

Contact™

Monthly Operating Report

February 2018

February overview

- » For the month of February 2018 Contact recorded:
 - Electricity and gas sales of 534 GWh (February 2017: 551 GWh)
 - Netback of \$82.16/MWh (February 2017: \$82.07/MWh)
 - Cost of energy was \$28.90/MWh (February 2017: \$23.05/MWh)

- » Otahuhu futures settlement wholesale price for the 1st quarter of 2018 (ASX):
 - As at 14 March 2018: \$84/MWh
 - As at 28 February 2018: \$82/MWh
 - As at 31 January 2018: \$105/MWh

- » As at 14 March 2018, South Island controlled storage was 99% of mean (28 February 2018: 99%) and North Island controlled storage was 162% of mean (28 February 2018: 165%)
 - As at 14 March, total Clutha scheme storage (including uncontrolled storage) was 67% of mean
 - Inflows into Contact's Clutha catchment for February 2018 were at 119% of mean (January 2018: 44%, December 2017: 50%, November 2017: 69%)

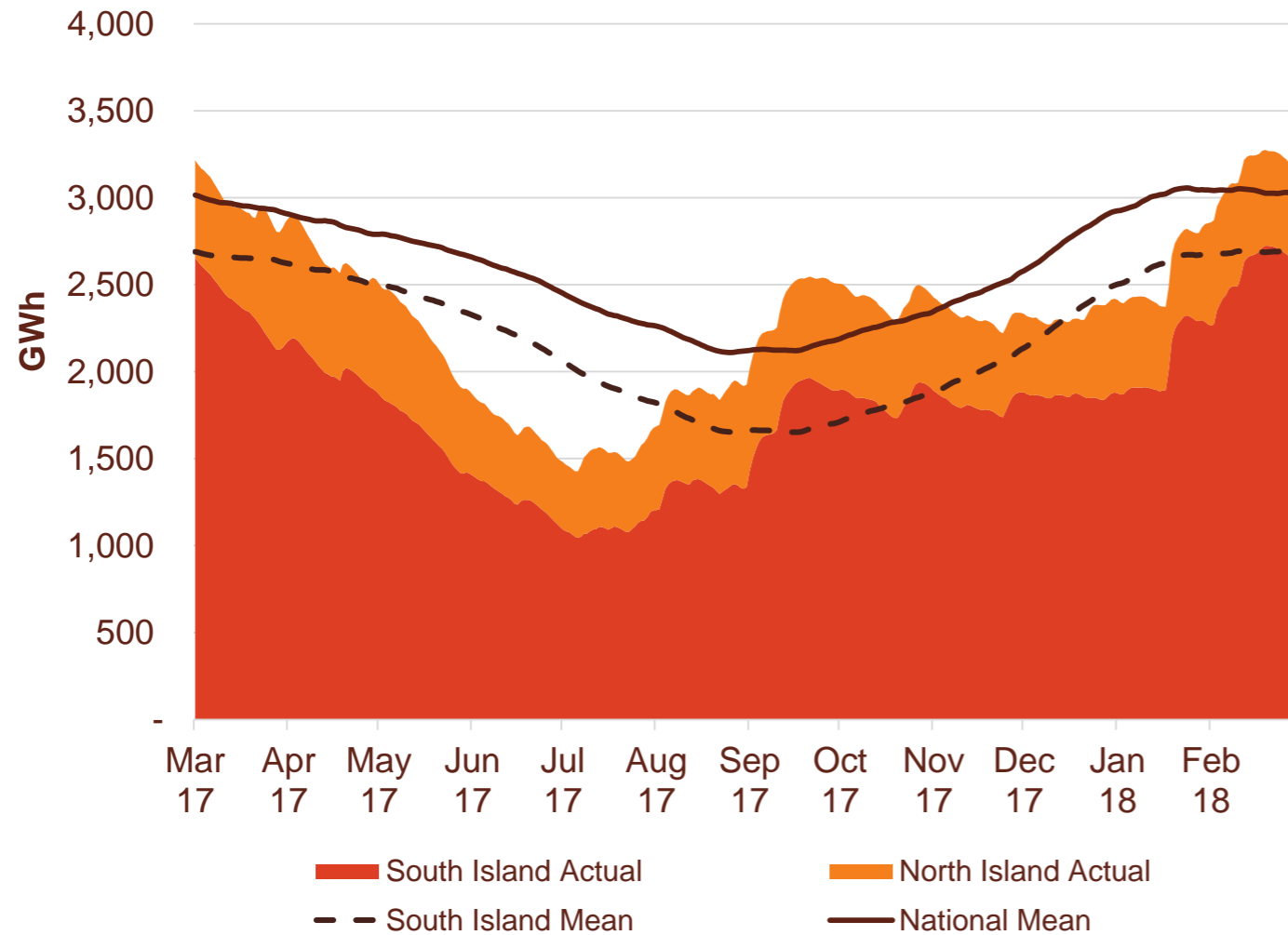


- » New Zealand has a big opportunity to leverage its renewable electricity resources to decarbonise the economy. Contact is actively working with energy-intensive business customers to help them identify opportunities to transition to flexible, efficient, low-carbon energy solutions.

