

*Contact*<sup>TM</sup>

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# **Monthly Operating Report**

**January 2017**

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# January overview

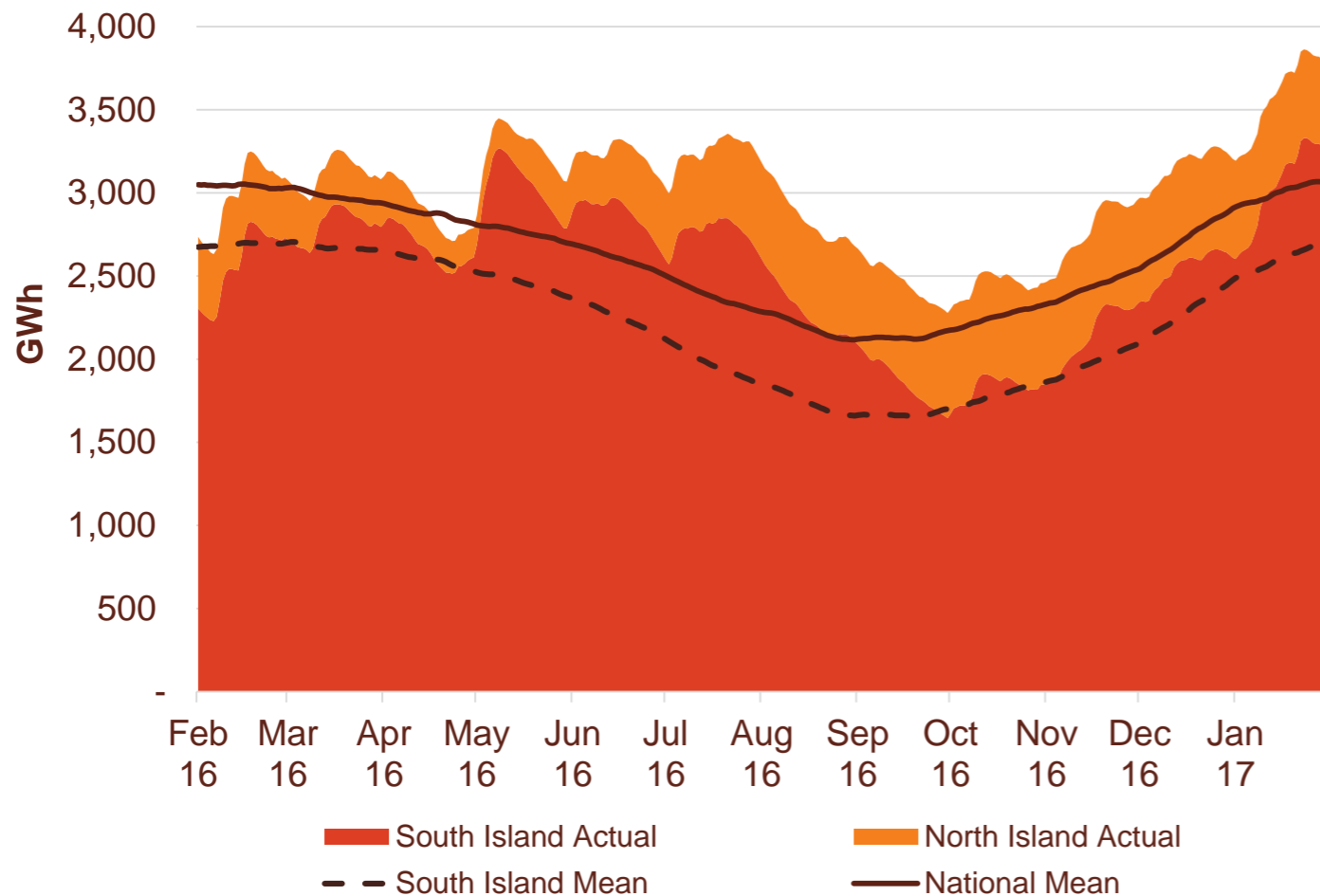
- » For the month of January 2017 Contact recorded:
  - Electricity and gas sales of 625 GWh (January 2016: 622 GWh)
  - Netback of \$80.87/MWh (January 2016: \$80.33/MWh)
  - Cost of energy was \$24.31/MWh (January 2016: \$30.29/MWh) on higher hydro generation volumes
  
