

*Contact*™

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# **Monthly Operating Report**

**April 2017**

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# April overview

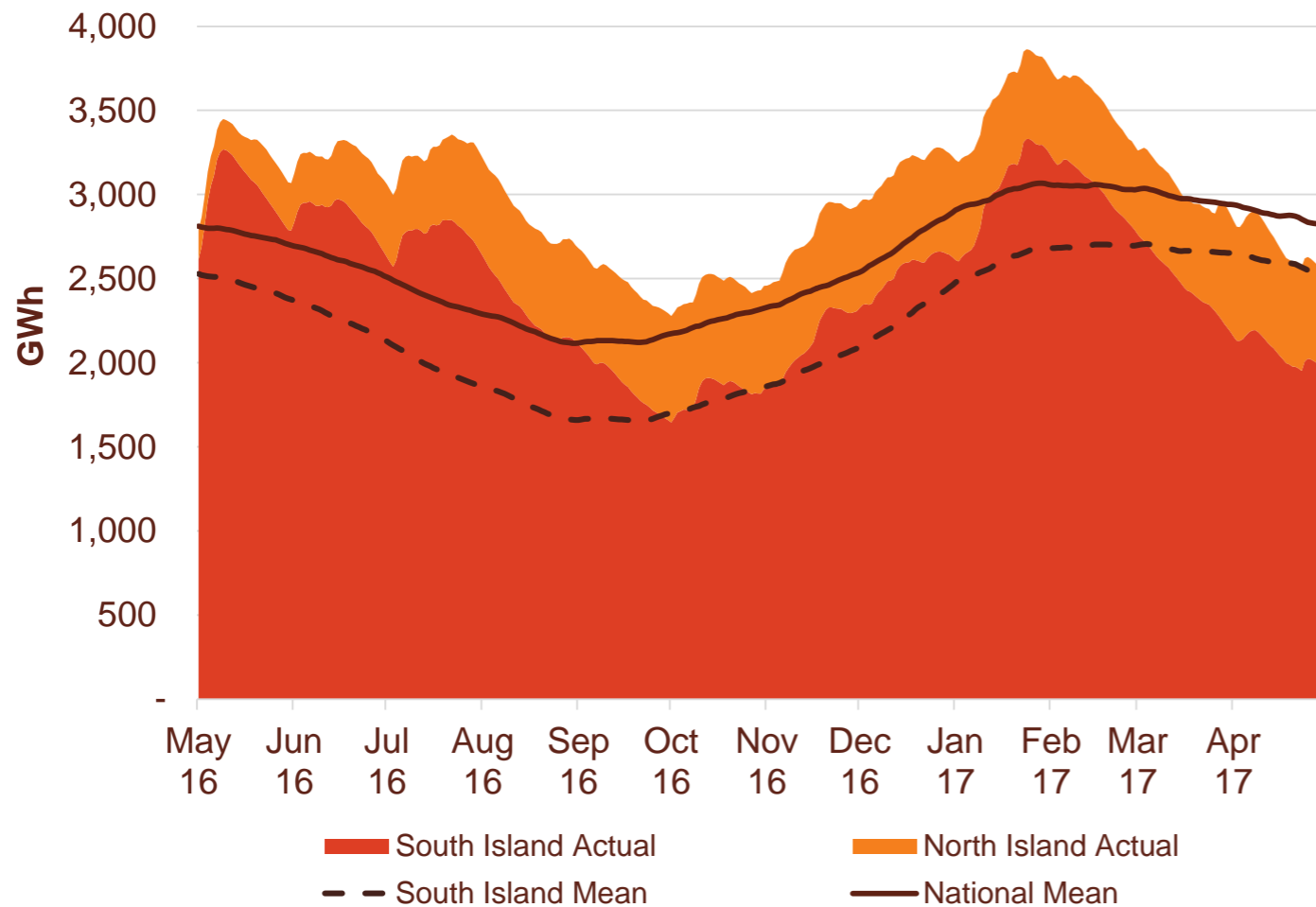
- » For the month of April 2017 Contact recorded:
  - Electricity and gas sales of 672 GWh (April 2016: 685 GWh)
  - Netback of \$83.75/MWh (April 2016: \$89.65/MWh)
  - Cost of energy was \$32.67/MWh (April 2016: \$26.02/MWh) with hydro generation down 145 GWh on April 2016
  
- » Otahuhu futures settlement wholesale price for the 2nd quarter of 2017 (ASX):
  - As at 9 May 2017: \$59/MWh
  - As at 30 April 2017: \$57/MWh
  - As at 31 March 2017: \$56/MWh
  
