Monthly Operating Report

March 2019

March overview

For the month of March 2019

» The Customer business recorded:
- Mass market electricity and gas sales of 287 GWh (March 2018: 315 GWh)
- Mass market electricity and gas netback of $88.06/MWh (March 2018: $92.14/MWh)

» The Wholesale business recorded:
- Contracted Wholesale electricity sales, including that sold to the Customer business, totalled 814 GWh (March 2018: 660 GWh)
- Electricity and steam net revenue of $82.52/MWh (March 2018: $76.02/MWh)
- Electricity generated (or acquired) of 853 GWh (March 2018: 682 GWh)
- The unit generation cost, which includes acquired generation was $41.18/MWh (March 2018: $28.34/MWh)
  - Own generation cost in the month of $32.17/MWh (March 2018: $26.15/MWh)

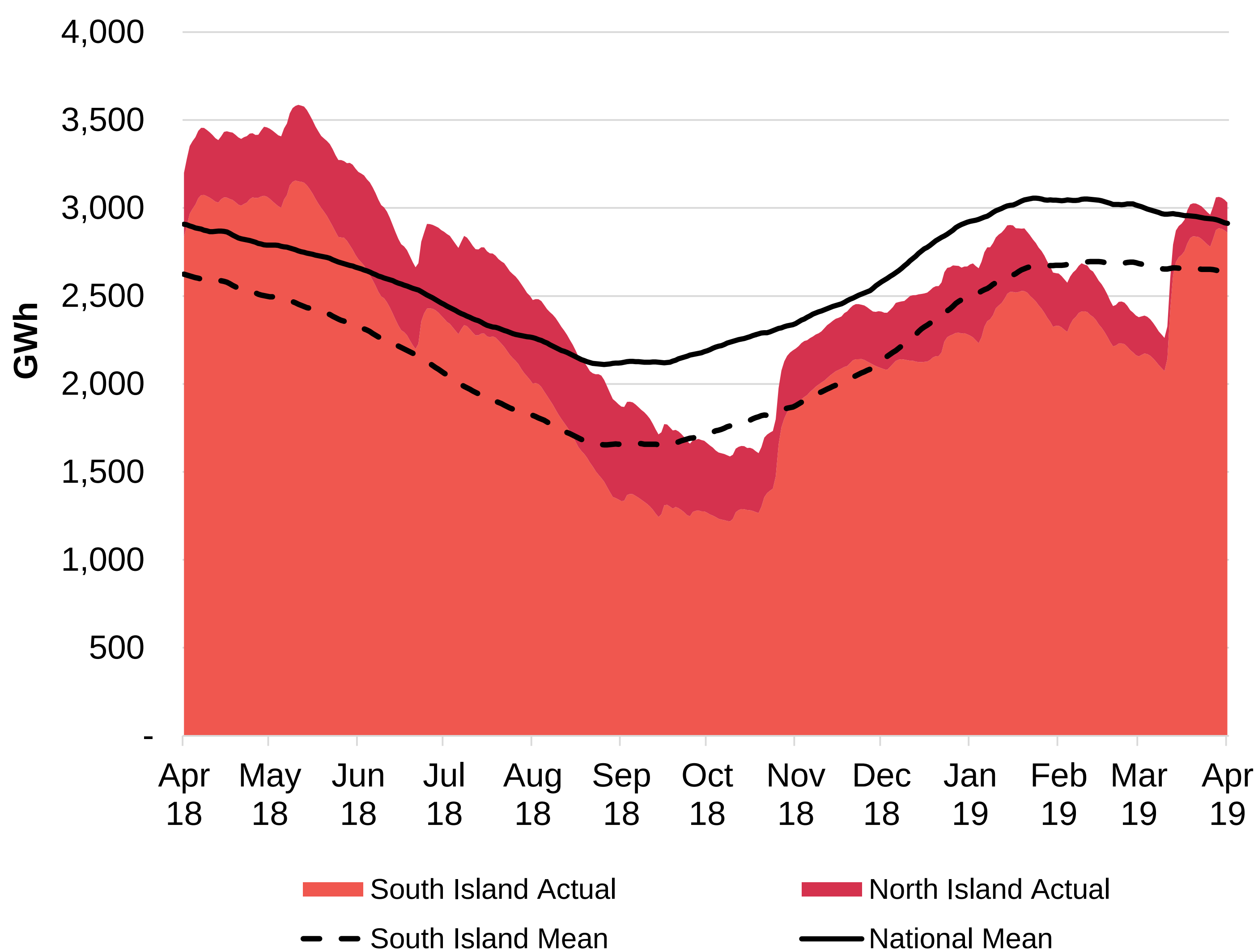
» Otahuhu futures settlement wholesale price for the 2nd quarter of 2019 (ASX):
- As at 16 April 2019: $160/MWh
- As at 31 March 2019: $147/MWh
- As at 28 February 2019: $150/MWh

