



Monthly Operating Report

July 2018

July overview

- » For the month of July 2018 Contact recorded:
 - Electricity and gas sales of 769 GWh (July 2017: 790 GWh)
 - Netback of \$91.58/MWh (July 2017: \$94.80/MWh)
 - Cost of energy was \$26.19/MWh (July 2017: \$45.44/MWh)

- » Otahuhu futures settlement wholesale price for the 3rd quarter of 2018 (ASX):
 - As at 10 August 2018: \$73/MWh
 - As at 31 July 2018: \$70/MWh
 - As at 30 June 2018: \$75/MWh

- » As at 10 August 2018, South Island controlled storage was 115% of mean (31 July 2018: 119%) and North Island controlled storage was 111% of mean (31 July 2018: 117%)
 - As at 10 August 2018, total Clutha scheme storage (including uncontrolled storage) was 70% of mean
 - Inflows into Contact's Clutha catchment for July 2018 was 154% of mean (June 2018: 59%, May 2018: 110%)



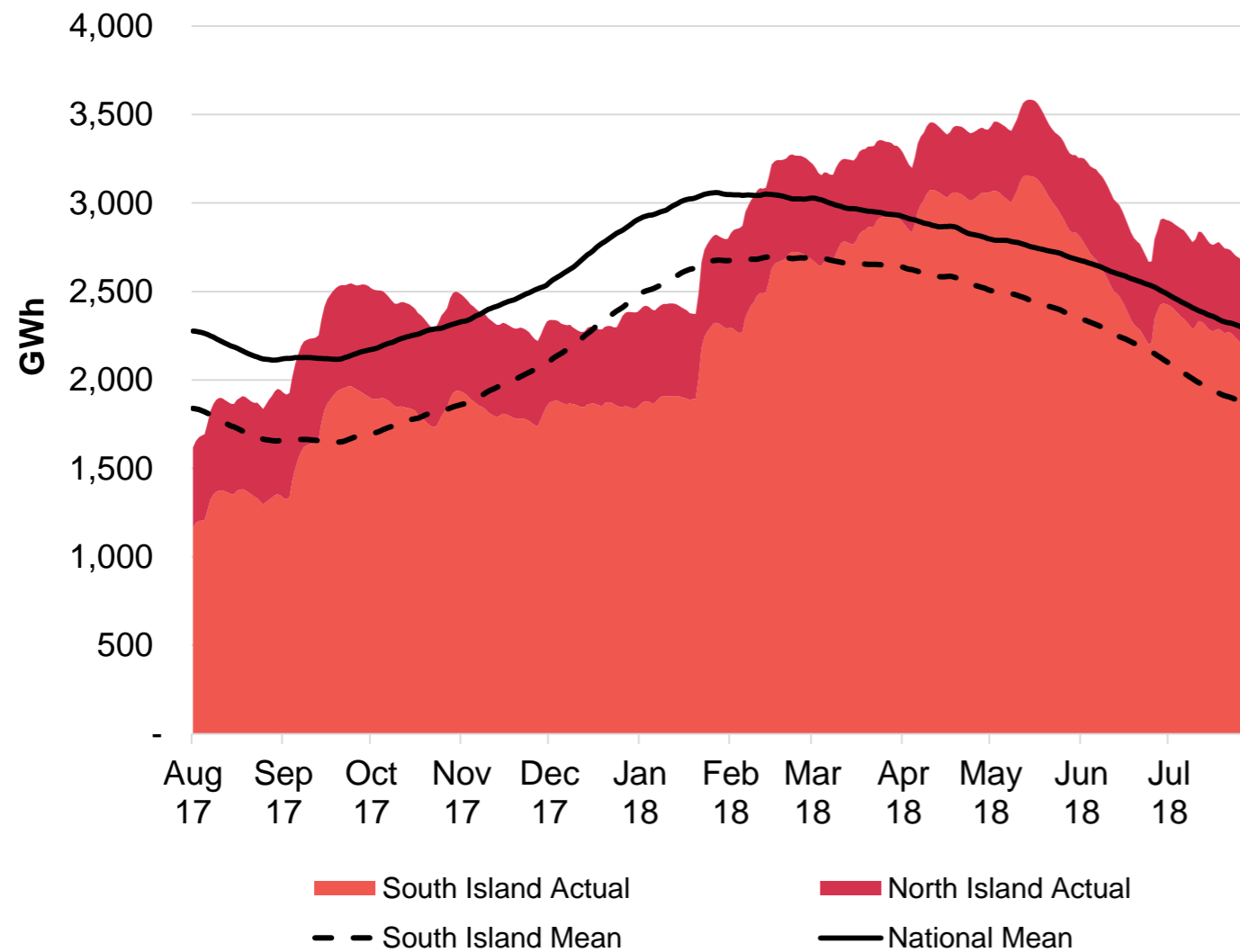
Putting our energy where it matters

- » Introducing the new Contact brand, which better reflects the type of energy and service company we've become

