



Monthly Operating Report

August 2018

August overview

- » For the month of August 2018 Contact recorded:
 - Electricity and gas sales of 736 GWh (August 2017: 746 GWh)
 - Netback of \$89.96/MWh (August 2017: \$92.57/MWh)
 - Cost of energy was \$20.08/MWh (August 2017: \$32.41/MWh)

- » Otahuhu futures settlement wholesale price for the 3rd quarter of 2018 (ASX):
 - As at 11 September 2018: \$89/MWh
 - As at 31 August 2018: \$82/MWh
 - As at 31 July 2018: \$70/MWh

- » As at 11 September 2018, South Island controlled storage was 86% of mean (31 August 2018: 98%) and North Island controlled storage was 125% of mean (31 August 2018: 114%)
 - As at 11 September 2018, total Clutha scheme storage (including uncontrolled storage) was 22% of mean
 - Inflows into Contact's Clutha catchment for August 2018 was 99% of mean (July 2018: 154%, June 2018: 59%, May 2018: 110%)



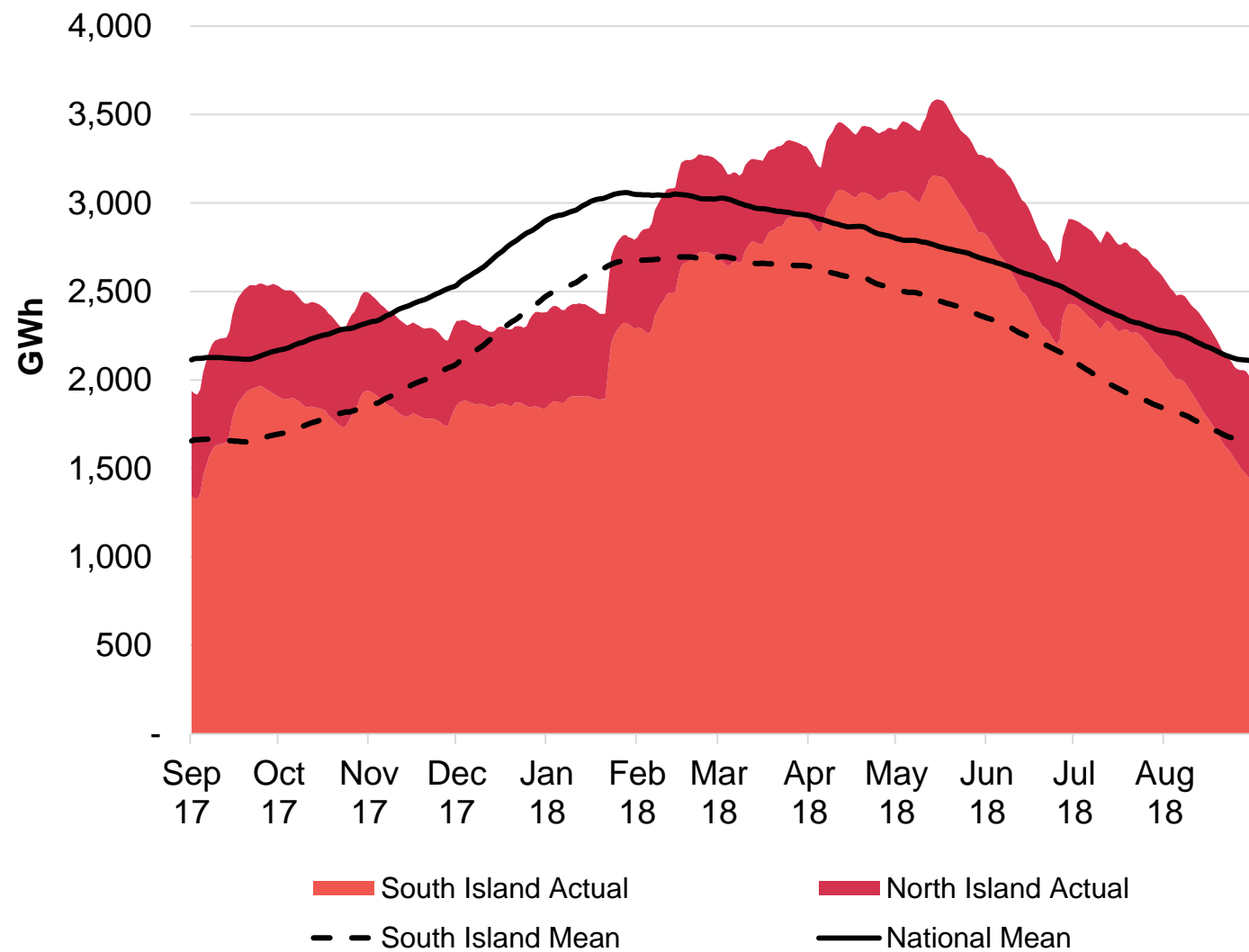
ELECTRICITY PRICE REVIEW

HIKOHIKO TE UIRA

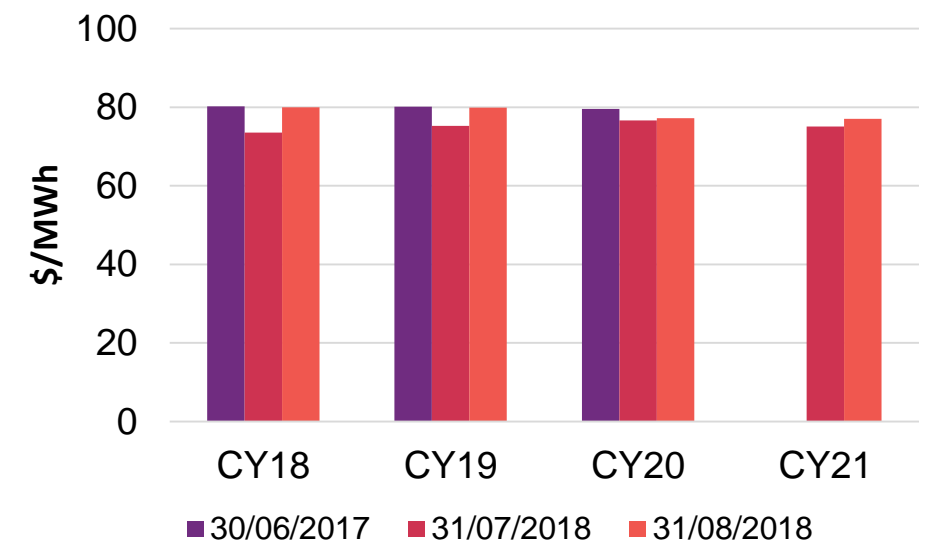
- » The independent Electricity Price Review Panel released their initial issues paper in the month. Submissions due by end of October

Hydro storage and forward prices

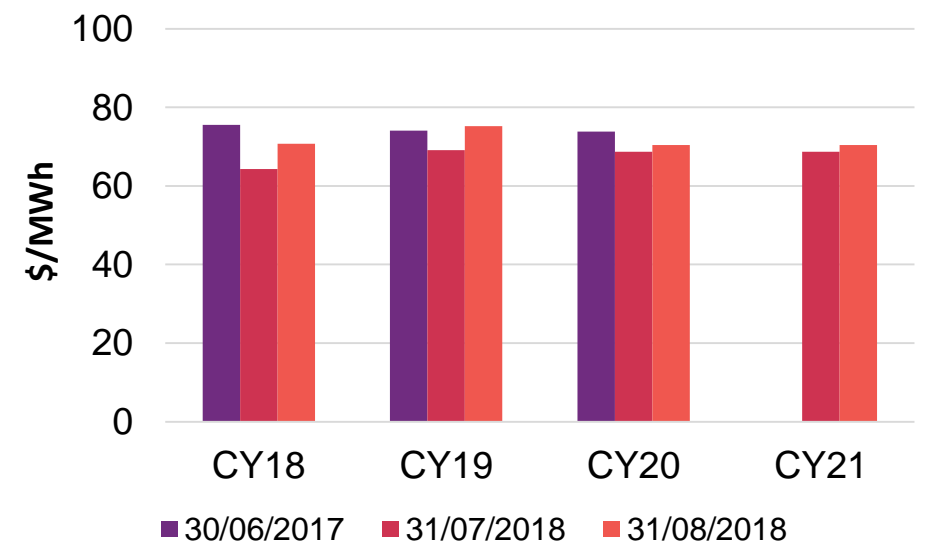
New Zealand controlled hydro storage against mean



