

Contact™

Monthly Operating Report

August 2017

August overview

- » For the month of August 2017 Contact recorded:
 - Electricity and gas sales of 802 GWh (August 2016: 822 GWh)
 - Netback of \$92.23/MWh (August 2016: \$93.80/MWh)
 - Cost of energy was \$35.99/MWh (August 2016: \$30.11/MWh) with hydro generation for the month of 270 GWh down 49 GWh, or 15% on August 2016

- » Otahuhu futures settlement wholesale price for the 3rd quarter of 2017 (ASX):
 - As at 12 September 2017: \$97/MWh
 - As at 31 August 2017: \$96/MWh
 - As at 31 July 2017: \$106/MWh

- » As at 12 September 2017, South Island storage was 81% of mean (31 August 2017: 81%) and North Island storage was 130% of mean (31 August 2017: 116%)
 - As at 12 September, total Clutha scheme storage was 56% of mean



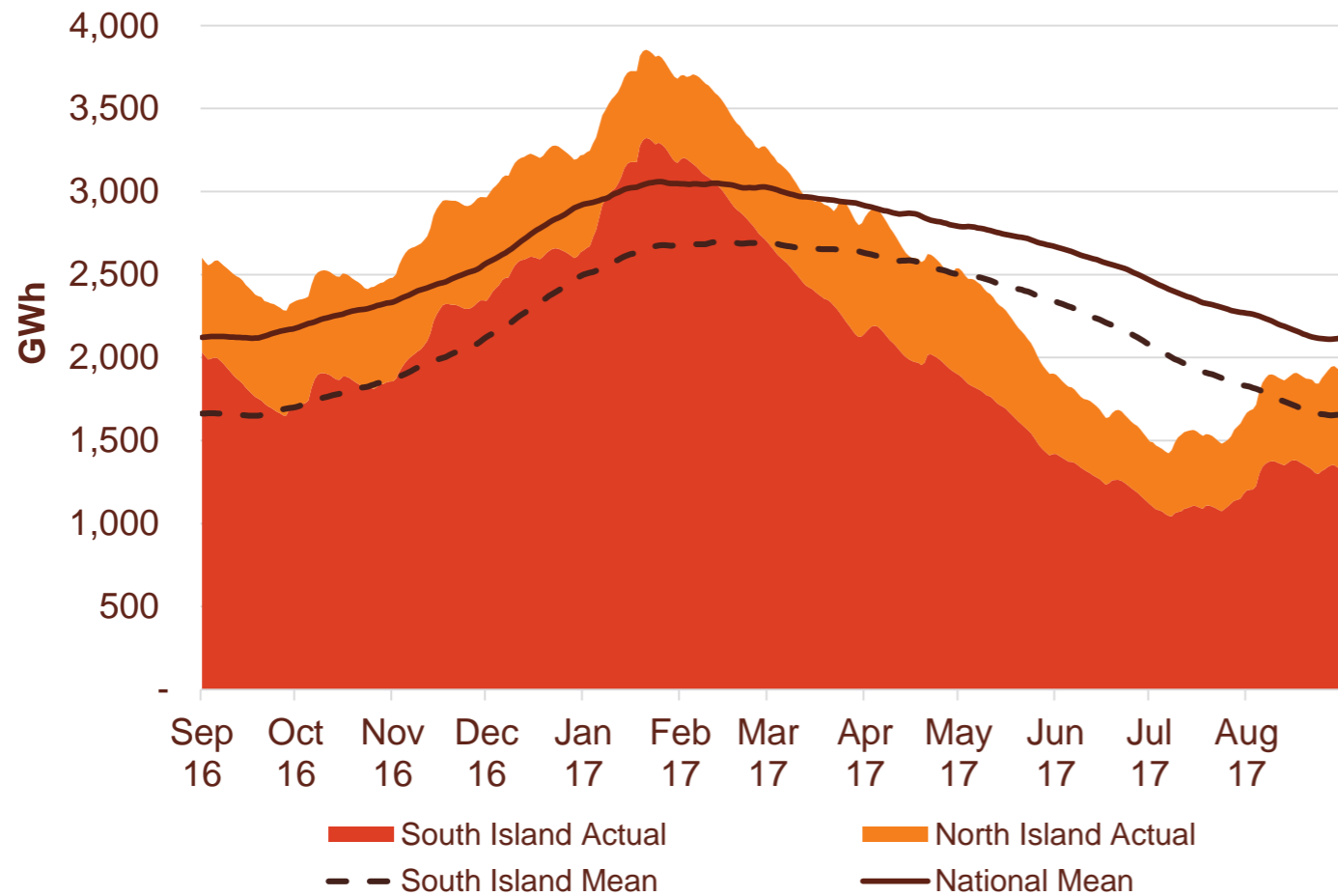
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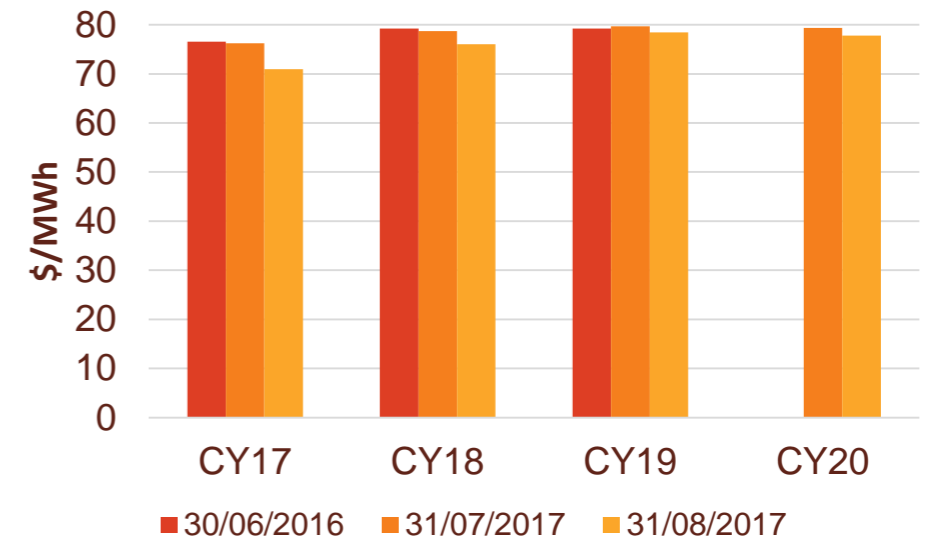
- » Contact released its annual report for the year ended 30 June 2017 during August. This is available for download from our website www.contact.co.nz/corporate/investor-centre

