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# Monthly Operating Report

September 2018

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# September overview

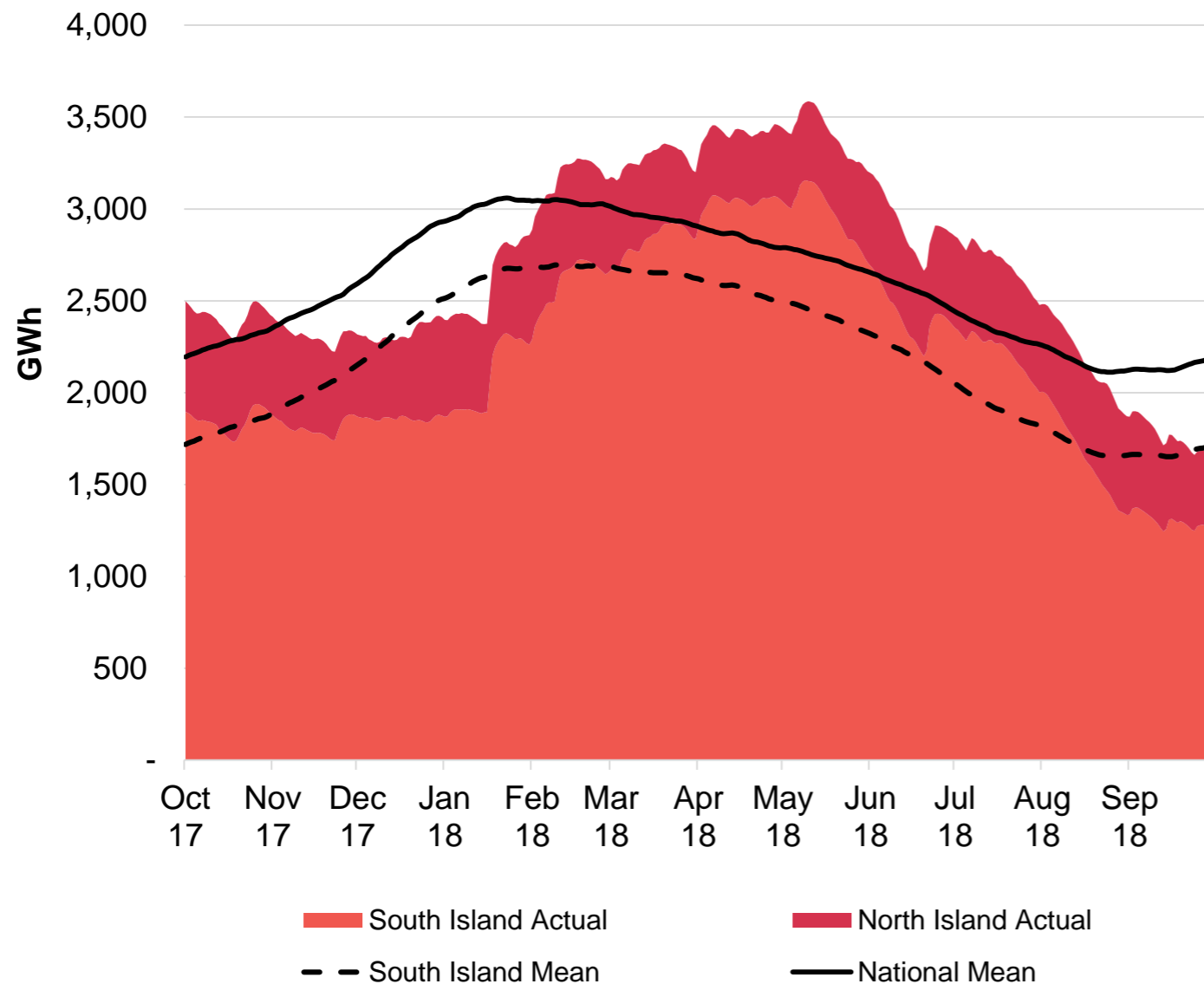
- » For the month of September 2018 Contact recorded:
  - Electricity and gas sales of 664 GWh (September 2017: 697 GWh)
  - Netback of \$86.40/MWh (September 2017: \$81.96/MWh)
  - Cost of energy was \$24.34/MWh (September 2017: \$27.48/MWh)
  
- » Otahuhu futures settlement wholesale price for the 4<sup>th</sup> quarter of 2018 (ASX):
  - As at 15 October 2018: \$236/MWh
  - As at 30 September 2018: \$87/MWh
  - As at 31 August 2018: \$77/MWh
  