» As at 16 April 2019, South Island controlled storage was 109% of mean (31 March 2019: 103%) and North Island controlled storage was 60% of mean (31 March 2019: 59%)
- As at 15 April 2019, total Clutha scheme storage (including uncontrolled storage) was 89% of mean
- Inflows into Contact's Clutha catchment for March 2019 were 131% of mean (February 2019: 82%, January 2019: 102%, December 2018: 69%)

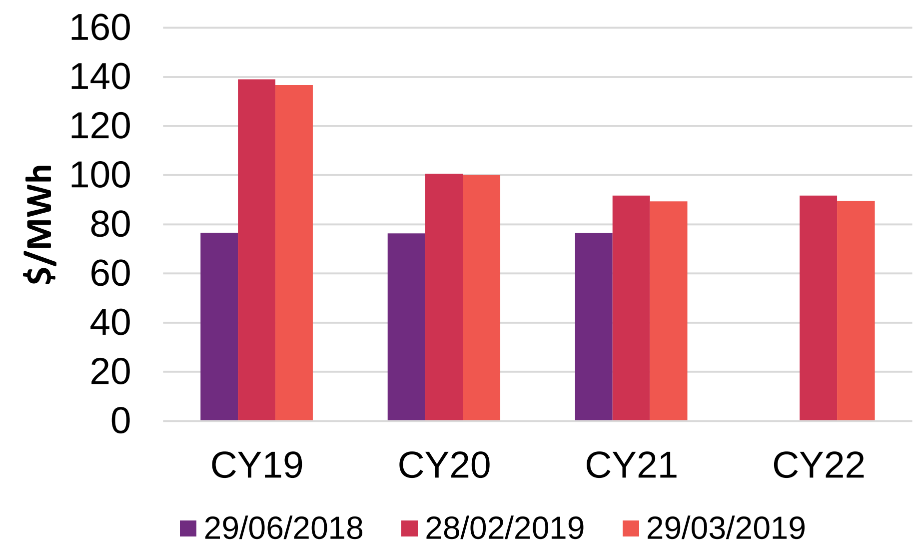
» Contact has entered into an agreement that will enable sustained operation of its Taranaki Combined Cycle plant (TCC) from today until the end of June if market conditions require it. The arrangement will see fuel diverted from less efficient thermal plant to Contact's combined cycle plant. This effectively adds a small amount of additional generation capacity over peak periods due to the better efficiency of TCC. Contact is continuing to work on securing additional gas and will inform the market when contractual commitments are made.

Hydro storage and forward prices

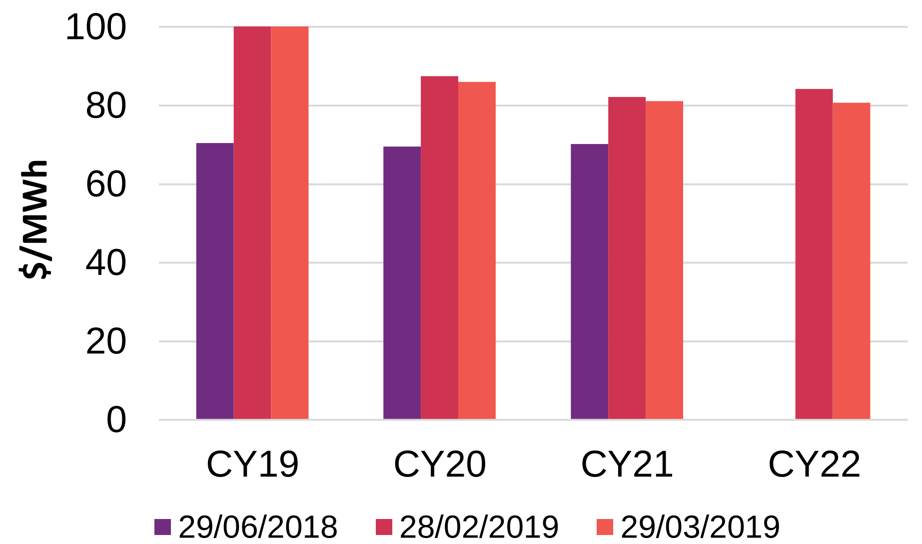
New Zealand controlled hydro storage against mean