Otahuhu ASX futures settlement

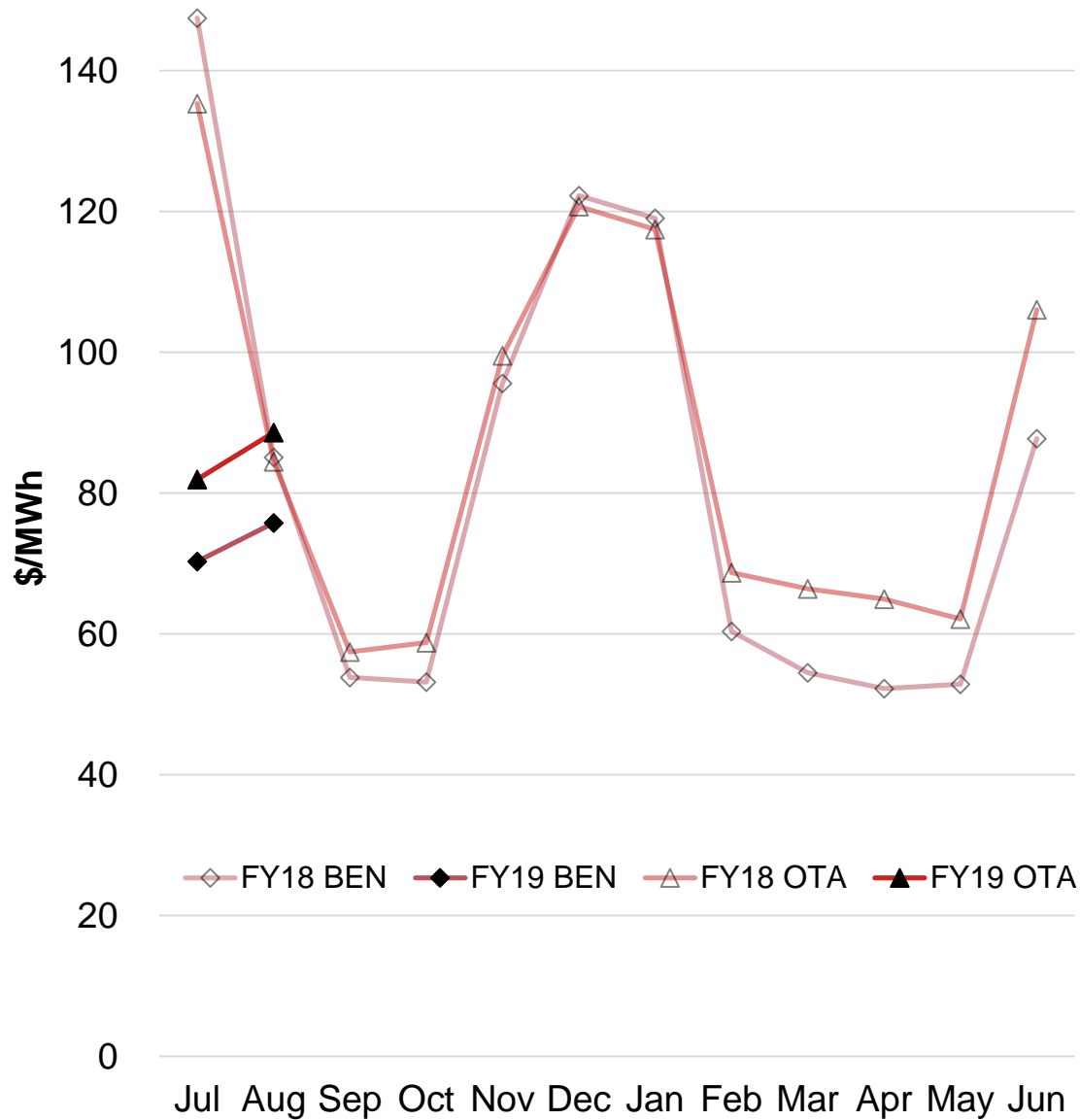


Benmore ASX futures settlement



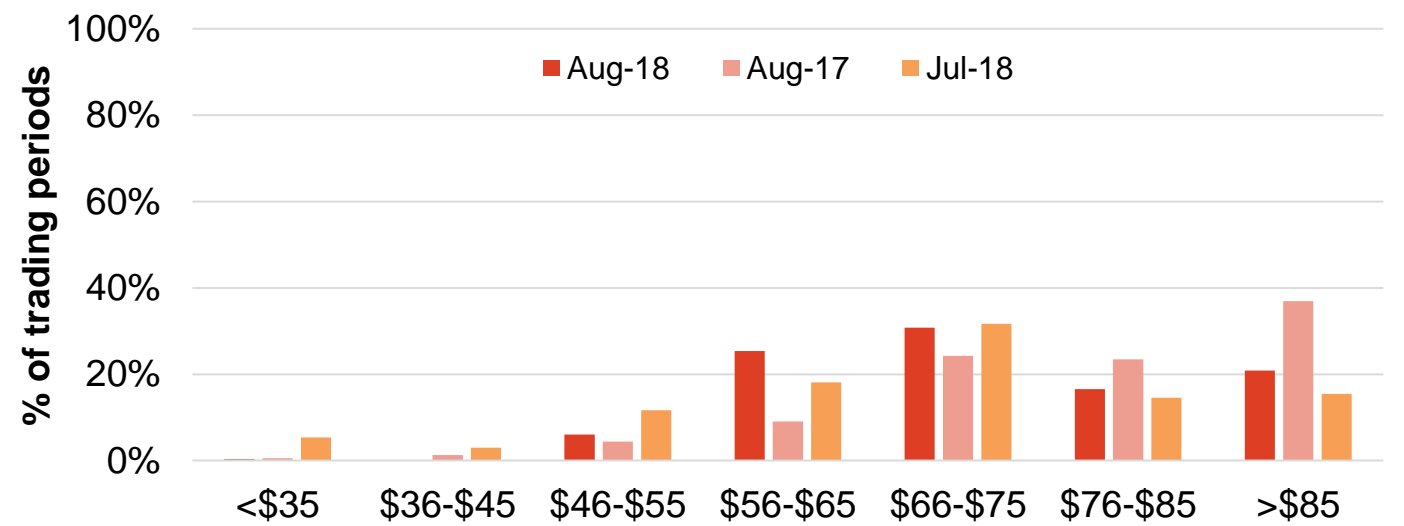