- » As at 15 October 2018, South Island controlled storage was 74% of mean (30 September 2018: 76%) and North Island controlled storage was 83% of mean (30 September 2018: 99%)
  - As at 15 October 2018, total Clutha scheme storage (including uncontrolled storage) was 56% of mean
  - Inflows into Contact's Clutha catchment for September 2018 was 72% of mean (August 2018: 99%, July 2018: 154%, June 2018: 59%)



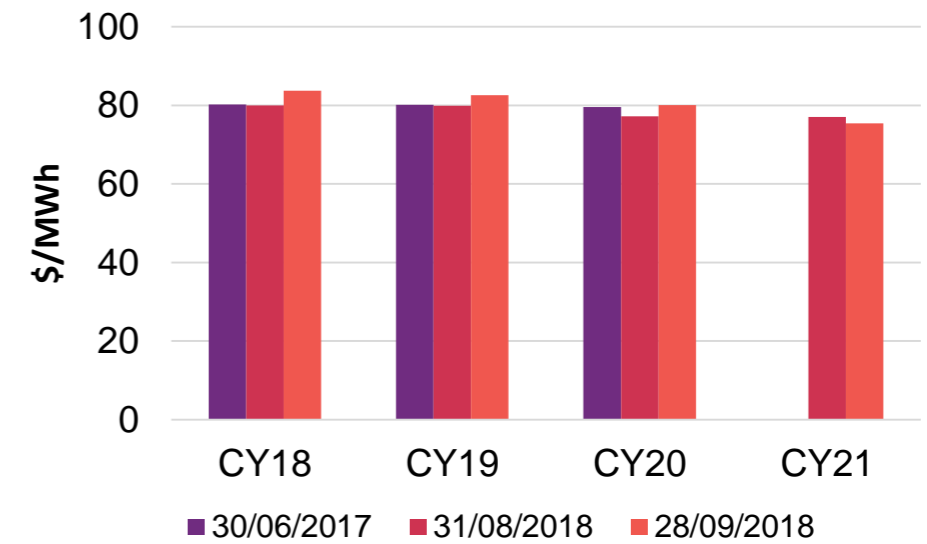
- » Contact invites you to join us at our Annual Meeting of Shareholders at: Intercontinental Hotel, 2 Grey Street, Wellington or online at [www.virtualmeeting.co.nz/cen18](http://www.virtualmeeting.co.nz/cen18) on Wednesday 14 November 2018, commencing at 10am

# Hydro storage and forward prices

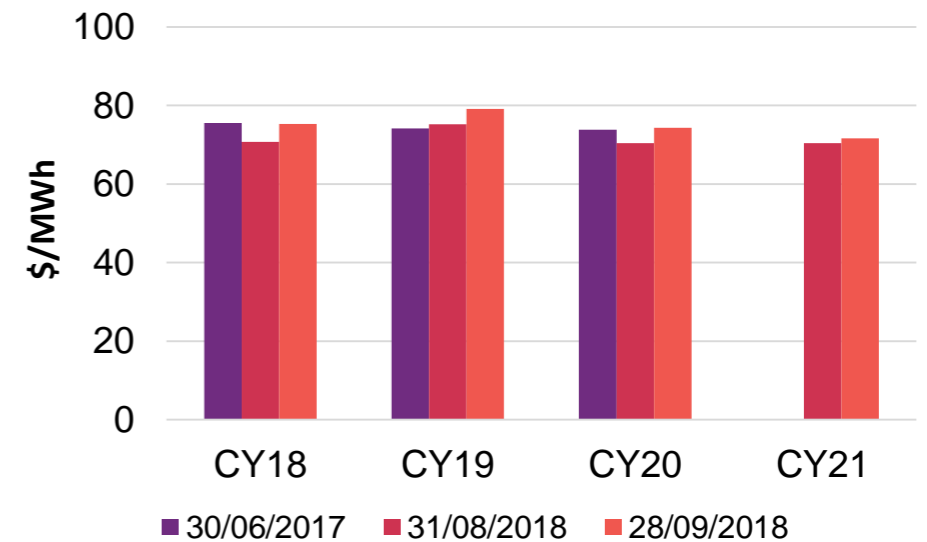
New Zealand controlled hydro storage against mean