- » Softer front-end ASX futures pricing is flowing on through to new and renewed C&I contract tariffs
  
- » As at the 9th of May 2017, South Island storage was 78% of mean (30 April 2017: 76%) and North Island storage was 199% of mean (30 April 2017: 219%)
  - As at the 9<sup>th</sup> of May total Clutha storage was 36% of mean. April Hawea inflows were 50% of mean

The advertisement features the Contact logo at the top. On the left is an AA Smartfuel logo with a 'SAVE ON FUEL HERE' badge. In the center, '30c off' is written in large, bold, red and white font. Below this, it says 'per litre of fuel every month on Contact's Fuel Rewards Plan, fixed to 30 June 2018' and 'No tricks, no waiting, no surprises.' with a 'Sign me up' button. On the right, a red vertical banner contains the text 'They call that a no brainer.' above a brain icon with a red 'no' symbol over it.

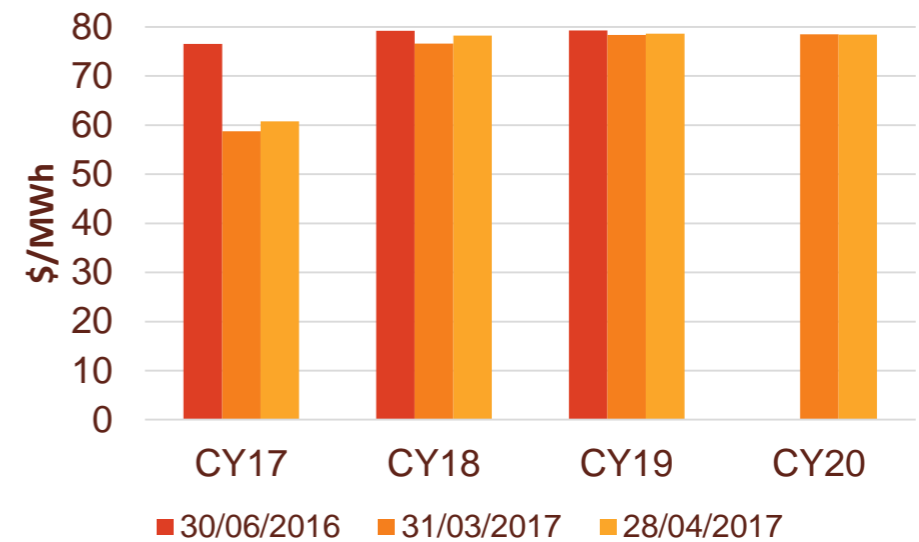
- » In April Contact commenced offering new rewards with AA Smartfuel

