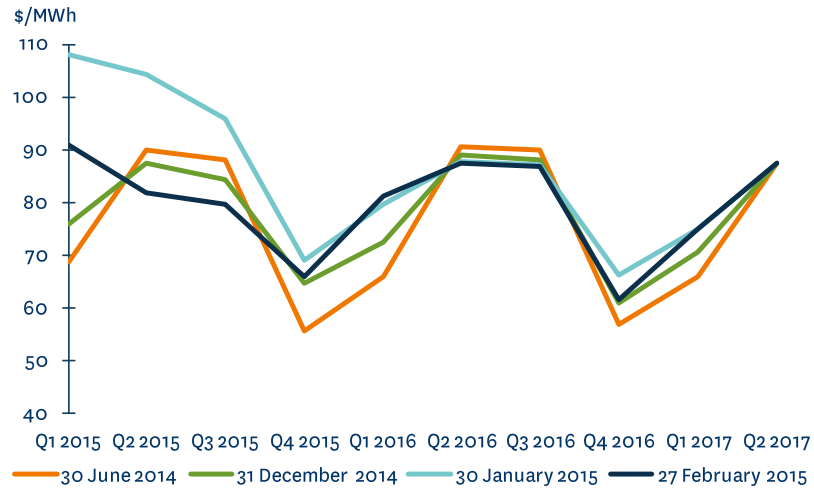


## MARKET ICP SWITCHING (ALL RETAILERS)

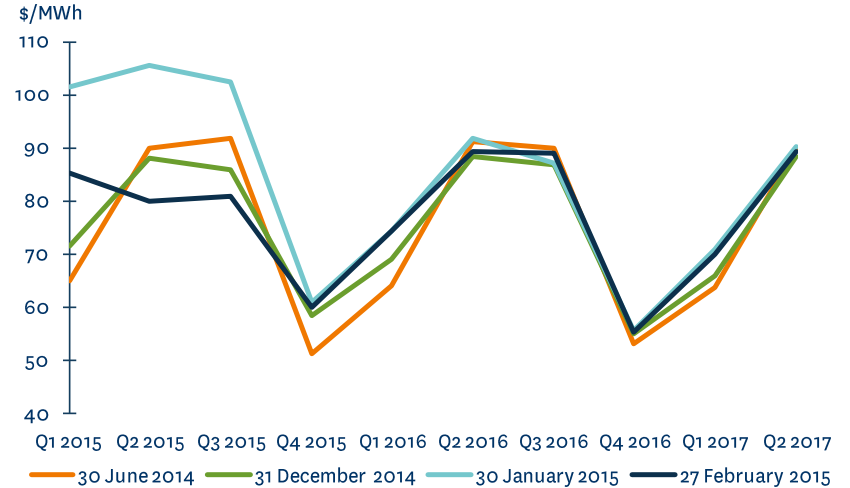


# Market Data

**OTAHUHU ASX FUTURES SETTLEMENT PRICE**

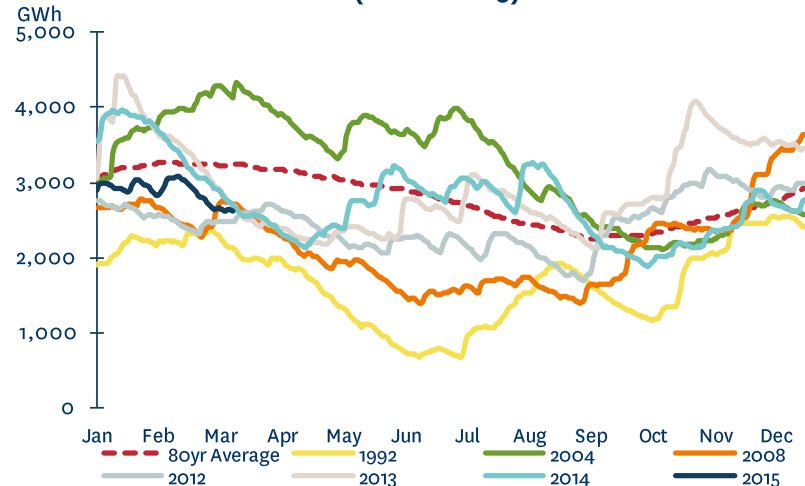


**BENMORE ASX FUTURES SETTLEMENT PRICE**



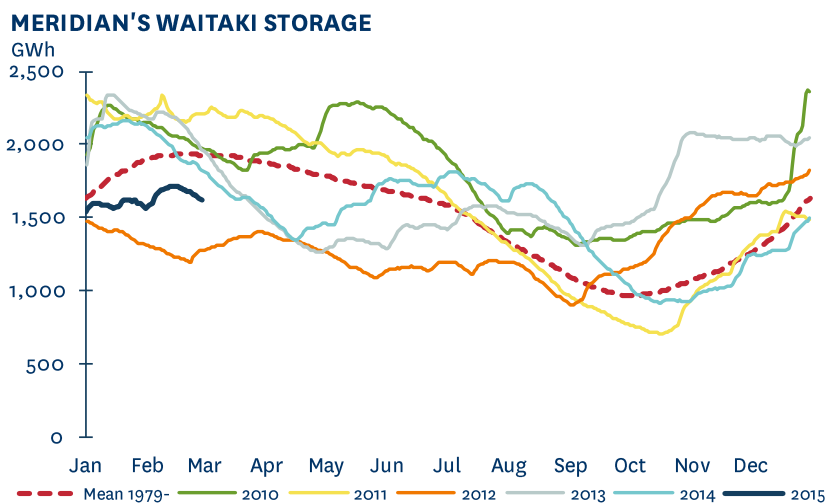
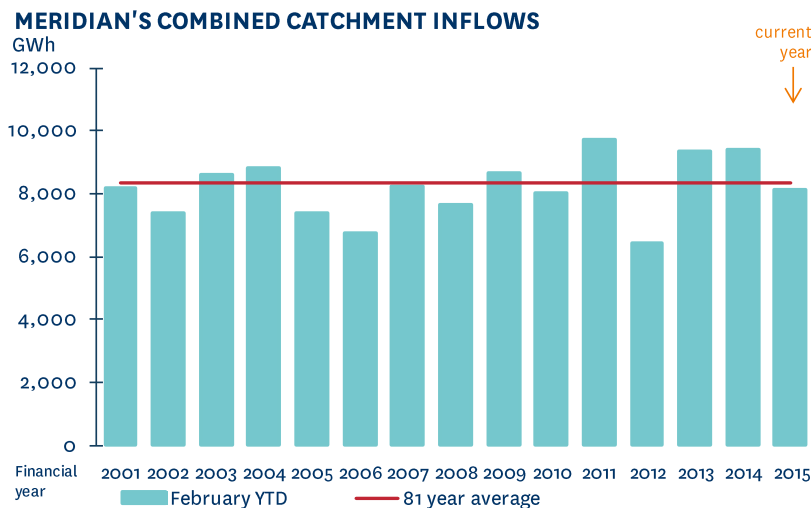
- February 2015 saw decreases in near term ASX futures prices despite declining national hydro storage
- National storage decreased from 91% of the 80 year average on 17 February 2015 to 81% of average by 10 March 2015
- South Island storage decreased to 80% of historical average by 10 March 2015. North Island storage decreased to 89% of average