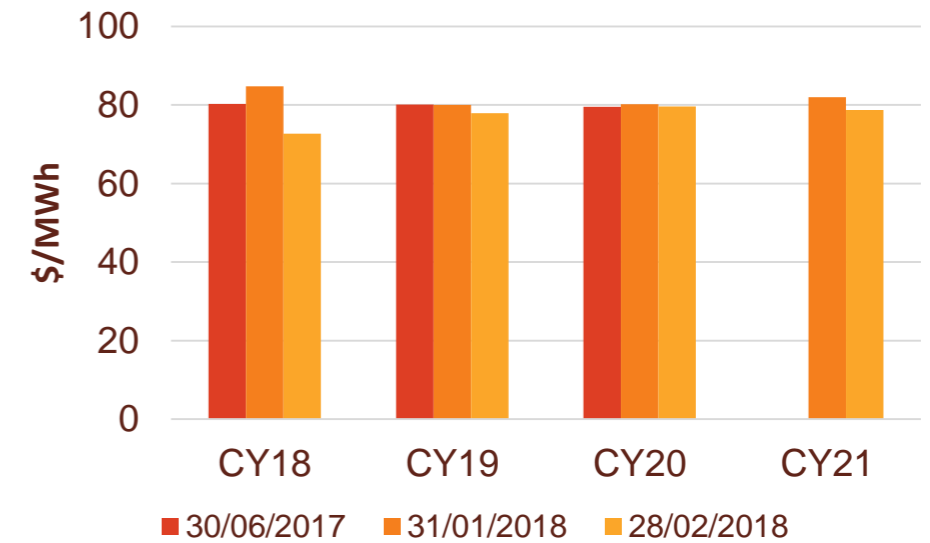
- » Watch the first two videos in our four part series about our low-carbon future at <https://www.youtube.com/user/ContactEnergy>

Hydro storage and forward prices

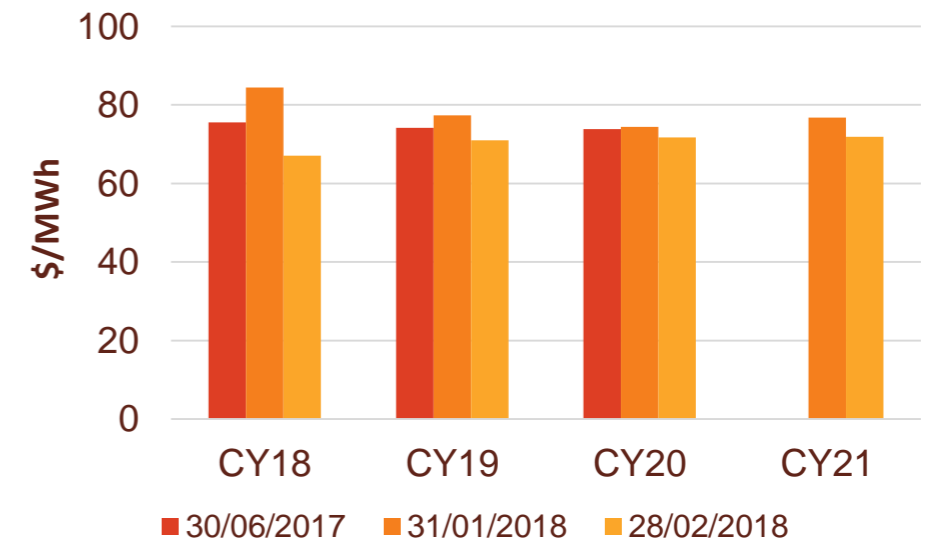
New Zealand controlled hydro storage against mean