Otahuhu ASX futures settlement

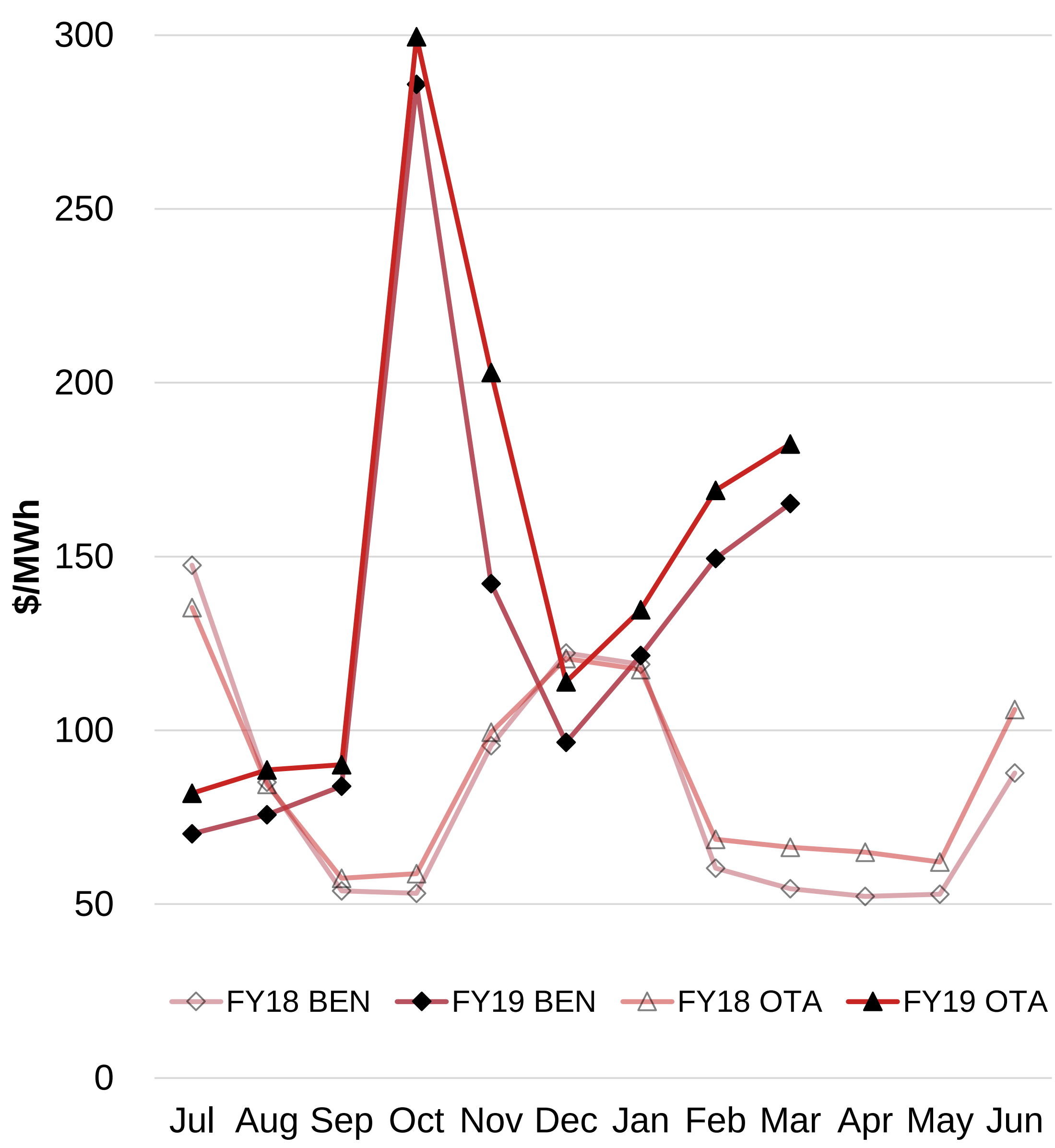


Benmore ASX futures settlement



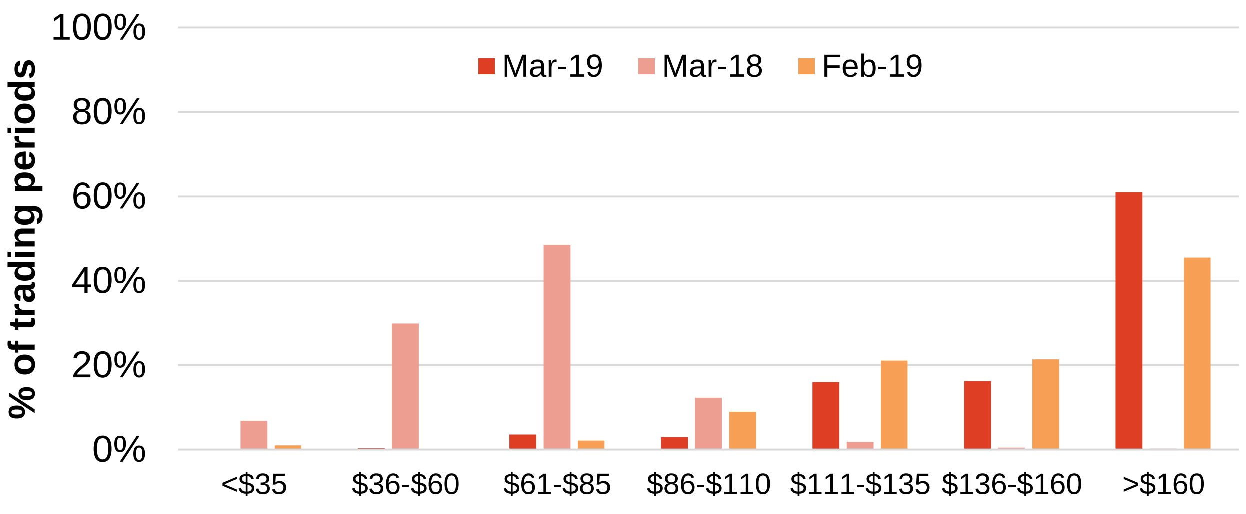
Wholesale market

Wholesale electricity pricing

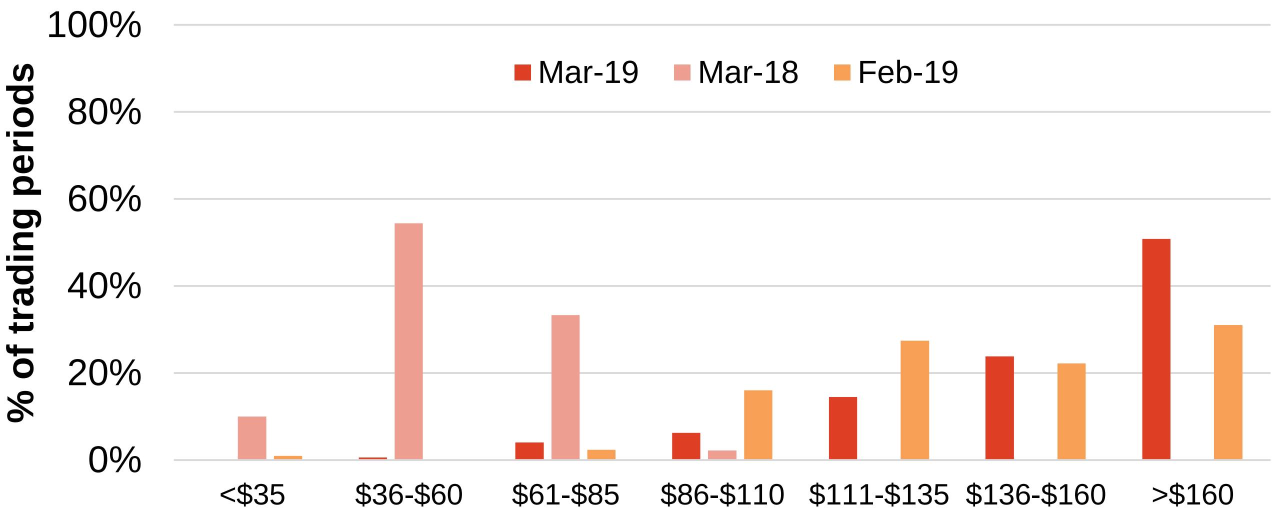