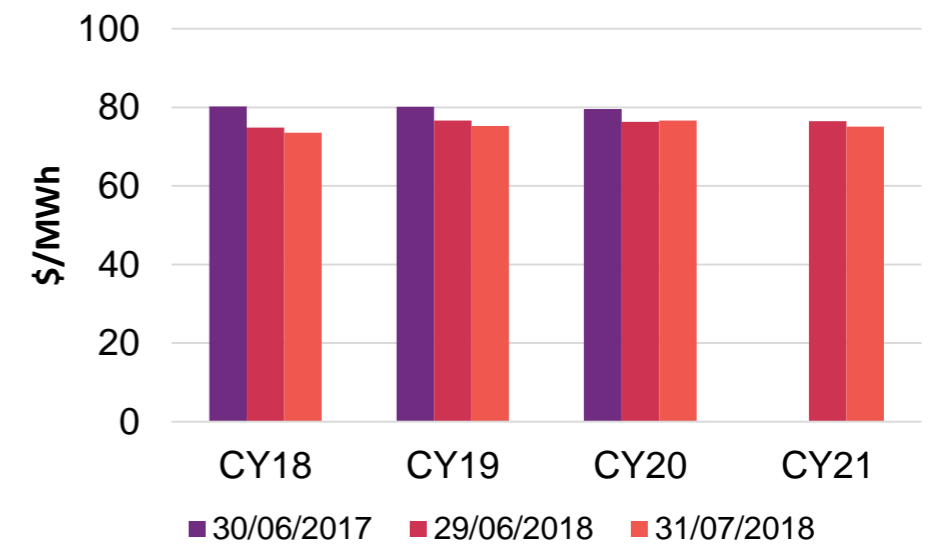
- » The arc symbolises the energy that connects us and surrounds us and our commitment to looking after our customers and our communities

Hydro storage and forward prices

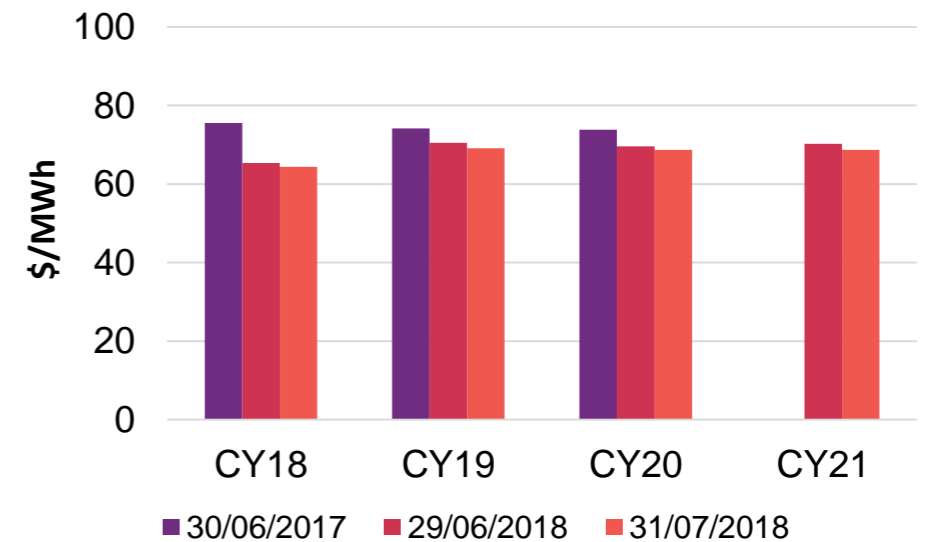
New Zealand controlled hydro storage against mean