Wholesale market

Wholesale electricity pricing

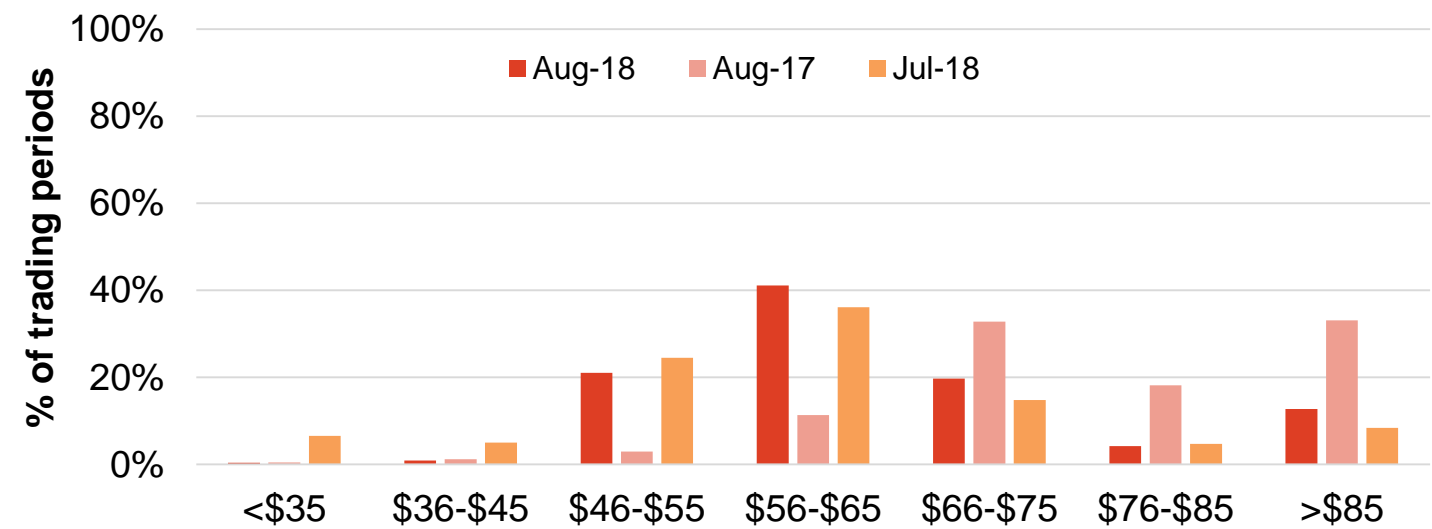


Distribution of wholesale market