

*Contact*<sup>®</sup>

---

# Monthly Operating Report

June 2018

---

# June overview

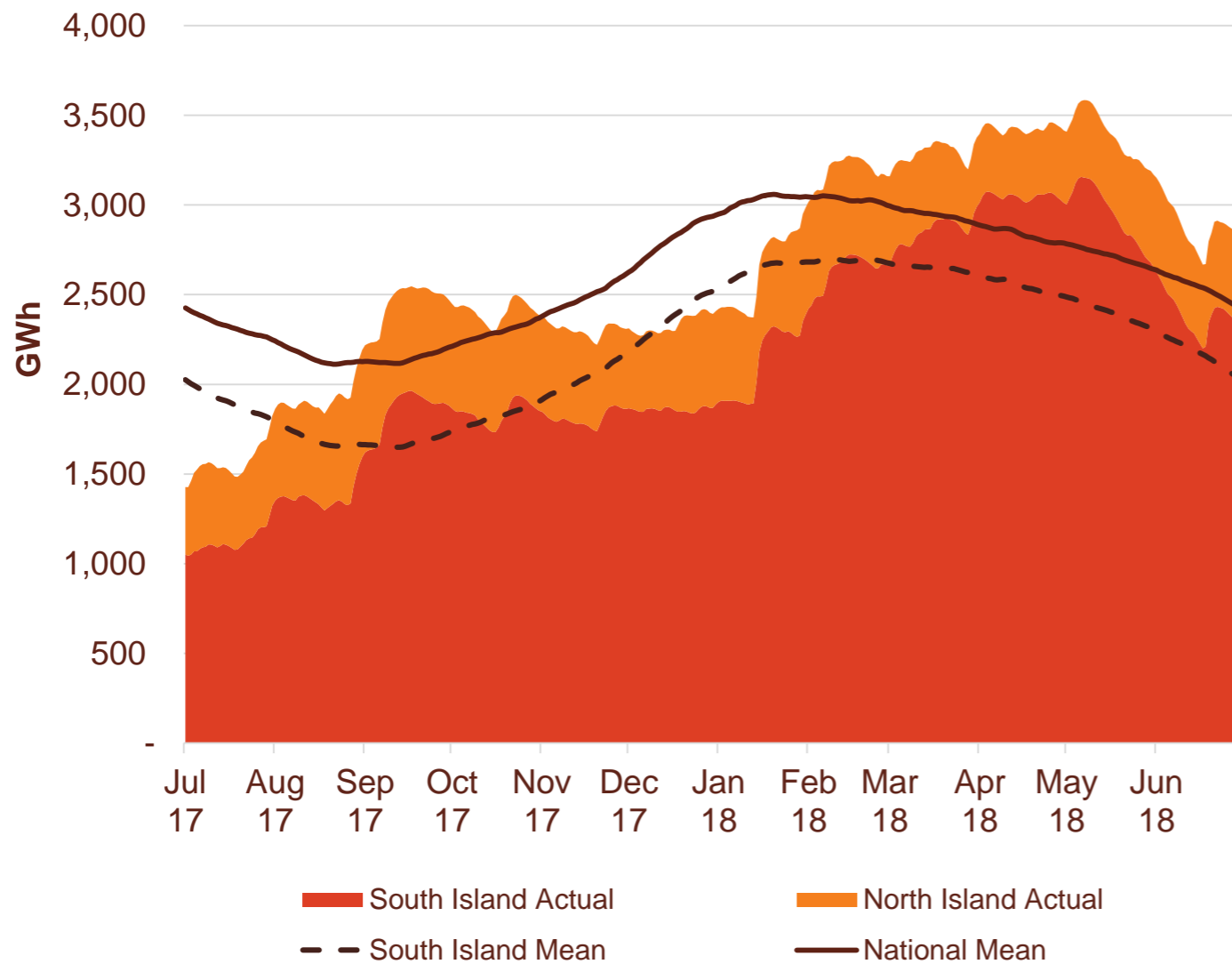
- » For the month of June 2018 Contact recorded:
  - Electricity and gas sales of 742 GWh (June 2017: 734 GWh)
  - Netback of \$93.51/MWh (June 2017: \$97.46/MWh)
  - Cost of energy was \$29.34/MWh (June 2017: \$47.39/MWh)
  
- » Otahuhu futures settlement wholesale price for the 3<sup>rd</sup> quarter of 2018 (ASX):
  - As at 18 July 2018: \$67/MWh
  - As at 30 June 2018: \$75/MWh
  - As at 31 May 2018: \$66/MWh
  