# Hydro storage and forward prices

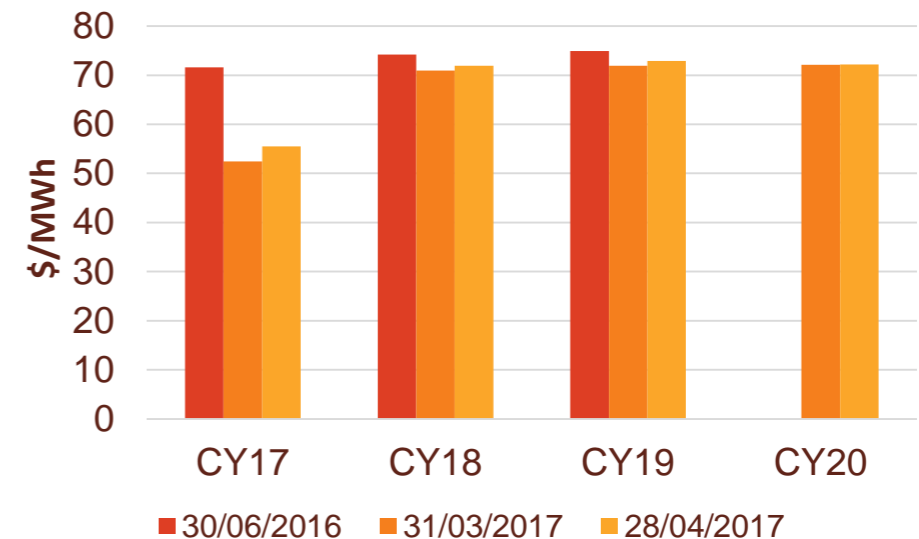
New Zealand hydro storage against mean



Otahuhu ASX futures settlement