price by trading periods

Otahuhu node



Benmore node

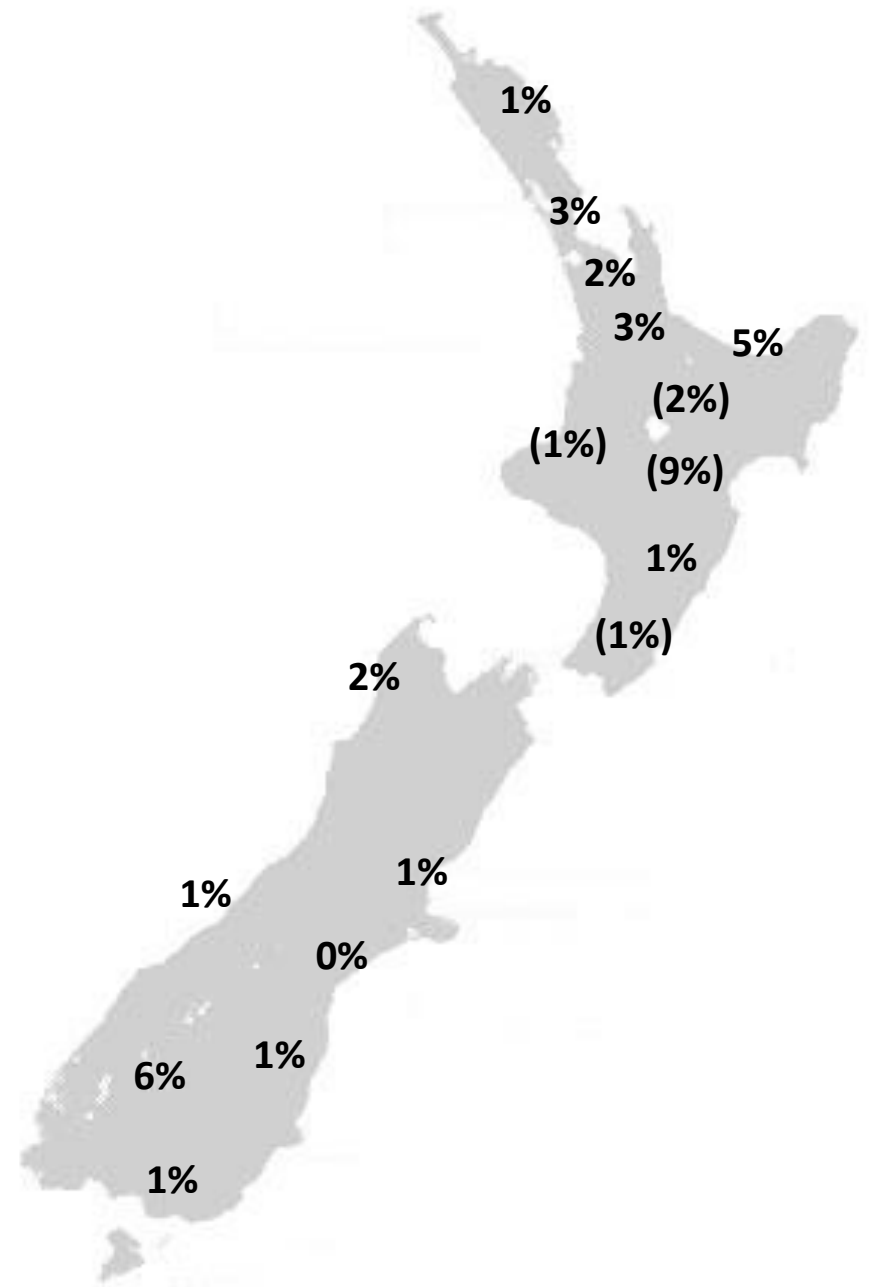
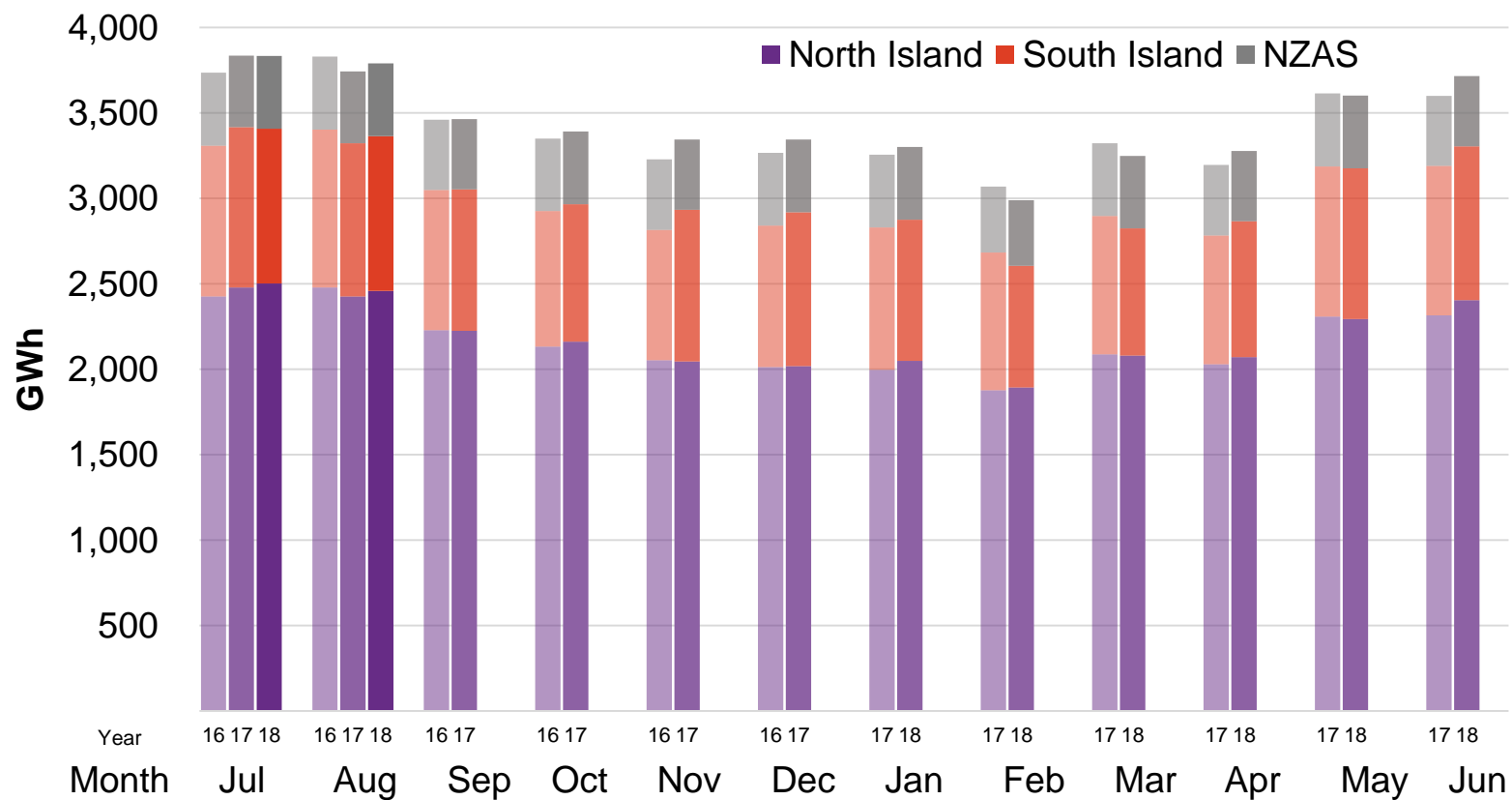