Otahuhu ASX futures settlement

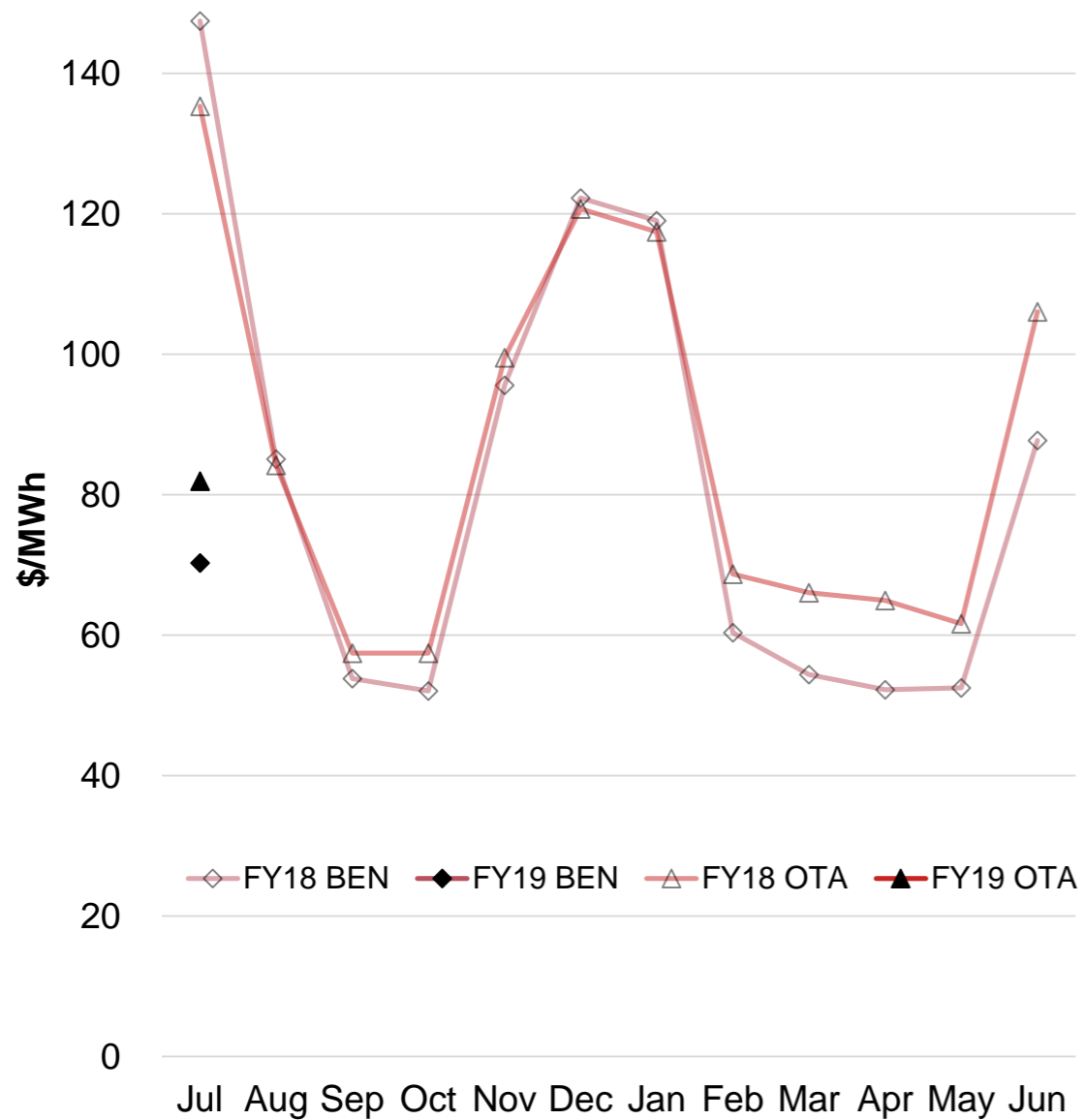


Benmore ASX futures settlement