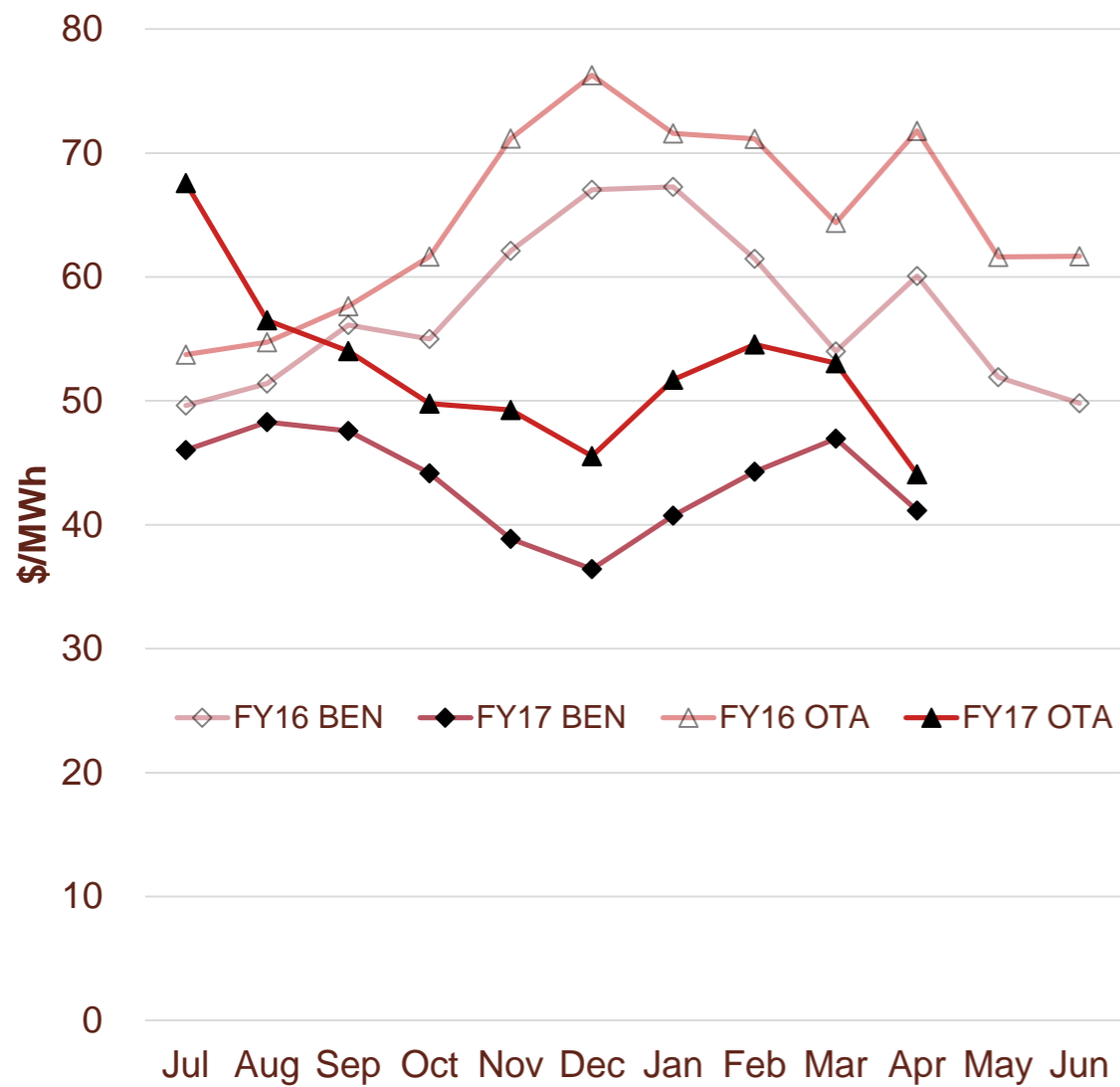


Benmore ASX futures settlement



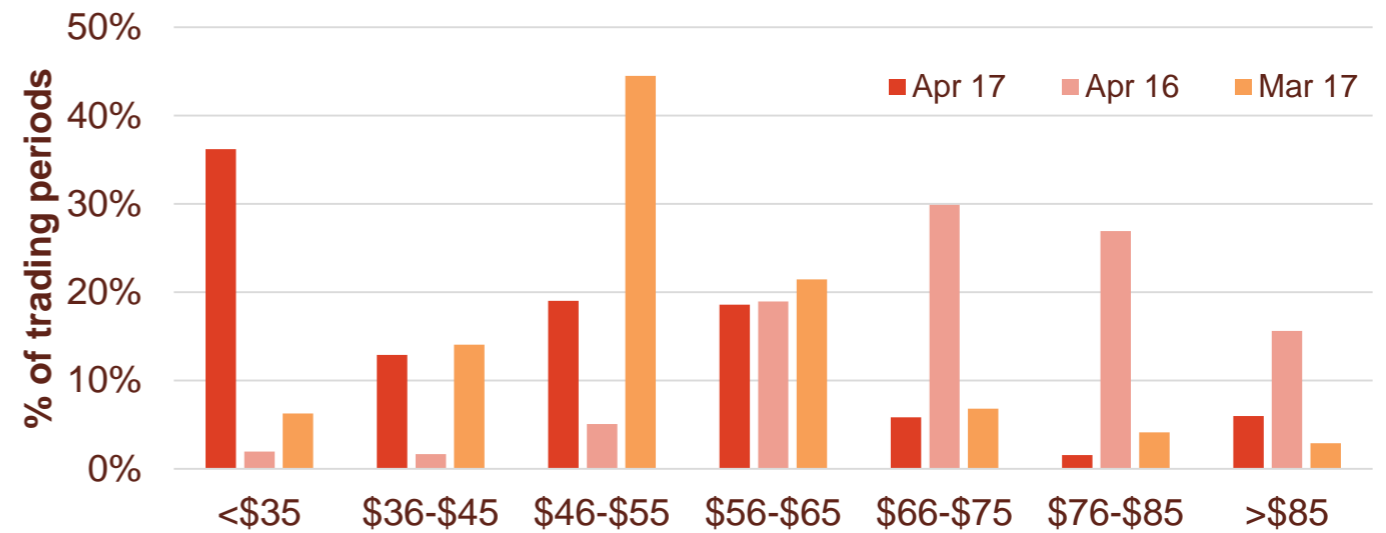
