

Contact™

Monthly Operating Report

February 2017

February overview

- » For the month of February 2017 Contact recorded:
 - Electricity and gas sales of 598 GWh (February 2016: 611 GWh)
 - Netback of \$81.27/MWh (February 2016: \$82.97/MWh)
 - Cost of energy was \$27.82/MWh (February 2016: \$30.69/MWh)

- » Otahuhu futures settlement wholesale price for the 1st quarter of 2017 (ASX):
 - As at 10 March 2017: \$55/MWh
 - As at 28 February 2017: \$56/MWh
 - As at 31 January 2017: \$54/MWh

- » As at the 13th of March 2017, South Island storage was 101% of mean (28 February 2016: 111%) and North Island storage was 166% of mean (28 February 2017: 154%)

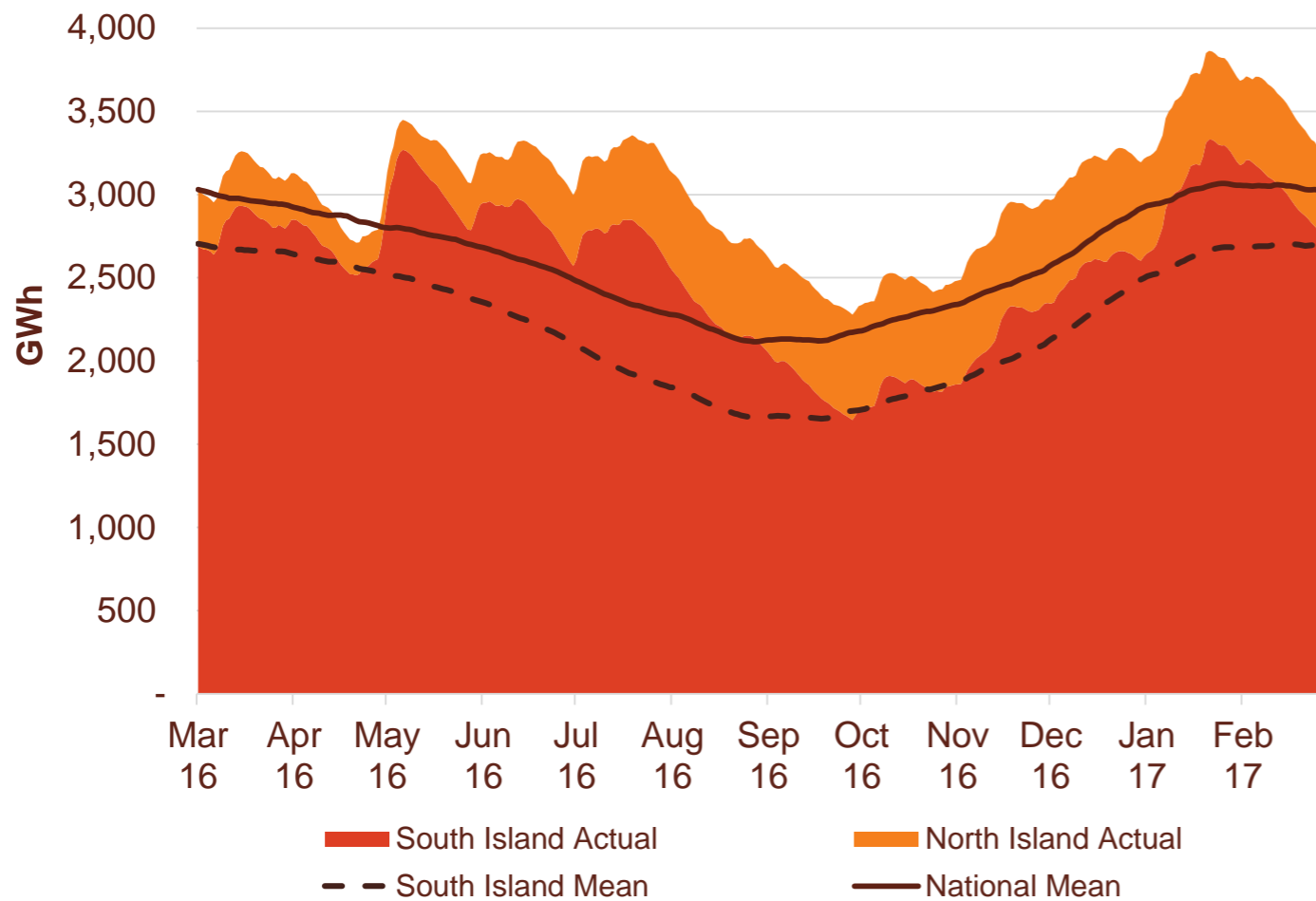
- » 2016 was a leap year, with February 2016 having 29 days compared with 28 in February 2015 and 2017.