Hydro storage and forward prices

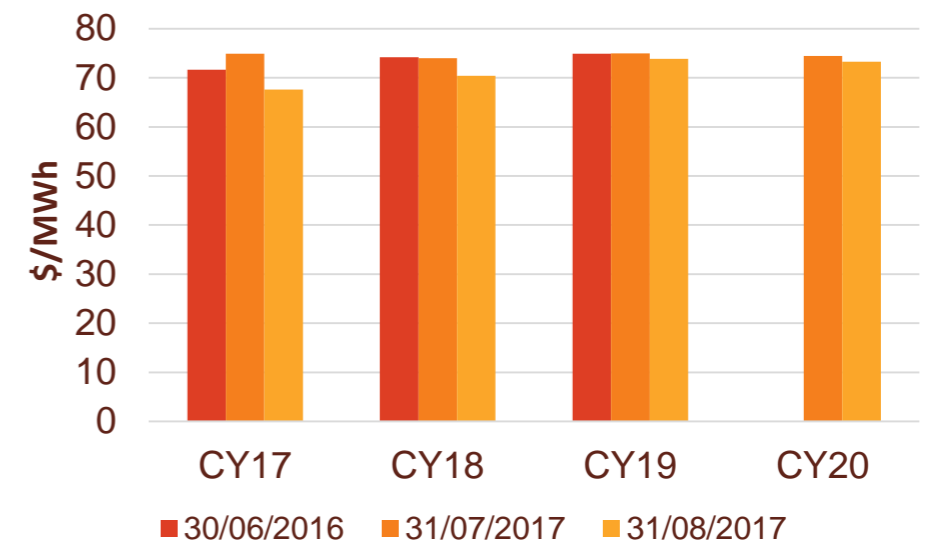
New Zealand controlled hydro storage against mean



