

*Contact*TM

Monthly Operating Report

March 2017

March overview

- » For the month of March 2017 Contact recorded:
 - Electricity and gas sales of 673 GWh (March 2016: 674 GWh)
 - Netback of \$87.41/MWh (March 2016: \$85.66/MWh)
 - Cost of energy was \$26.10/MWh (March 2016: \$26.44/MWh)

- » Otahuhu futures settlement wholesale price for the 2nd quarter of 2017 (ASX):
 - As at 18 April 2017: \$51/MWh
 - As at 31 March 2017: \$56/MWh
 - As at 28 February 2017: \$62/MWh

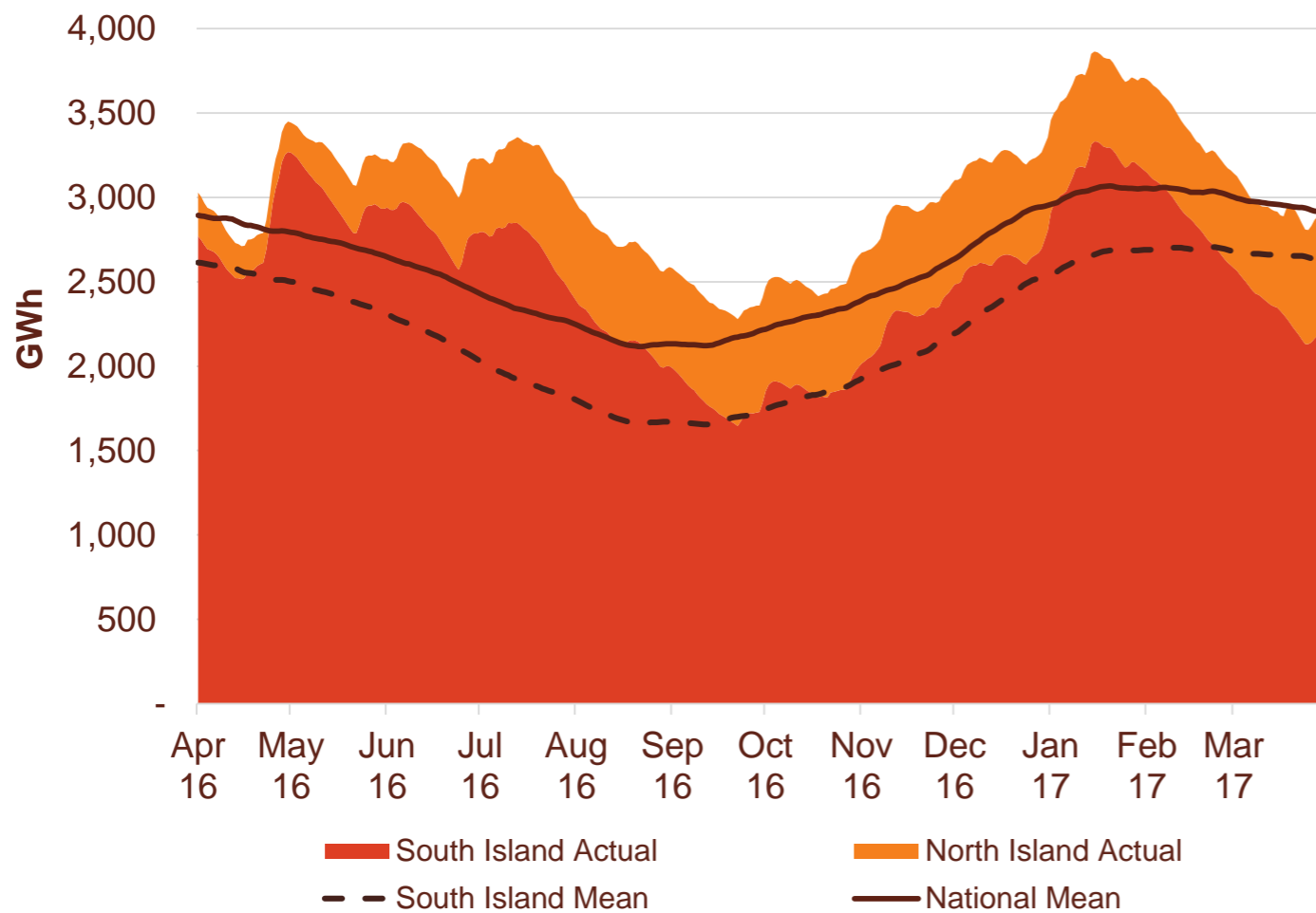
- » As at the 19th of April 2017, South Island storage was 83% of mean (31 March 2016: 89%) and North Island storage was 248% of mean (31 March 2017: 188%)