Otahuhu ASX futures settlement

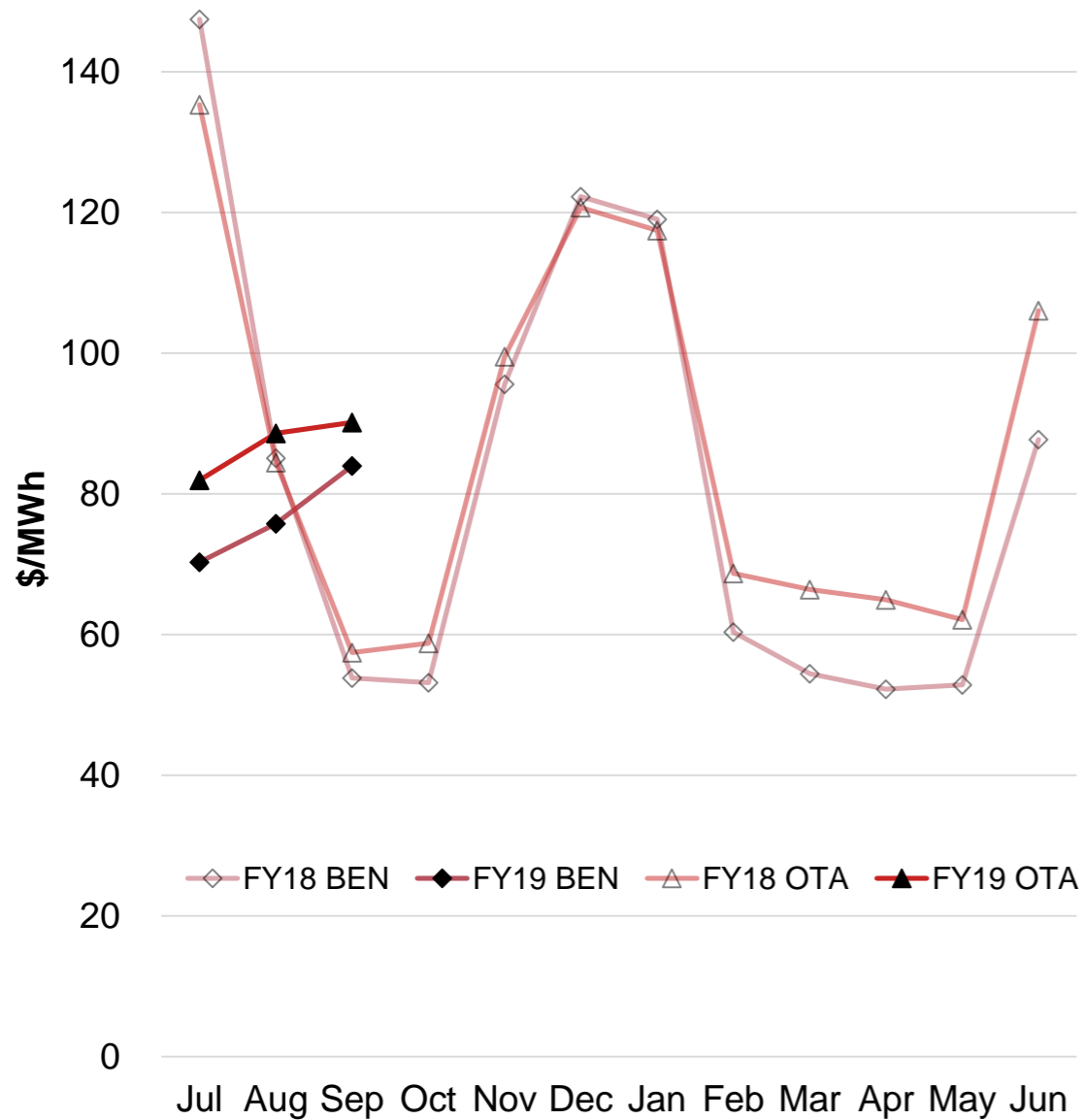


Benmore ASX futures settlement



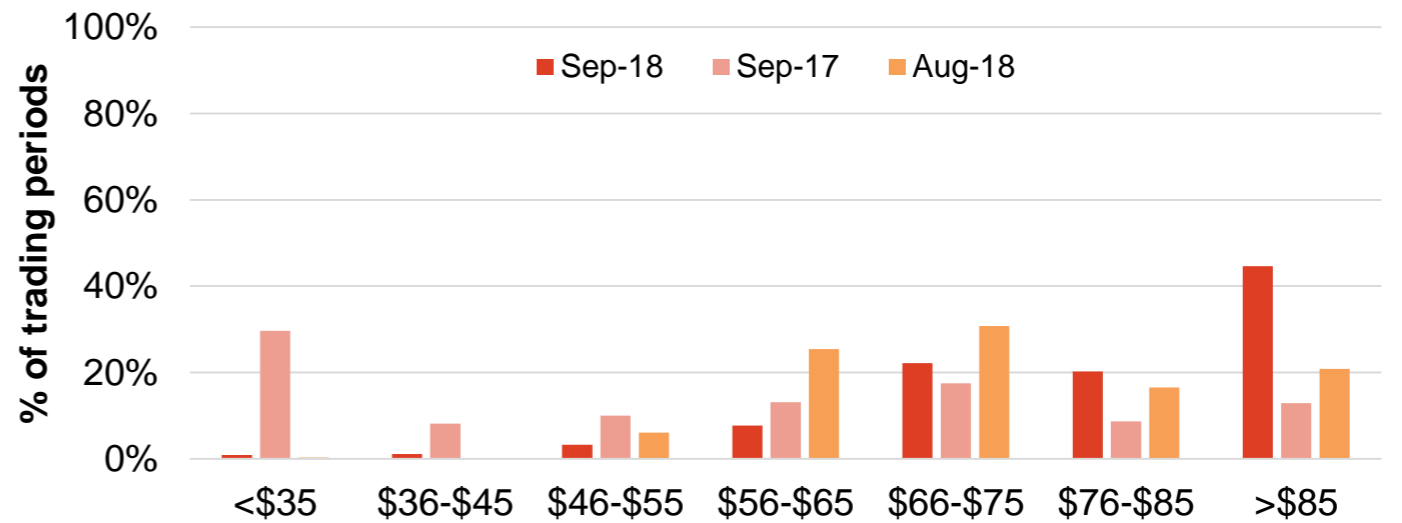