Otahuhu ASX futures settlement

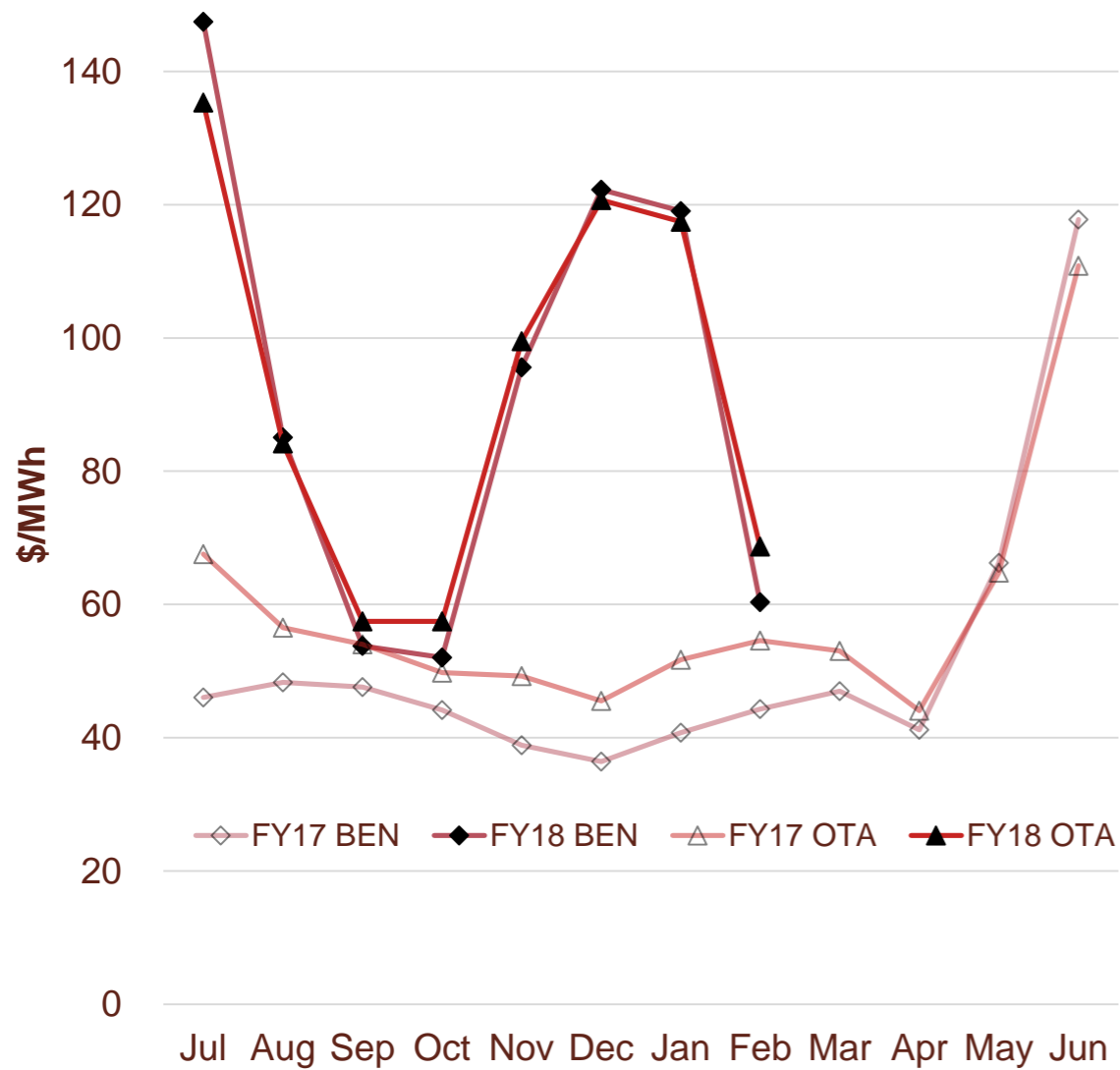


Benmore ASX futures settlement