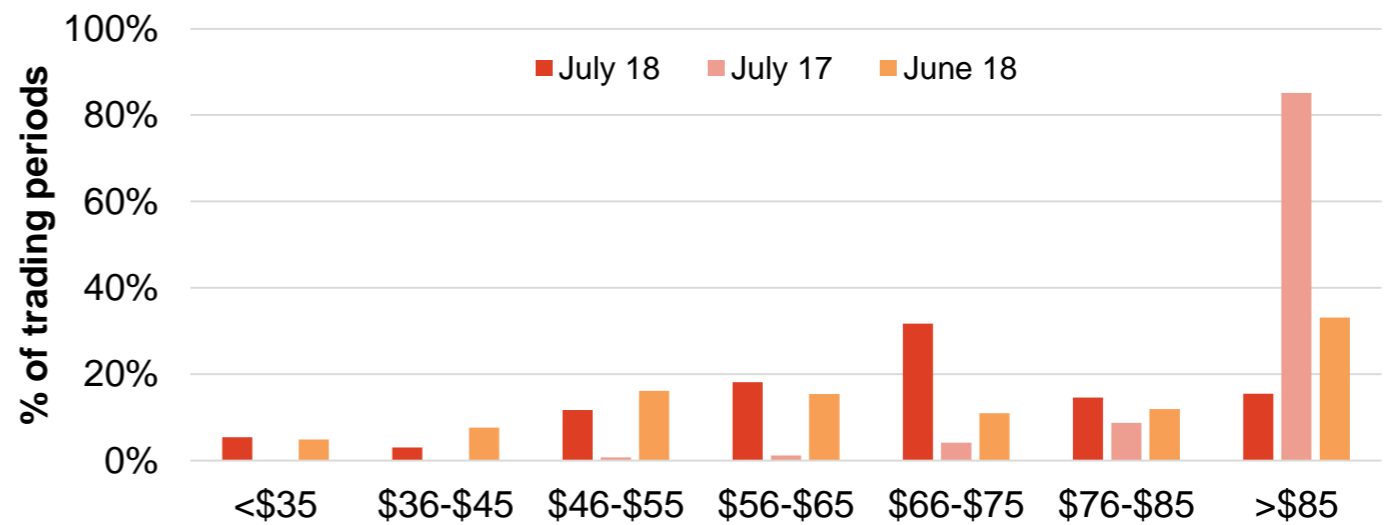
Wholesale market

Wholesale electricity pricing