# Wholesale market

Wholesale electricity pricing

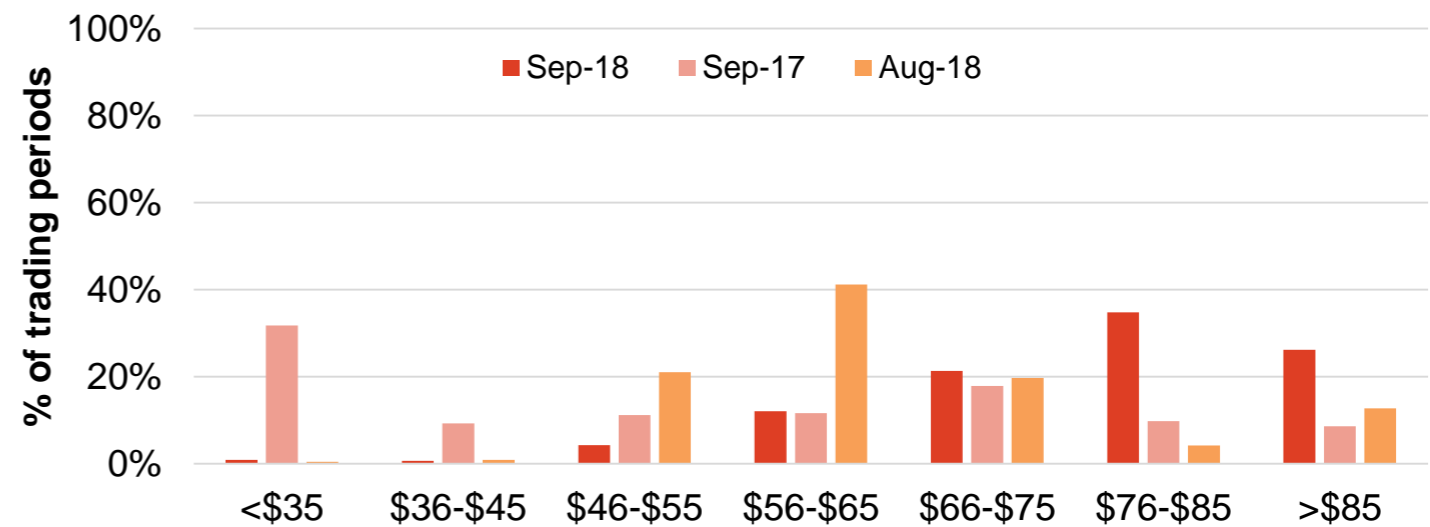


Distribution of wholesale market price by trading periods

