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# Monthly Operating Report

**September 2019**

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# September overview

## For the month of September 2019

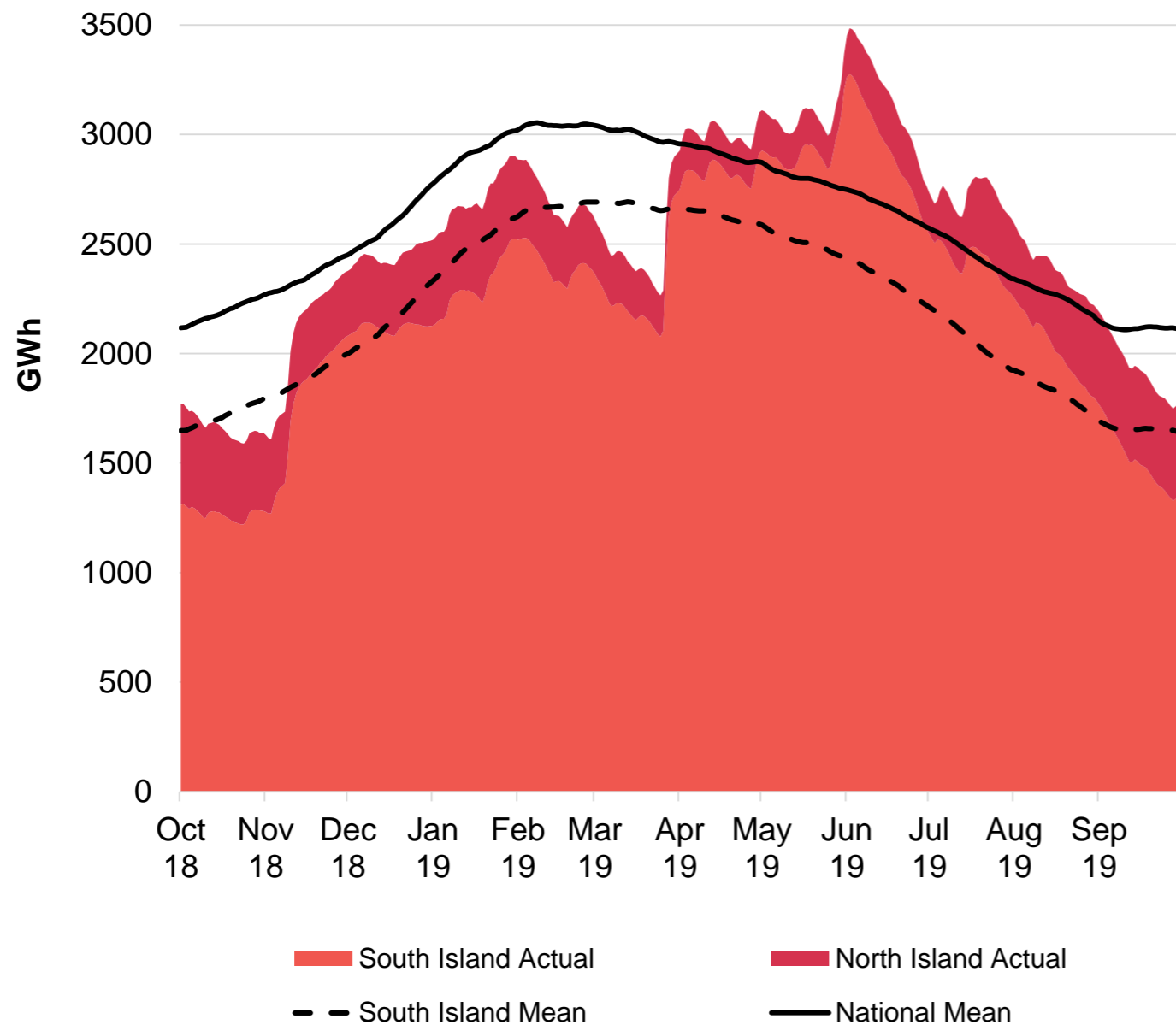
- » The Customer business recorded:
  - Mass market electricity and gas sales of 398 GWh (September 2018: 409 GWh)
  - Mass market electricity and gas netback of \$91.74/MWh (September 2018: \$92.36/MWh)
- » The Wholesale business recorded:
  - Contracted Wholesale electricity sales, including that sold to the Customer business, totalled 712 GWh (September 2018: 721 GWh)
  - Electricity and steam net revenue of \$74.60/MWh (September 2018: \$72.37/MWh)
  - Electricity generated (or acquired) of 773 GWh (September 2018: 785 GWh)
  - The unit generation cost, which includes acquired generation was \$49.07/MWh (September 2018: \$35.84/MWh)
    - Own generation cost in the month of \$45.97/MWh (September 2018: \$34.20/MWh)