Distribution of wholesale market price by trading periods

Otahuhu node



Benmore node

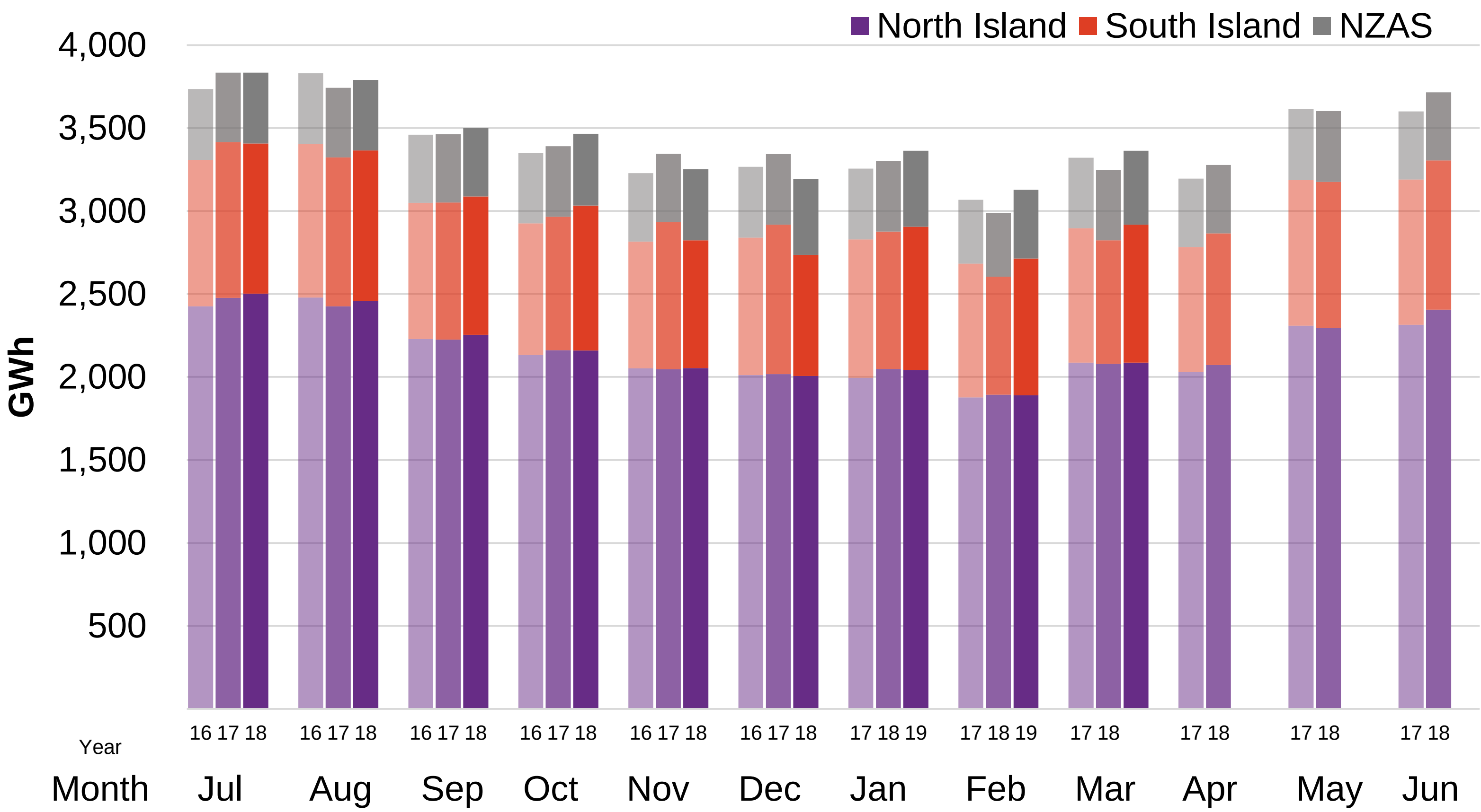


Electricity demand

» New Zealand electricity demand was up 3.5% on March 2018 (up 1.2% on March 2017)