# Wholesale market

## Wholesale electricity pricing

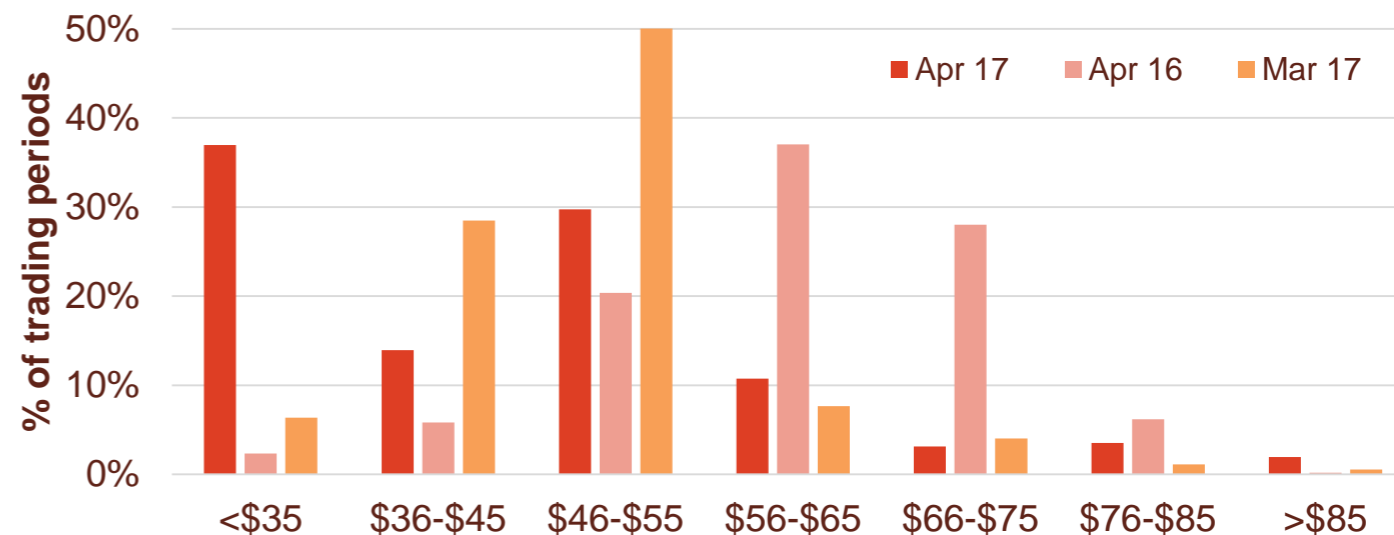


## Distribution of wholesale market price by