## Otahuhu node



## Benmore node

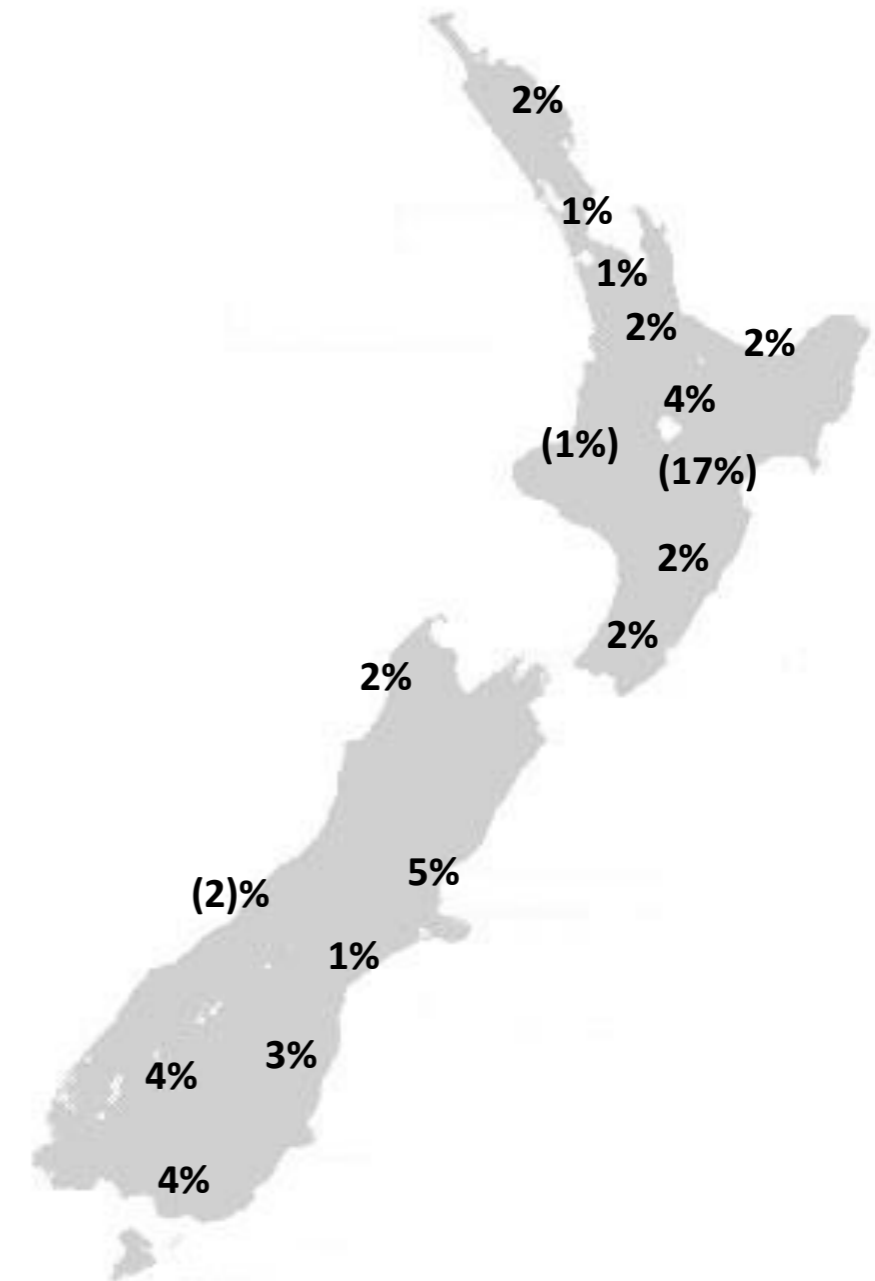
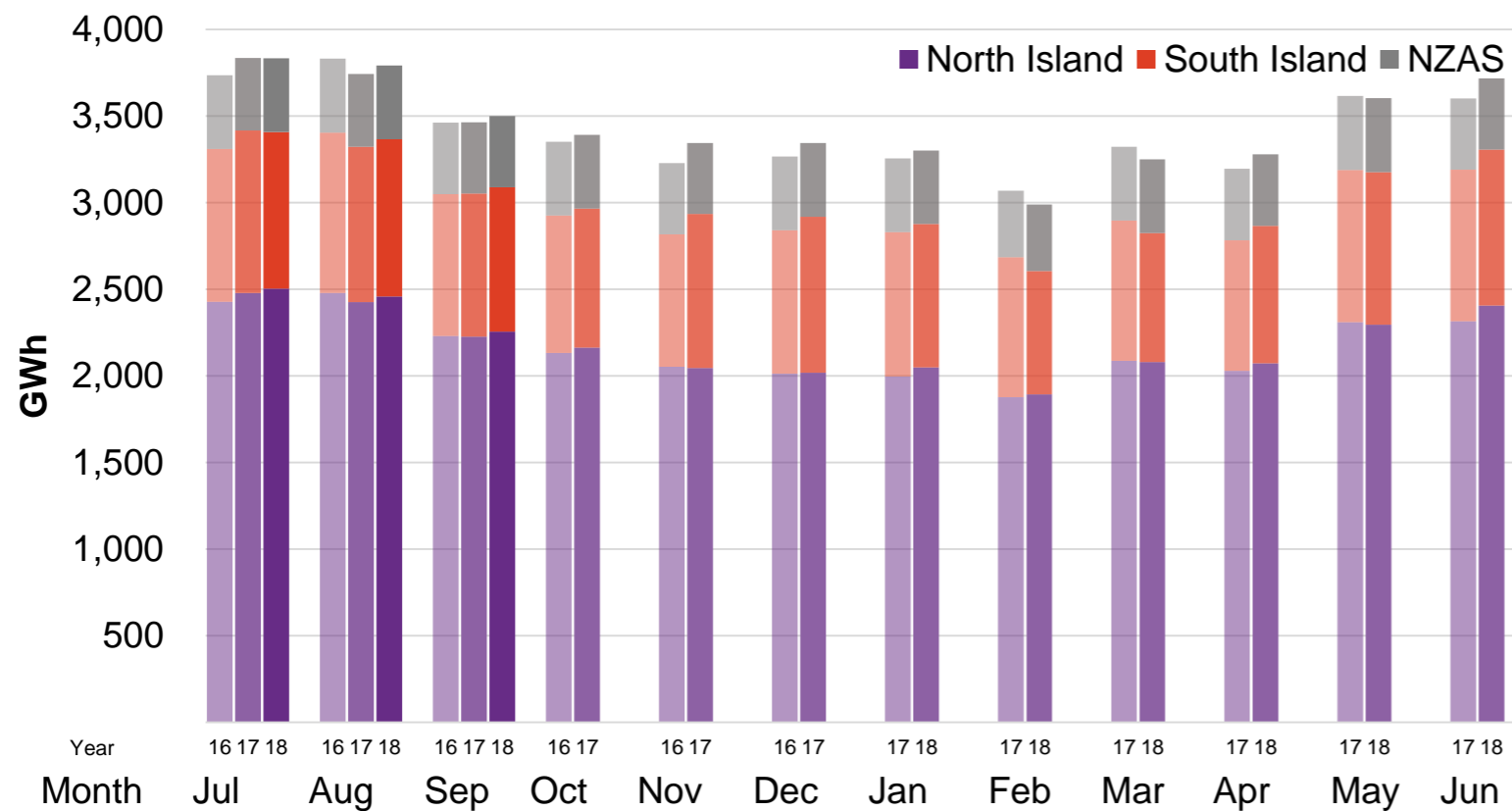