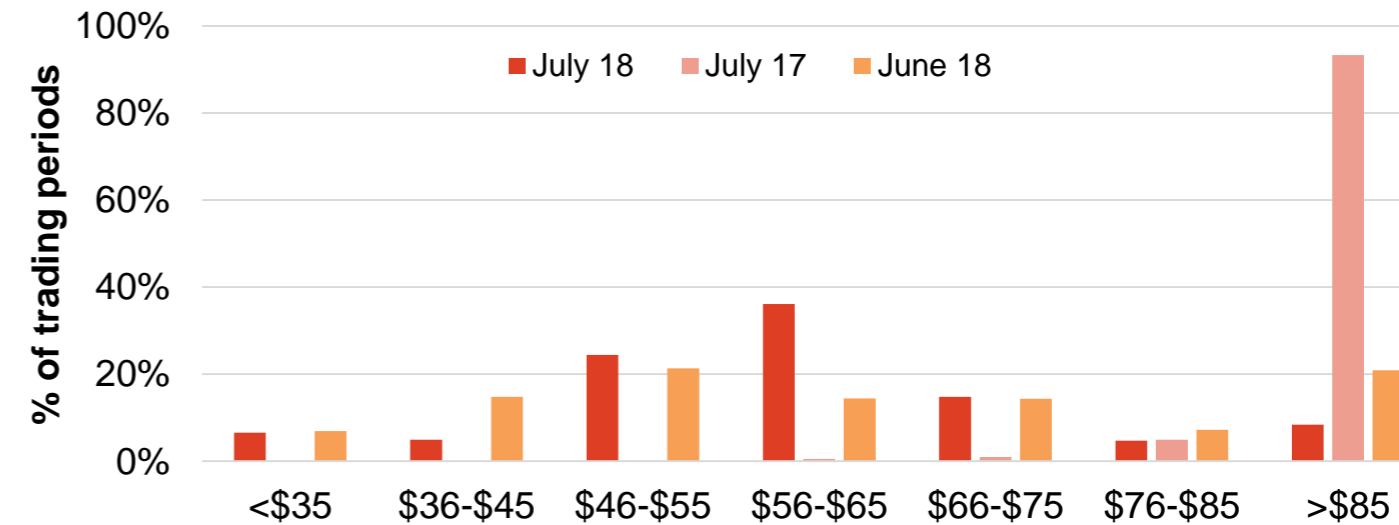


Distribution of wholesale market price by trading periods

Otahuhu node