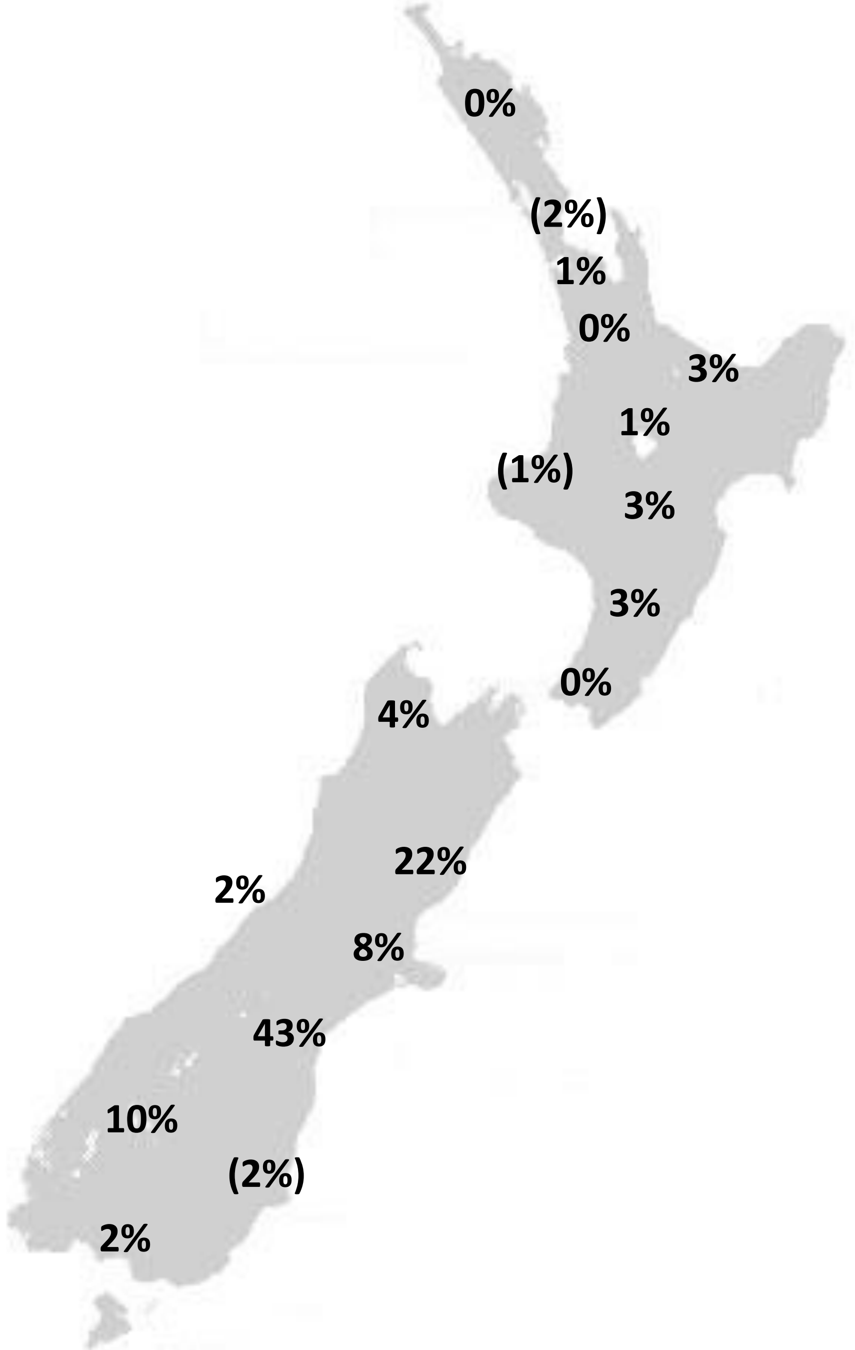
- Cumulative 12 months demand for April 2018 to March 2019 of 41,483 GWh is up by 0.3% on the prior comparative period.