- » Otahuhu futures settlement wholesale price for the 1<sup>st</sup> quarter of 2020 (ASX):
  - As at 10 October 2019: \$164/MWh
  - As at 30 September 2019: \$158/MWh
  - As at 30 August 2019: \$153/MWh
- » As at 10 October 2019, South Island controlled storage was 80% of mean (30 September 2019: 82%) and North Island controlled storage was 99% of mean (30 September 2019: 91%)
  - As at 10 October 2019, total Clutha scheme storage (including uncontrolled storage) was 24% of mean
  - Inflows into Contact's Clutha catchment for September 2019 were 52% of mean (August 2019: 74%, July 2019: 145%, June 2019: 104%)

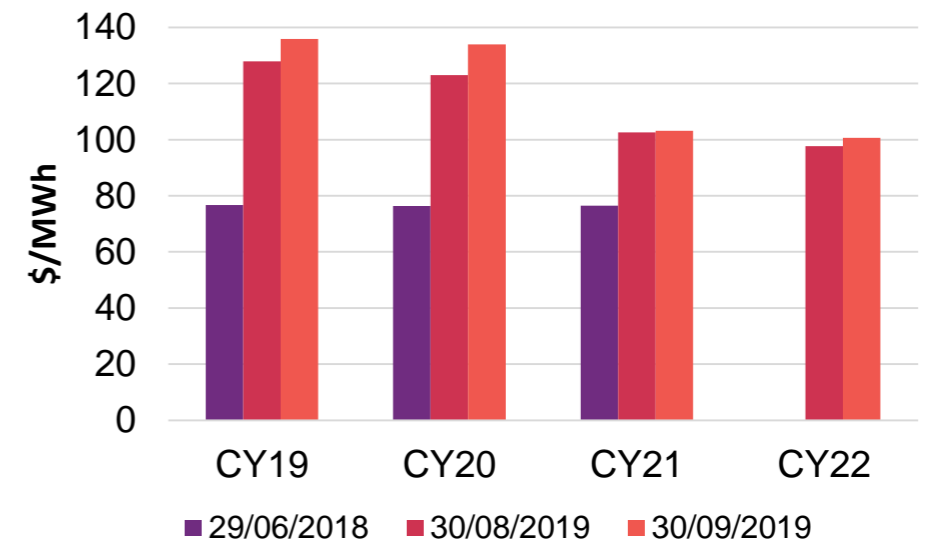
The first quarter financial performance has been impacted by the dry conditions in Contact's hydro catchment area as well as reduced natural gas availability. Earnings are currently tracking below the level expected for a mean hydrology year. As previously communicated, Contact's dividend policy looks through variations in mean hydrology

# Hydro storage and forward prices

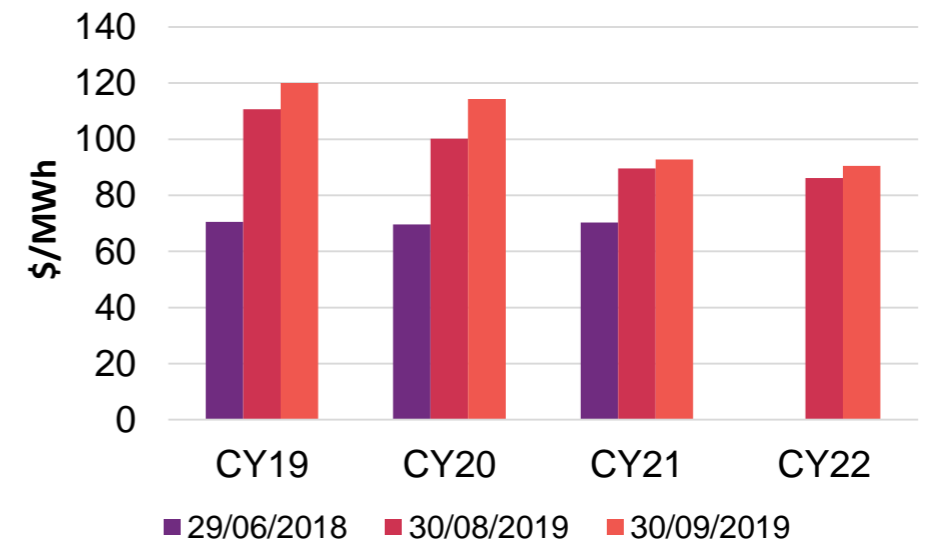
New Zealand controlled hydro storage against mean