Benmore node

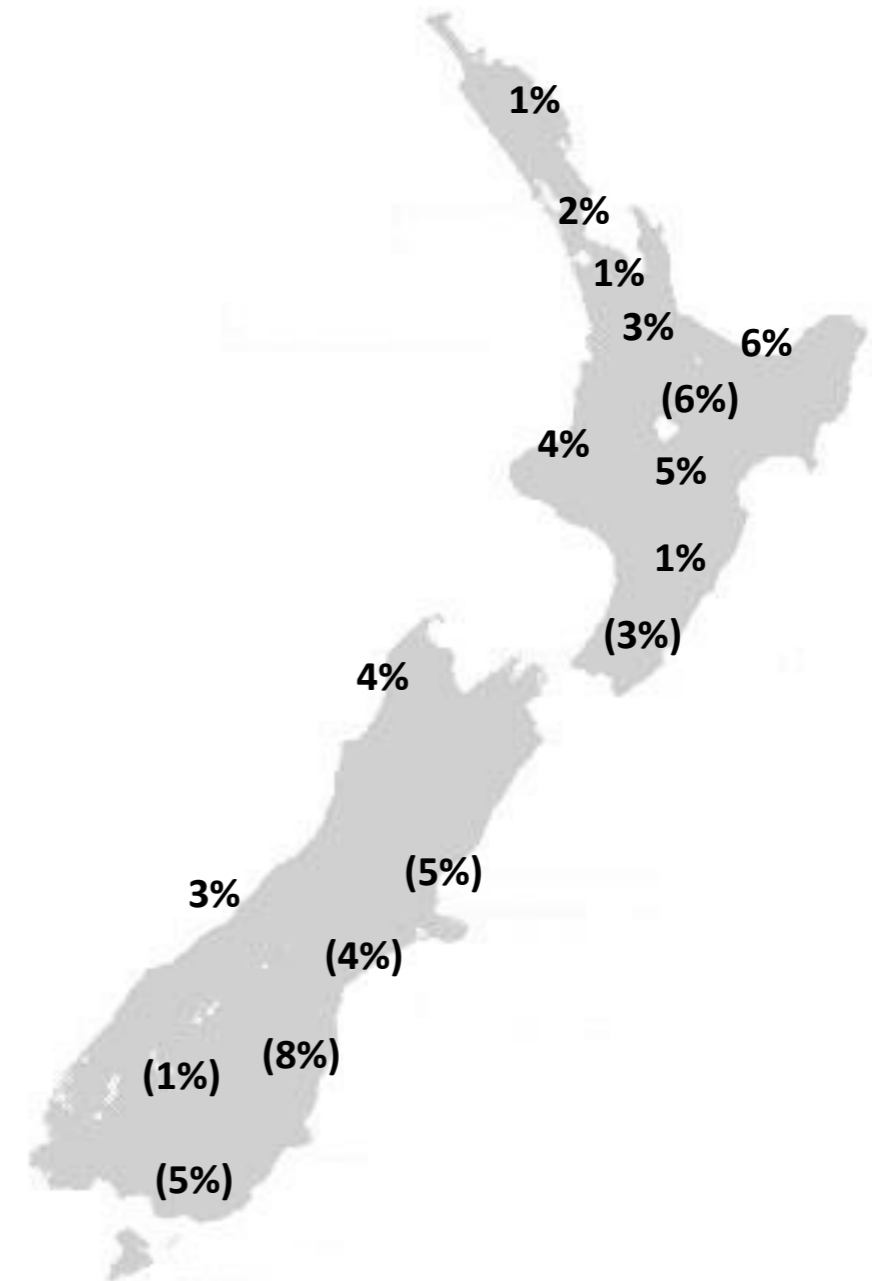
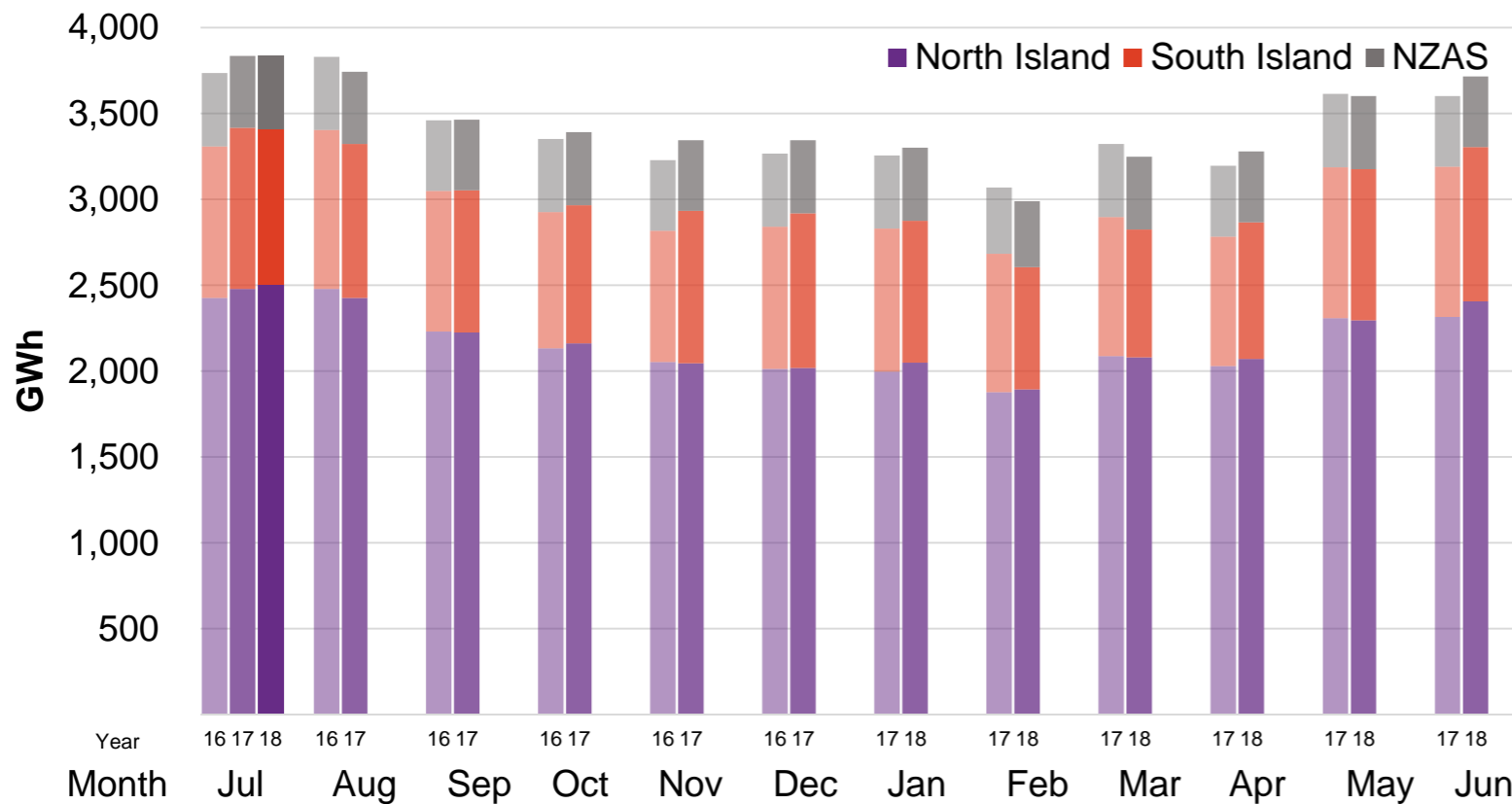