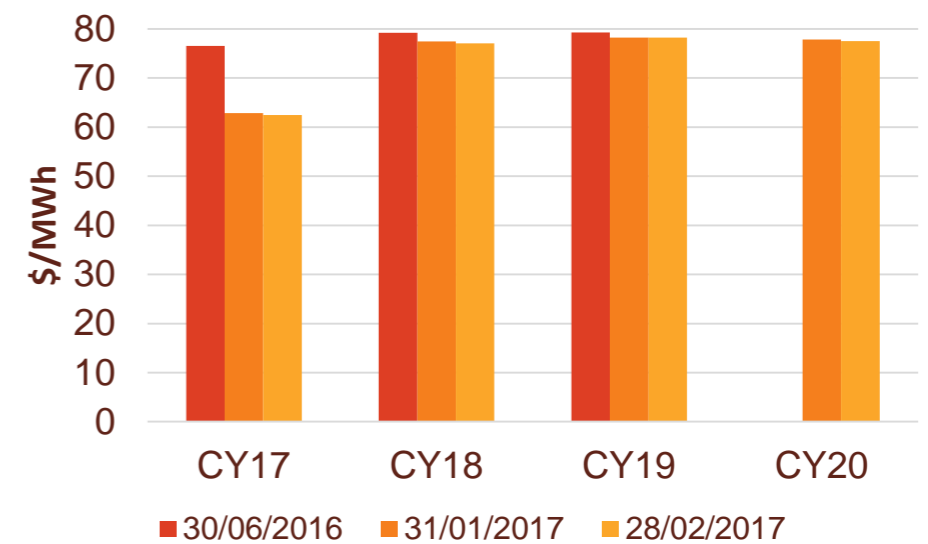
- » Due to lower LPG production levels by our suppliers Contact has imported LPG in January and February 2017