# Electricity demand

- » New Zealand electricity demand was up 1.0% on September 2017 (up 1.1% on September 2016)
  - Cumulative 12 months demand for October 2017 to September 2018 of 41,336 GWh is 1.0% higher than the prior comparative period.

Regional demand change (%) on September 2017

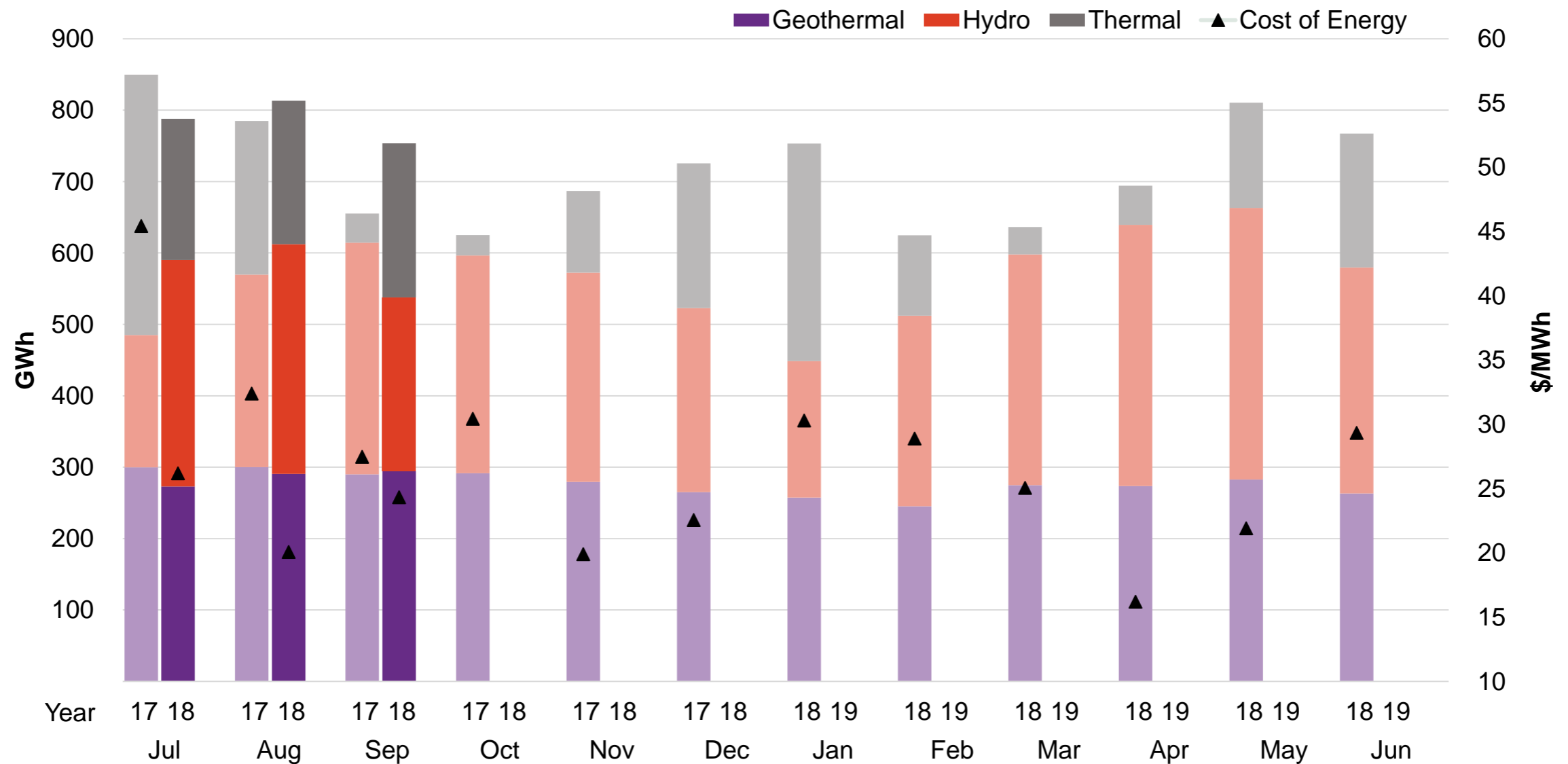
Total national demand (FY17, 18 and 19)



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

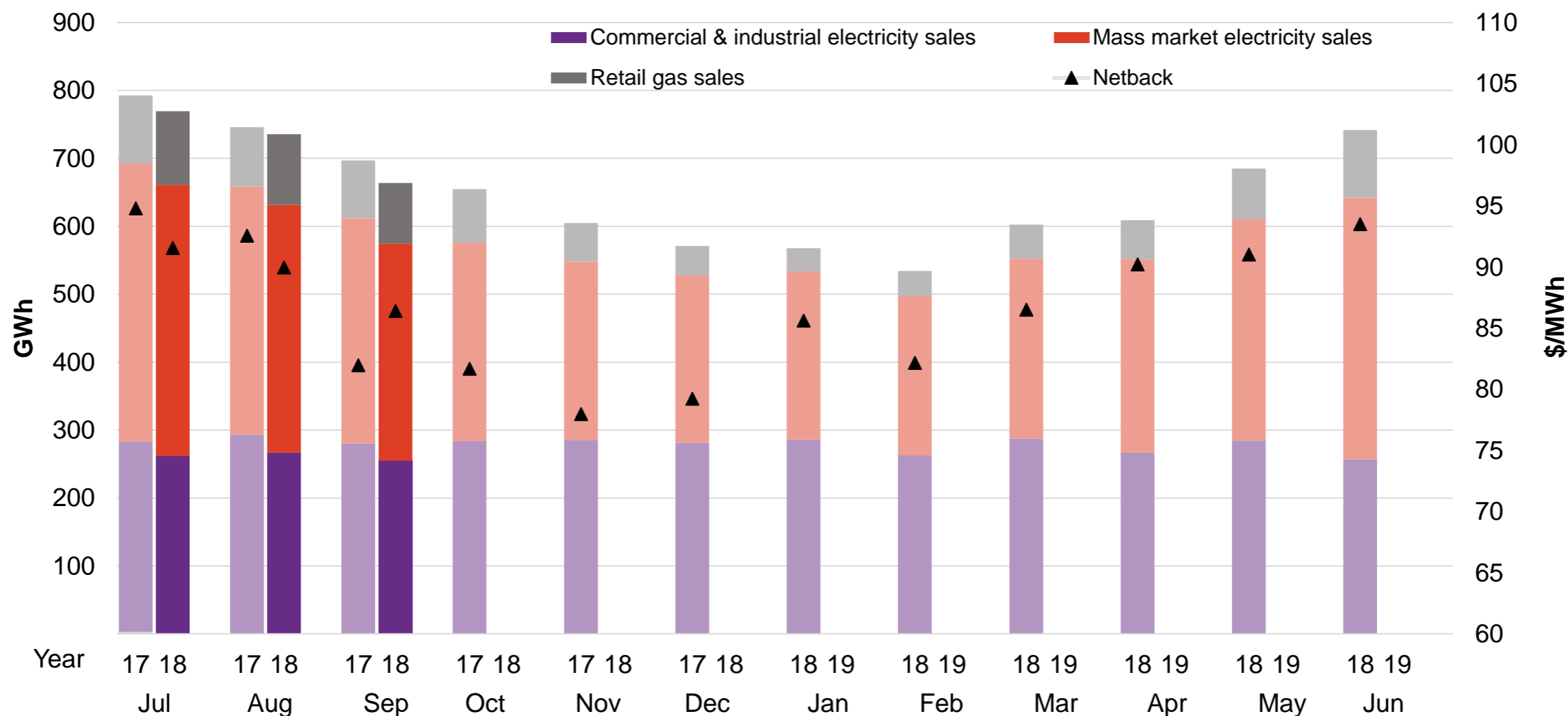
# Contact's Generation business performance