Electricity demand

- » New Zealand electricity demand was flat on July 2017 (up 2.6% on July 2016)
 - Cumulative 12 months demand for August 2017 to July 2018 of 41,253 GWh is 0.6% higher than the prior comparative period.

Regional demand change (%) on July 2017

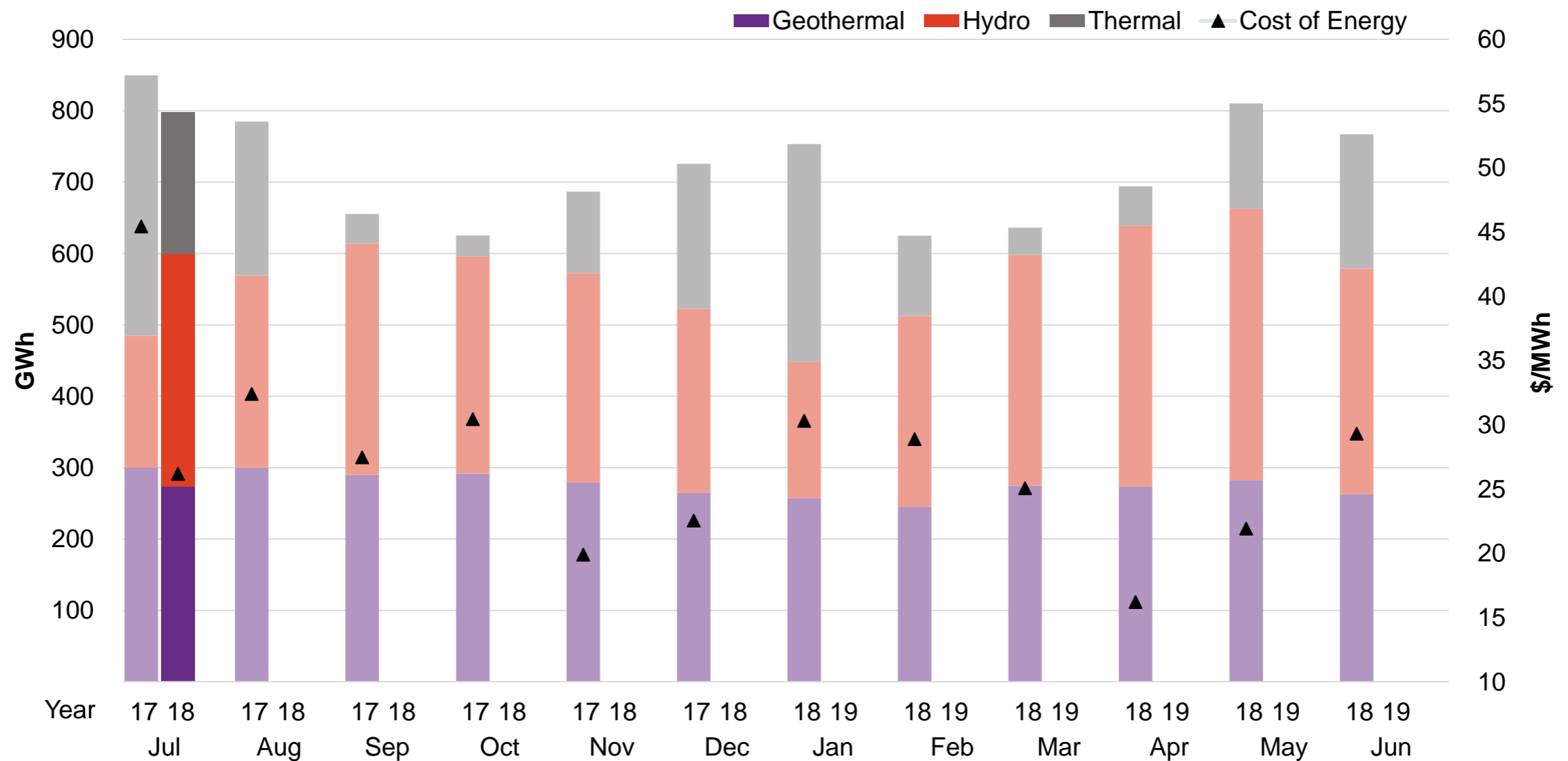
Total national demand (FY17, 18 and 19)



