



meridian

## News Release

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*Stock exchange listings: NZX (MELCA) ASX (MEZCA)*

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# Meridian Energy monthly operating report for December

23 January, 2014

Attached is Meridian Energy Limited monthly operating report for the month ending 31 December 2013.

Highlights this month include:

- National storage at 129% of average by mid January 2014
- Meridian's inflows for the 6 months to December 2013 were the 7<sup>th</sup> highest on record
- Irrigation load helped lift Meridian's retail sales volume by 8% compared to December 2012

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**Important Notice for Investors:** The securities of Meridian Energy Limited are represented by Instalment Receipts. Each Instalment Receipt carries a liability to pay a further instalment of NZ\$0.50 on 15 May 2015. When investors acquire the Instalment Receipts they assume the liability to pay the Final Instalment. It is the investor's responsibility to ensure that if they are on the register when the liability for the instalment arises, they can afford to pay the instalment. If an investor has a liability and does not pay the instalment, the Trustee can take action to recover the amount owing including costs and expenses.

Meridian Energy Limited (ARBN 151 800 396) A company incorporated in New Zealand 33 Customhouse Quay, PO Box 10840, Wellington 6143

[www.meridian.co.nz](http://www.meridian.co.nz)

An aerial photograph of a hydroelectric dam and power plant. The dam is a concrete structure with several spillways, situated on a river. The water is a vibrant blue. The surrounding landscape is arid and hilly, with brownish-yellow vegetation. In the background, there are large, rugged mountains under a clear blue sky. The title 'Meridian Energy' is overlaid in large, white, bold, italicized font across the center of the image.

# ***Meridian Energy***

MONTHLY OPERATING REPORT *December 2013*

# December Highlights

National storage at 129% of average by mid January 2014

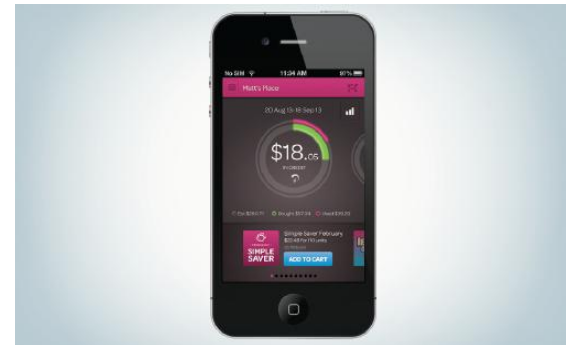
Some signs of underlying demand growth despite warm weather

Below average inflows into Meridian's catchments in December, however lake levels remain high

Inflows for the 6 months to December 2013 were the 7<sup>th</sup> highest on record

Number of switches across all retailers was 14% higher than December 2012

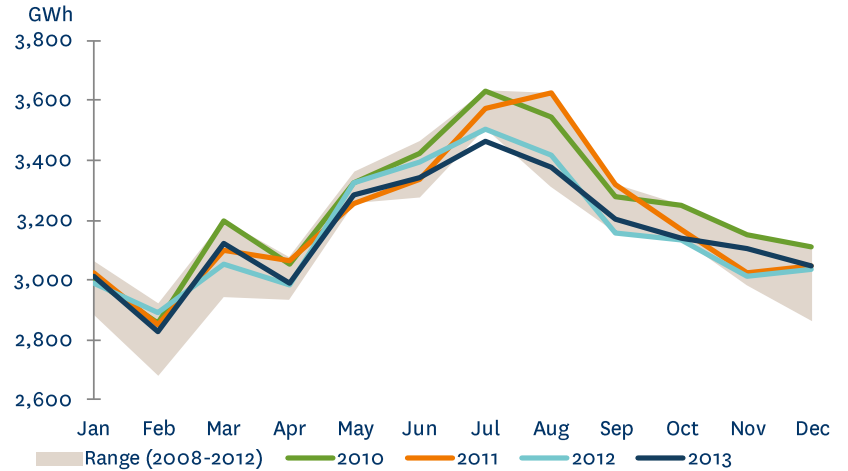
Irrigation load helped lift Meridian's retail sales volume by 8% compared to December 2012