- » As at 18 July 2018, South Island controlled storage was 115% of mean (30 June 2018: 106%) and North Island controlled storage was 138% of mean (30 June 2018: 127%)
  - As at 18 July 2018, total Clutha scheme storage (including uncontrolled storage) was 57% of mean
  - Inflows into Contact's Clutha catchment for June 2018 was 59% of mean (May 2018: 110%, April 2018: 117%, March 2018: 112%)



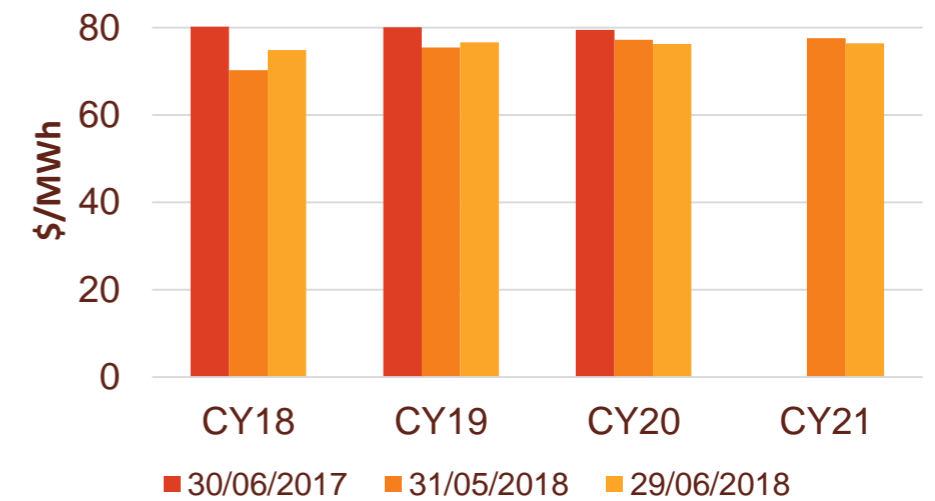
- » Financial results for the year ended 30 June 2018 will be released prior to the market opening on Monday, 13 August 2018

# Hydro storage and forward prices

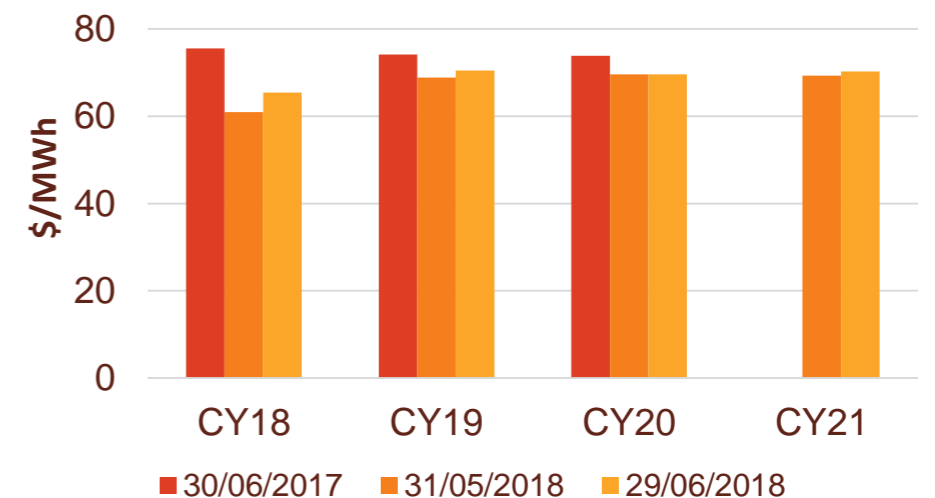
New Zealand controlled hydro storage against mean