**NATIONAL HYDRO STORAGE (10 MAR 2015)**



# Meridian Operating Information

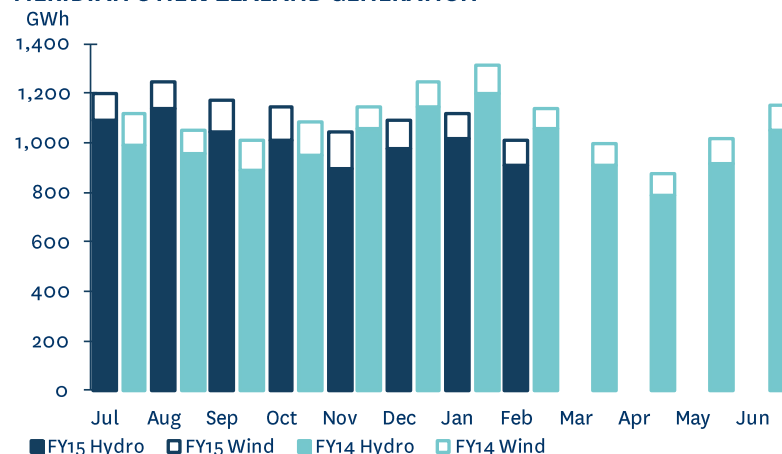
- February monthly inflows were 82% of historical average
- To date this financial year inflows are 98% of historical average
- Meridian's Waitaki catchment storage moved from 1,566GWh to 1,625GWh during February 2015
- Storage at the end of February 2015 was 84% of historical average, compared with the position a month earlier, where storage was at 83% of historical average
- Waitaki storage at the end of February 2015 was 11% lower than the same time last year
- Storage in Meridian's Waiau catchment fell during February 2015



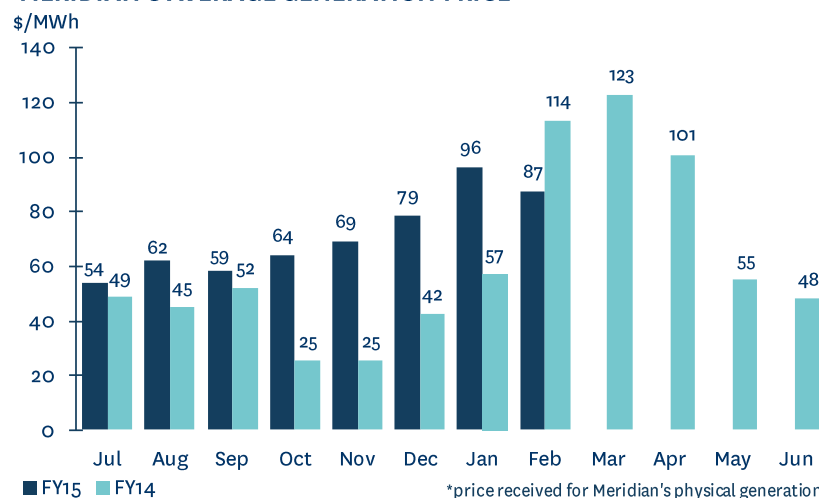
# Meridian Operating Information

- Meridian's New Zealand generation in February 2015 was 11.6% lower than the same month last year
- To date this financial year Meridian's New Zealand generation is 0.9% lower than the same period last year
- The average price Meridian received for its generation in February 2015 was 23.0% lower than the same month last year
- The average price Meridian paid to supply contracted sales in February 2015 was 25.4% lower than the same month last year
- To date this financial year, the average price Meridian has received for its generation is 37.5% higher than the same period last year