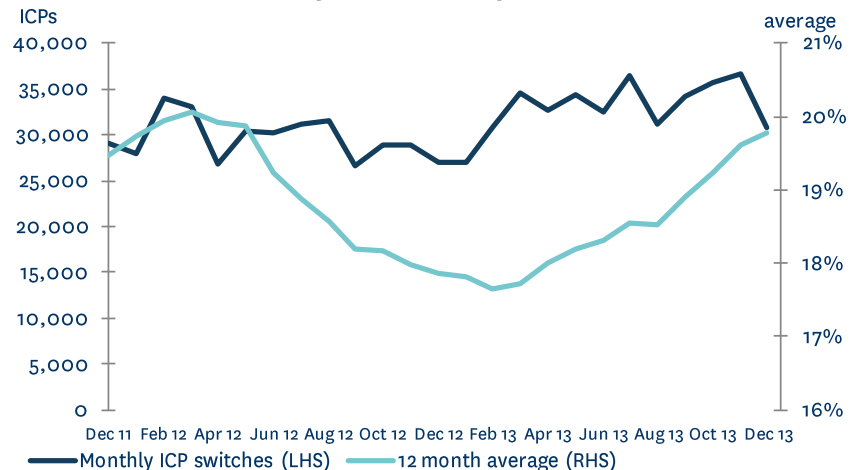
# Market Data

- Flat annual demand in 2013 compared to 2012 reflects the reduction in Norske Skog Tasman Mill consumption
- National demand, excluding Norske Skog consumption showed growth of 1.1% in the 12 months to December 2013, despite a very mild winter
- New Zealand Aluminium Smelters' average load during December was slightly above the 572MW base quantity of the NZAS Agreement
- December 2013 market switching numbers fell from very high levels in November 2013
- This month's number of switches was 14% higher than December 2012
- 12 month average switching rate of 19.8% at the end of December 2013