Hydro storage and forward prices

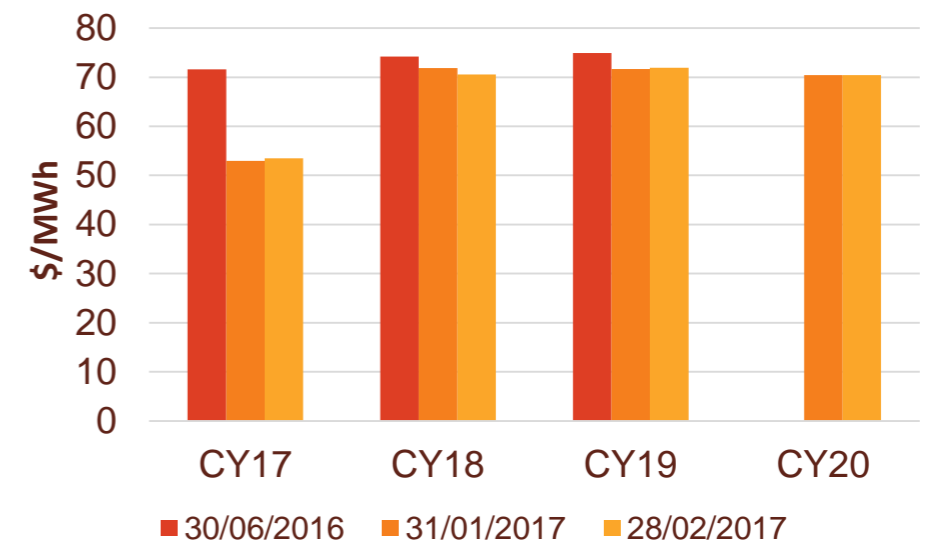
New Zealand hydro storage against mean



Otahuhu ASX futures settlement

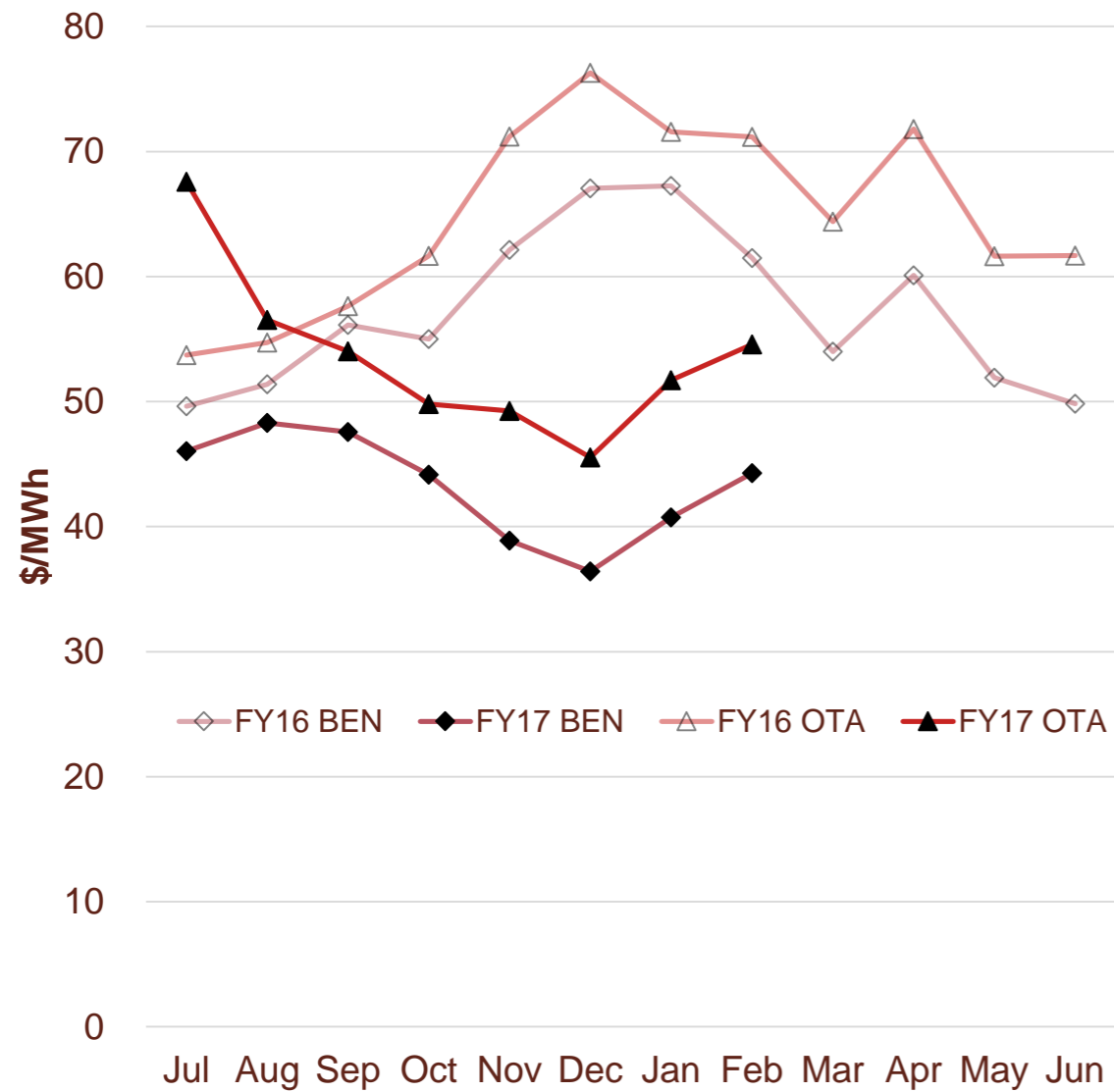


Benmore ASX futures settlement