trading periods

### Otahuhu node



### Benmore node

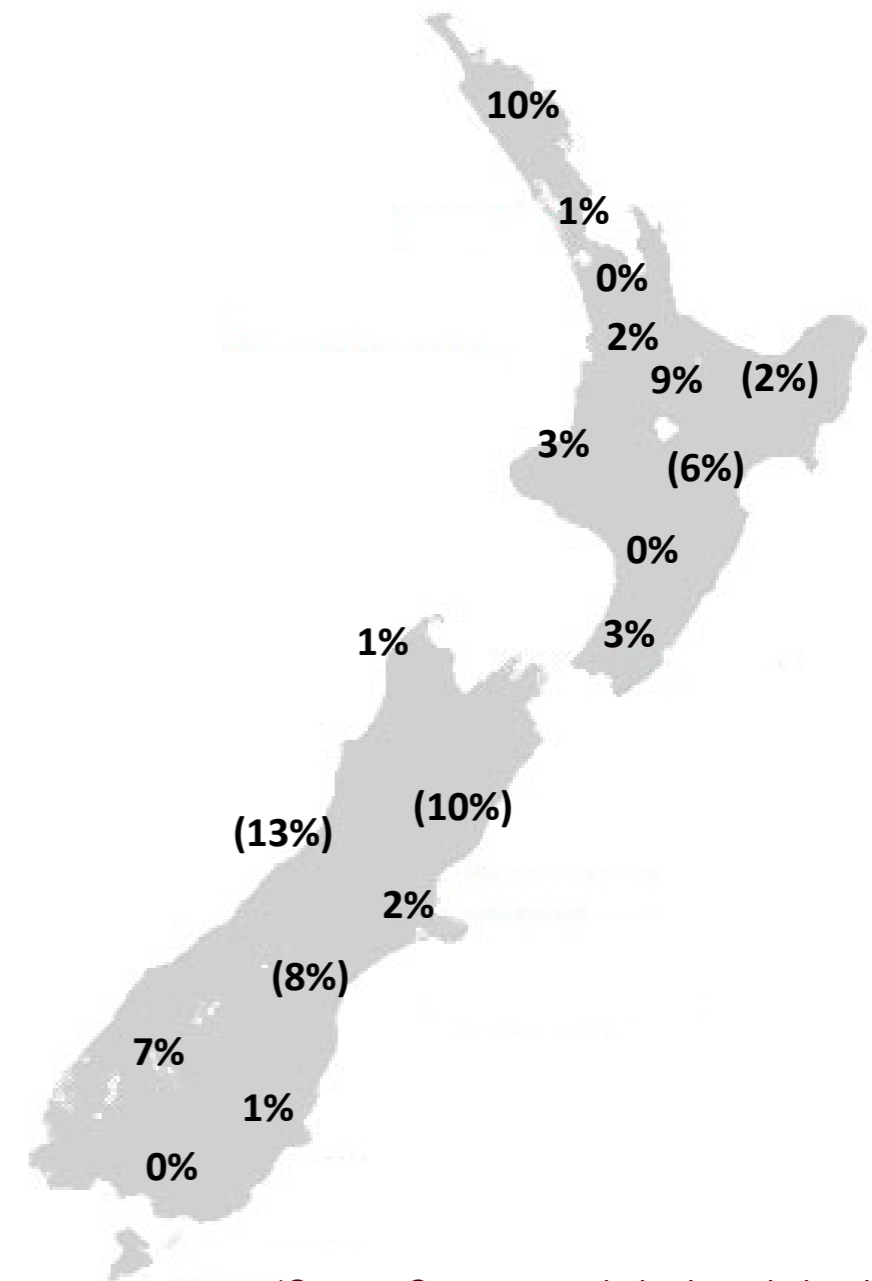
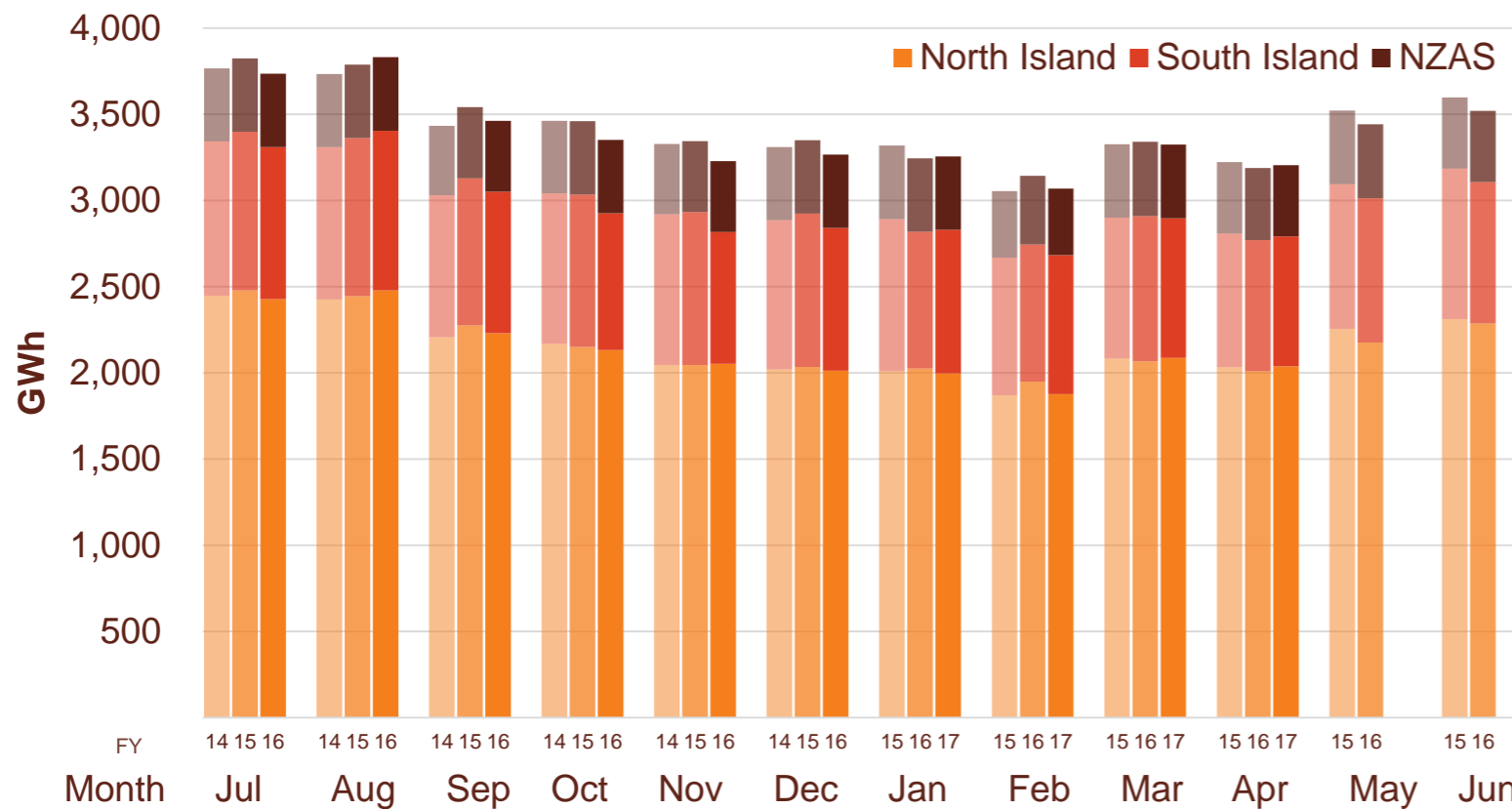