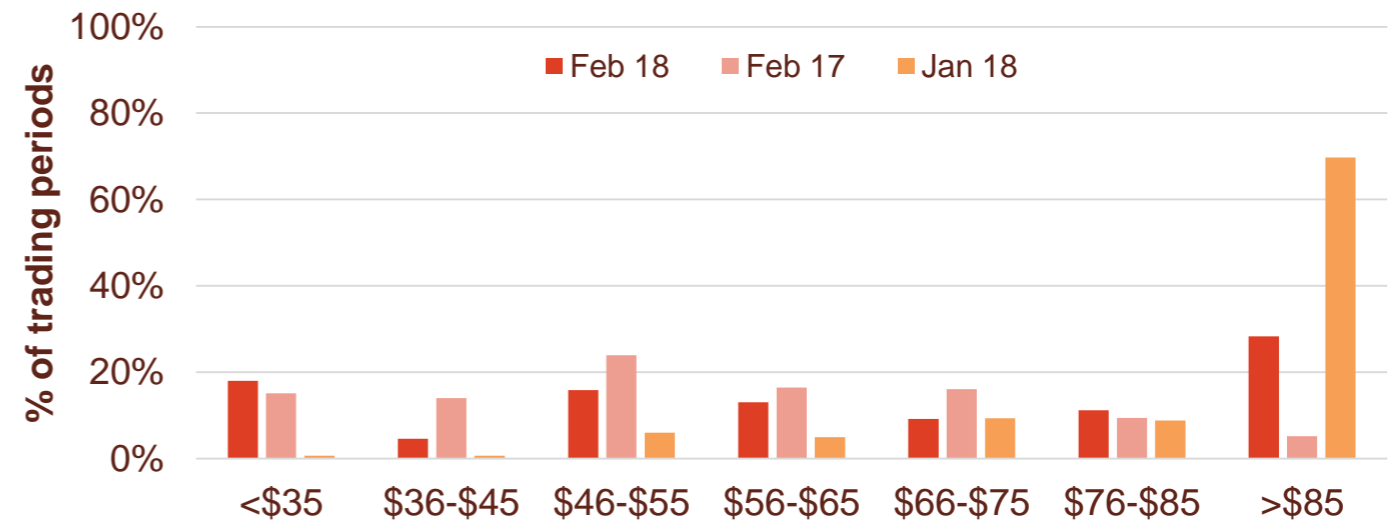
Wholesale market

Wholesale electricity pricing