- » Otahuhu futures settlement wholesale price for the 1st quarter of 2017 (ASX):
  - As at 9 February 2017: \$55/MWh
  - As at 31 January 2017: \$54/MWh
  - As at 31 December 2016 : \$60/MWh
  
- » As at the 10th of February 2017, South Island storage was 121% of mean (31 January 2016: 120%) and North Island storage was 136% of mean (31 January 2016: 138%)



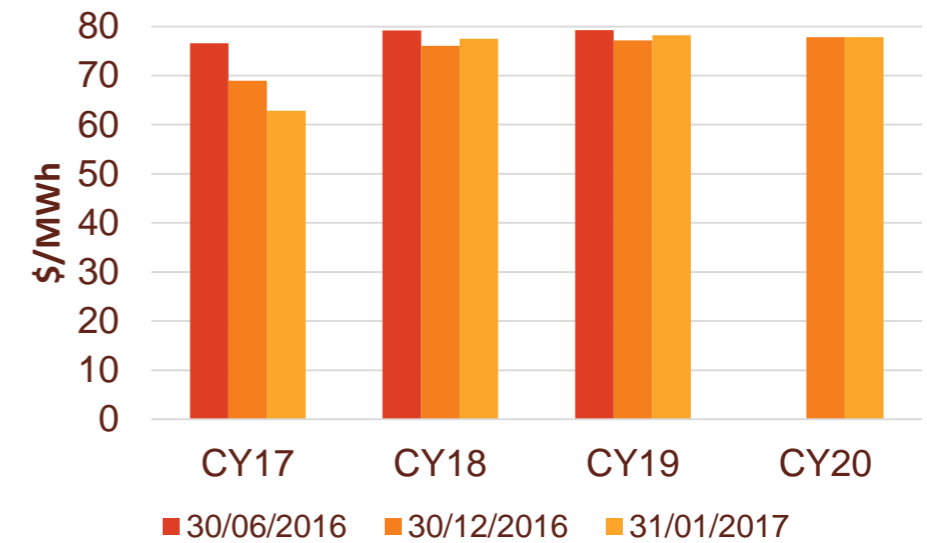
- » Hydro generation for the month of January 2017 totalled 355 GWh, up 103 GWh on January 2016