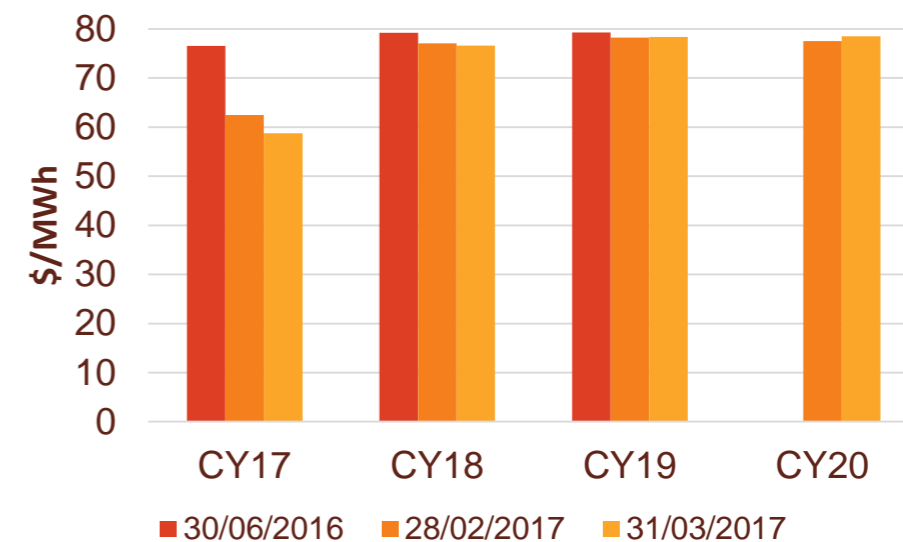
- » Hydro generation volumes for the month of March of 255 GWh, were 104 GWh lower than March 2016. Thermal generation of 197 GWh in the month was the highest since September 2015.