## NATIONAL DEMAND

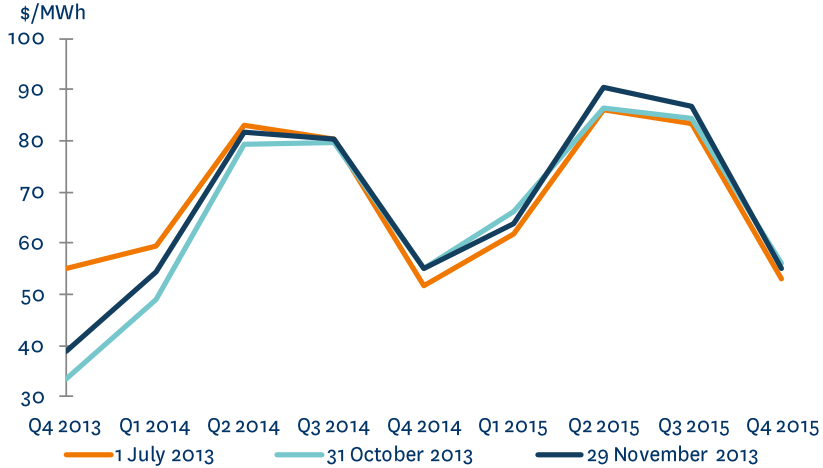


## MARKET ICP SWITCHING (ALL RETAILERS)

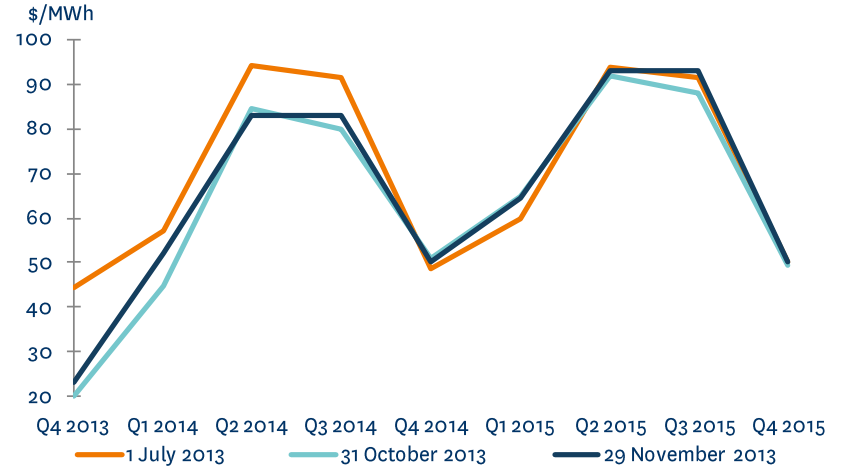


# Market Data

**OTAHUHU ASX FUTURES SETTLEMENT PRICE**

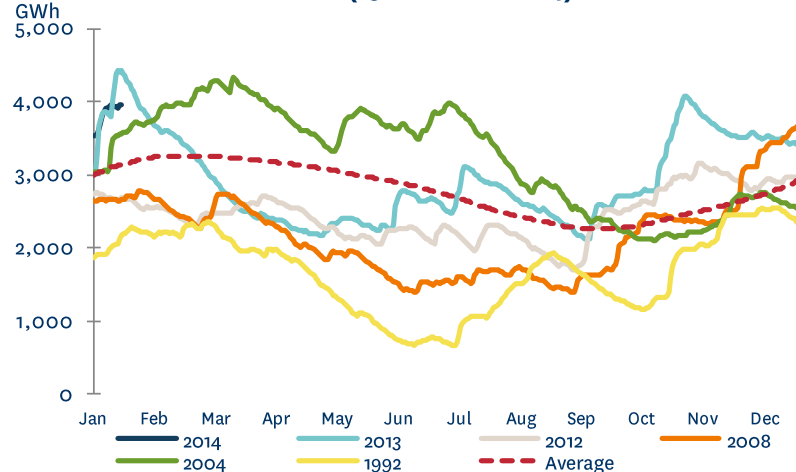


**BENMORE ASX FUTURES SETTLEMENT PRICE**



- Forward prices rose slightly in December, mainly at Otahuhu
- National storage remained largely constant during December
- South Island inflows in early January 2014 have lifted national hydro storage to 129% of average

**NATIONAL HYDRO STORAGE (15 JANUARY 2014)**

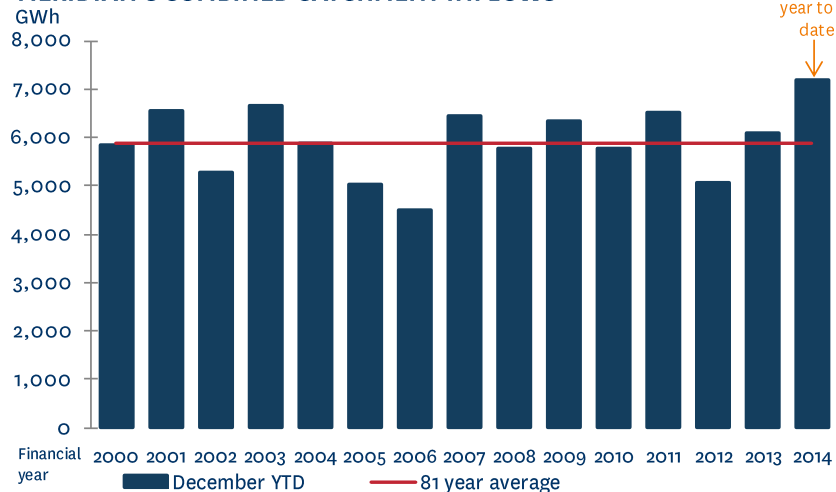


## Meridian Operating Information

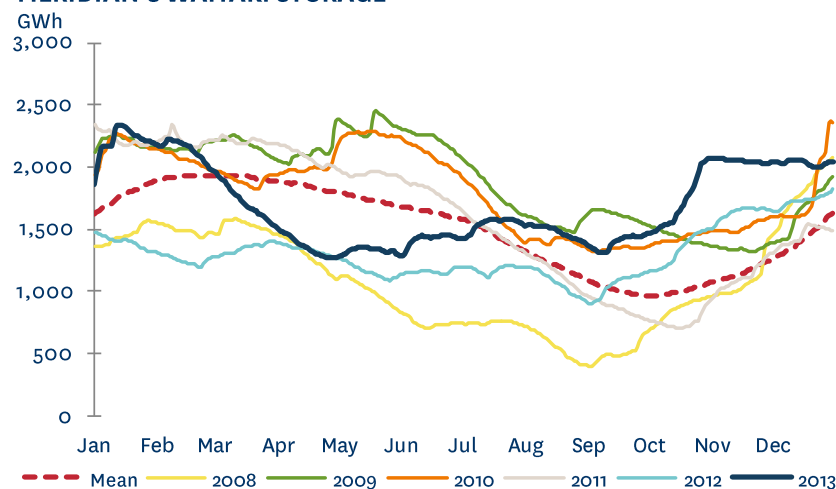
- December monthly inflows were at 83% of historical average
- To date this financial year inflows are 122% of historic average, representing the 7<sup>th</sup> highest July to December inflows on record

- Meridian's Waitaki catchment storage at the end of December was at 2,042GWh, which is 125% of historic average and 12% higher than at the same time last year