# Hydro storage and forward prices

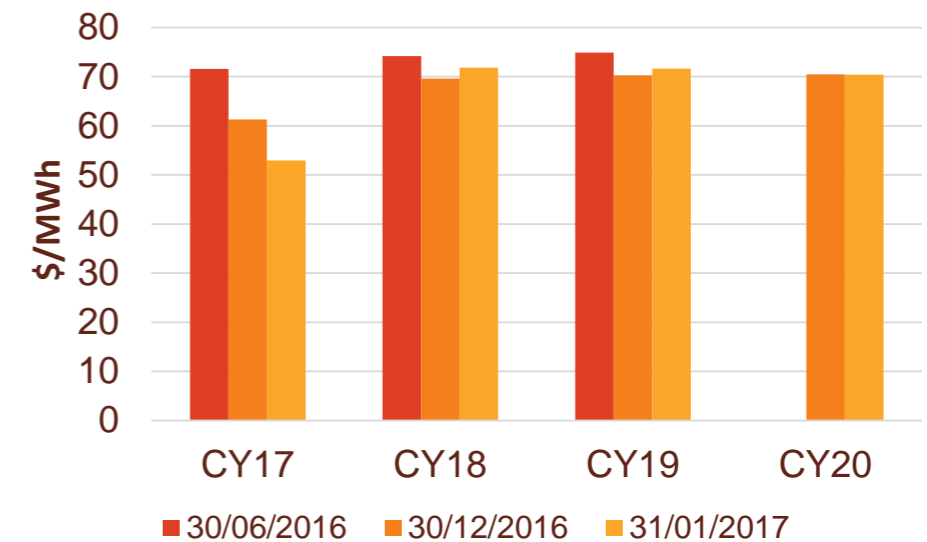
New Zealand hydro storage against mean