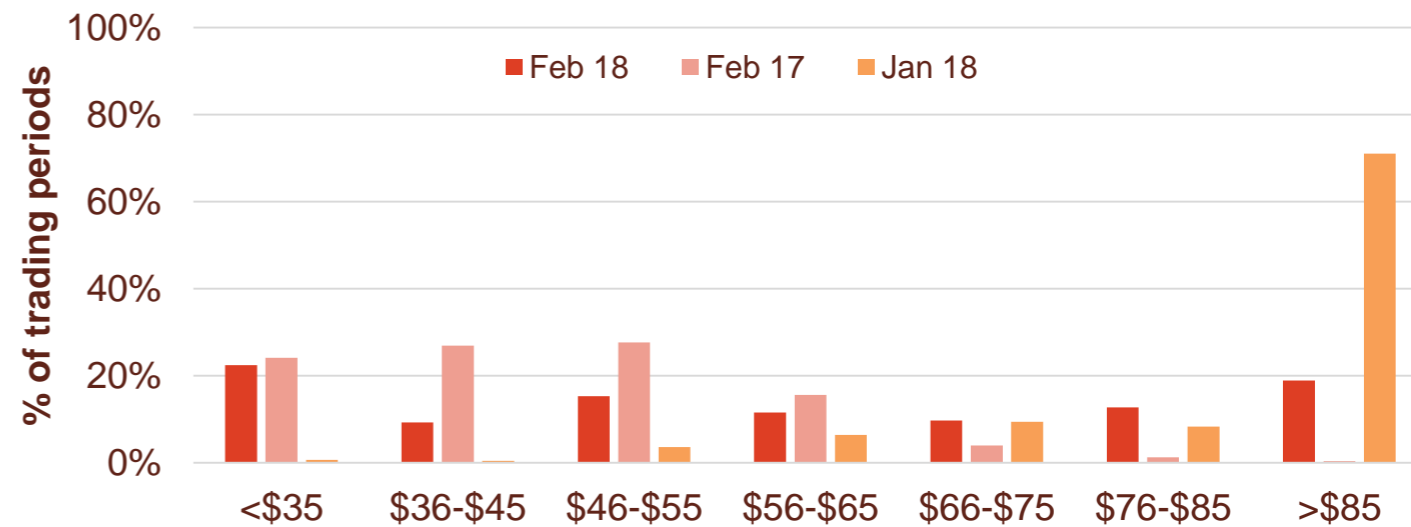


Distribution of wholesale market price by trading periods

Otahuhu node