**MERIDIAN'S NEW ZEALAND GENERATION**



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

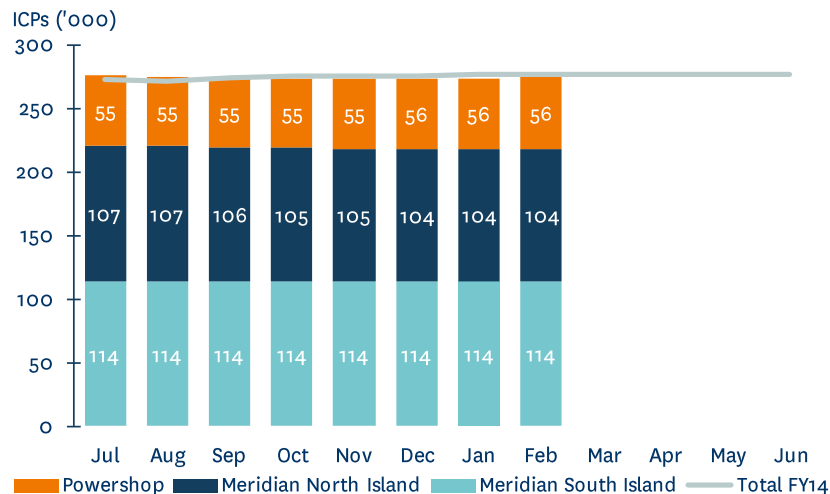


\*price received for Meridian's physical generation

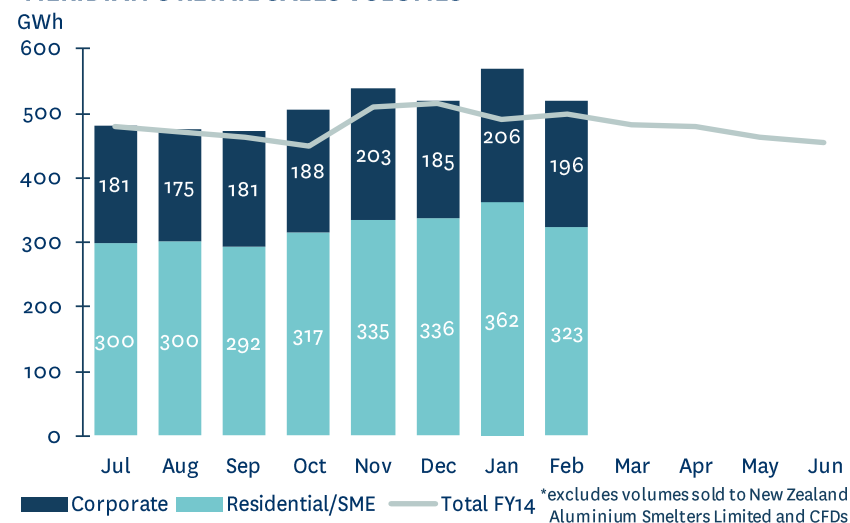
# Meridian Operating Information

- Meridian's New Zealand customer connection numbers increased 0.2% during February 2015
- Retail sales volumes in February 2015 increased by 4.2% compared to February 2014
- Compared to February 2014, residential/SME sales volumes increased by 7.2% and corporate sales volumes decreased by 0.4%
- Irrigation load volumes have declined from last month, however remain above February 2014
- To date this financial year Meridian's retail sales volumes are 5.3% higher than the same period last year
- This reflects a 9.3% increase in residential/SME sales volumes and a 0.9% decrease in corporate sales volumes

## MERIDIAN'S NEW ZEALAND CUSTOMER CONNECTIONS



## MERIDIAN'S RETAIL SALES VOLUMES\*





# Meridian Operating Information

	February 2015 month	February 2014 month	January 2015 month	December 2014 month	8 months to February 2015	8 months to February 2014
<b>New Zealand Contracted Sales<sup>1</sup></b>						
Retail contracted sales volume (GWh)	519	498	568	521	4,080	3,875
Average retail contracted sales price (\$/MWh)	\$92.7	\$92.2	\$91.5	\$87.6	\$99.3	\$101.0
NZAS sales volume (GWh)	384	384	426	426	3,335	3,335
Sell side derivative volumes <sup>2</sup> (GWh)	50	88	74	61	731	620
Wholesale contracted sales average price (\$/MWh)	\$53.6	\$52.1	\$53.6	\$50.4	\$51.3	\$50.3
Total New Zealand customer connections <sup>3</sup>	274,673	277,226	274,052	273,572		
<b>New Zealand Generation</b>						
Hydro generation volume (GWh)	907	1,056	1,020	979	8,090	8,248
Wind generation volume (GWh)	102	86	95	113	936	859
Total generation volume (GWh)	1,009	1,142	1,115	1,092	9,026	9,107
Average generation price <sup>4</sup> (\$/MWh)	\$87.4	\$113.5	\$96.4	\$78.9	\$70.8	\$51.5
Acquired generation volume <sup>5</sup> (GWh)	59	21	39	51	629	714
Cost of acquired generation (\$/MWh)	\$85.2	\$86.4	\$79.1	\$79.4	\$83.7	\$82.8
Cost to supply contracted sales (\$/MWh)	\$91.0	\$122.0	\$100.8	\$84.0	\$75.8	\$54.9

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. Volume weighted average price received for Meridian's physical generation

5. Excludes the buy-side of virtual asset swaps



# 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>Customer connections (NZ)</b>	number of installation control points, excluding vacants
<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 Manapouri 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