Otahuhu ASX futures settlement

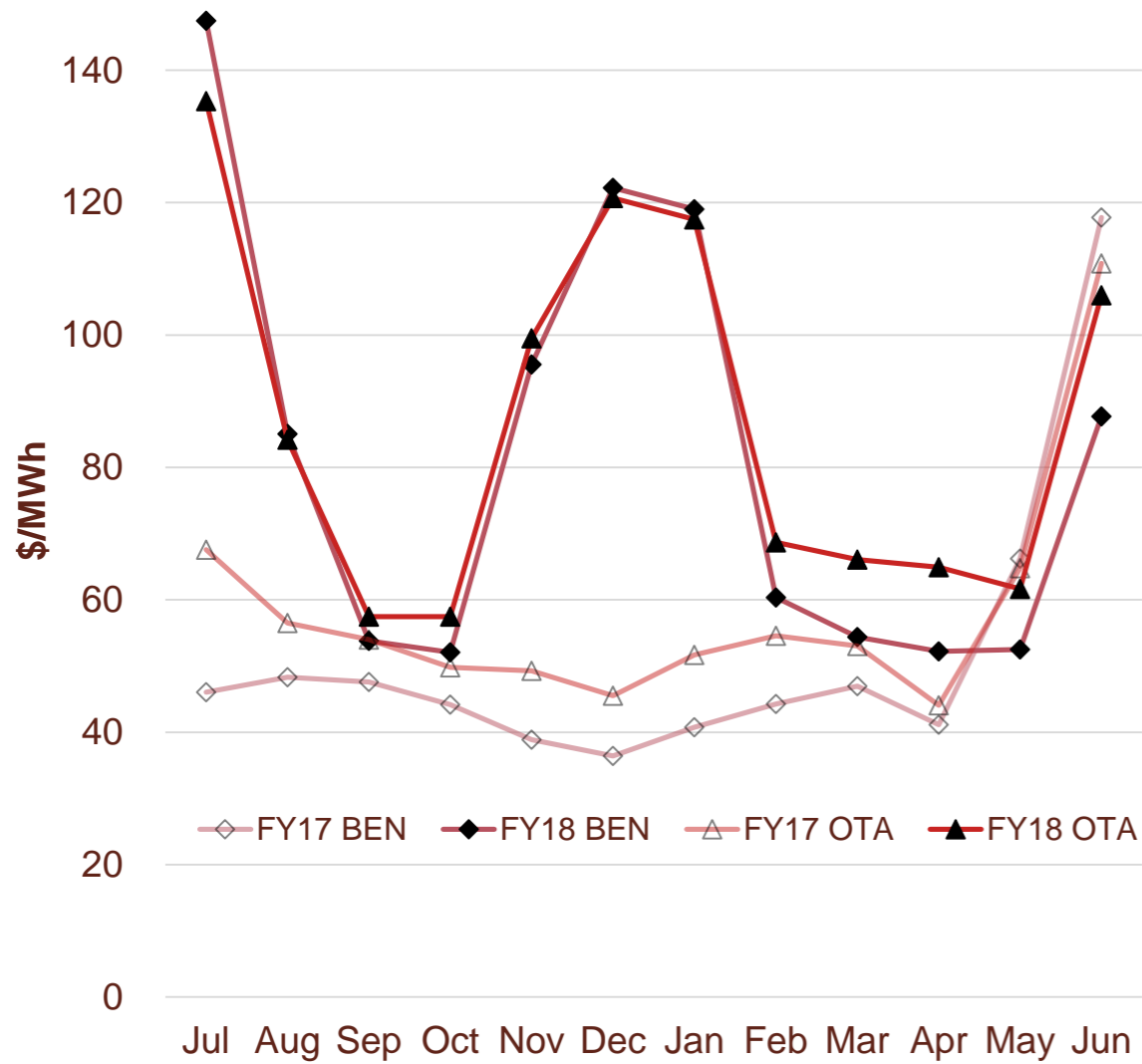


Benmore ASX futures settlement



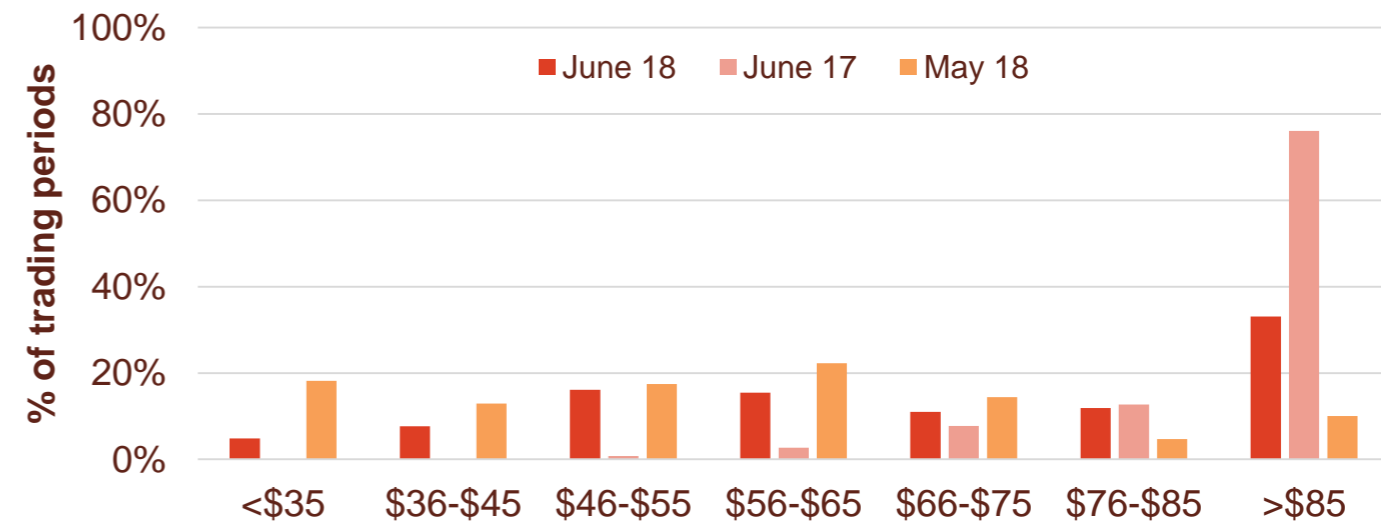