**MERIDIAN'S COMBINED CATCHMENT INFLOWS**



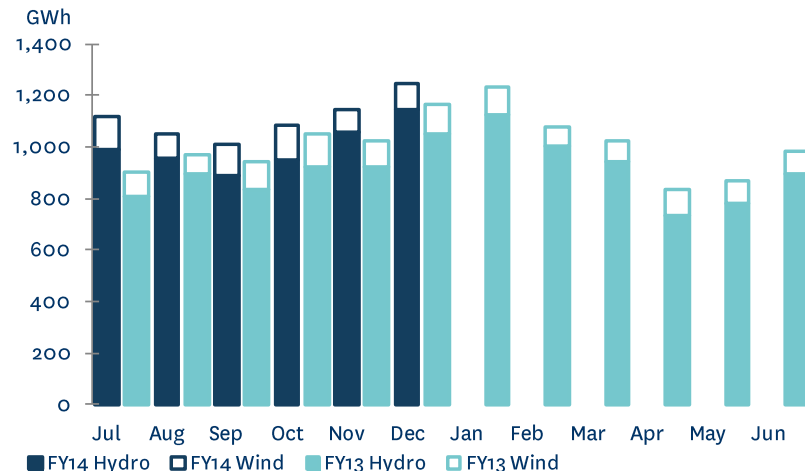
**MERIDIAN'S WAITAKI STORAGE**



## Meridian Operating Information

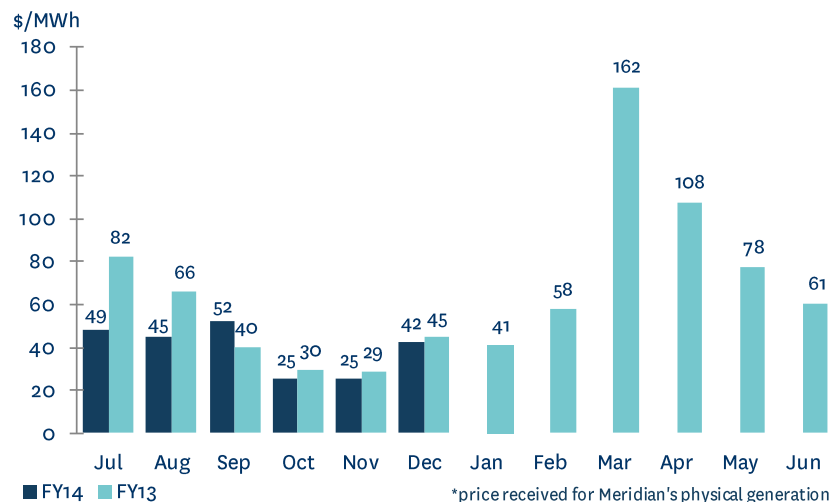
- Meridian's New Zealand generation in December was 7% higher than the same month last year
- To date this financial year Meridian's New Zealand generation is 10% higher than the same period last year
- Meridian continued to maintain comparatively high weekly generation market share during December

**MERIDIAN'S NEW ZEALAND GENERATION**



- The average price Meridian received for its generation in December was 5% lower than the same month last year, largely reflecting the higher than average hydro storage position
- The price Meridian paid to supply contracted sales in December was similar to the same month last year