Electricity demand

- » New Zealand electricity demand was up 1.3% on August 2017 (down 1% on August 2016)
 - Cumulative 12 months demand for September 2017 to August 2018 of 41,301 GWh is 0.9% higher than the prior comparative period.

Regional demand change (%) on August 2017

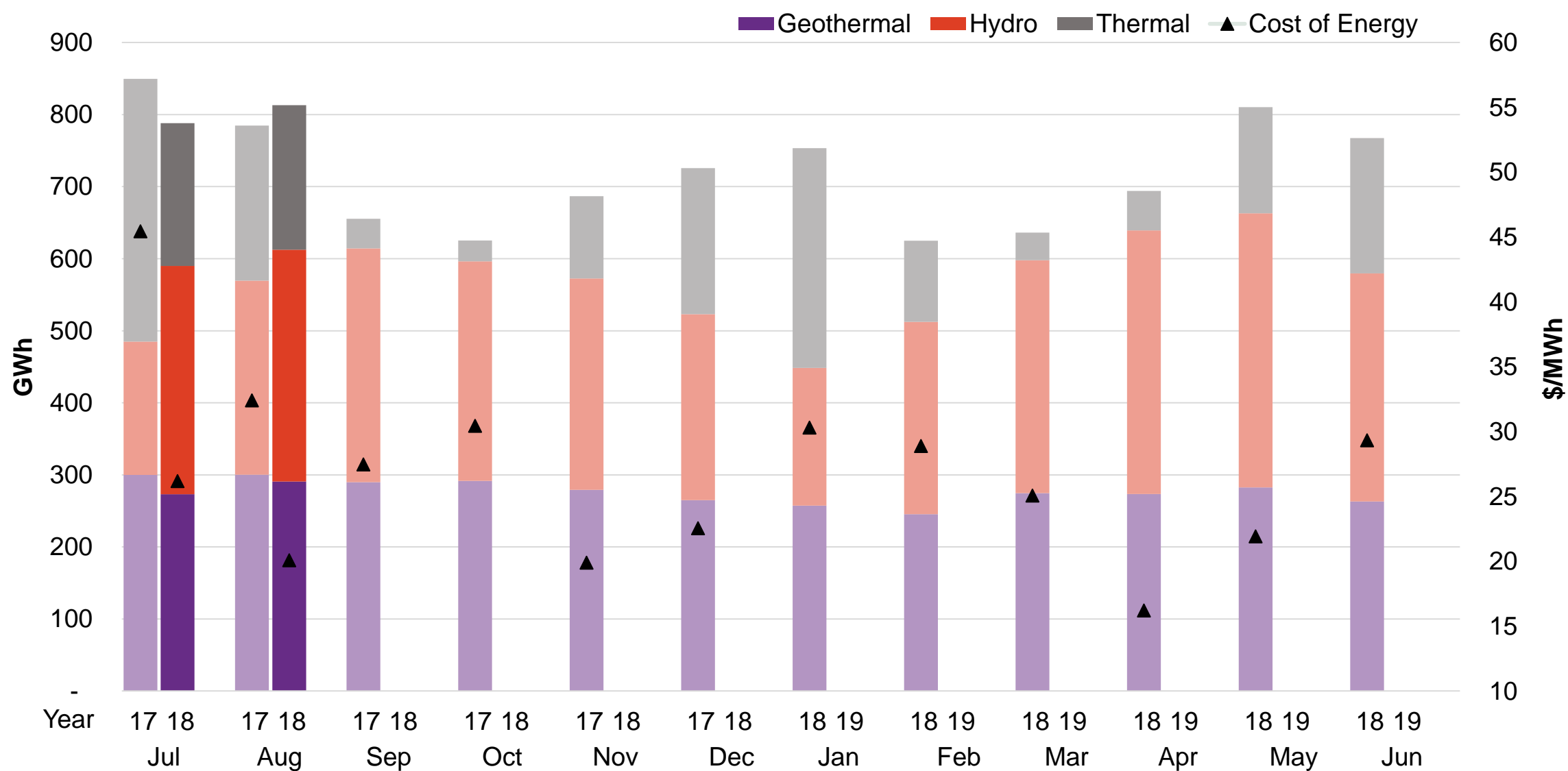
Total national demand (FY17, 18 and 19)



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

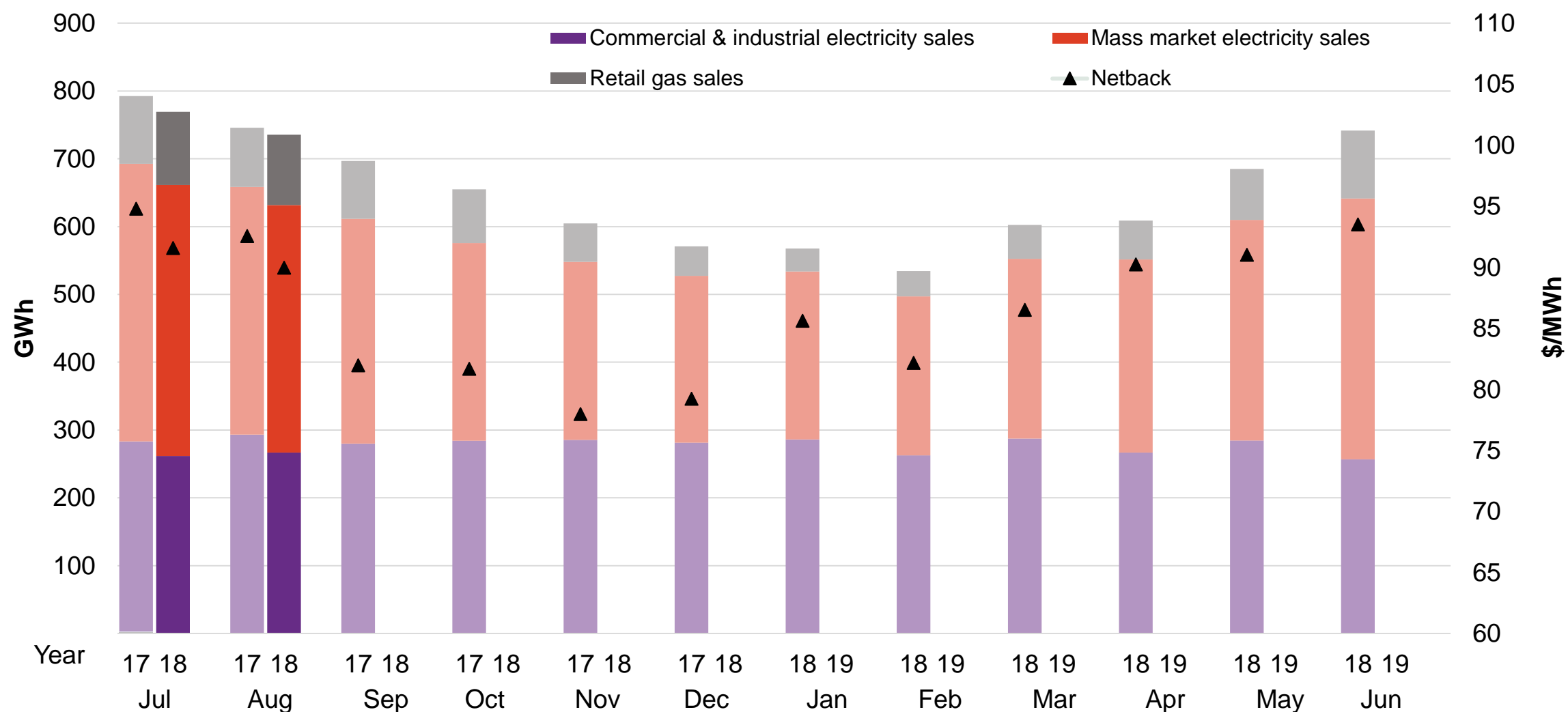
Contact's Generation business performance