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 September 18	The month ended September 17	The month ended August 18	Three months ended September 18	Three months ended September 17	
Customer	Mass market electricity sales	GWh	320	332	365	1,084	1,107
	Commercial & industrial electricity sale	GWh	255	280	267	783	853
	Retail gas sales	GWh	89	85	104	301	272
	<b>Total electricity and gas sales</b>	<b>GWh</b>	<b>664</b>	<b>697</b>	<b>736</b>	<b>2,169</b>	<b>2,232</b>
	Average electricity sales price	\$/MWh	191.00	191.54	196.39	196.33	194.98
	Electricity direct pass thru costs	\$/MWh	(84.17)	(90.01)	(84.96)	(85.93)	(84.91)
	Electricity and gas cost to serve	\$/MWh	(11.38)	(12.01)	(11.17)	(10.93)	(11.29)
	Netback	\$/MWh	86.40	81.96	89.96	89.44	90.04
	Actual electricity line losses	%	7%	6%	6%	6%	6%
	Retail gas sales	PJ	0.3	0.3	0.4	1.1	0.9
	LPG sales	tonnes	6,396	6,558	7,511	21,720	21,678
	Electricity customer numbers	#	410,000	423,000	410,500		
	Gas customer numbers	#	65,000	64,500	65,000		
	LPG customer numbers (includes franchises)	#	90,500	82,000	90,000		
	Generation	Thermal generation	GWh	216	41	201	615
Geothermal generation		GWh	295	290	291	858	890
Hydro generation		GWh	243	325	322	882	779
<b>Spot market generation</b>		<b>GWh</b>	<b>754</b>	<b>655</b>	<b>813</b>	<b>2,355</b>	<b>2,290</b>
Spot electricity purchases		GWh	620	647	671	1,982	2,084
Net CfD sales		GWh	79	(55)	80	254	(6)
Steam sales		GWh	68	67	73	171	151
Commercial & industrial electricity sales		GWh	10	9	9	22	21
GWAP		\$/MWh	86.60	53.29	82.85	82.72	94.55
LWAP		\$/MWh	(90.97)	(59.43)	(89.04)	(87.62)	(101.69)
LWAP/GWAP		%	105%	112%	107%	106%	108%
Gas used in internal generation		PJ	1.9	0.6	1.8	5.5	5.7
Gas storage net movement		PJ	(1.0)	0.5	(0.7)	(2.10)	(0.71)
Unit generation cost		\$/MWh	(35.94)	(28.16)	(32.68)	(34.65)	(36.15)
Cost of Energy		\$/MWh	(24.34)	(27.48)	(20.08)	(23.55)	(35.48)

At the FY18 results, Contact announced new operating reporting segments. New operating performance metrics will be rolled out in the coming months



# 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

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*Add:* Revenue from gas sales

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*Less:* Electricity distribution network costs, meter costs and electricity levies

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*Less:* Gas distribution network costs, meter costs and gas levies

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*Less:* Operating costs to serve the customer, including head office allocation

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## 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

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*Add:* Revenue from steam sales and direct electricity sales from Te Rapa

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*Less:* Electricity purchase costs from the wholesale market to supply customers

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*Less:* Electricity transmission costs and levies

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*Less:* Gas and diesel purchase costs (excluding gas purchases for retail gas sales)

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*Less:* Gas transmission costs and levies

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*Less:* Carbon emissions costs

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*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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## 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)
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