Hydro storage and forward prices

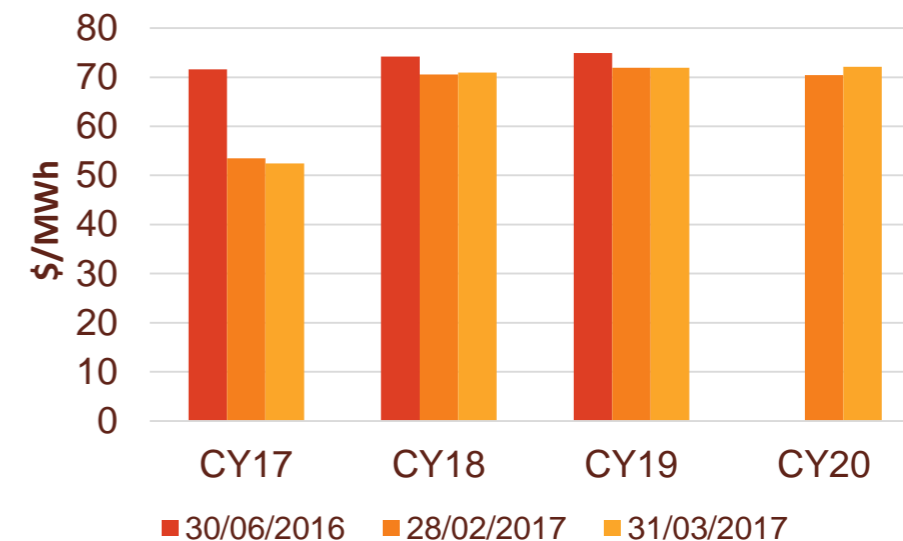
New Zealand hydro storage against mean