Otahuhu ASX futures settlement

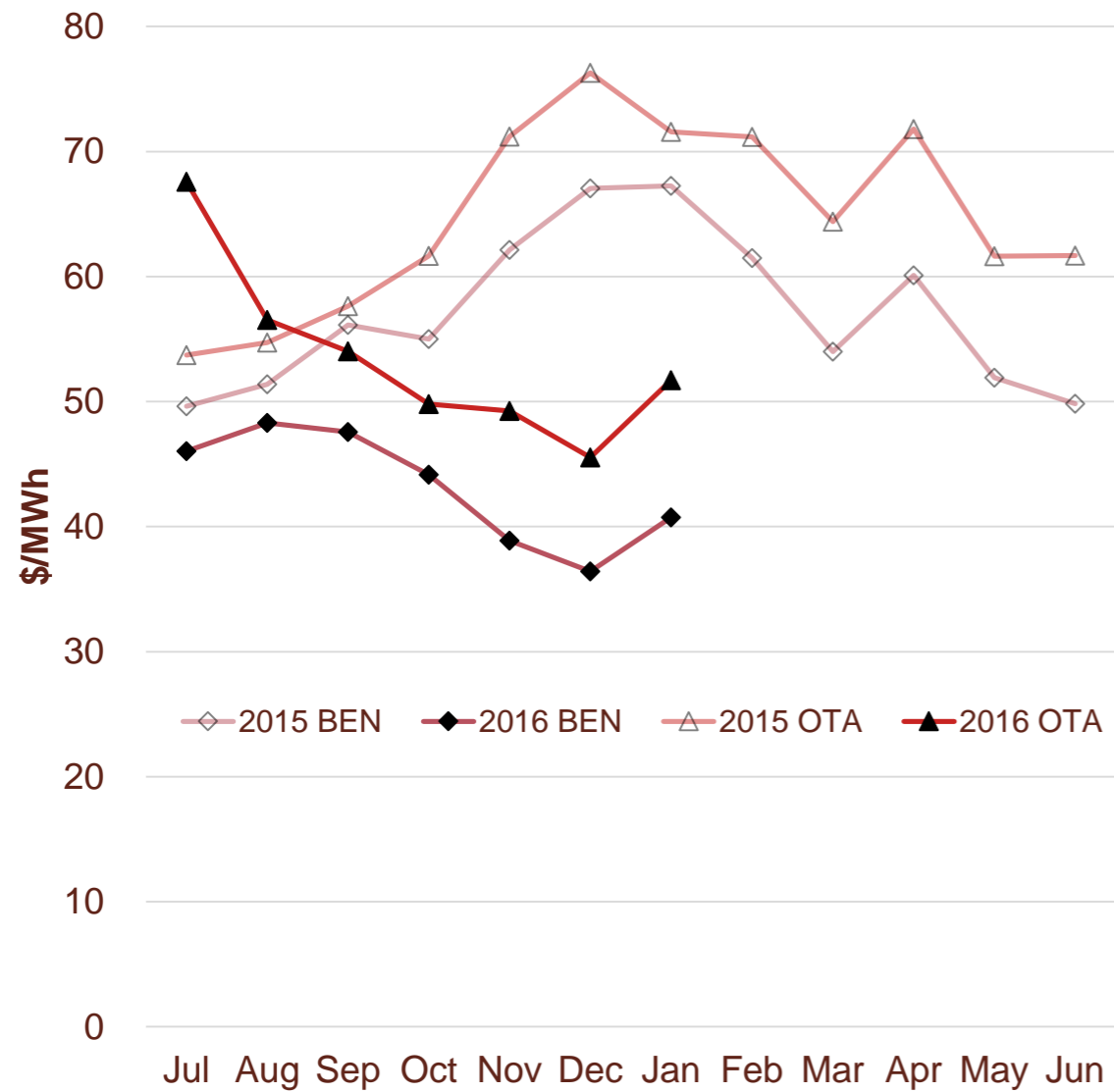


Benmore ASX futures settlement