Otahuhu ASX futures settlement



Benmore ASX futures settlement

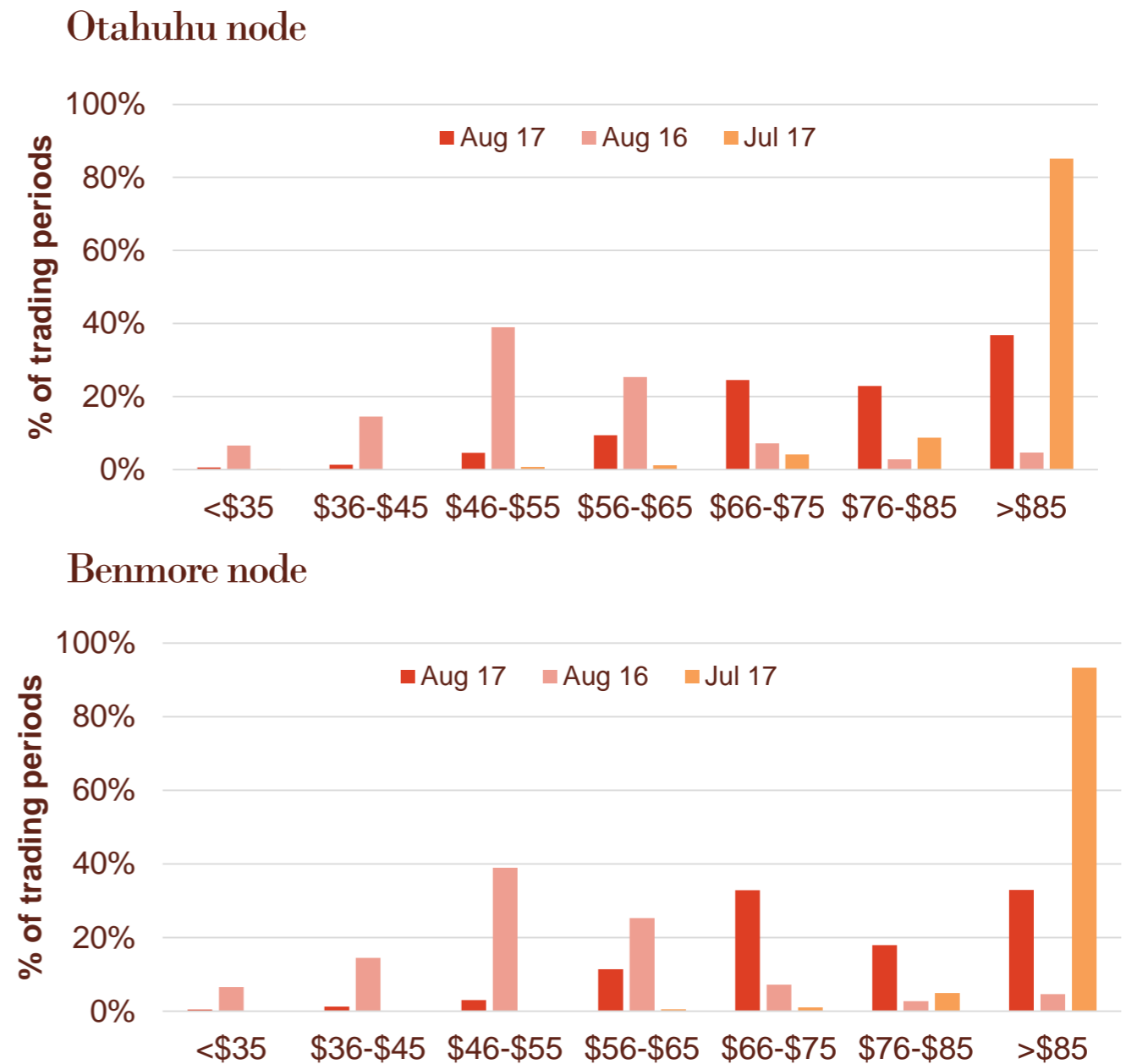