# Wholesale market

## Wholesale electricity pricing

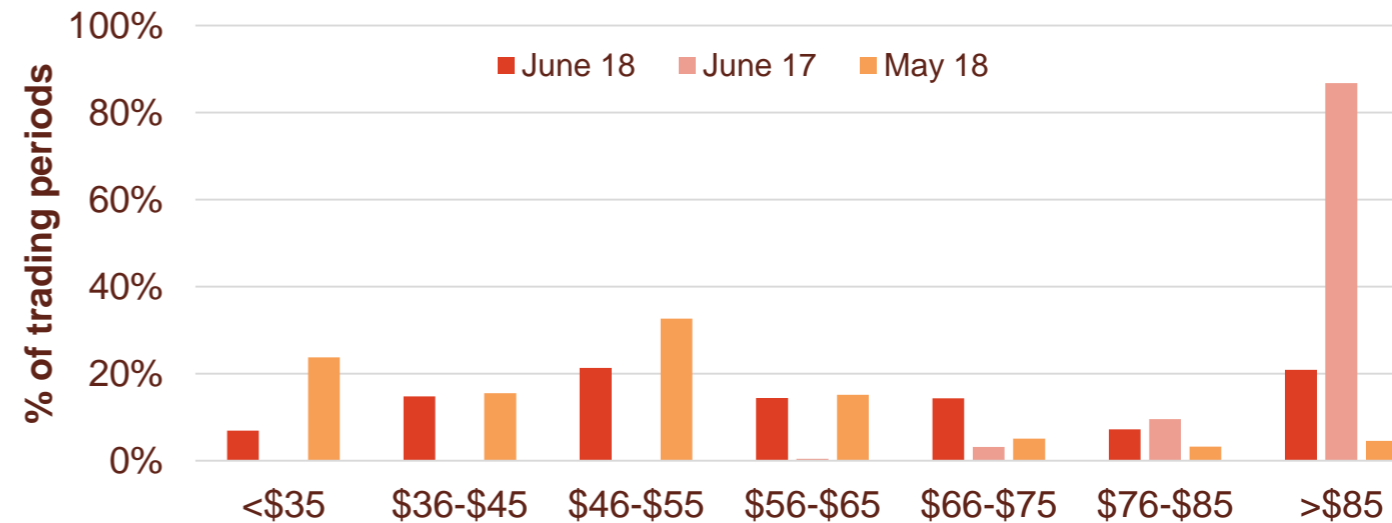


## Distribution of wholesale market price by trading periods

### Otahuhu node