Benmore node

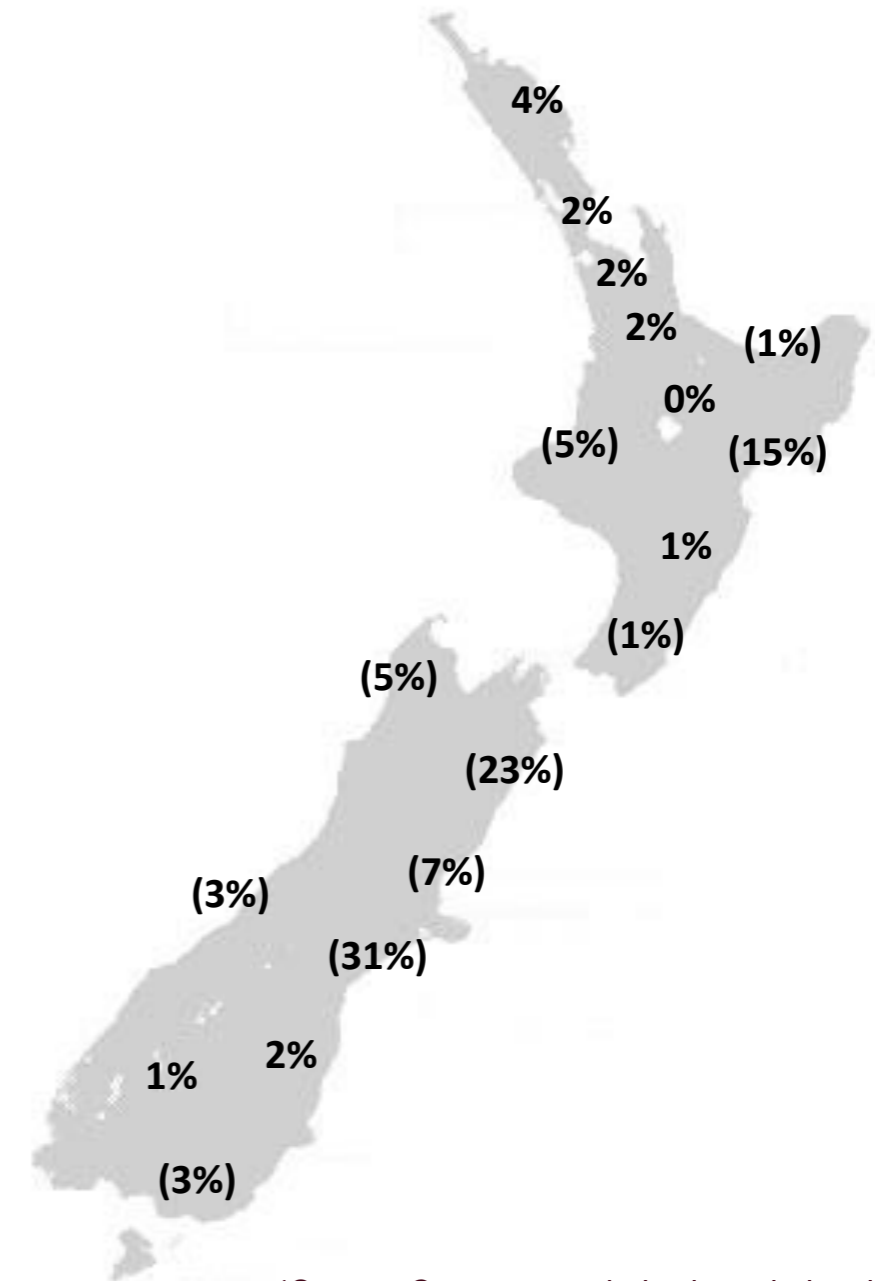
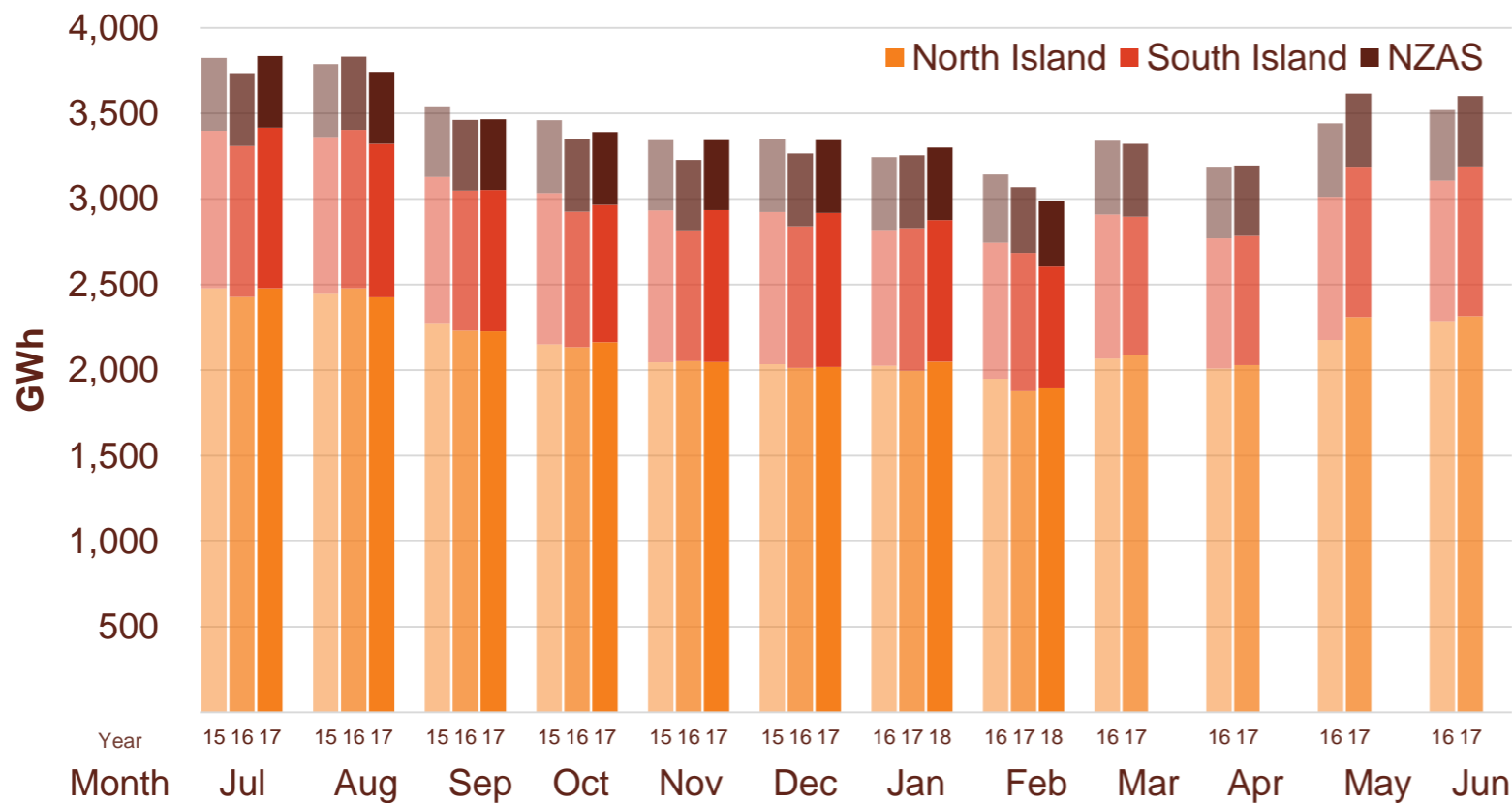