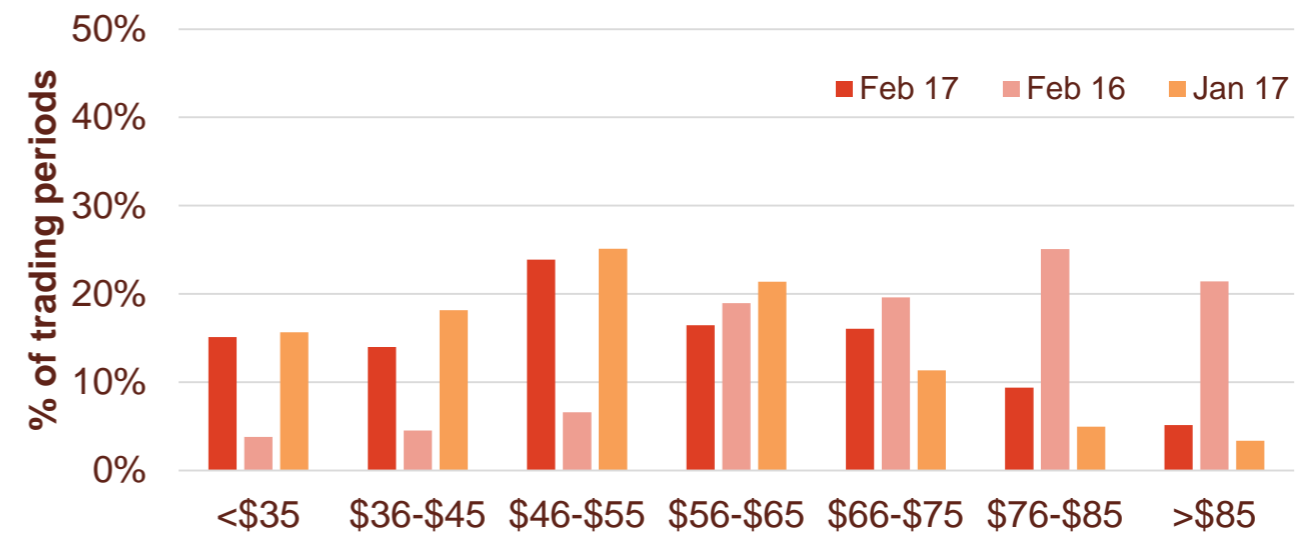
Wholesale market

Wholesale electricity pricing

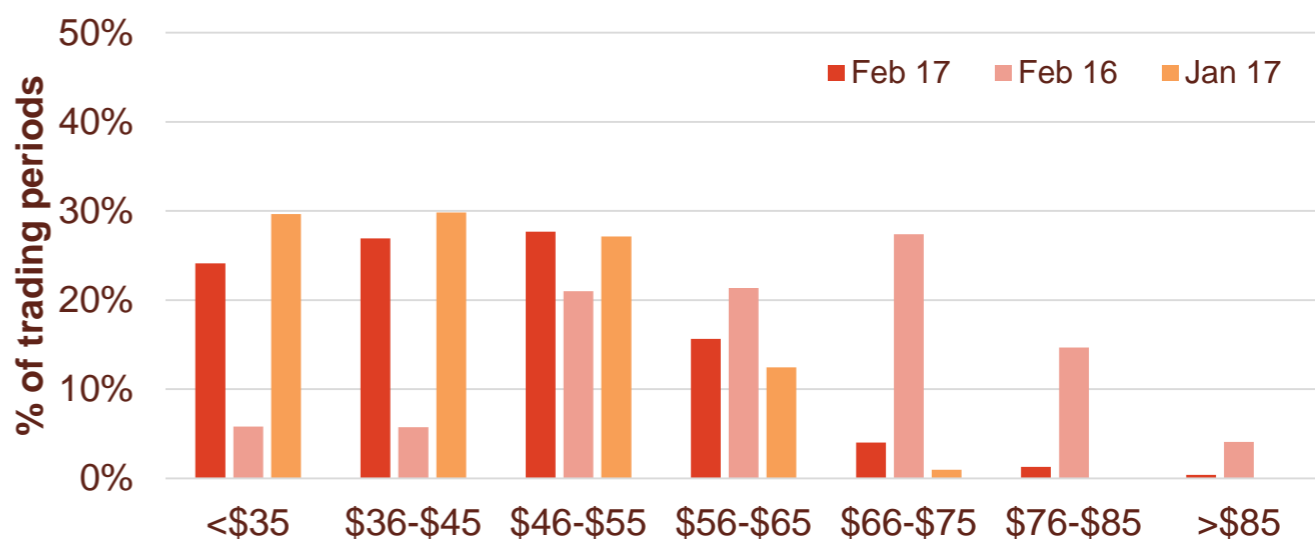


Distribution of wholesale market price by trading periods

Otahuhu node