Otahuhu ASX futures settlement

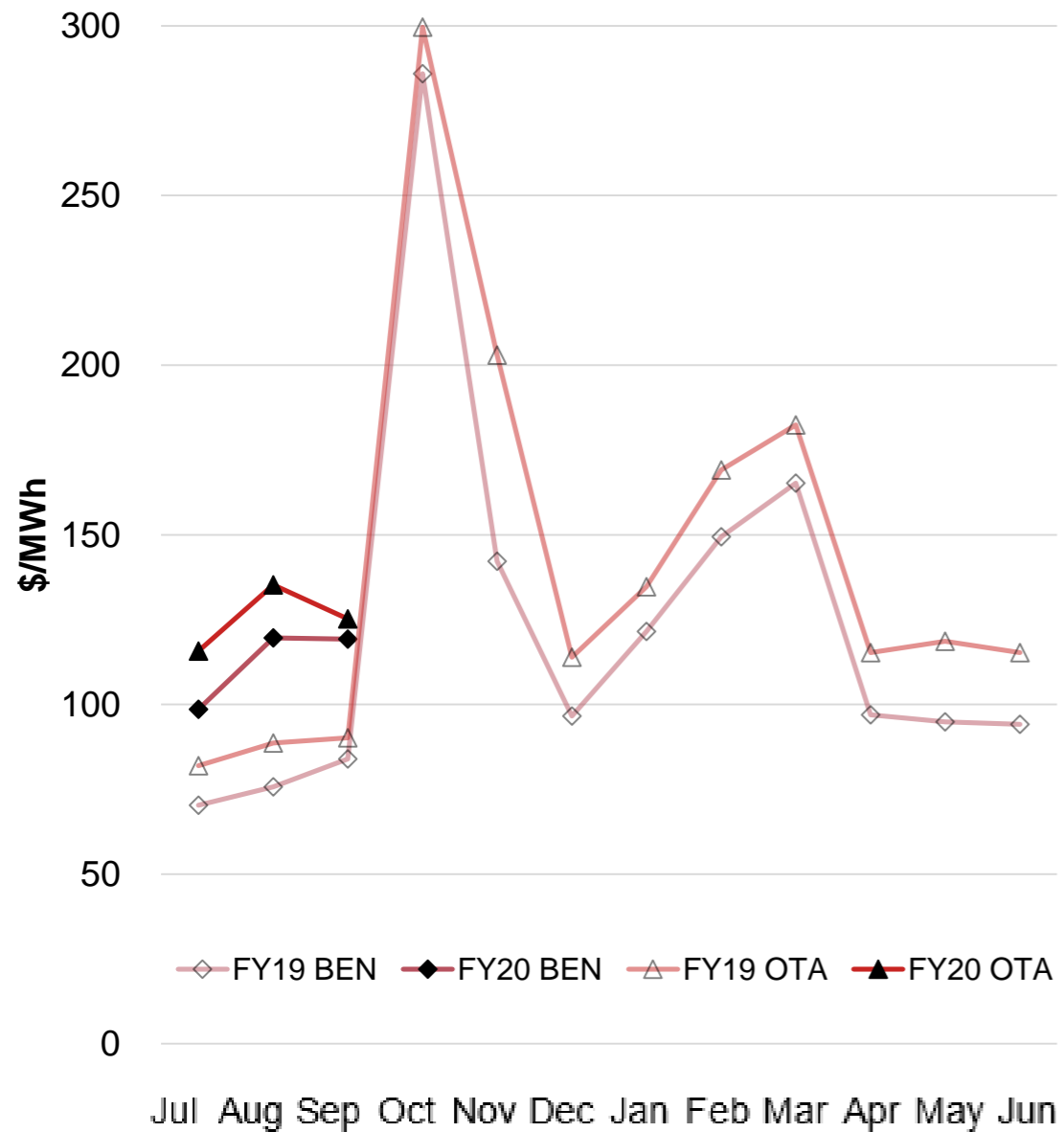


Benmore ASX futures settlement



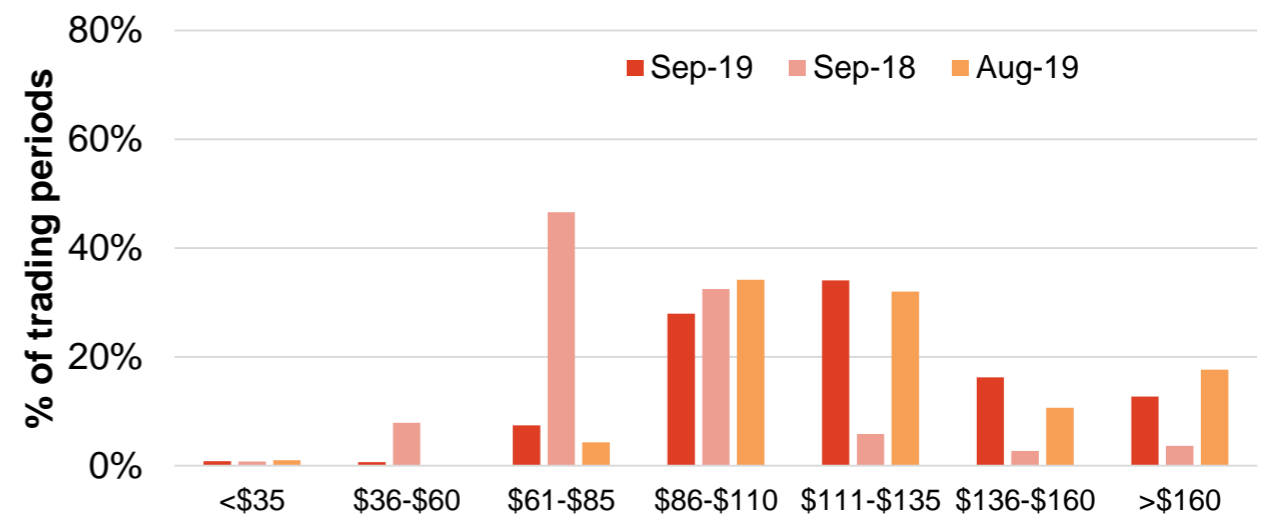
# Wholesale market

Wholesale electricity pricing

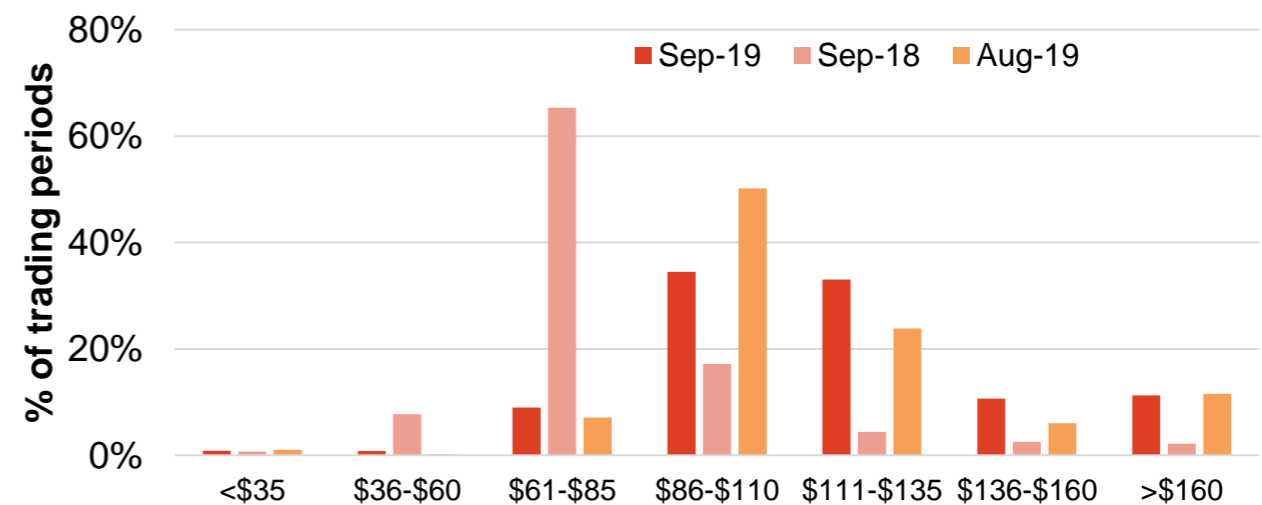