# Electricity demand

- » New Zealand electricity demand was up 0.5% on April 2016 (down 0.6% on April 2015).
- » Cumulative 12 months demand for May 2016 to April 2017 of 40,679 GWh is 1.6% lower than the prior comparative period.

## Regional demand change (%) on April 2016\*

### Total national demand (FY15, 16 and 17)

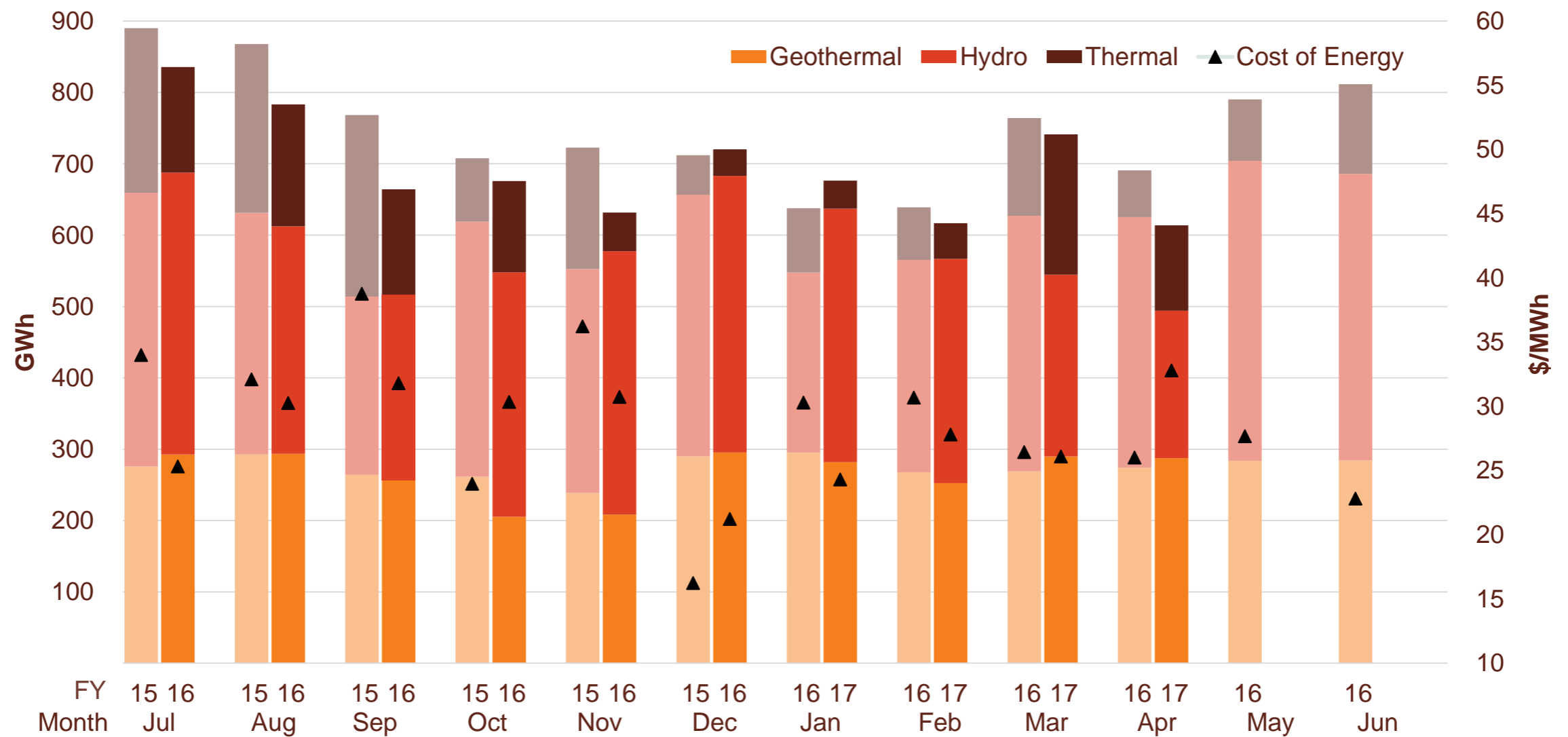


Source: Contact and Electricity Authority grid demand (reconciled) <http://www.emi.ea.govt.nz>