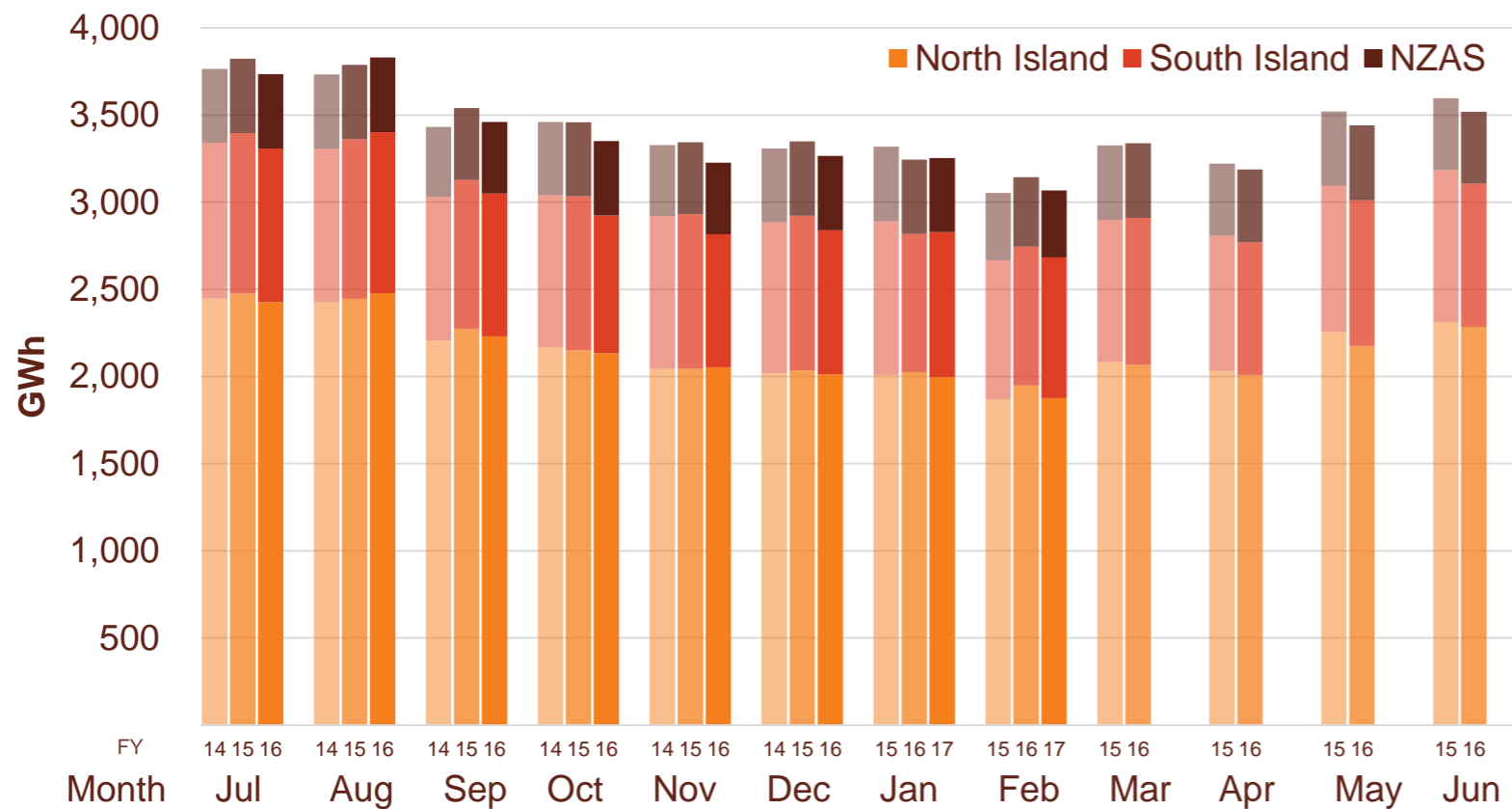
Benmore node



Electricity demand

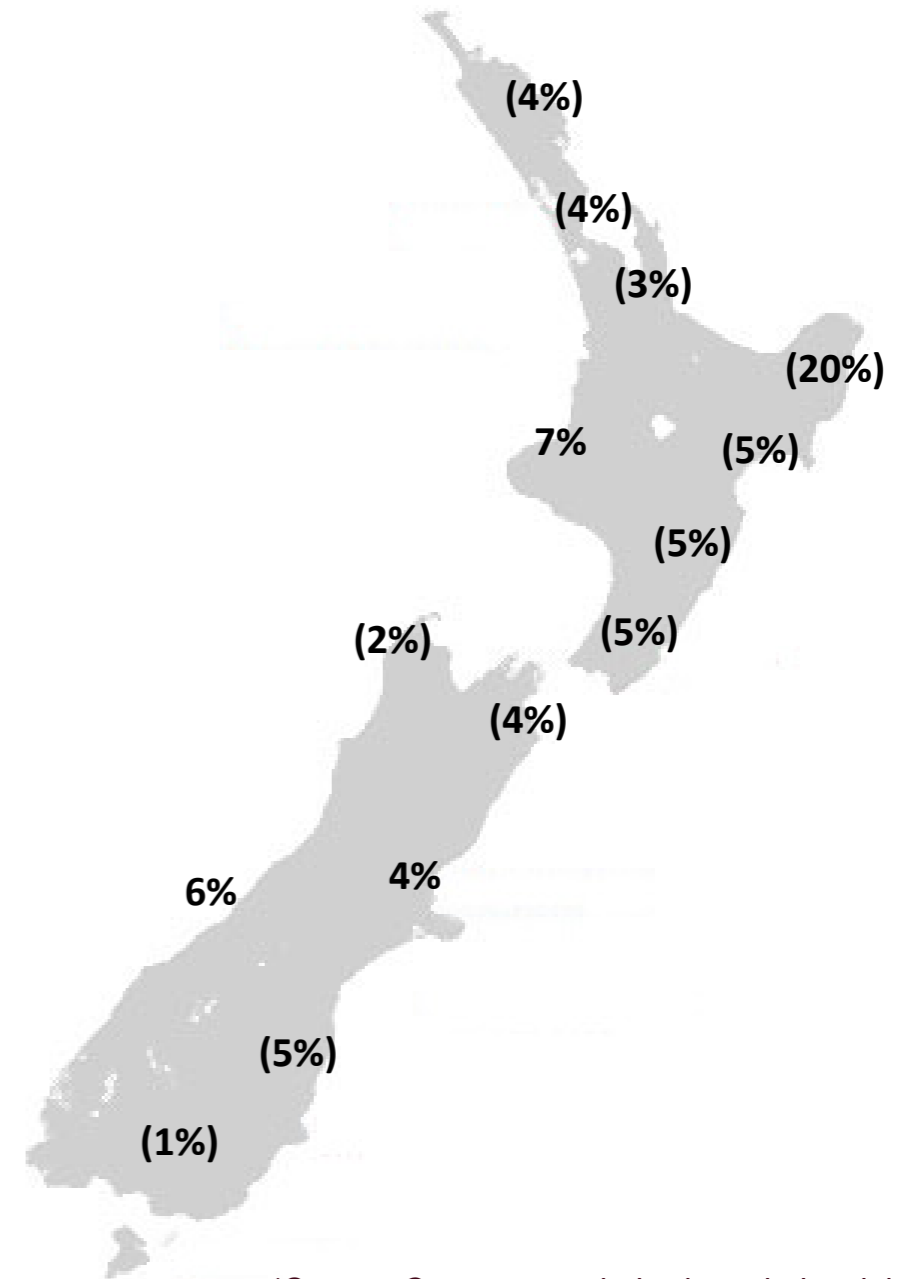
- » New Zealand electricity demand was down 2.4% on February 2016 (up 0.5% on February 2015). Prior period comparisons must be adjusted for the 2016 leap year.
 - Cumulative 12 months demand for March 2016 to February 2017 of 40,680 GWh is 1.6% lower than the prior comparative period.

Total national demand (FY15, 16 and 17)