Otahuhu ASX futures settlement

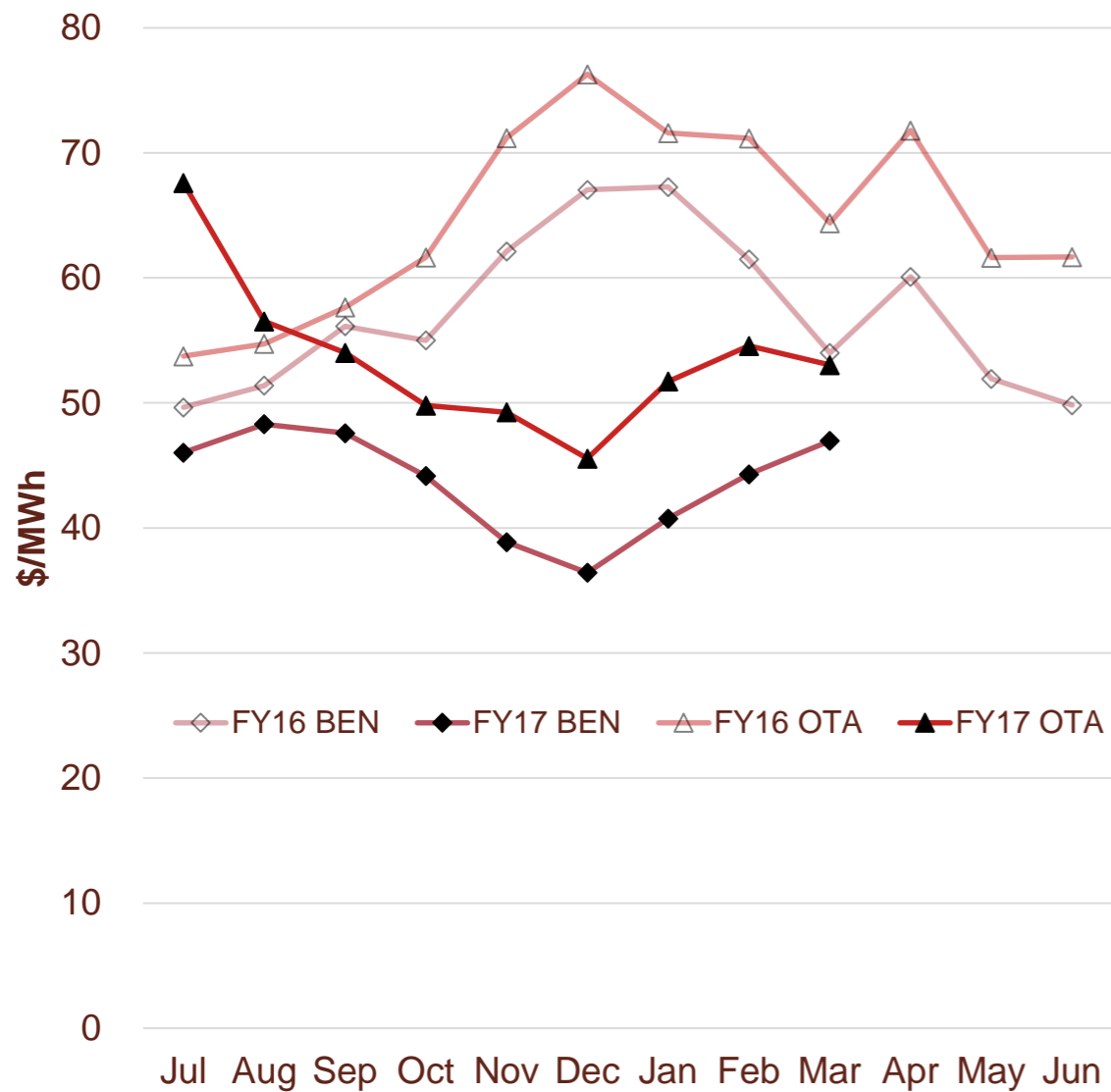


Benmore ASX futures settlement



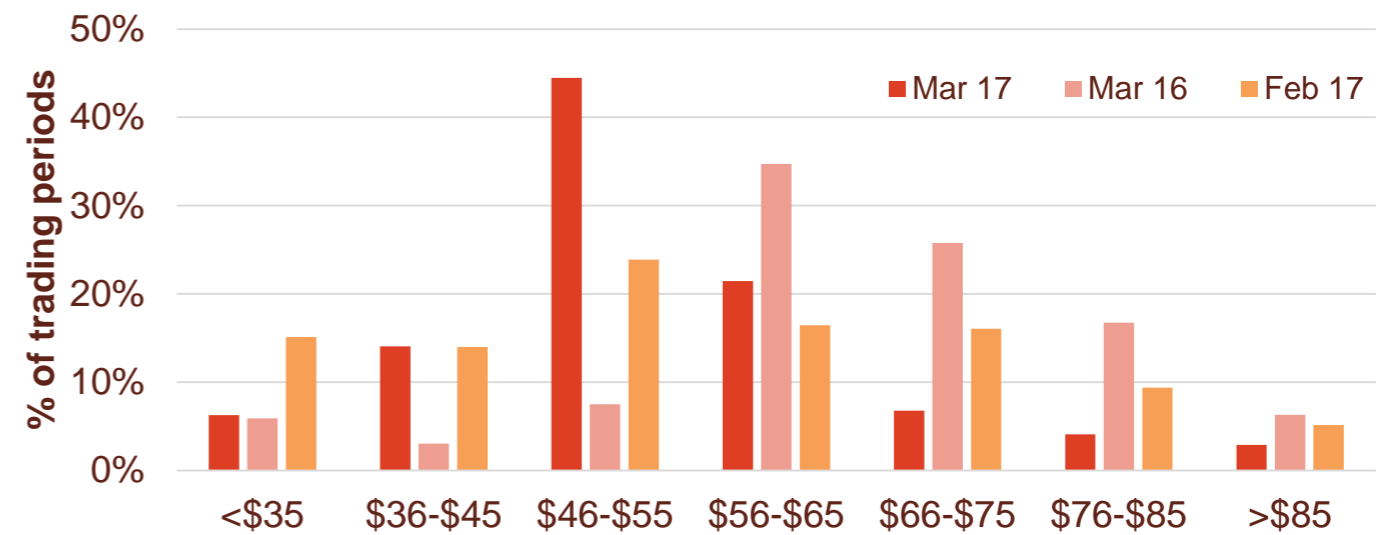