Wholesale market

Wholesale electricity pricing



Distribution of wholesale market price by trading periods

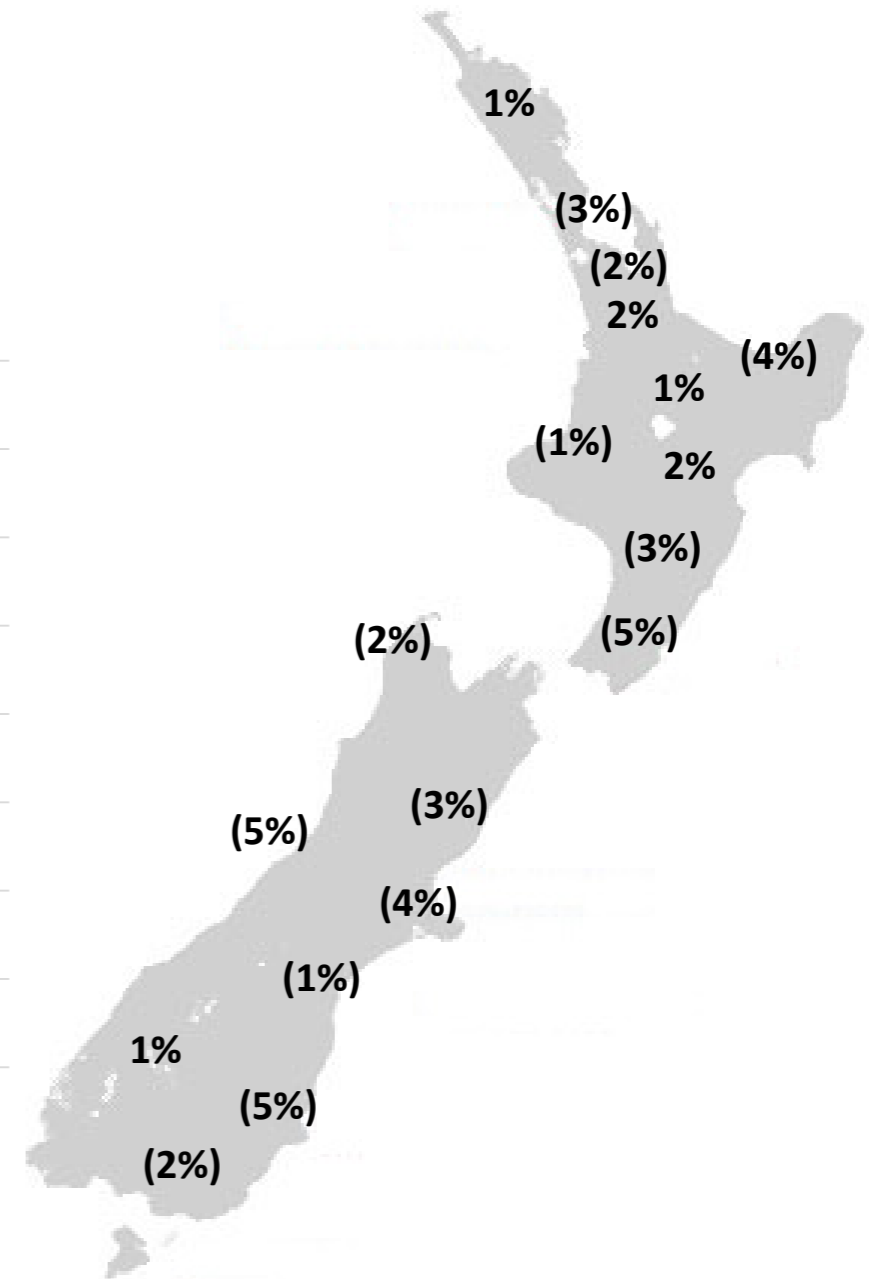
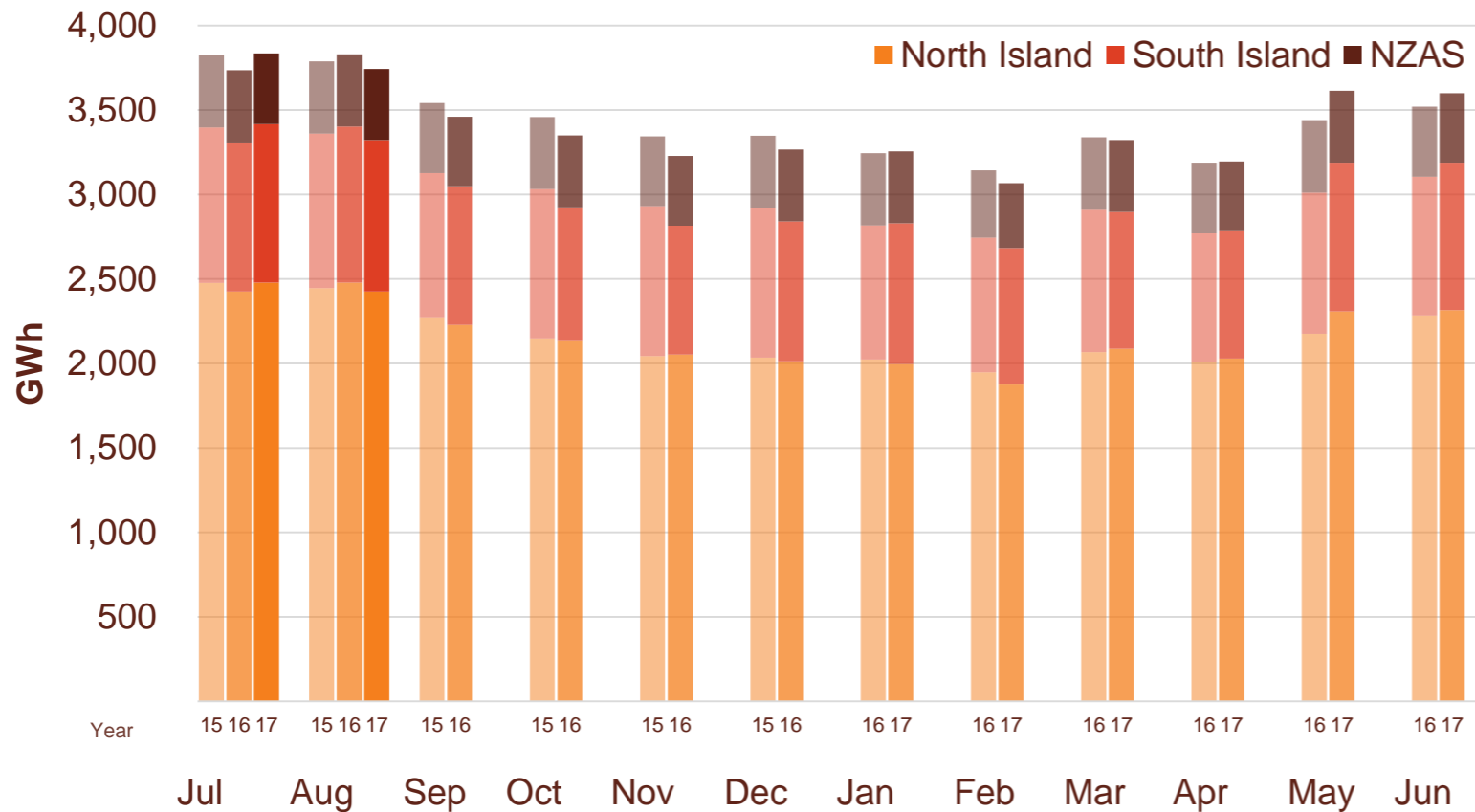