Distribution of wholesale market price by trading periods

## Otahuhu node



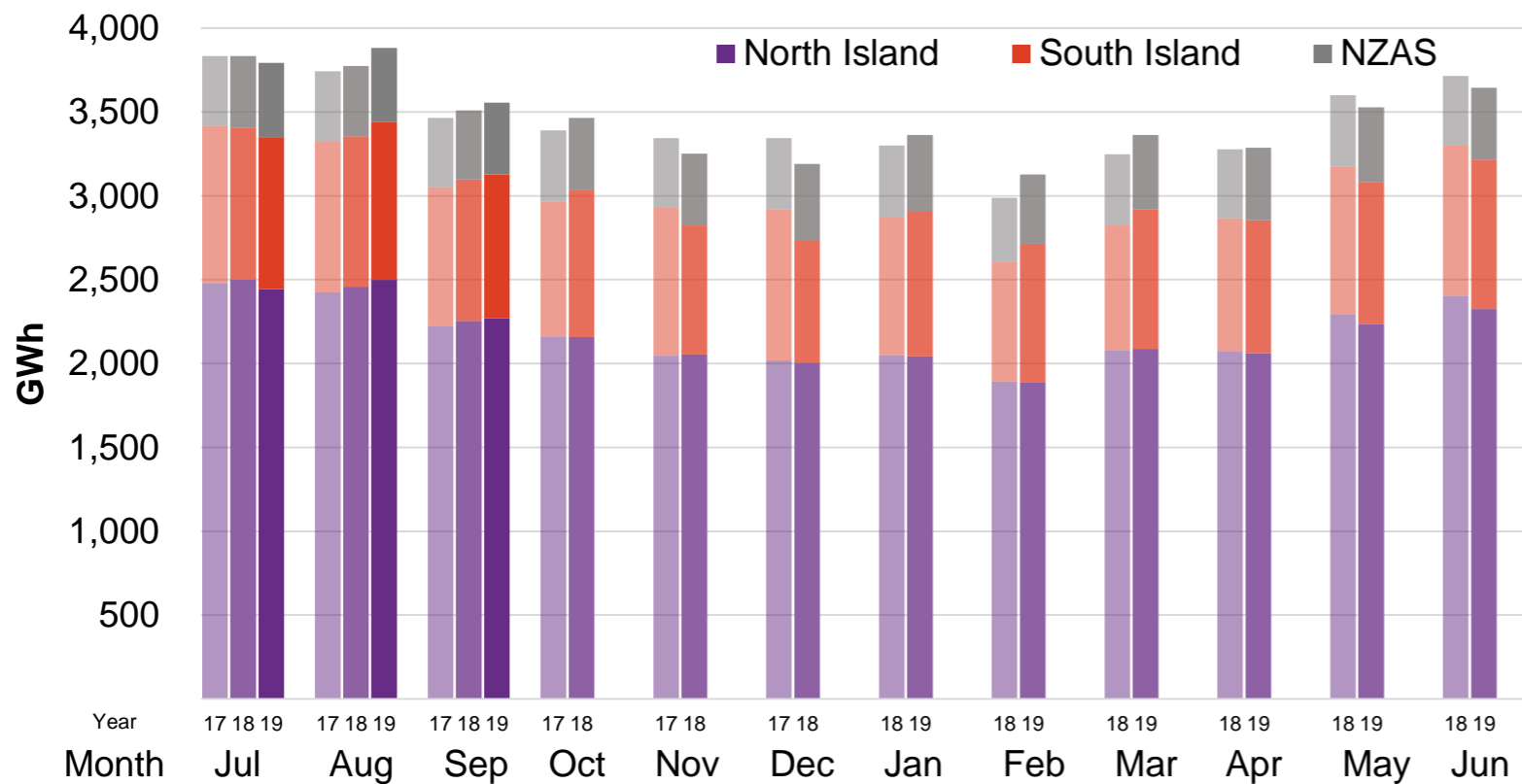
## Benmore node



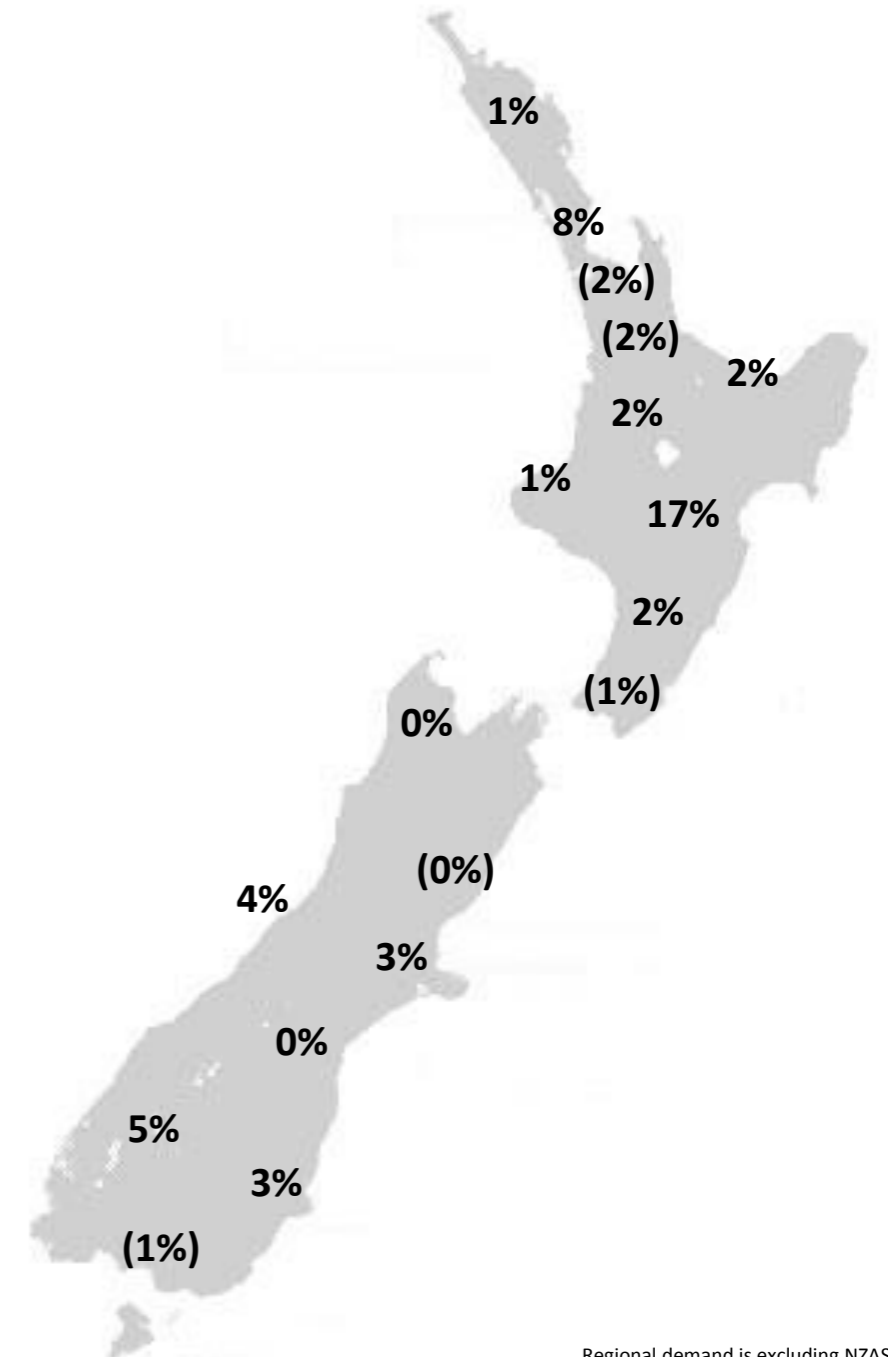