Wholesale market

Wholesale electricity pricing

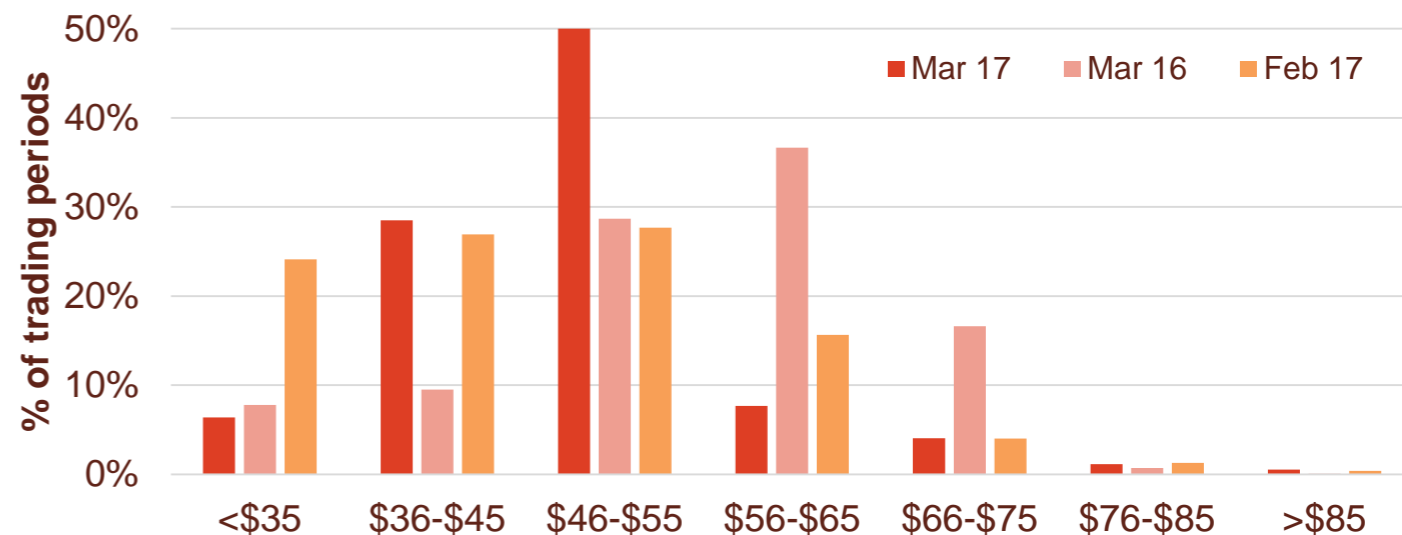


Distribution of wholesale market price by trading periods