Electricity demand

- » New Zealand electricity demand was down 2.6% on February 2017 (down 4.9% on February 2016, which contained 29 days).
 - Cumulative 12 months demand for March 2017 to February 2018 of 41,142 GWh is 1.1% higher than the prior comparative period.

Regional demand change (%) on February 2017*

Total national demand (FY16, 17 and 18)

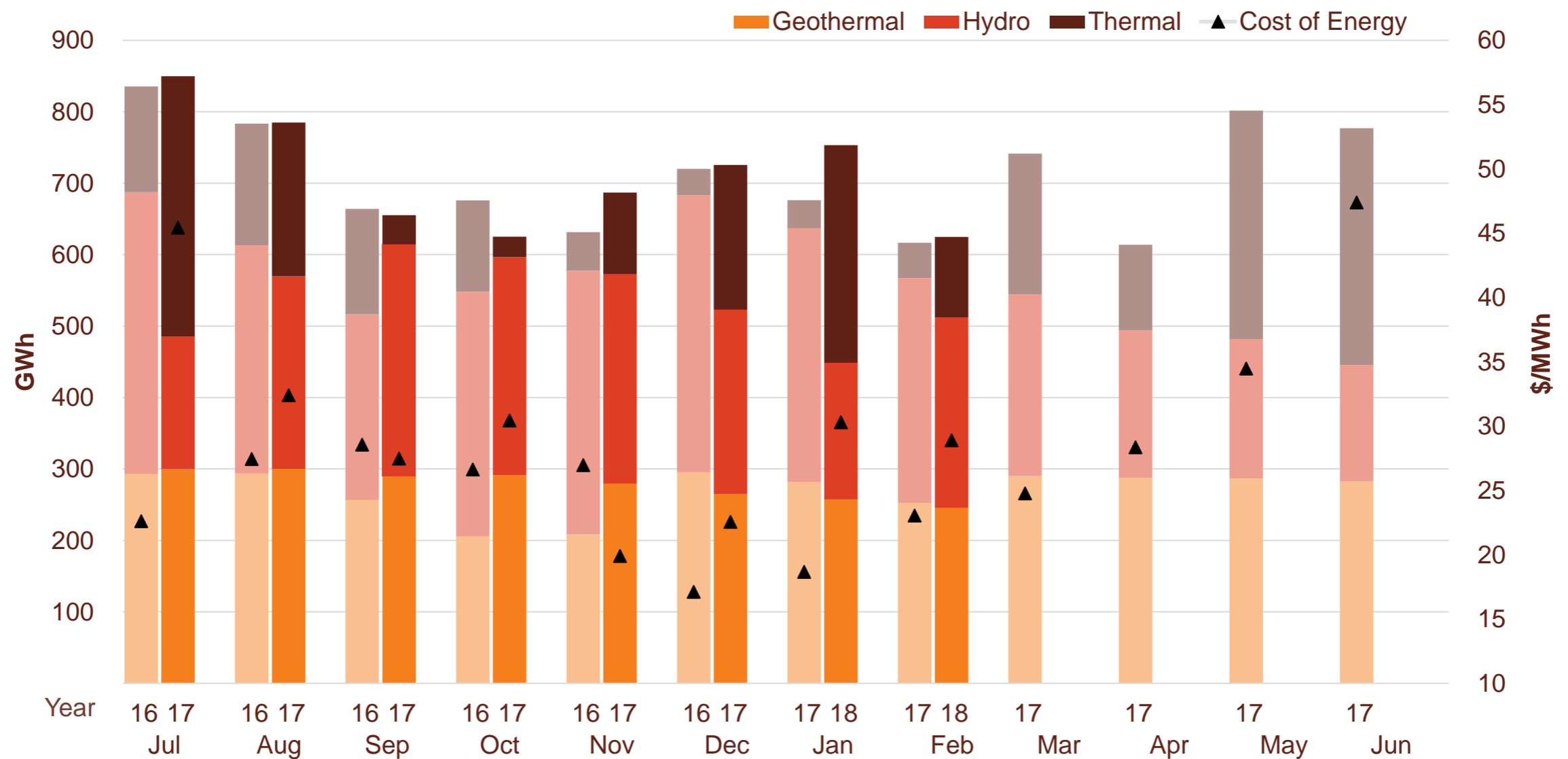


Source: Contact and Electricity Authority grid demand (reconciled) <http://www.emi.ea.govt.nz>