Total national demand (FY17, 18 and 19)



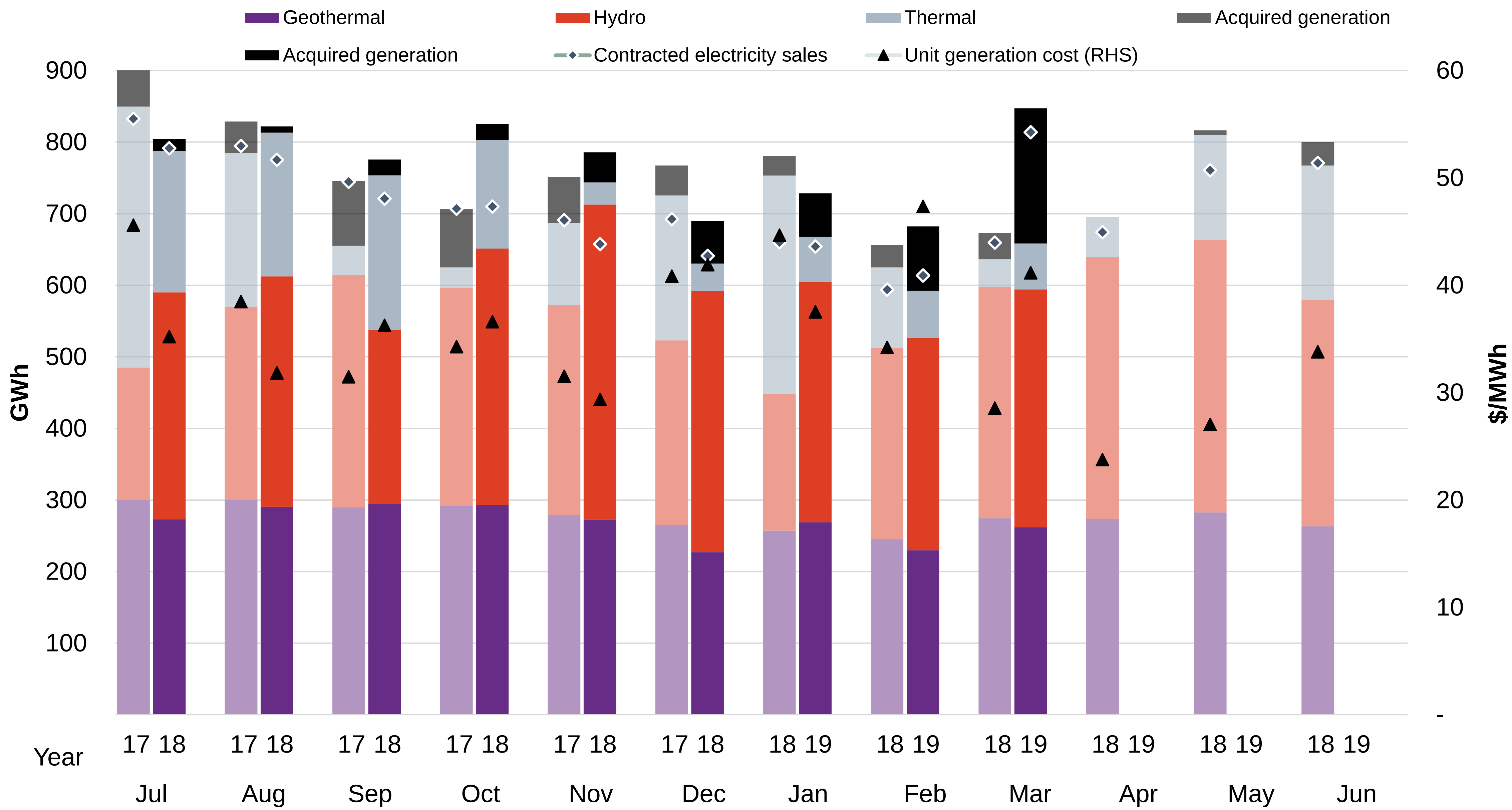
Source: Contact and Electricity Authority grid demand (reconciled) http://www.emi.ea.govt.nz