Otahuhu node



Benmore node

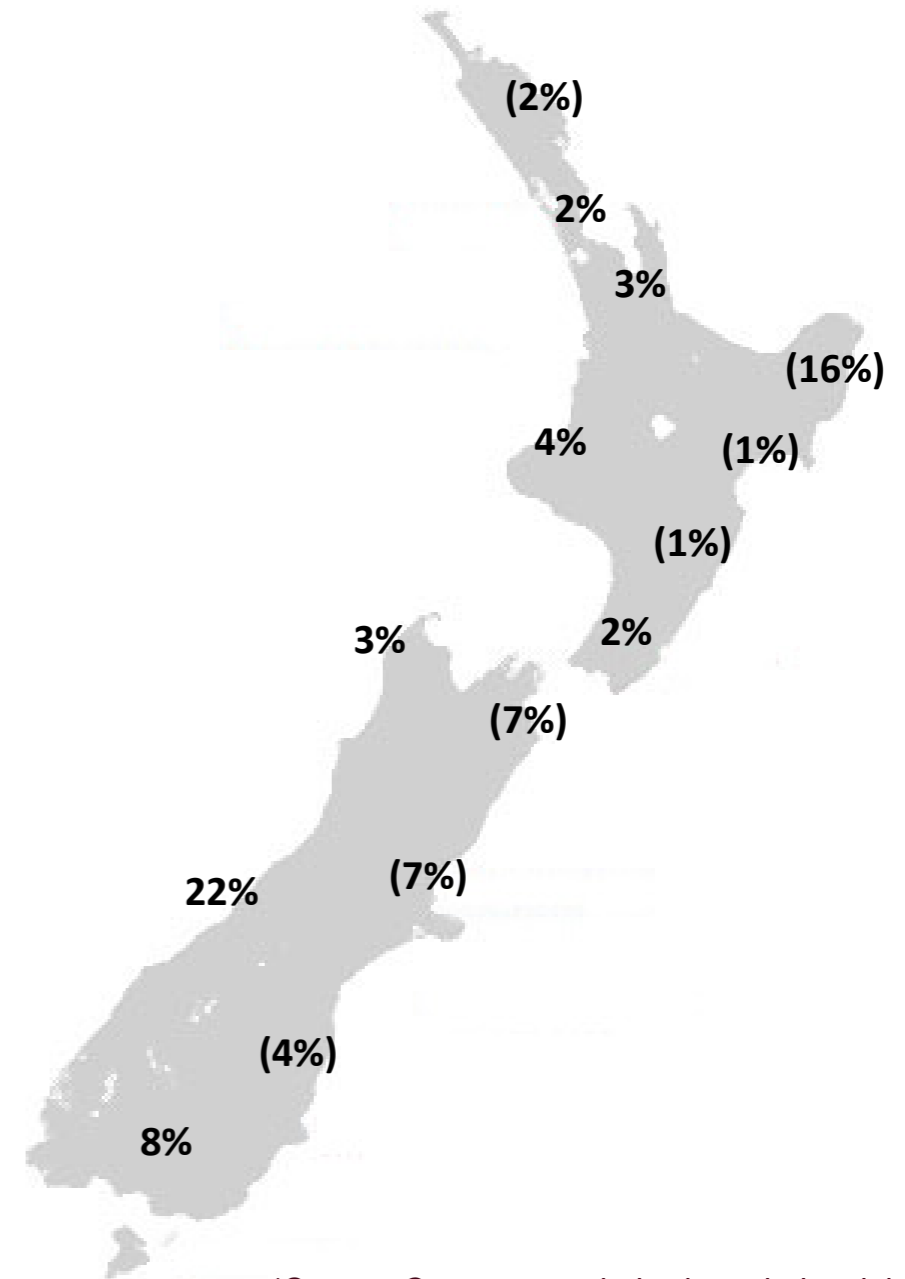
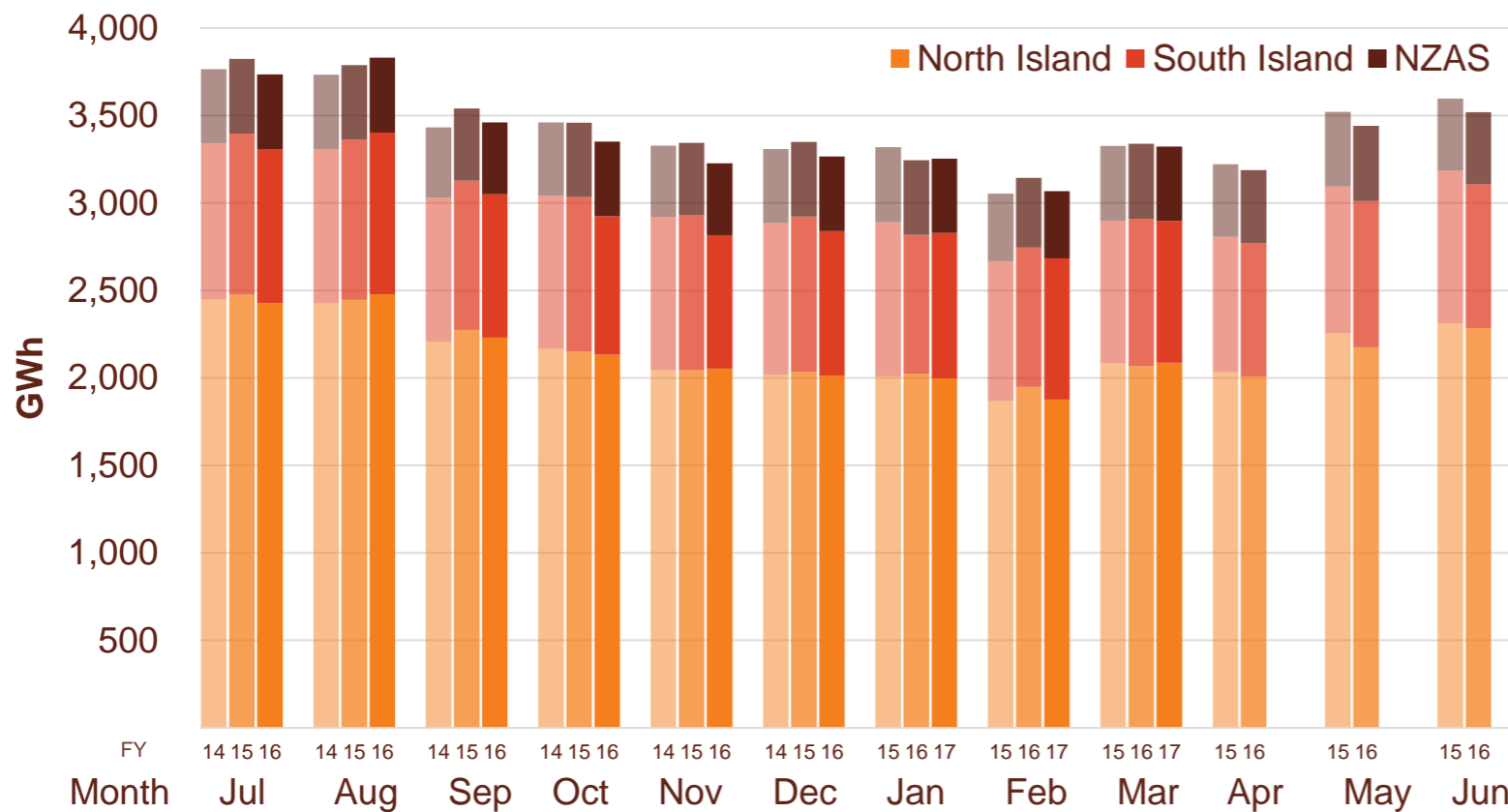