*Source: Contact – excludes large industrial

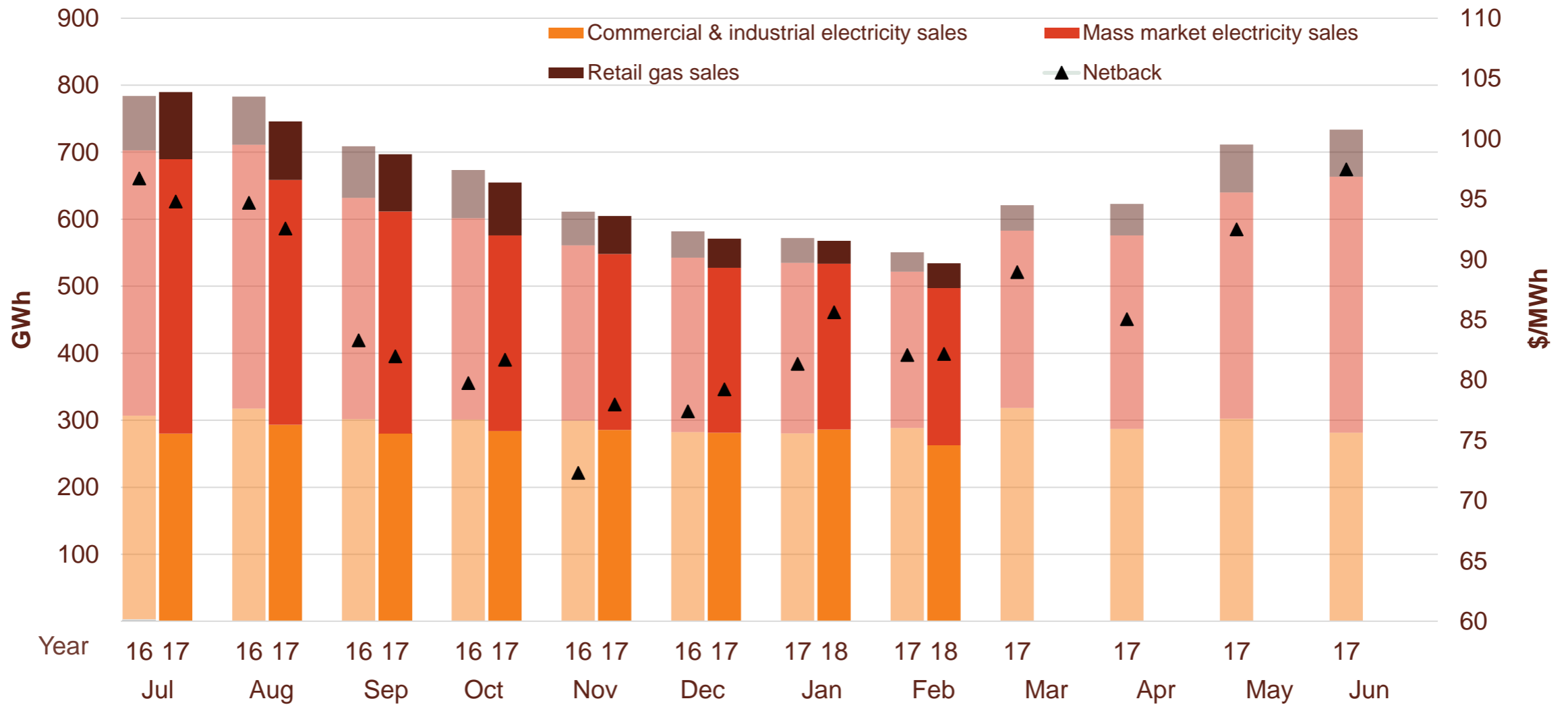
Contact's Generation business performance

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 February 2018	The month ended February 2017	The month ended January 2018	Eight months ended February 2018	Eight months ended February 2017
Customer	Mass market electricity sales	GWh	234	233	248	2,389	2,429
	Commercial & industrial electricity sales	GWh	263	288	286	2,253	2,374
	Retail gas sales	GWh	37	29	34	523	458
	Total electricity and gas sales	GWh	534	551	568	5,165	5,262
	Average electricity sales price	\$/MWh	182.60	179.93	185.12	187.67	184.65
	Electricity direct pass thru costs	\$/MWh	(82.64)	(81.50)	(81.92)	(83.78)	(81.51)
	Electricity and gas cost to serve	\$/MWh	(14.14)	(13.91)	(14.31)	(12.51)	(13.68)
	Netback	\$/MWh	82.16	82.07	85.62	85.07	84.26
	Actual electricity line losses	%	4%	6%	4%	6%	5%
	Retail gas sales	PJ	0.2	0.1	0.1	1.7	1.6
	LPG sales	tonnes	4,417	4,535	4,551	47,346	47,323
	Electricity customer numbers	#	418,500	421,000	419,000		
	Gas customer numbers	#	64,500	62,500	64,500		
	LPG customer numbers (includes franchises)	#	85,500	77,000	85,000		
	Generation	Thermal generation	GWh	113	50	305	1,384
Geothermal generation		GWh	245	253	257	2,229	2,087
Hydro generation		GWh	267	314	191	2,093	2,743
Spot market generation		GWh	625	617	753	5,706	5,603
Spot electricity purchases		GWh	518	554	556	4,919	5,081
CfD sales		GWh	77	97	127	353	389
Steam sales		GWh	46	51	44	419	455
Commercial & industrial electricity sales		GWh	8	8	10	68	70
GWAP		\$/MWh	66	44	118	93	46
LWAP		\$/MWh	(71)	(53)	(131)	(99)	(53)
LWAP/GWAP		%	107%	119%	111%	107%	114%
Gas used in internal generation		PJ	1.2	0.6	2.7	13.4	8.6
Gas storage net movement		PJ	0.2	0.2	(0.5)	(1.1)	(0.5)
Unit generation cost		\$/MWh	(33.14)	(28.41)	(41.19)	(35.09)	(30.24)
Cost of Energy		\$/MWh	(28.90)	(23.05)	(30.31)	(30.34)	(24.16)

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

Investor Relations

Matthew Forbes - Investor Relations Manager

 investor.centre@contactenergy.co.nz

 contact.co.nz/aboutus/investor-centre

 +64 4 462 1323

 +64 21 072 8578

Contact Energy

 contact.co.nz

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