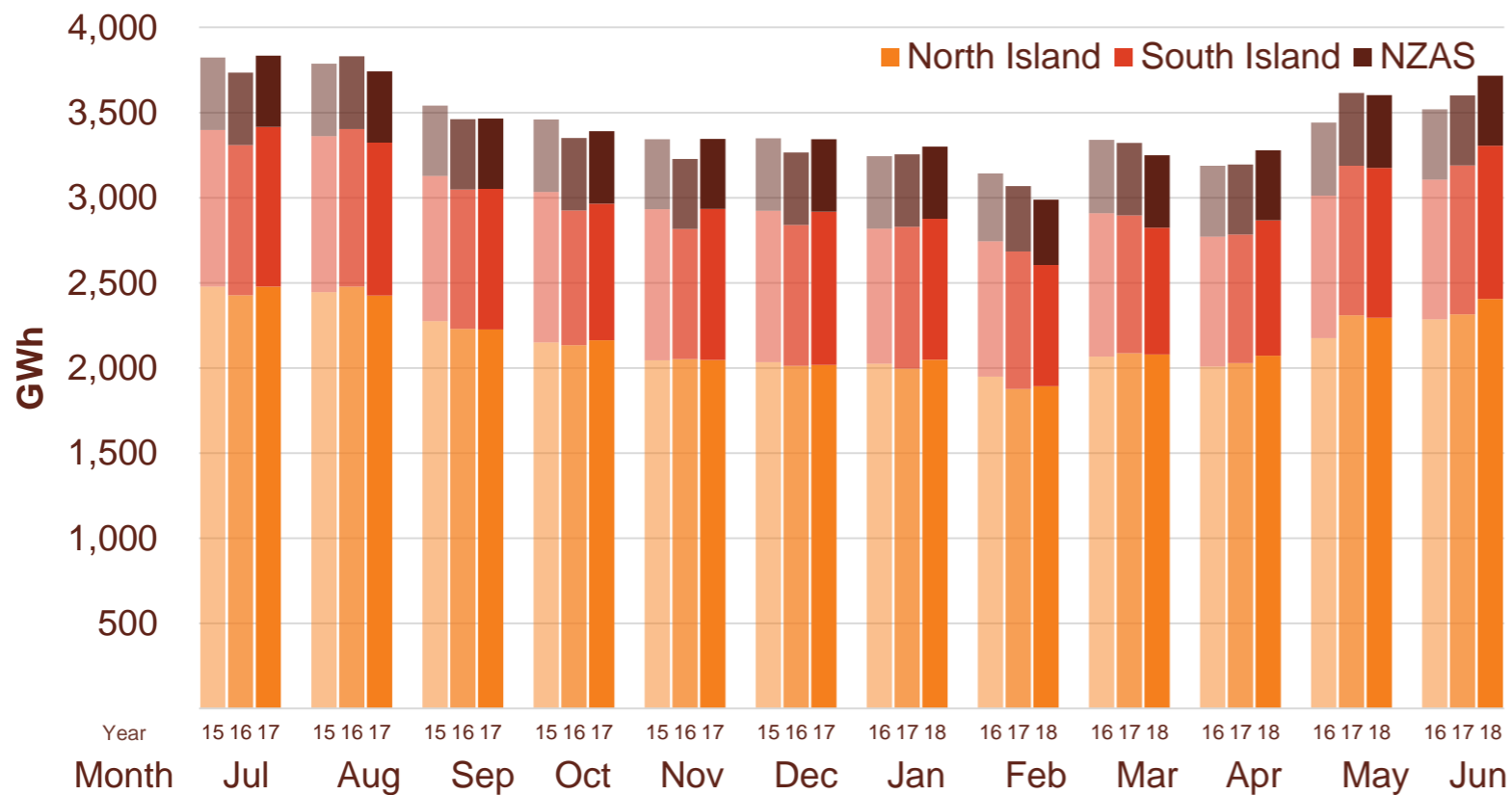
### Benmore node



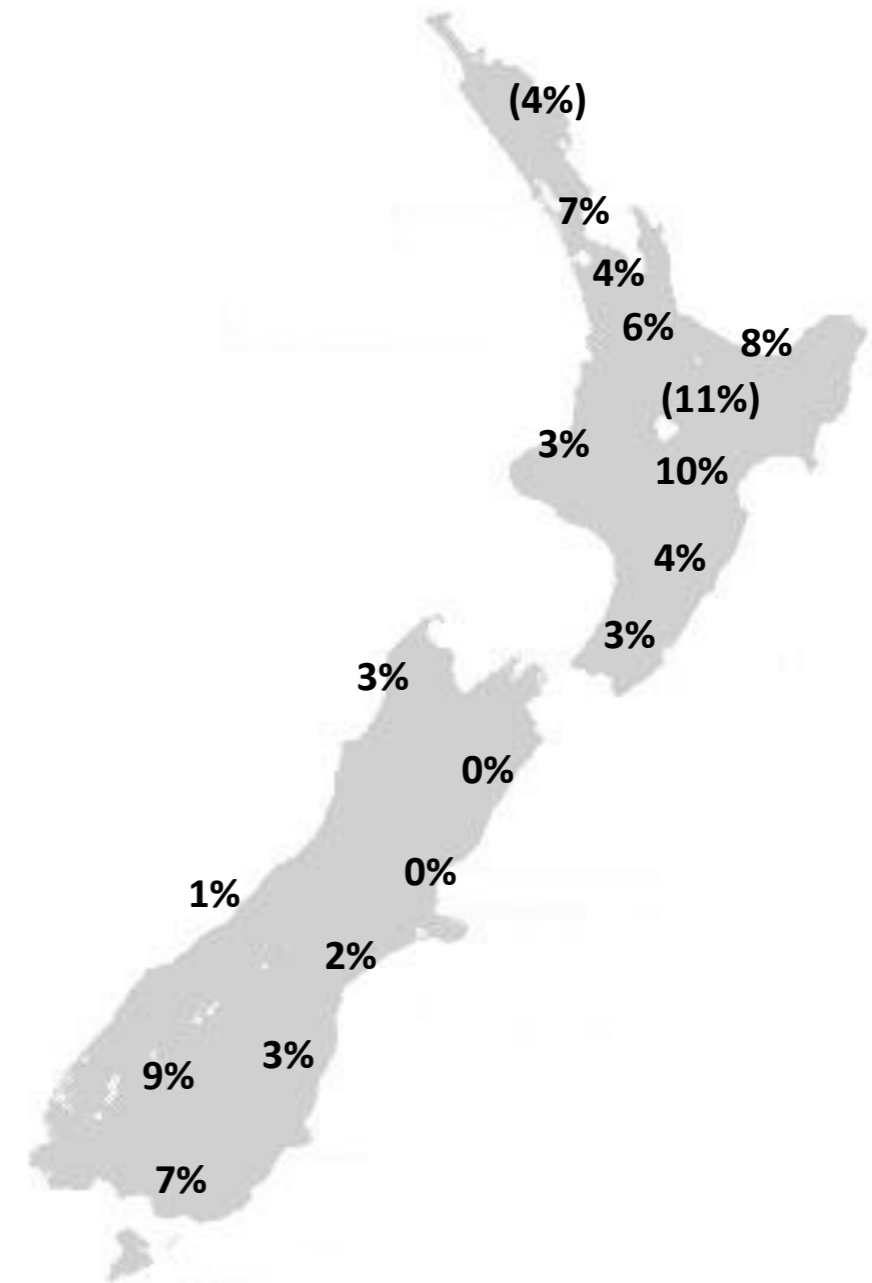
# Electricity demand

- » New Zealand electricity demand was up 3.2% on June 2017 (up 5.6% on June 2016)
  - Cumulative 12 months demand for July 2017 to June 2018 of 41,254 GWh is 0.8% higher than the prior comparative period.