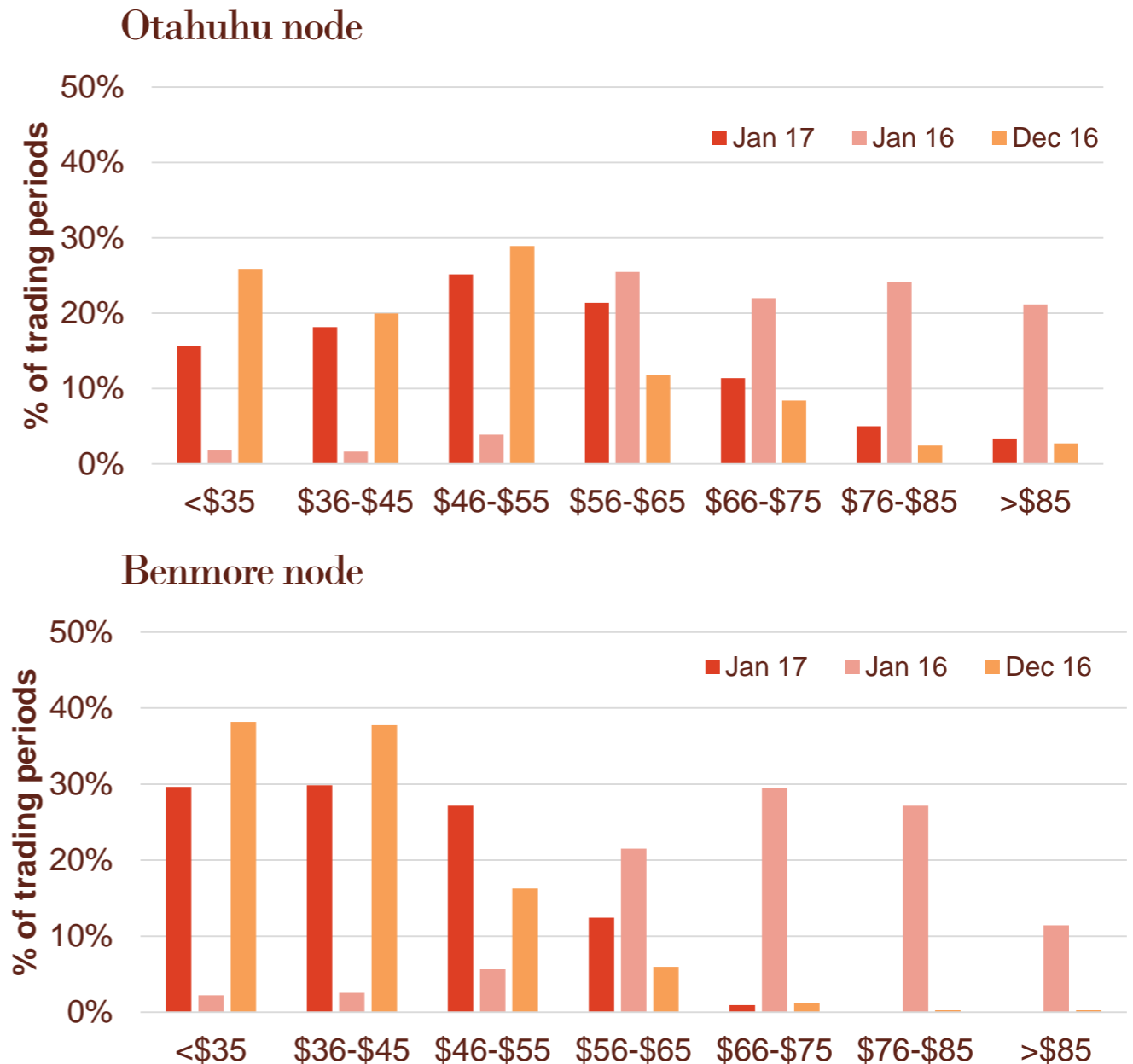


# Wholesale market

## Wholesale electricity pricing



## Distribution of wholesale