# Electricity demand

- » New Zealand electricity demand was up 1.3% on September 2018 (up 2.6% on September 2017):
  - Cumulative 12 months demand for October 2018 to September 2019 of 41,452 GWh is up by 0.3% on the prior comparative period.

Total national demand (FY18, 19 and 20)



Regional demand change (%) on September 2018

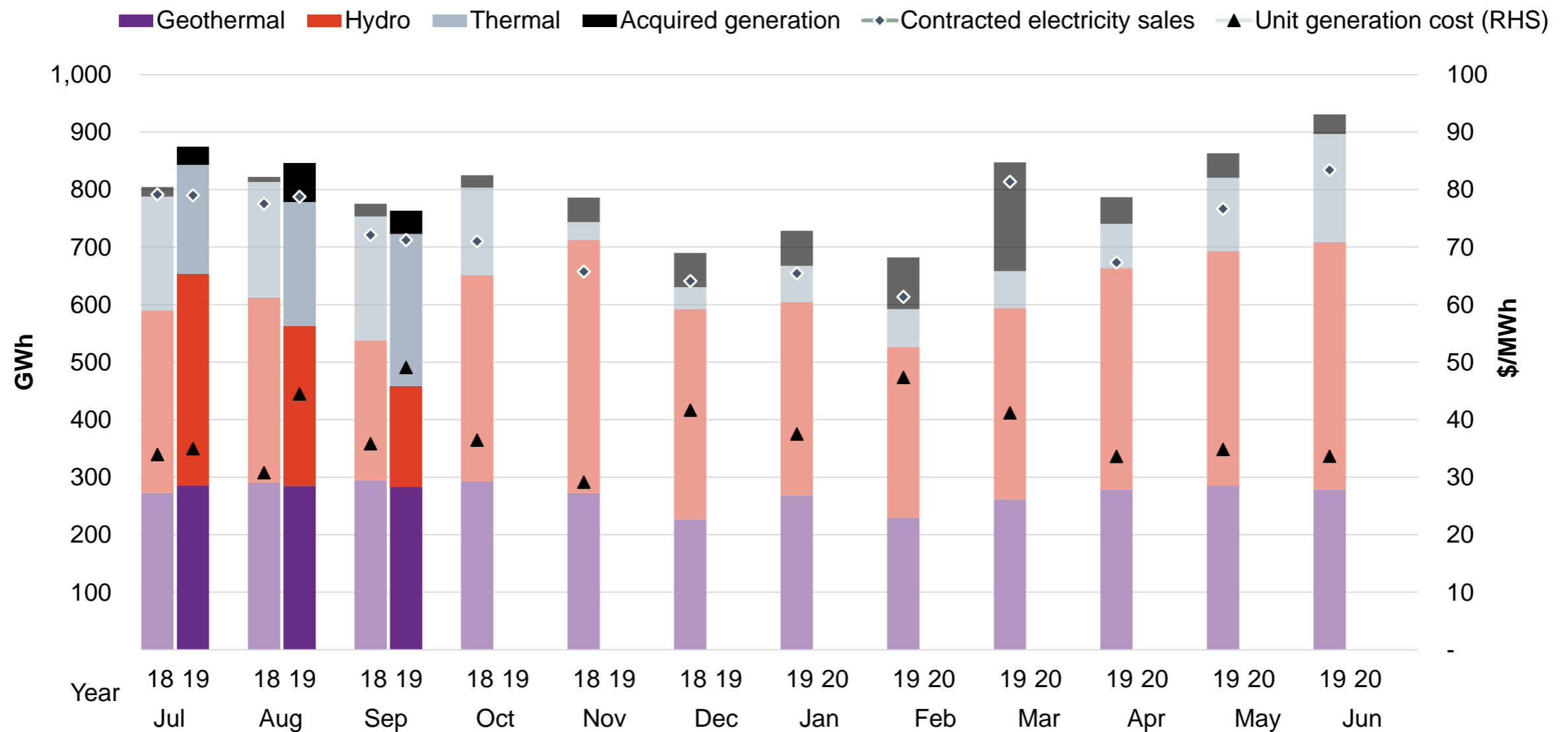


Source: Contact and Electricity Authority grid demand (reconciled) <http://www.emi.ea.govt.nz>