## Total national demand (FY16, 17 and 18)



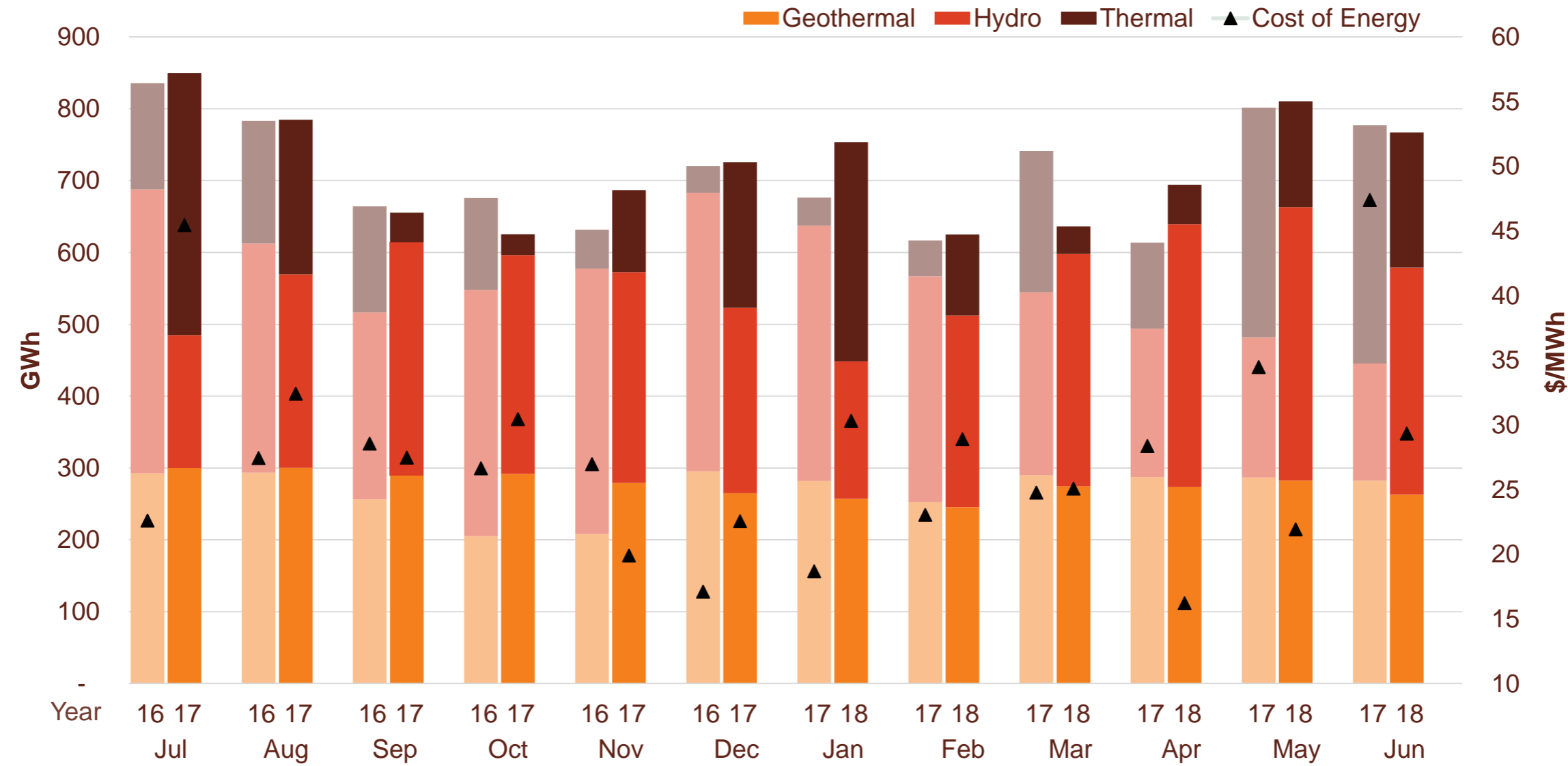
## Regional demand change (%) on June 2017



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

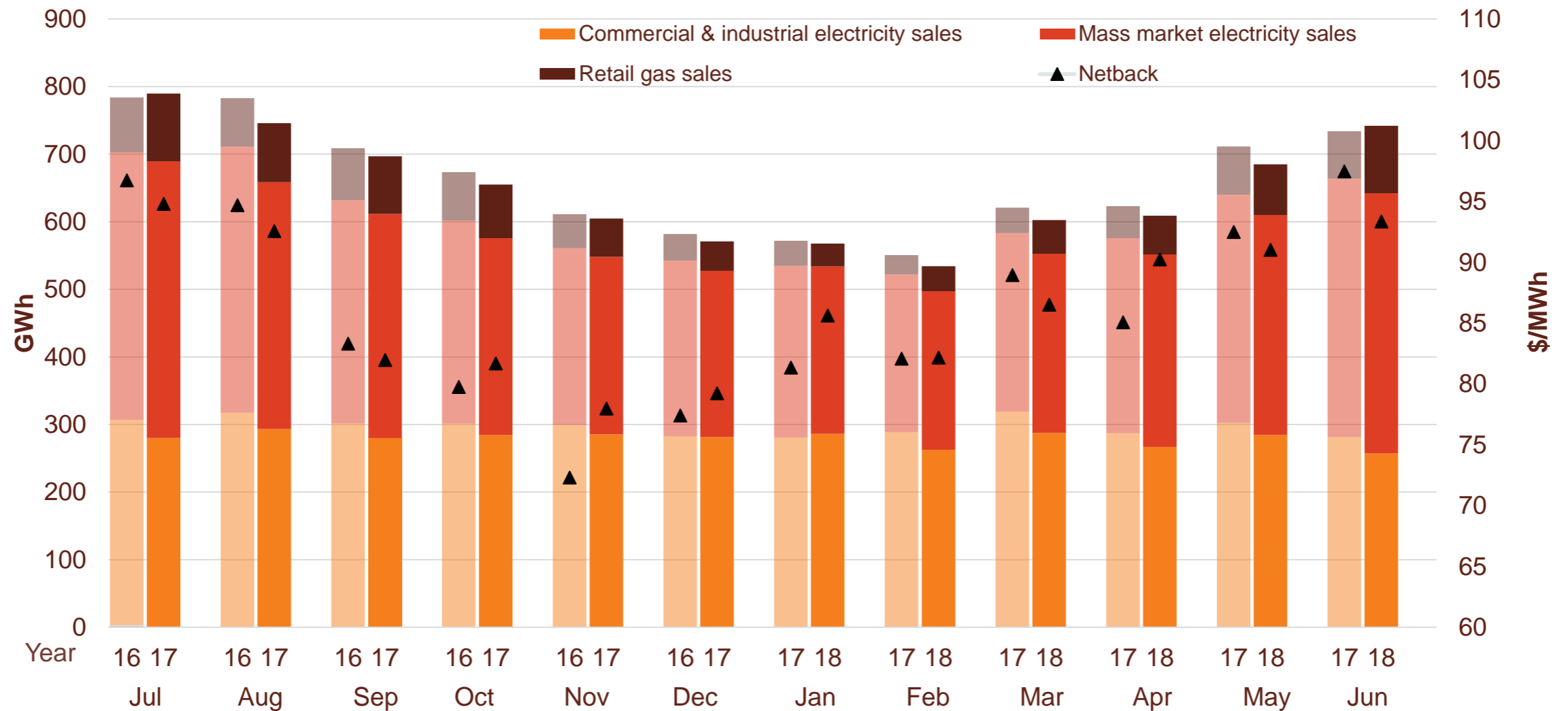
# Contact's Generation business performance