market price by trading periods

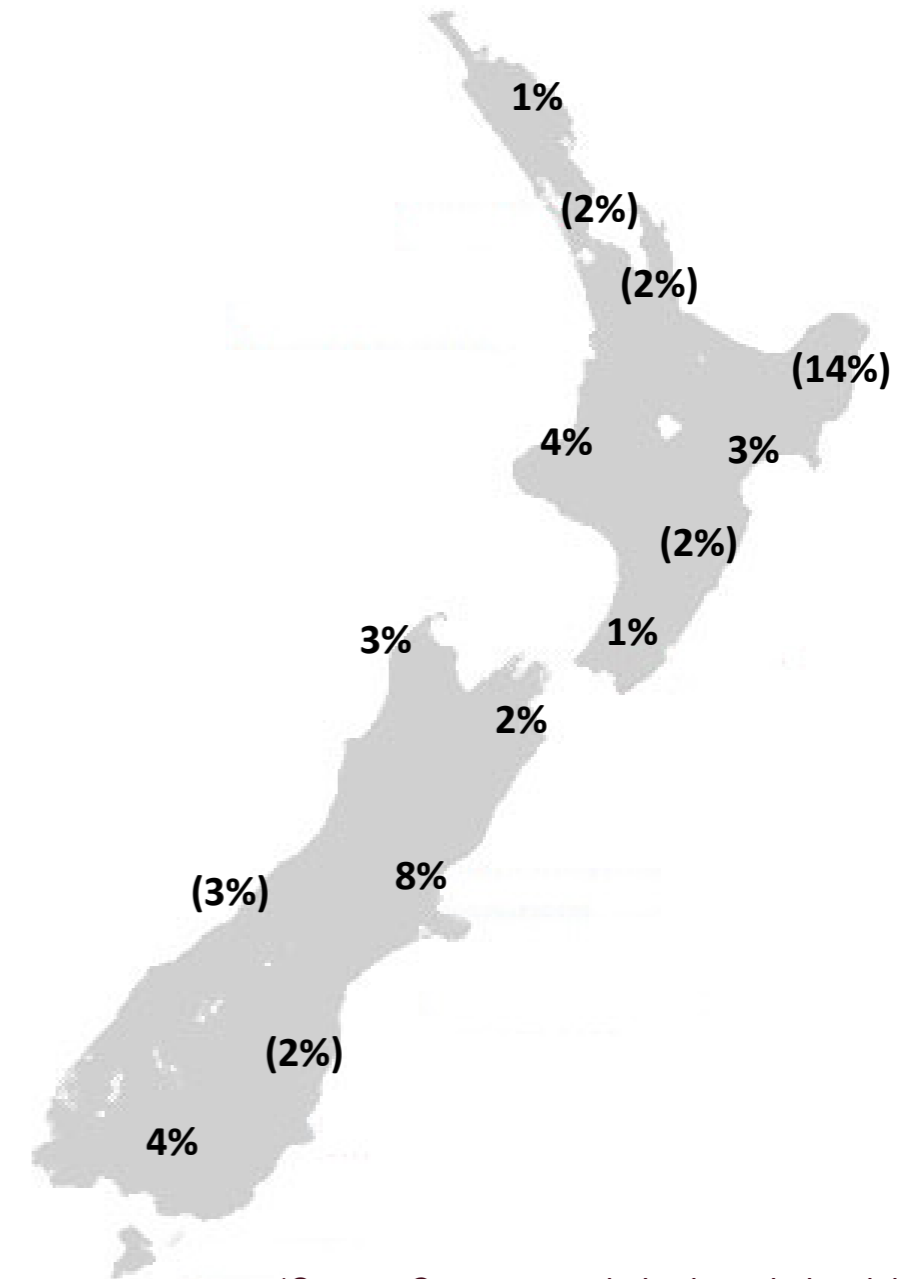
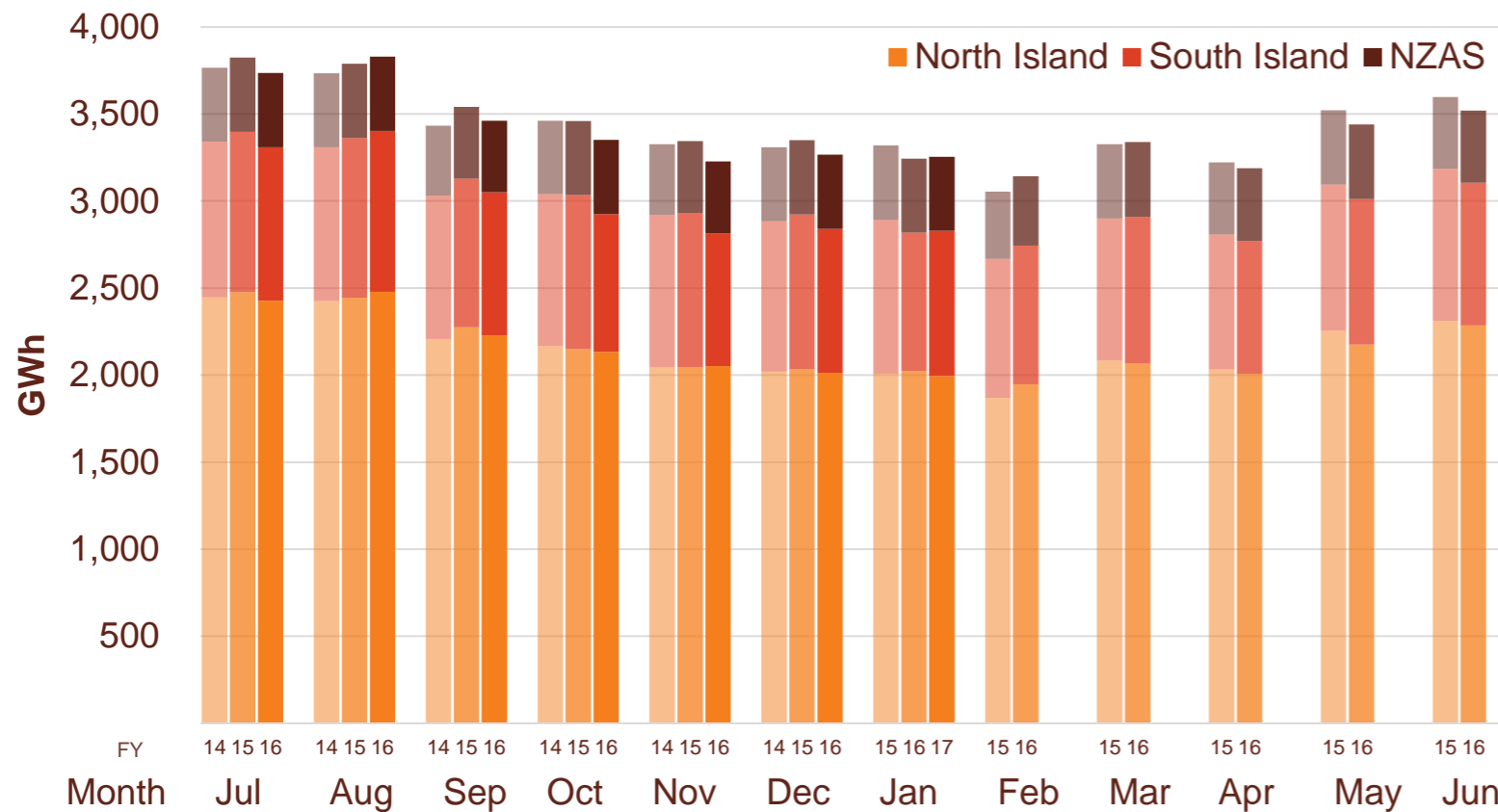