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

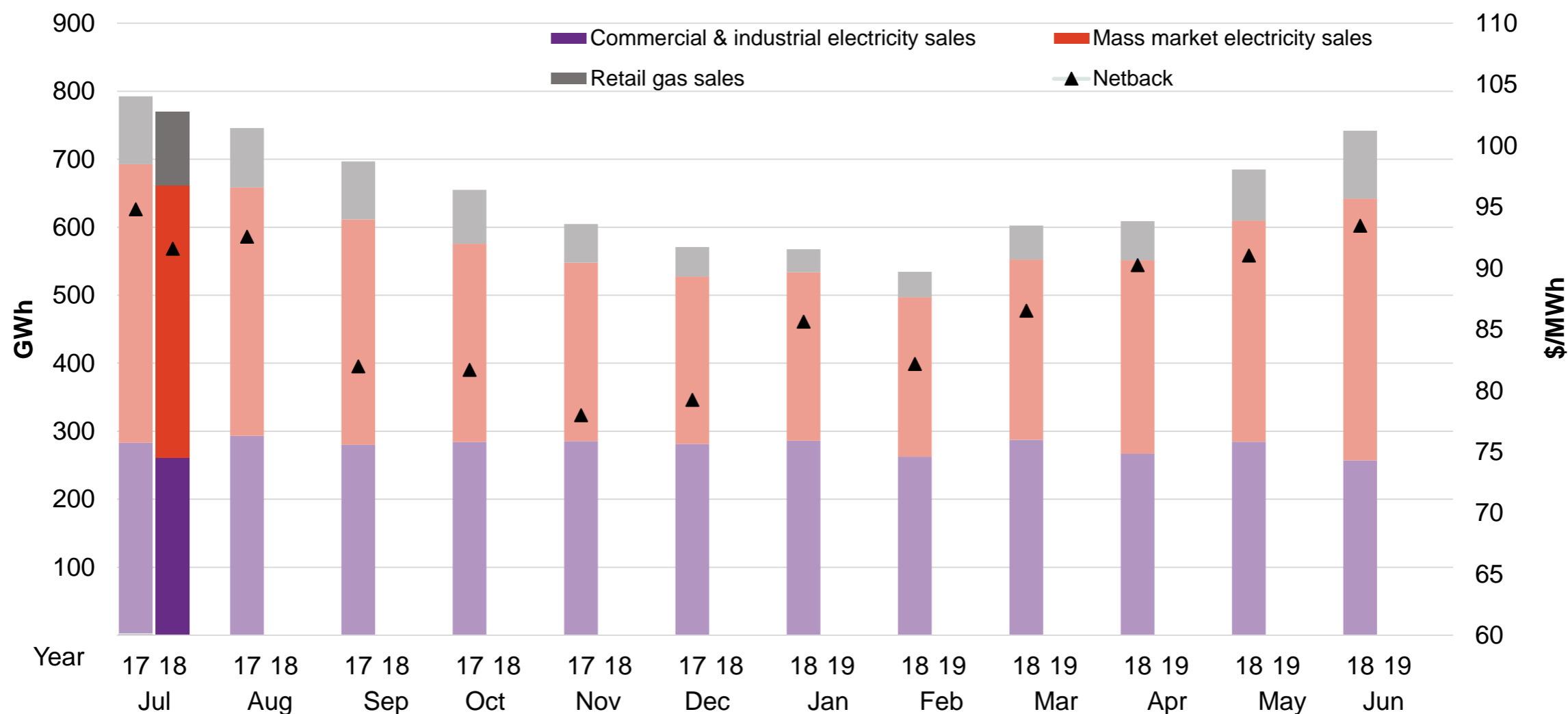
Contact's Generation business performance

Generation mix and cost of energy (FY18 and 19)



Contact's Customer business performance

Retail sales volumes and netback (FY18 and 19)



Contact's operational performance

	Measure	The month ended July 18	The month ended July 17	The month ended June 18	
Customer	Mass market electricity sales	GWh	400	409	385
	Commercial & industrial electricity sales	GWh	262	280	257
	Retail gas sales	GWh	108	100	100
	Total electricity and gas sales	GWh	769	790	742
	Average electricity sales price	\$/MWh	200.92	198.38	203.18
	Electricity direct pass thru costs	\$/MWh	(88.38)	(82.94)	(87.03)
	Electricity and gas cost to serve	\$/MWh	(10.32)	(11.17)	(11.70)
	Netback	\$/MWh	91.58	94.80	93.51
	Actual electricity line losses	%	4%	7%	5%
	Retail gas sales	PJ	0.4	0.3	0.4
	LPG sales	tonnes	7,813	7,749	7,868
	Electricity customer numbers	#	414,500	423,500	416,500
	Gas customer numbers	#	65,000	64,000	65,000
	LPG customer numbers (includes franchises)	#	89,000	80,500	88,500
Generation	Thermal generation	GWh	198	365	188
	Geothermal generation	GWh	273	300	263
	Hydro generation	GWh	327	185	316
	Spot market generation	GWh	798	850	767
	Spot electricity purchases	GWh	691	739	676
	CfD sales	GWh	95	33	6
	Steam sales	GWh	30	26	20
	Commercial & industrial electricity sales	GWh	4	3	1
	GWAP	\$/MWh	77.89	137.68	98.78
	LWAP	\$/MWh	(83.22)	(152.11)	(108.96)
	LWAP/GWAP	%	107%	110%	110%
	Gas used in internal generation	PJ	1.8	3.1	1.4
	Gas storage net movement	PJ	(0.3)	(1.0)	(0.4)
	Unit generation cost	\$/MWh	(35.01)	(42.01)	(34.40)
	Cost of Energy	\$/MWh	(26.19)	(45.44)	(29.34)

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

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