\*Source: Contact – excludes large industrial

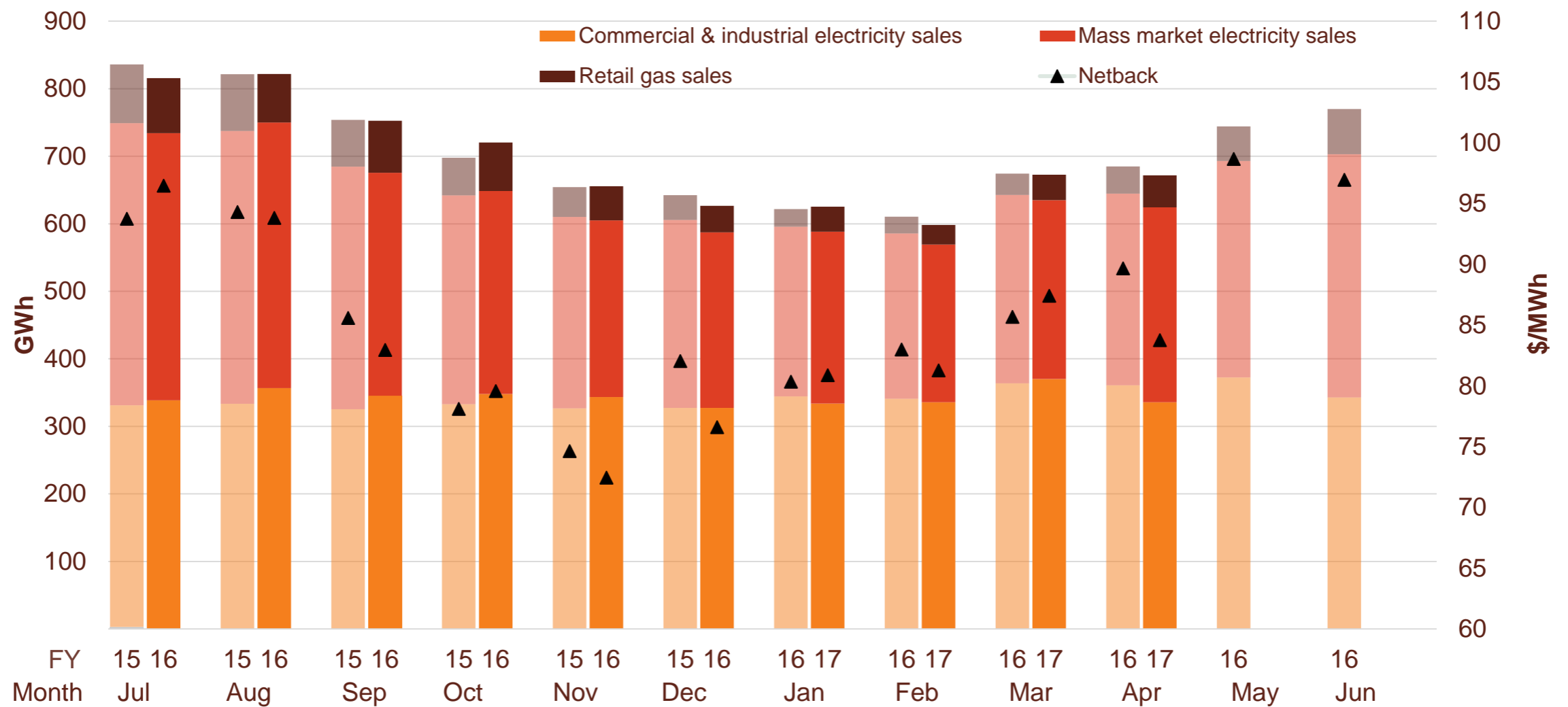
# Contact's generation performance

## 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 April 2017	The month ended April 2016	The month ended March 2017	Ten months ended April 2017	Ten months ended April 2016	
Customer	Mass market electricity sales	GWh	289	284	265	2,983	3,111
	Commercial & industrial electricity sales	GWh	336	361	370	3,435	3,384
	Retail gas sales	GWh	47	40	38	543	500
	Total electricity and gas sales	GWh	672	685	673	6,960	6,994
	Average electricity sales price	\$/MWh	176.45	177.55	174.45	177.22	178.36
	Electricity direct pass through costs	\$/MWh	(75.20)	(71.23)	(70.58)	(75.32)	(75.38)
	Electricity and gas cost to serve	\$/MWh	(13.63)	(13.15)	(13.70)	(13.34)	(13.78)
	Netback	\$/MWh	83.75	89.65	87.41	84.08	85.19
	Electricity line losses	%	2%	3%	6%	5%	5%
	Retail gas sales	PJ	0.2	0.1	0.1	1.9	1.7
	LPG sales	tonnes	5,339	5,472	5,293	57,955	56,636
	Electricity customer numbers <sup>1</sup>	#	422,000	423,500	421,500		
	Gas customer numbers <sup>1</sup>	#	63,000	61,500	63,000		
	LPG customer numbers (includes franchises) <sup>1</sup>	#	78,000	74,000	77,500		
Generation	Thermal generation	GWh	120	65	197	1,091	1,402
	Geothermal generation	GWh	287	274	290	2,664	2,729
	Hydro generation	GWh	206	351	255	3,204	3,269
	Spot market generation	GWh	614	691	741	6,958	7,400
	Spot electricity purchases	GWh	631	657	663	6,658	6,736
	CfD sales / (purchases)	GWh	0	(11)	98	203	86
	Steam sales	GWh	50	46	58	563	576
	GWAP	\$/MWh	44.19	62.40	49.29	46.42	59.50
	LWAP	\$/MWh	(47.35)	(68.85)	(53.06)	(52.11)	(64.74)
	LWAP/GWAP	%	107%	110%	108%	112%	109%
	Gas used in internal generation	PJ	1.2	0.8	1.7	11.6	13.9
	Gas storage net movement	PJ	(0.3)	0.6	(0.6)	(1.4)	(1.1)
	Unit generation cost	\$/MWh	(34.94)	(26.26)	(32.78)	(30.77)	(32.96)
	Cost of energy	\$/MWh	(32.67)	(26.02)	(26.10)	(28.18)	(29.74)

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



# Glossary of terms

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## 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

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*Add:* Revenue from gas sales

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*Less:* Electricity distribution network costs, meter costs and electricity levies

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*Less:* Gas distribution network costs, meter costs and gas levies

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*Less:* Operating costs to serve the customer, including head office allocation

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## 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

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*Add:* Revenue from steam sales

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*Less:* Electricity purchase costs from the wholesale market to supply customers

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*Less:* Electricity transmission costs and levies

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*Less:* Gas and diesel purchase costs (excluding gas purchases for retail gas sales)

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*Less:* Gas transmission costs and levies

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*Less:* Carbon emissions costs

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*Less:* Generation operating costs and head office allocation

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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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## Investor Relations

Matthew Forbes - Investor Relations Manager

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