Regional demand change (%) on March 2018



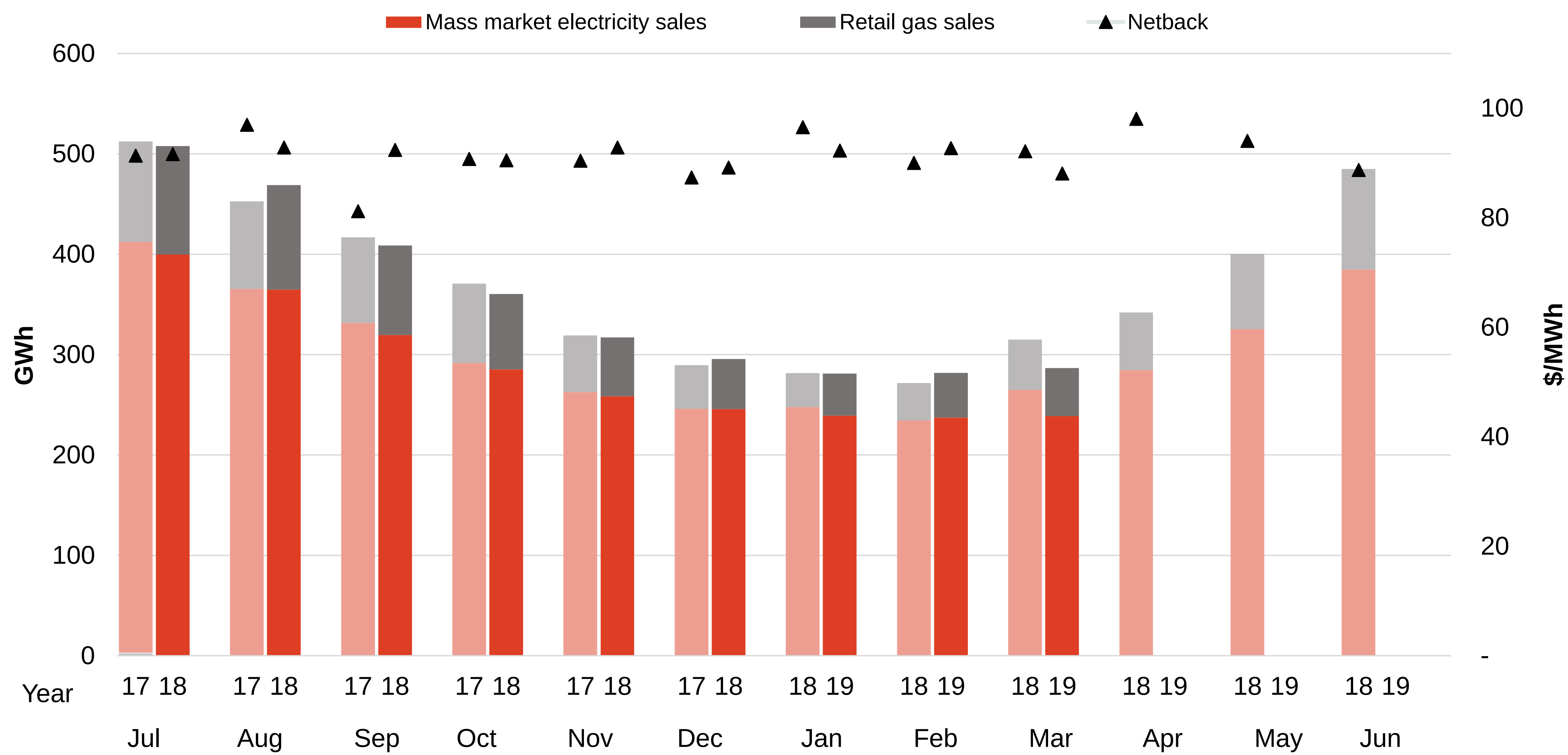
Contact's Wholesale business performance