Electricity demand

- » New Zealand electricity demand was down 2.3% on August 2016 (down 1.2% on August 2015).
- » Cumulative 12 months demand for September 2016 to August 2017 of 40,939 GWh is 0.5% lower than the prior comparative period.

Regional demand change (%) on August 2016

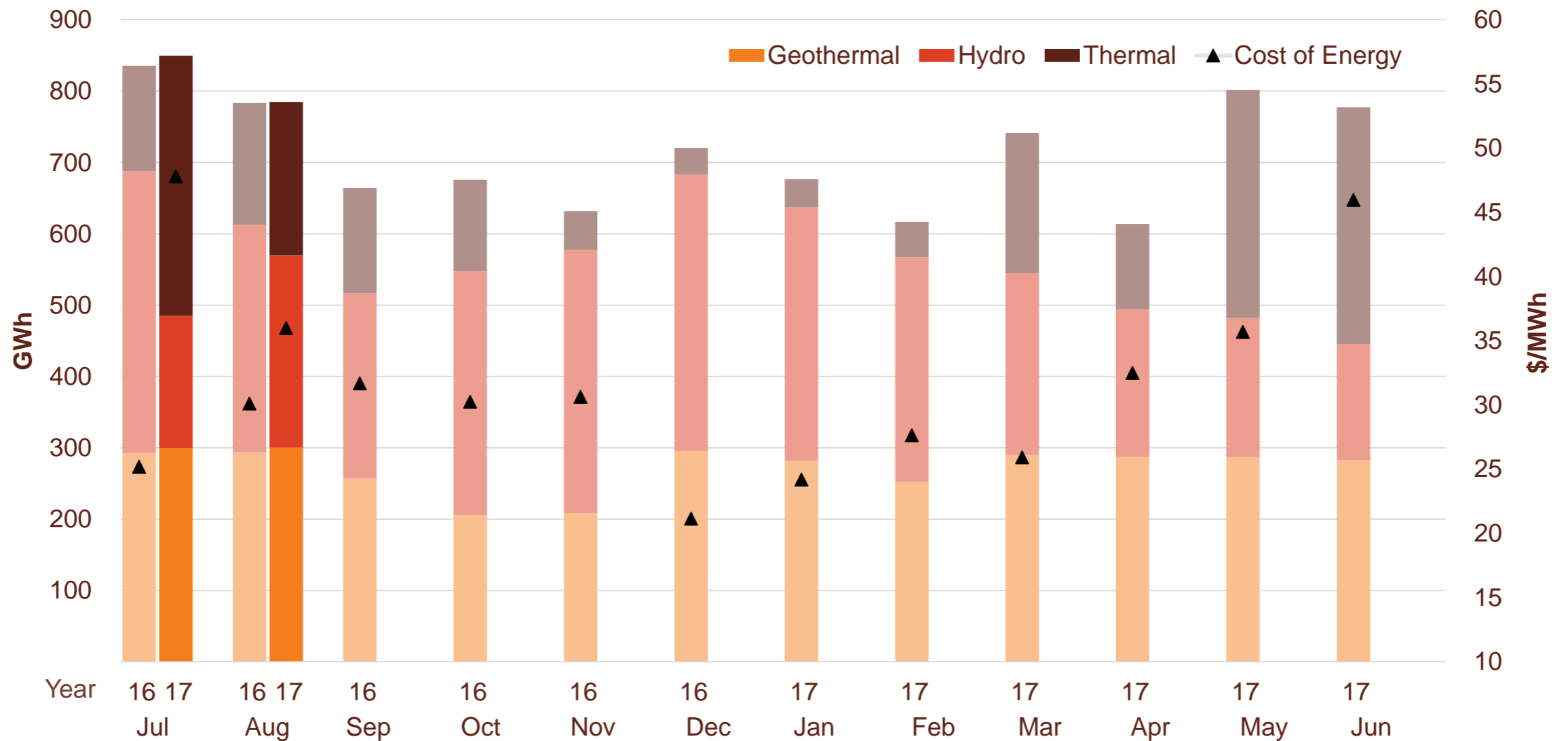
Total national demand (FY16, 17 and 18)