Generation mix and cost of energy (FY17 and 18)



# Contact's Customer business performance

Retail sales volumes and netback (FY17 and 18)



# Contact's operational performance

		Measure	The month ended June 18	The month ended June 17	The month ended May 18	Twelve months ended June 18	Twelve months ended June 17
Customer	Mass market electricity sales	GWh	385	382	325	3,648	3,702
	Commercial & industrial electricity sales	GWh	257	281	285	3,349	3,564
	Retail gas sales	GWh	100	70	75	806	685
	<b>Total electricity and gas sales</b>	<b>GWh</b>	<b>742</b>	<b>734</b>	<b>685</b>	<b>7,803</b>	<b>7,950</b>
	Average electricity sales price	\$/MWh	203.18	201.57	193.58	189.78	186.85
	Electricity direct pass thru costs	\$/MWh	(87.03)	(83.89)	(83.46)	(83.85)	(81.21)
	Electricity and gas cost to serve	\$/MWh	(11.70)	(13.77)	(11.52)	(12.40)	(13.74)
	Netback	\$/MWh	93.51	97.46	91.02	86.91	86.64
	Actual electricity line losses	%	5%	5%	8%	6%	5%
	Retail gas sales	PJ	0.4	0.3	0.3	2.8	2.4
	LPG sales	tonnes	7,868	7,622	6,783	72,845	72,700
	Electricity customer numbers	#	416,500	423,000	417,500		
	Gas customer numbers	#	65,000	64,000	65,000		
	LPG customer numbers (includes franchises)	#	88,500	80,000	87,500		
	Generation	Thermal generation	GWh	188	332	147	1,812
Geothermal generation		GWh	263	282	283	3,323	3,233
Hydro generation		GWh	316	163	380	3,479	3,562
<b>Spot market generation</b>		<b>GWh</b>	<b>767</b>	<b>777</b>	<b>810</b>	<b>8,614</b>	<b>8,537</b>
Spot electricity purchases		GWh	676	699	663	7,416	7,683
CfD sales		GWh	6	44	88	599	714
Steam sales		GWh	20	10	39	584	602
Commercial & industrial electricity sales		GWh	1	1	4	90	92
GWAP		\$/MWh	98.78	110.19	58.12	84.64	53.93
LWAP		\$/MWh	(108.96)	(121.33)	(63.80)	(91.69)	(60.01)
LWAP/GWAP		%	110%	110%	110%	108%	111%
Gas used in internal generation		PJ	1.4	2.8	1.3	17.5	17.1
Gas storage net movement		PJ	(0.4)	(0.6)	0.4	(0.27)	(3.04)
Unit generation cost		\$/MWh	(34.40)	(43.46)	(28.68)	(33.12)	(32.85)
Cost of Energy		\$/MWh	(29.34)	(47.39)	(21.93)	(28.00)	(27.61)



# 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](mailto:investor.centre@contactenergy.co.nz)

 [contact.co.nz/aboutus/investor-centre](http://contact.co.nz/aboutus/investor-centre)

 +64 4 462 1323

 +64 21 072 8578

## Contact Energy

 [contact.co.nz](http://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)