# Electricity demand

- » New Zealand electricity demand was up 0.3% on January 2016 (down 1.9% on January 2015).
- Cumulative 12 months demand for February 2016 to January 2017 of 40,755 GWh is 1.2% lower than the prior comparative period.

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

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

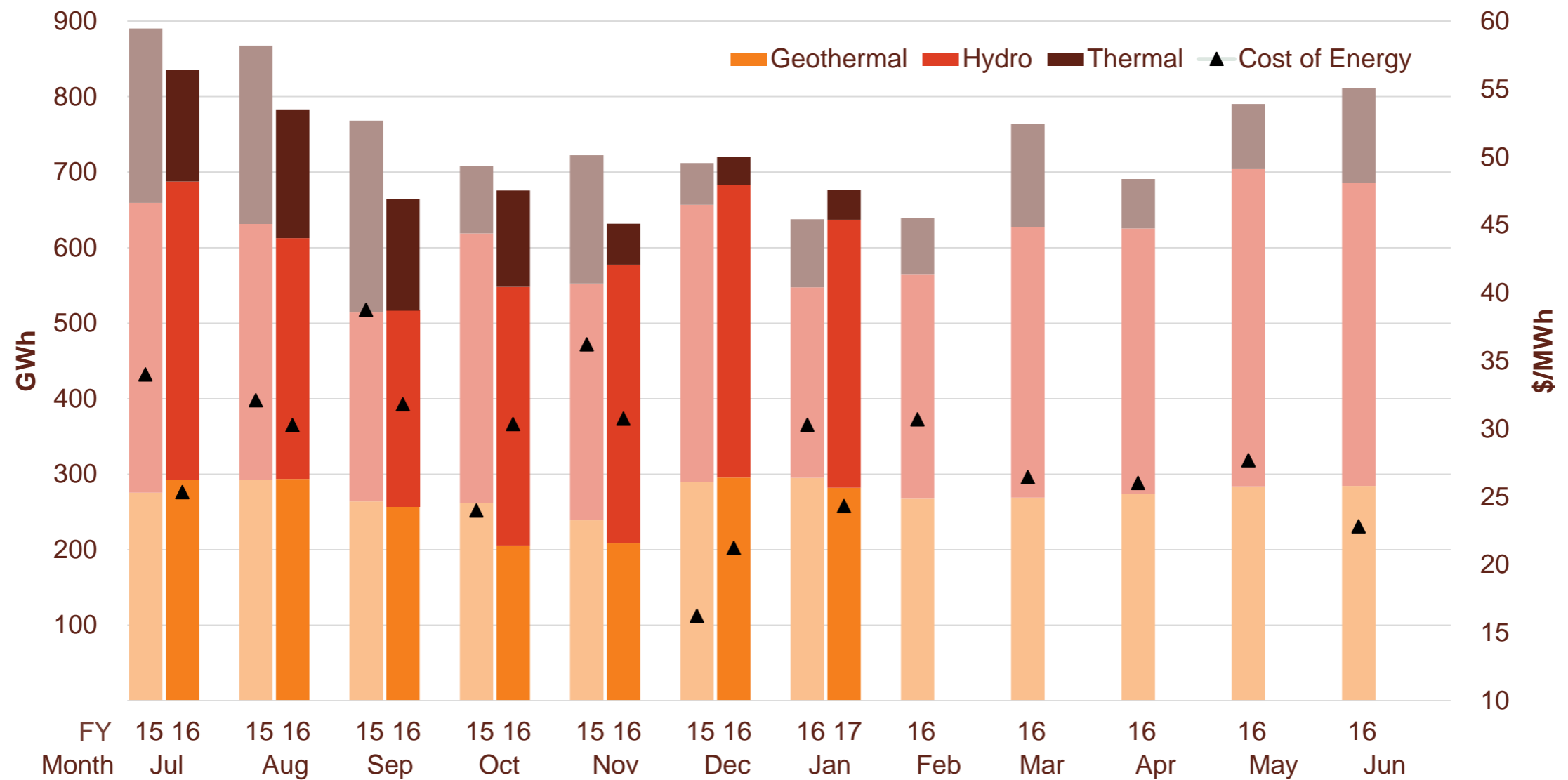


Source: Contact and Electricity Authority grid demand (reconciled) <http://www.emi.ea.govt.nz>