Regional demand is excluding NZAS

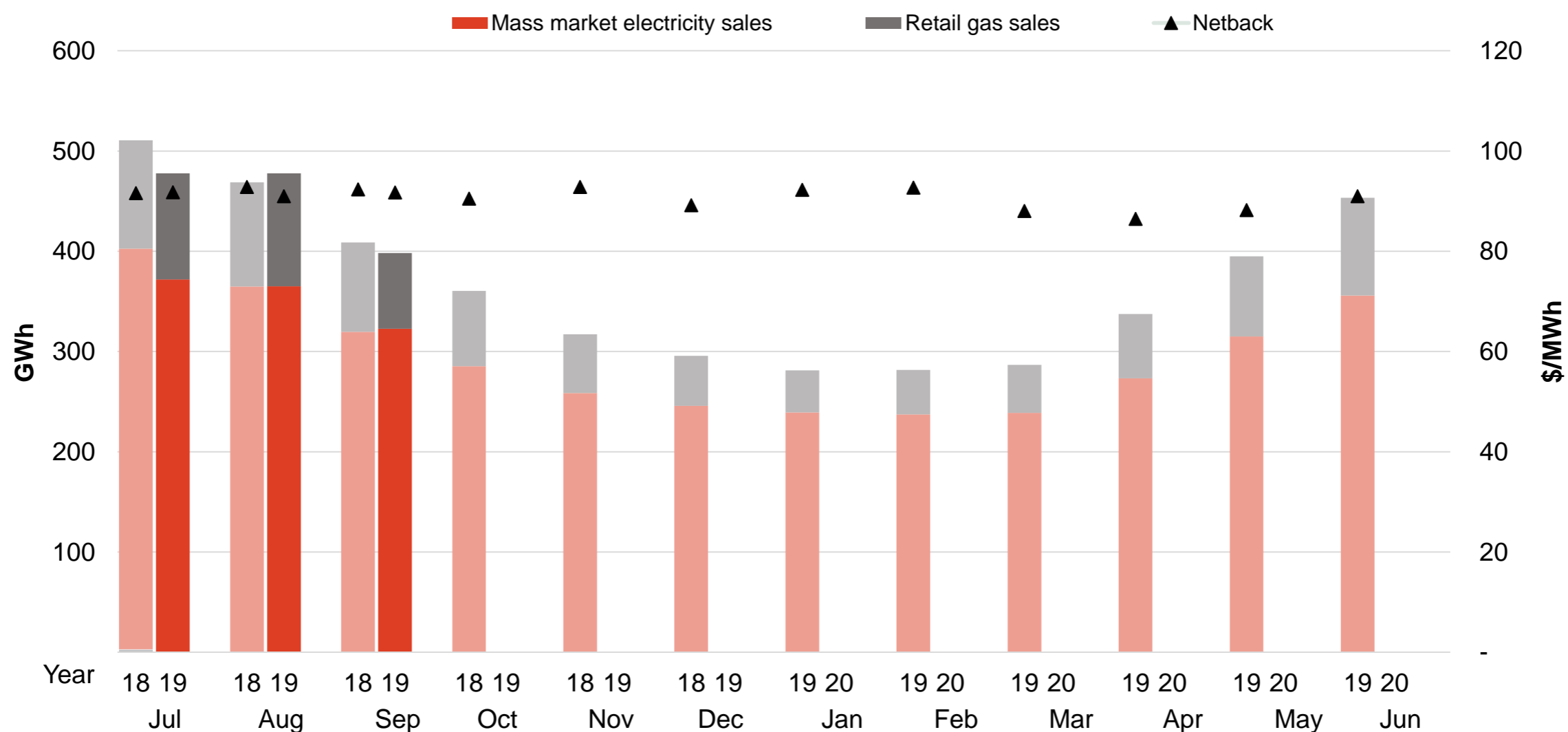
# Contact's Wholesale business performance

Generation mix, gross sales position and unit generation cost (FY19 and 20)



# Contact's Customer business performance

Retail sales volumes and netback (FY19 and 20)