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

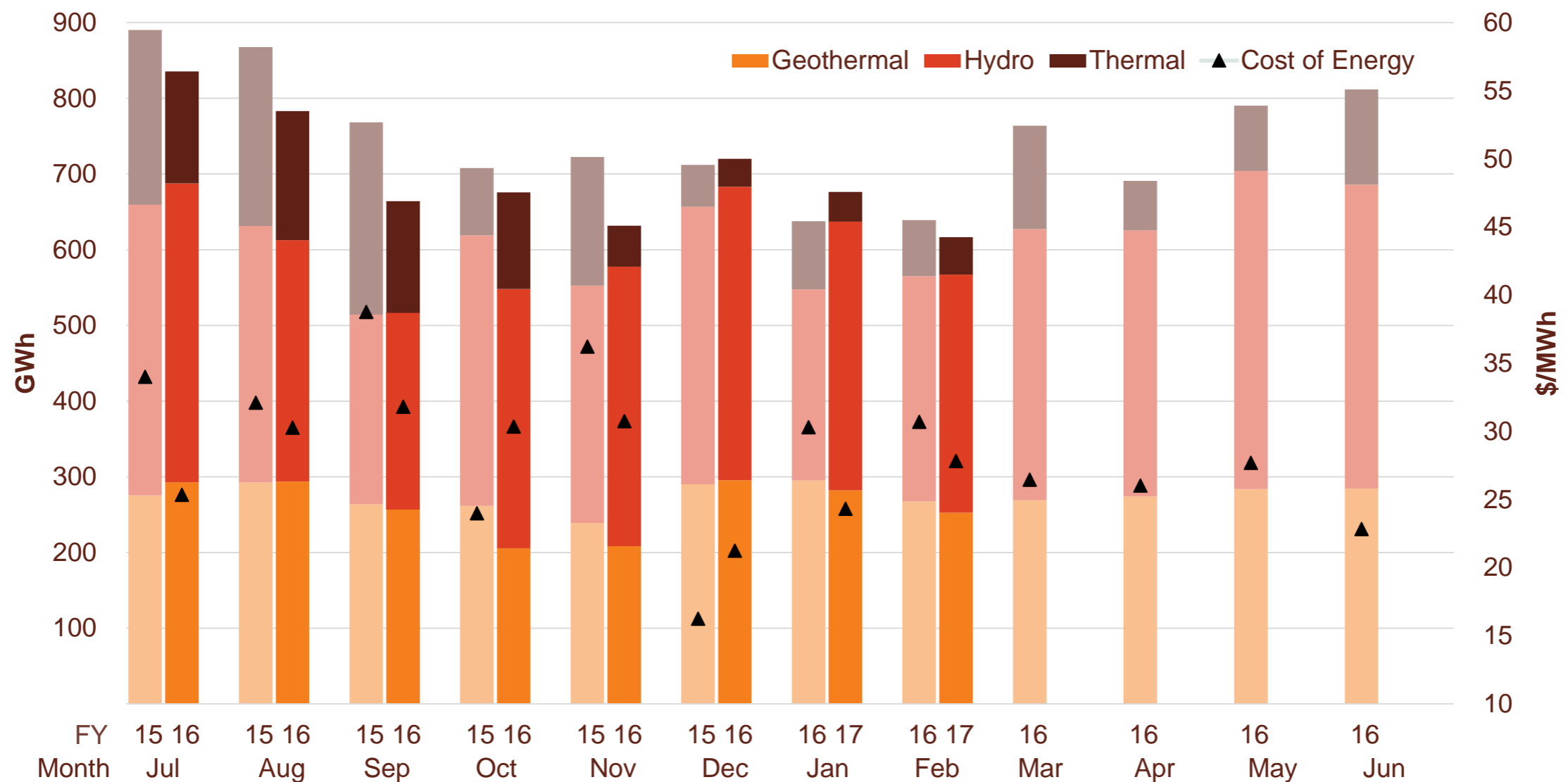
Regional demand change (%) on February 2016*