\*Source: Contact – excludes large industrial

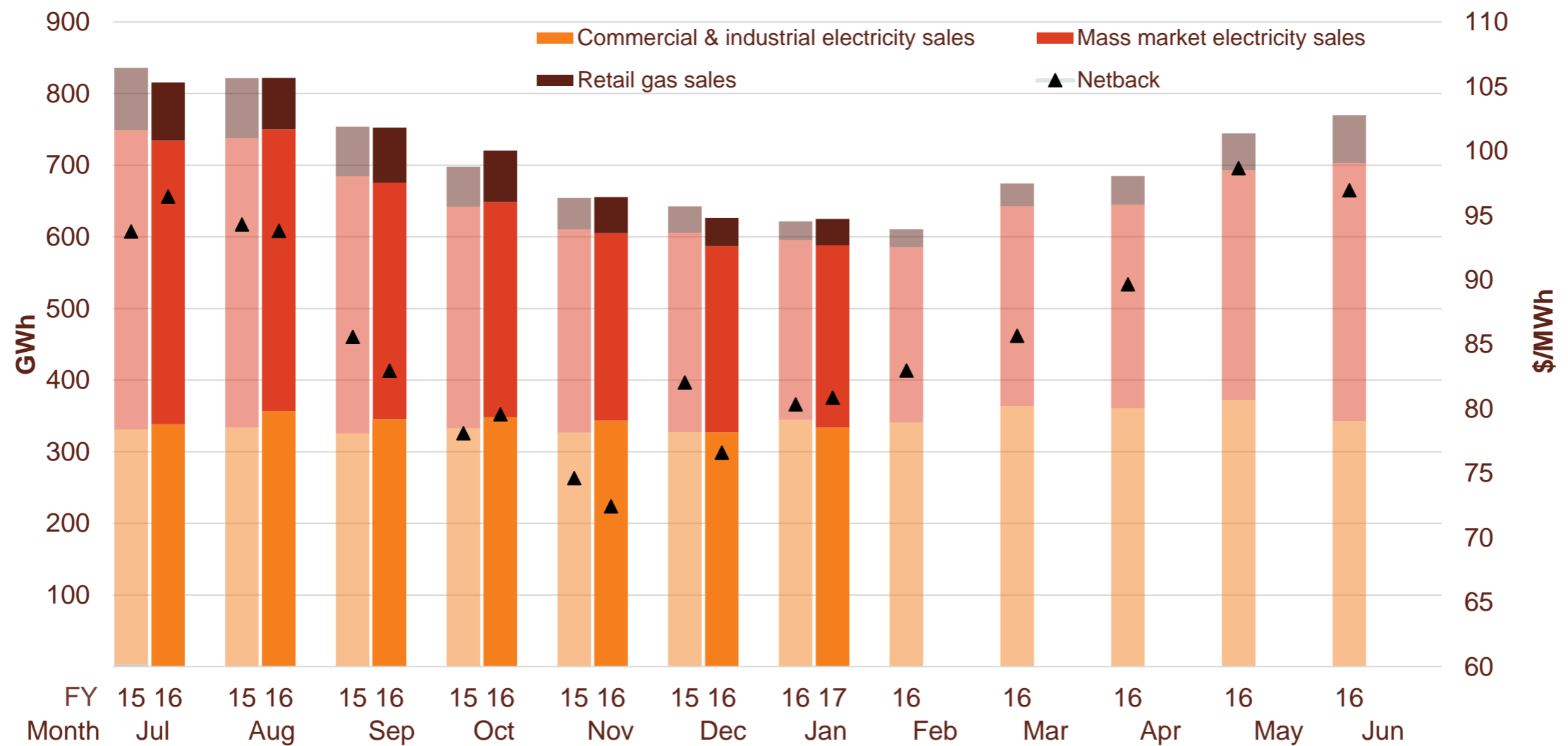
# Contact's generation performance

## 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

	Measure	The month ended January 2017	The month ended January 2016	The month ended December 2016	Seven months ended January 2017	Seven months ended January 2016	
Customer	Mass market electricity sales	GWh	254	251	260	2,196	2,303
	Commercial & industrial electricity sales	GWh	334	344	327	2,393	2,318
	Retail gas sales	GWh	37	26	39	429	403
	Total electricity and gas sales	GWh	625	622	627	5,018	5,025
	Average electricity sales price	\$/MWh	171.33	170.33	171.65	178.39	179.90
	Electricity direct pass thru costs	\$/MWh	(74.65)	(74.42)	(76.48)	(76.06)	(76.69)
	Electricity and gas cost to serve	\$/MWh	(13.09)	(13.94)	(15.17)	(13.22)	(13.78)
	Netback	\$/MWh	80.87	80.33	76.59	84.01	84.79
	Actual electricity line losses	%	6%	4%	5%	5%	5%
	Retail gas sales	PJ	0.1	0.1	0.1	1.4	1.4
	LPG sales	tonnes	4,676	4,269	5,363	42,788	41,648
	Electricity customer numbers <sup>1</sup>	#	420,500	420,500	421,000		
	Gas customer numbers <sup>1</sup>	#	62,500	60,500	62,500		
	LPG customer numbers (includes franchises)	#	76,900	72,969	76,380		
Generation	Thermal generation	GWh	39	90	37	724	1,126
	Geothermal generation	GWh	282	295	295	1,834	1,918
	Hydro generation	GWh	355	252	388	2,428	2,262
	Spot market generation	GWh	676	638	720	4,987	5,306
	Spot electricity purchases	GWh	615	609	610	4,771	4,794
	CfD sales	GWh	88	8	53	47	47
	Steam sales	GWh	55	59	55	404	436
	GWAP	\$/MWh	43	68	38	47	59
	LWAP	\$/MWh	(51)	(73)	(44)	(53)	(64)
	LWAP/GWAP	%	118%	108%	118%	113%	108%
	Gas used in internal generation	PJ	0.6	1.1	0.6	8.0	10.9
	Wholesale gas sales	PJ	-	0.0	-	-	0.1
	Gas storage net movement	PJ	0.1	0.0	0.3	(0.7)	(1.9)
	Unit generation cost	\$/MWh	(24.47)	(30.05)	(25.55)	(30.25)	(34.52)
	Cost of Energy <sup>2</sup>	\$/MWh	(24.31)	(30.29)	(21.24)	(27.90)	(30.58)

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

<sup>2</sup> Cost of Energy does not include Gas used to supply retail sales



# 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

*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

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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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