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

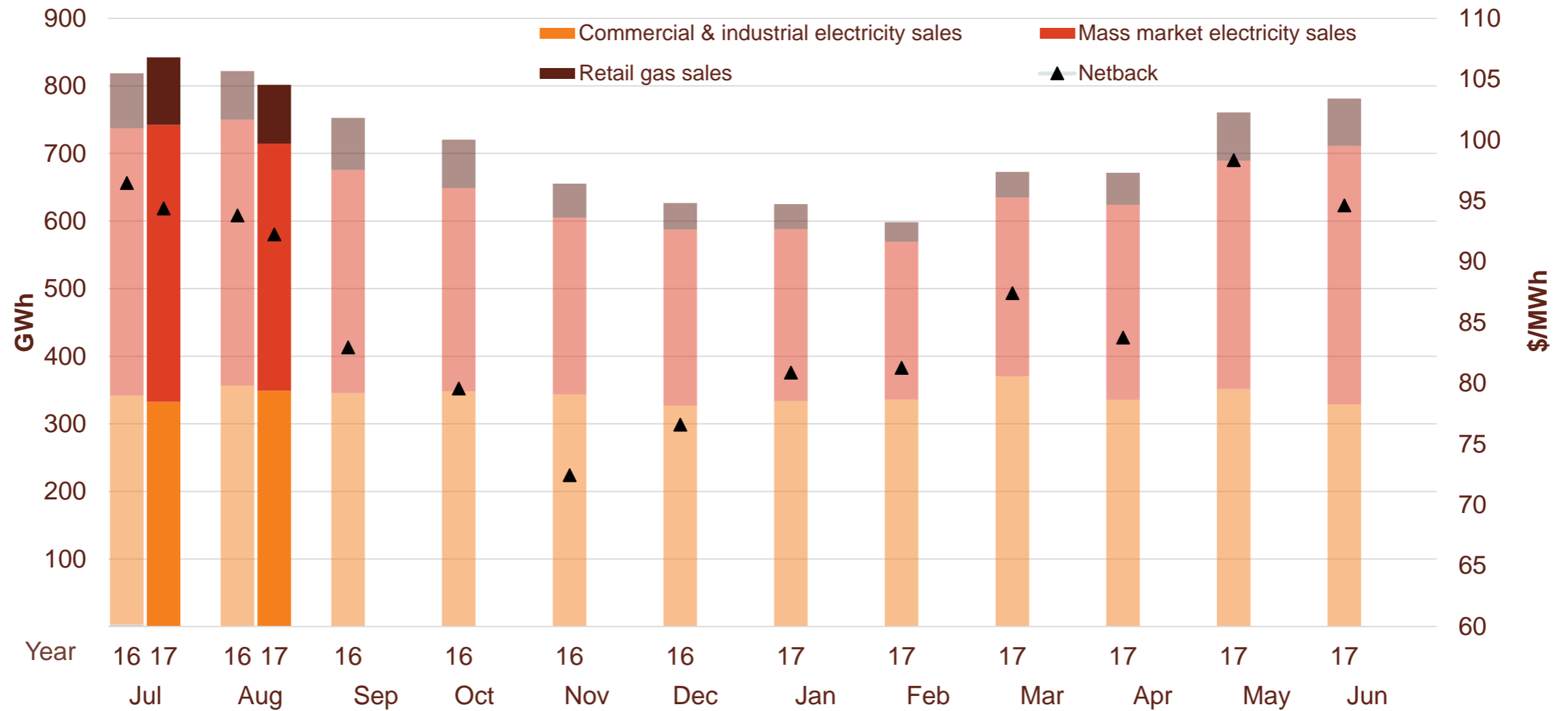
Contact's Generation business performance

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

Data	Measure	The month ended August 2017	The month ended August 2016	The month ended July 2017	Two months ended August 2017	Two months ended August 2016	
Customer	Mass market electricity sales	GWh	365	393	409	775	789
	Commercial & industrial electricity sales	GWh	349	357	333	682	695
	Retail gas sales	GWh	87	72	100	187	153
	Total electricity and gas sales	GWh	802	822	842	1,644	1,638
	Average electricity sales price	\$/MWh	185.83	189.04	190.20	188.06	191.23
	Electricity direct pass through costs	\$/MWh	(75.79)	(76.35)	(77.06)	(76.44)	(76.99)
	Electricity and gas cost to serve	\$/MWh	(9.61)	(12.47)	(10.18)	(9.81)	(12.20)
	Netback	\$/MWh	92.23	93.80	94.36	93.32	95.12
	Electricity line losses	%	5%	4%	6%	6%	5%
	Retail gas sales	PJ	0.3	0.3	0.3	0.6	0.6
	LPG sales	tonnes	7,371	7,334	7,749	15,120	14,767
	Electricity customer numbers ¹	#	423,500	423,500	423,500		
	Gas customer numbers ¹	#	64,500	62,000	64,000		
	LPG customer numbers (includes franchises) ¹	#	81,500	75,500	80,500		
Generation	Thermal generation	GWh	215	171	365	580	319
	Geothermal generation	GWh	300	294	300	600	586
	Hydro generation	GWh	270	319	185	455	714
	Spot market generation	GWh	785	783	850	1,635	1,619
	Spot electricity purchases	GWh	745	770	788	1,534	1,549
	CfD sales / (purchases)	GWh	(31)	(9)	(16)	(48)	4
	Steam sales	GWh	58	69	26	84	103
	GWAP	\$/MWh	82.29	51.10	137.68	111.08	52.78
	LWAP	\$/MWh	(87.50)	(55.69)	(152.11)	(120.71)	(59.19)
	LWAP/GWAP	%	106%	109%	110%	109%	112%
	Gas used in internal generation	PJ	2.0	1.7	3.1	5.1	3.2
	Gas storage net movement ²	PJ	(0.2)	(0.5)	(1.0)	(1.2)	(0.7)
	Unit generation cost	\$/MWh	(36.13)	(33.20)	(40.86)	(38.58)	(30.35)
	Cost of energy	\$/MWh	(35.99)	(30.11)	(47.80)	(42.04)	(27.66)

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

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

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