Generation mix and cost of energy (FY18 and 19)



Contact's Customer business performance

Retail sales volumes and netback (FY18 and 19)



Contact's operational performance

	Measure	The month ended August 18	The month ended August 17	The month ended July 18	Two months ended August 18	Two months ended August 17	
Customer	Mass market electricity sales	GWh	365	365	400	765	775
	Commercial & industrial electricity sale	GWh	267	293	262	528	573
	Retail gas sales	GWh	104	87	108	212	187
	Total electricity and gas sales	GWh	736	746	769	1,505	1,535
	Average electricity sales price	\$/MWh	196.39	194.61	200.91	198.70	196.54
	Electricity direct pass thru costs	\$/MWh	(84.96)	(82.23)	(88.38)	(86.71)	(82.59)
	Electricity and gas cost to serve	\$/MWh	(11.17)	(10.73)	(10.32)	(10.73)	(10.96)
	Netback	\$/MWh	89.96	92.57	91.57	90.78	93.72
	Actual electricity line losses	%	6%	6%	4%	5%	6%
	Retail gas sales	PJ	0.4	0.3	0.4	0.8	0.6
	LPG sales	tonnes	7,511	7,371	7,813	15,324	15,120
	Electricity customer numbers	#	410,500	423,500	414,500		
	Gas customer numbers	#	65,000	64,500	65,000		
	LPG customer numbers (includes franchises)	#	90,000	81,500	89,000		
	Generation	Thermal generation	GWh	201	215	198	399
Geothermal generation		GWh	291	300	273	564	600
Hydro generation		GWh	322	270	317	639	455
Spot market generation		GWh	813	785	788	1,601	1,635
Spot electricity purchases		GWh	671	698	691	1,362	1,437
Net CfD sales		GWh	80	16	95	175	49
Steam sales		GWh	73	58	30	103	84
Commercial & industrial electricity sales		GWh	9	8	4	13	11
GWAP		\$/MWh	82.85	82.29	78.88	80.90	111.08
LWAP		\$/MWh	(89.04)	(87.50)	(83.22)	(86.09)	(120.73)
LWAP/GWAP		%	107%	106%	105%	106%	109%
Gas used in internal generation		PJ	1.8	2.0	1.8	3.6	5.1
Gas storage net movement		PJ	(0.7)	(0.2)	(0.3)	(1.07)	(1.24)
Unit generation cost		\$/MWh	(32.68)	(36.53)	(35.46)	(34.04)	(39.37)
Cost of Energy		\$/MWh	(20.08)	(32.41)	(26.19)	(23.20)	(39.11)

At the FY18 results, Contact announced new operating reporting segments. New operating performance metrics will be rolled out in the coming months

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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