Generation mix, gross sales position and unit generation cost (FY18 and 19)



Contact's Customer business performance

Retail sales volumes and netback (FY18 and 19)



Contact's operational performance

		Measure	The month ended March 19	The month ended March 18	The month ended February 19	Nine months ended March 19	Nine months ended March 18
Customer	Mass market electricity sales	GWh	239	265	237	2,589	2,654
	Retail gas sales	GWh	48	50	44	619	573
	Mass market electricity and gas sales	GWh	287	315	282	3,208	3,227
	Average electricity sales price	$/MWh	253.16	246.45	249.78	245.50	242.87
	Electricity direct pass thru costs	$/MWh	(130.80)	(122.24)	(125.41)	(120.54)	(119.45)
	Cost to serve	$/MWh	(24.61)	(22.09)	(22.53)	(18.75)	(19.13)
	Customer netback	$/MWh	88.06	92.14	92.70	91.48	90.70
	Energy cost	$/MWh	(87.01)	(77.39)	(72.61)	(73.20)	(71.54)
	Actual electricity line losses	%	9%	4%	8%	8%	7%
	Retail gas sales	PJ	0.2	0.2	0.2	2.2	1.9
	Electricity ICPs (rounded to the nearest 500)	#	408,500	414,000	408,000		
	Gas ICPs (rounded to the nearest 500)	#	66,000	64,500	65,500		
Wholesale	Electricity sales to Customer business	GWh	262	277	258	2,804	2,861
	Electricity sales to Commercial and Industrial	GWh	266	288	250	2,358	2,570
	Electricity CFD sales	GWh	286	94	106	1,216	945
	Contracted electricity sales	GWh	814	660	614	6,378	6,376
	Steam sales	GWh	44	51	39	489	470
	Total electricity and steam net revenue	$/MWh	82.52	75.98	76.38	77.65	73.47
	C&I netback (at the ICP)	$/MWh	93.21	86.57	81.38	83.26	82.08
	C&I line losses	%	4%	4%	4%	4%	4%
	Thermal generation	GWh	64	38	66	1,028	1,422
	Geothermal generation	GWh	262	275	230	2,412	2,503
	Hydro generation	GWh	333	323	297	3,010	2,417
	Spot electricity sales	GWh	658	636	592	6,450	6,342
	Electricity sales - Direct	GWh	6	9	8	74	77
	Acquired generation	GWh	189	37	90	511	479
	Electricity generated (or acquired)	GWh	853	682	690	7,035	6,898
	Unit generation cost (including acquired generation)	$/MWh	(41.18)	(28.30)	(47.35)	(36.88)	(36.62)
	Spot electricity purchases	GWh	(522)	(557)	(500)	(5,088)	(5,355)
	CFD sales	GWh	(286)	(94)	(106)	(1,216)	(945)
	Spot exposed purchases / CFD settlement	GWh	(808)	(651)	(606)	(6,304)	(6,300)
	Spot revenue and settlement on acquired generation (GWAP)	$/MWh	167.39	58.51	157.60	139.99	89.42
	Spot purchases and settlement on CFDs sold (LWAP)	$/MWh	(178.11)	(62.23)	(166.44)	(145.64)	(93.98)
	LWAP/GWAP	%	106%	106%	106%	104%	105%
	Gas used in internal generation	PJ	0.8	0.6	0.8	10.5	14.0
	Gas storage net movement (extraction) / injection	PJ	(0.3)	0.3	(0.4)	(2.6)	(0.7)

Keep in touch

Investors

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