*Source: Contact – excludes large industrial

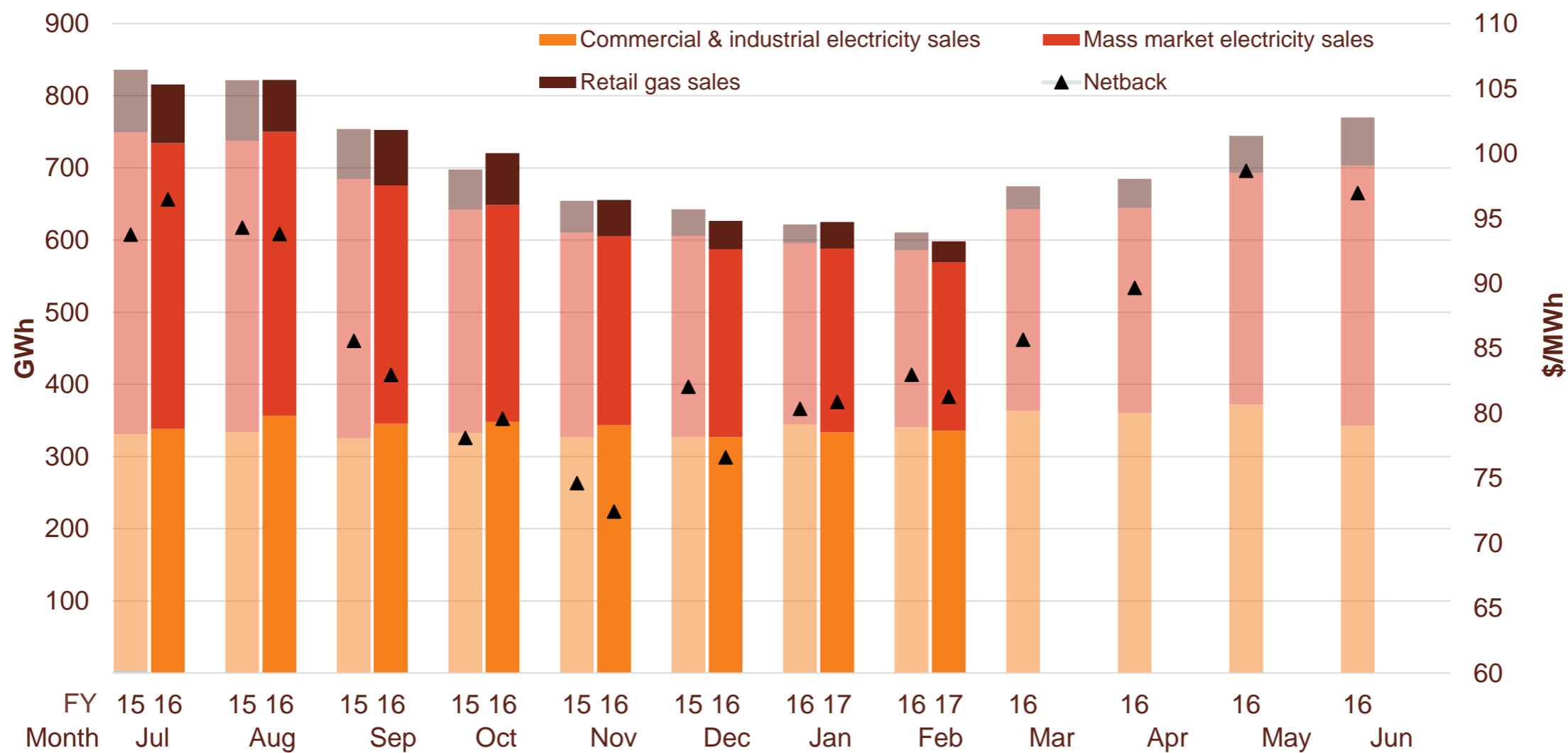
Contact's generation performance

Generation mix and cost of energy (FY16 and 17)



Contact's retail performance

Retail sales volumes and netback (FY16 and 17)



Contact's operational performance

Data		Measure	The month ended February 2017	The month ended February 2016	The month ended January 2017	Eight months ended February 2017	Eight months ended February 2016
Customer	Mass market electricity sales	GWh	233	245	254	2,429	2,548
	Commercial & industrial electricity sales	GWh	336	341	334	2,729	2,659
	Retail gas sales	GWh	29	25	37	458	428
	Total electricity and gas sales	GWh	598	611	625	5,616	5,635
	Average electricity sales price	\$/MWh	171.77	170.88	171.33	177.66	178.88
	Electricity direct pass through costs	\$/MWh	(74.70)	(72.45)	(74.65)	(75.91)	(76.21)
	Electricity and gas cost to serve	\$/MWh	(13.62)	(13.78)	(13.09)	(13.26)	(13.78)
	Netback	\$/MWh	81.27	82.97	80.87	83.72	84.59
	Electricity line losses	%	5%	8%	6%	5%	5%
	Retail gas sales	PJ	0.1	0.1	0.1	1.6	1.5
	LPG sales	tonnes	4,535	4,533	4,676	47,323	46,181
	Electricity customer numbers ¹	#	421,000	421,000	420,500		
	Gas customer numbers ¹	#	62,500	60,500	62,500		
	LPG customer numbers (includes franchises) ¹	#	77,000	73,500	77,000		
Generation	Thermal generation	GWh	50	74	39	774	1,200
	Geothermal generation	GWh	253	268	282	2,087	2,186
	Hydro generation	GWh	314	298	355	2,743	2,560
	Spot market generation	GWh	617	639	676	5,603	5,946
	Spot electricity purchases	GWh	593	628	615	5,364	5,422
	CfD sales / (purchases)	GWh	58	(2)	88	105	45
	Steam sales	GWh	51	50	55	455	486
	GWAP	\$/MWh	44.36	64.06	43.20	46.28	59.55
	LWAP	\$/MWh	(52.78)	(70.17)	(50.87)	(52.56)	(64.48)
	LWAP/GWAP	%	119%	110%	118%	114%	108%
	Gas used in internal generation	PJ	0.6	0.9	0.6	8.6	11.8
	Gas storage net movement ²	PJ	0.2	0.1	0.1	(0.5)	(1.8)
	Unit generation cost	\$/MWh	(28.41)	(29.90)	(24.47)	(30.04)	(34.02)
	Cost of energy	\$/MWh	(27.82)	(30.69)	(24.31)	(27.89)	(30.59)

¹ Data has been rounded to the nearest 500 and reflects numbers as at month end.

² Cost of Energy does not include Gas purchases for retail sales

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

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/corporate/investor-centre
-  +64 4 462 1323
-  +64 21 0728578

Contact Energy

-  contact.co.nz
-  @ContactEnergy
-  [Linkedin.com/company/contact-energy-ltd](https://www.linkedin.com/company/contact-energy-ltd)
-  [Facebook.com/contactenergy](https://www.facebook.com/contactenergy)
-  [Youtube.com/ContactEnergy](https://www.youtube.com/ContactEnergy)