Electricity demand

- » New Zealand electricity demand was down 0.5% on March 2016 (down 0.1% on March 2015).
- » Cumulative 12 months demand for April 2016 to March 2017 of 40,663 GWh is 1.7% lower than the prior comparative period.

Regional demand change (%) on March 2016*

Total national demand (FY15, 16 and 17)

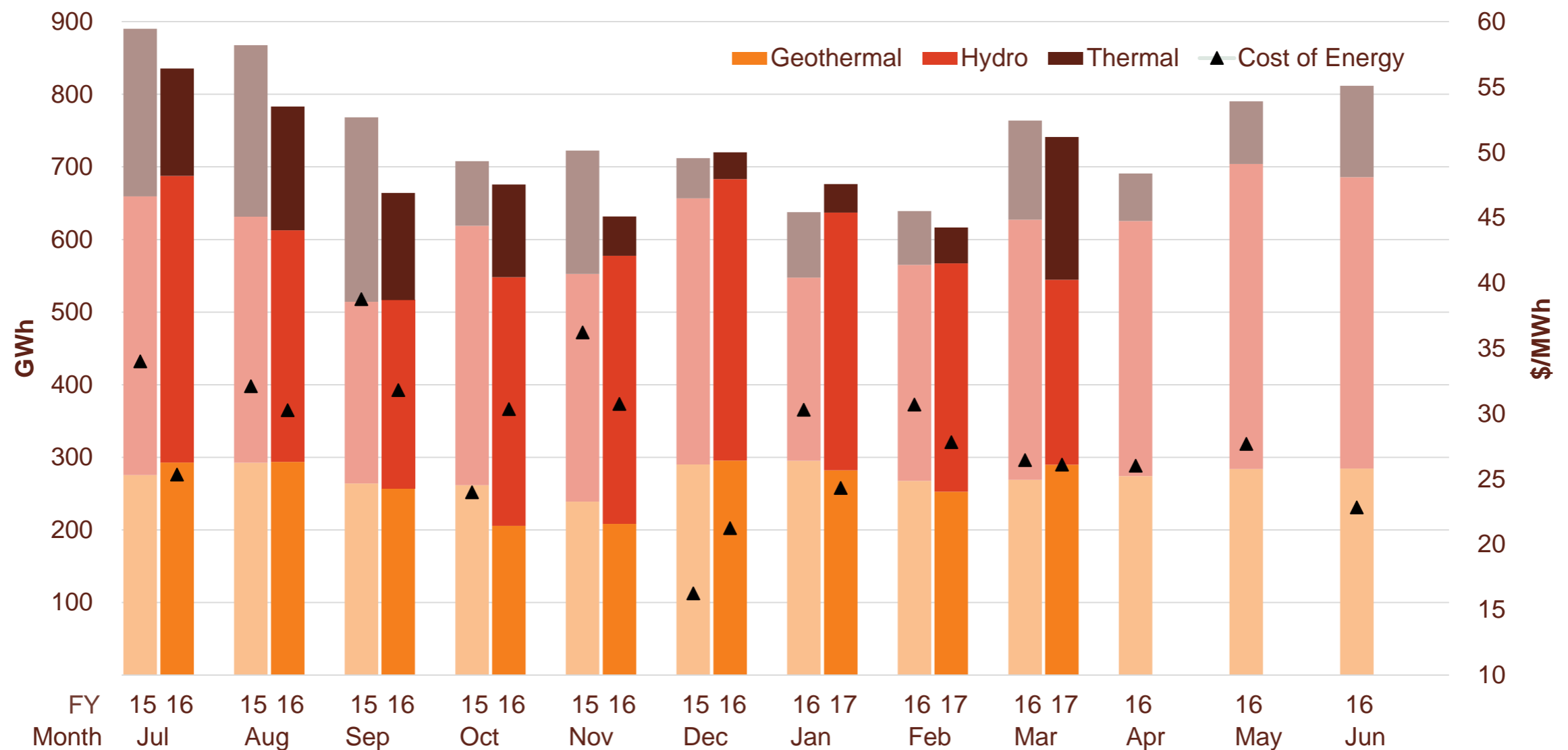


Source: Contact and Electricity Authority grid demand (reconciled) <http://www.emi.ea.govt.nz>