# Contact's operational performance

|   | Measure                               | The month ended<br>September 19                | The month ended<br>September 18 | The month ended<br>August 19 | Three months ended<br>September 19 | Three months ended<br>September 18 |          |       |
|---|---------------------------------------|--|---------------------------------|------------------------------|------------------------------------|------------------------------------|----------|-------|
| Customer  | Mass market electricity sales         | GWh  | 323                             | 320                          | 365                                | 1,060                              | 1,084    |       |
|   | Retail gas sales                      | GWh  | 76                              | 89                           | 113                                | 294                                | 301      |       |
|   | Mass market electricity and gas sales | GWh  | 398                             | 409                          | 478                                | 1,354                              | 1,385    |       |
|   | Average electricity sales price       | \$/MWh   | 241.10                          | 241.66                       | 238.22                             | 238.75                             | 238.35   |       |
|   | Electricity direct pass thru costs    | \$/MWh   | (116.41)                        | (115.67)                     | (113.04)                           | (113.84)                           | (113.23) |       |
|   | Cost to serve                         | \$/MWh   | (18.07)                         | (15.15)                      | (14.10)                            | (15.44)                            | (14.28)  |       |
|   | Customer netback                      | \$/MWh   | 91.74                           | 92.36                        | 90.98                              | 91.48                              | 92.24    |       |
|   | Energy cost                           | \$/MWh   | (77.64)                         | (69.09)                      | (85.07)                            | (85.37)                            | (78.33)  |       |
|   | Actual electricity line losses        | %  | 7%                              | 8%                           | 8%                                 | 7%                                 | 7%       |       |
|   | Retail gas sales                      | PJ   | 0.3                             | 0.3                          | 0.4                                | 1.1                                | 1.1      |       |
|   | Electricity ICPs                      | #  | 411,000                         | 406,500                      | 411,000                            |                                    |          |       |
|   | Gas ICPs                              | #  | 66,000                          | 65,000                       | 66,000                             |                                    |          |       |
|   | Wholesale                             | Electricity sales to Customer business         | GWh                             | 348                          | 346                                | 396                                | 1,139    | 1,163 |
|   |                                       | Electricity sales to Commercial and Industrial | GWh                             | 199                          | 267                                | 207                                | 603      | 790   |
| Electricity CFD sales                                     |                                       | GWh  | 165                             | 108                          | 185                                | 548                                | 335      |       |
| Contracted electricity sales                              |                                       | GWh  | 712                             | 721                          | 787                                | 2,290                              | 2,288    |       |
| Steam sales   |                                       | GWh  | 66                              | 68                           | 63                                 | 151                                | 161      |       |
| Total electricity and steam net revenue                   |                                       | \$/MWh   | 74.60                           | 72.37                        | 85.94                              | 84.27                              | 81.79    |       |
| C&I netback (at the ICP)                                  |                                       | \$/MWh   | 79.25                           | 80.03                        | 94.97                              | 89.29                              | 88.81    |       |
| C&I line losses   |                                       | %  | 5%                              | 7%                           | 4%                                 | 3%                                 | 5%       |       |
| Thermal generation  |                                       | GWh  | 265                             | 216                          | 215                                | 669                                | 615      |       |
| Geothermal generation                                     |                                       | GWh  | 283                             | 295                          | 285                                | 854                                | 858      |       |
| Hydro generation  |                                       | GWh  | 175                             | 243                          | 278                                | 821                                | 882      |       |
| Spot electricity sales                                    |                                       | GWh  | 723                             | 754                          | 778                                | 2,344                              | 2,355    |       |
| Electricity sales - Direct                                |                                       | GWh  | 9                               | 10                           | 9                                  | 21                                 | 22       |       |
| Acquired generation                                       |                                       | GWh  | 40                              | 22                           | 68                                 | 140                                | 47       |       |
| Electricity generated (or acquired)                       |                                       | GWh  | 773                             | 785                          | 855                                | 2,505                              | 2,424    |       |
| Unit generation cost (including acquired generation)      |                                       | \$/MWh   | (49.07)                         | (35.84)                      | (44.48)                            | (42.58)                            | (33.49)  |       |
| Spot electricity purchases                                |                                       | GWh  | (537)                           | (604)                        | (594)                              | (1,721)                            | (1,931)  |       |
| CFD sale settlements                                      |                                       | GWh  | (165)                           | (108)                        | (185)                              | (548)                              | (335)    |       |
| Spot exposed purchases / CFD settlement                   |                                       | GWh  | (703)                           | (711)                        | (779)                              | (2,269)                            | (2,266)  |       |
| Spot revenue and settlement on acquired generation (GWAP) |                                       | \$/MWh   | 120.30                          | 86.59                        | 125.79                             | 116.34                             | 82.81    |       |
| Spot purchases and settlement on CFDs sold (LWAP)         |                                       | \$/MWh   | (126.48)                        | (89.79)                      | (130.92)                           | (122.21)                           | (85.58)  |       |
| LWAP/GWAP   |                                       | %  | 105%                            | 104%                         | 104%                               | 105%                               | 103%     |       |
| Gas used in internal generation                           |                                       | PJ   | 2.3                             | 1.9                          | 2.0                                | 5.8                                | 5.5      |       |
| Gas storage net movement (extraction) / injection         |                                       | PJ   | (0.5)                           | (1.0)                        | 0.0                                | (0.1)                              | (2.1)    |       |



# Keep in touch

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## Investors

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## To find out more about Contact Energy

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