*Source: Contact – excludes large industrial

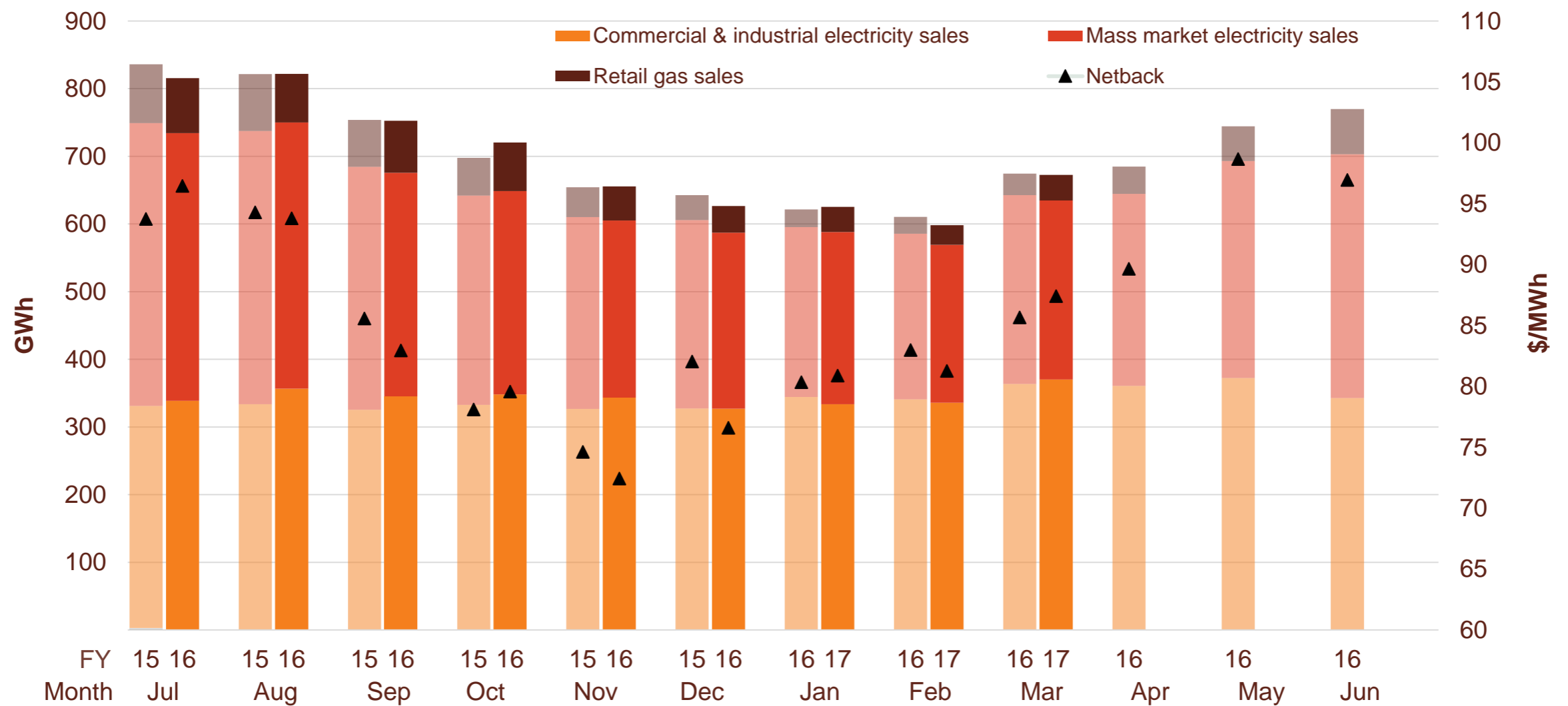
Contact's generation performance

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 March 2017	The month ended March 2016	The month ended February 2017	Nine months ended March 2017	Nine months ended March 2016	
Customer	Mass market electricity sales	GWh	265	279	233	2,694	2,827
	Commercial & industrial electricity sales	GWh	370	364	336	3,099	3,023
	Retail gas sales	GWh	38	32	29	496	460
	Total electricity and gas sales	GWh	673	674	598	6,289	6,310
	Average electricity sales price	\$/MWh	174.45	174.94	171.77	177.30	178.45
	Electricity direct pass through costs	\$/MWh	(70.58)	(72.84)	(74.70)	(75.33)	(75.84)
	Electricity and gas cost to serve	\$/MWh	(13.70)	(14.44)	(13.62)	(13.31)	(13.85)
	Netback	\$/MWh	87.41	85.66	81.27	84.12	84.70
	Electricity line losses	%	6%	3%	5%	5%	5%
	Retail gas sales	PJ	0.1	0.1	0.1	1.7	1.6
	LPG sales	tonnes	5,293	4,984	4,535	52,615	51,165
	Electricity customer numbers ¹	#	421,500	422,000	421,000		
	Gas customer numbers ¹	#	63,000	61,000	62,500		
	LPG customer numbers (includes franchises) ¹	#	77,500	73,500	77,000		
	Generation	Thermal generation	GWh	197	137	50	971
Geothermal generation		GWh	290	269	253	2,377	2,455
Hydro generation		GWh	255	358	314	2,997	2,918
Spot market generation		GWh	741	764	617	6,345	6,709
Spot electricity purchases		GWh	663	656	593	6,028	6,079
CfD sales / (purchases)		GWh	98	52	58	203	97
Steam sales		GWh	58	44	51	513	530
GWAP		\$/MWh	49.29	56.52	44.36	46.64	59.20
LWAP		\$/MWh	(53.06)	(62.73)	(52.78)	(52.61)	(64.29)
LWAP/GWAP		%	108%	111%	119%	113%	109%
Gas used in internal generation		PJ	1.7	1.3	0.6	10.3	13.2
Gas storage net movement ²		PJ	(0.6)	0.2	0.2	(1.1)	(1.6)
Unit generation cost		\$/MWh	(32.78)	(30.81)	(28.41)	(30.36)	(33.65)
Cost of energy		\$/MWh	(26.10)	(26.44)	(27.82)	(27.70)	(30.14)

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)