**MERIDIAN'S AVERAGE GENERATION PRICE\***

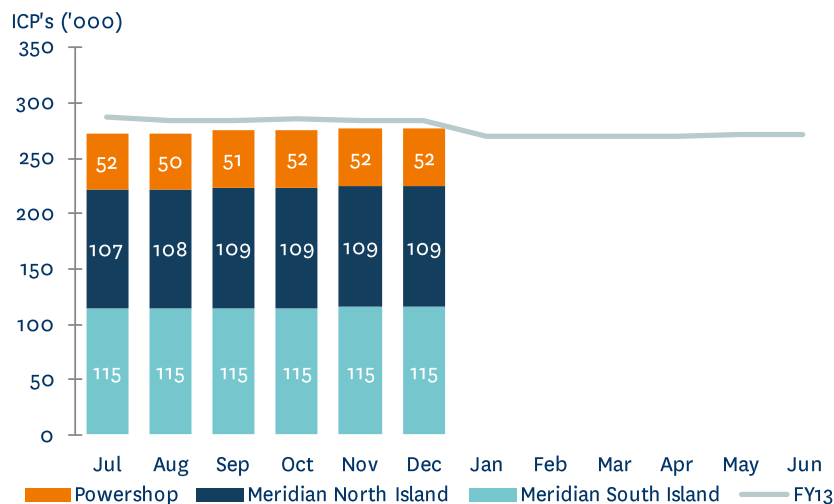


## Meridian Operating Information

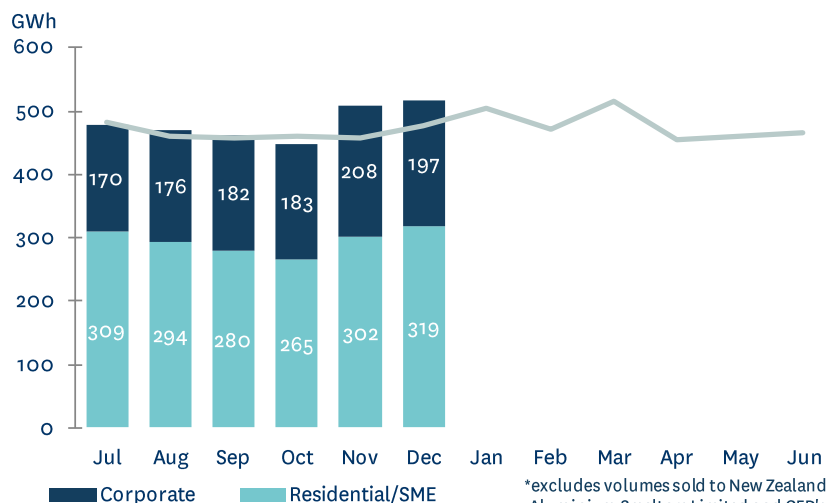
- Meridian's customer connection numbers have increased by 1.6% since June 2013, reflecting growth in Meridian North Island (+3.0%) and Powershop (+1.9%) customer connection numbers
- In December 2012, Meridian's customer connection numbers dropped by around 14,000, reflecting Energy Direct NZ's decision to operate as an independent retailer at that time

- To date this financial year Meridian's retail sales volumes are 3.3% higher than the same period last year
- Higher irrigation load this month helped lift sales volumes 8.0% higher than December last year

### MERIDIAN'S CUSTOMER CONNECTIONS



### MERIDIAN'S RETAIL SALES VOLUMES\*





## Meridian Operating Information

	December 2013 month	December 2012 month	November 2013 month	October 2013 month	6 months to December 2013	6 months to December 2012
<b>New Zealand Contracted Sales<sup>1</sup></b>						
Retail contracted sales volume (GWh)	516	478	509	448	2,886	2,794
Retail contracted sales average price (\$/MWh)	\$85.6	\$93.4	\$91.7	\$97.8	\$102.9	\$109.0
NZAS sales volume (GWh)	426	405	412	426	2,525	2,401
Sell side derivatives volumes <sup>2</sup> (GWh)	215	200	219	175	998	941
Wholesale contracted sales average price (\$/MWh)	\$54.0	\$56.1	\$53.2	\$55.1	\$55.6	\$59.3
New Zealand customer connections <sup>3</sup>	276,564	284,673	276,403	275,870		
<b>New Zealand Generation</b>						
Hydro generation volume (GWh)	1,145	1,050	1,059	953	5,991	5,432
Wind generation volume (GWh)	99	113	86	132	660	618
<b>Total generation volume (GWh)</b>	<b>1,244</b>	<b>1,163</b>	<b>1,145</b>	<b>1,085</b>	<b>6,651</b>	<b>6,050</b>
Average generation price <sup>4</sup> (\$/MWh)	\$42.4	\$44.6	\$25.5	\$25.4	\$39.7	\$47.7
Acquired generation volume <sup>5</sup> (GWh)	165	188	168	175	1,219	1,483
Cost to supply contracted sales (\$/MWh)	\$46.3	\$45.9	\$28.1	\$27.7	\$42.6	\$51.0

1. Contracted sales volumes and volume weighted average price received from contracted customers less distribution costs

2. Includes the sell-side of virtual asset swaps and other sell-side electricity derivatives

3. Meridian Retail and Powershop Installation control points (ICPs), excluding vacants

4. Volume weighted average price received for Meridian's physical generation

5. Includes the buy-side of virtual asset swaps and other buy-side electricity derivatives



## **Glossary**

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<b>Acquired generation volumes</b>	the buy-side of virtual asset swaps and other buy-side electricity derivatives
<b>Average generation price</b>	the volume weighted average price received for Meridian's physical generation
<b>Combined catchment inflows</b>	combined water inflows into Meridian's Waitaki and Manapouri hydro storage lakes
<b>Cost to supply contracted sales</b>	volume weighted average price Meridian pays to supply contracted customer sales
<b>Customer connections</b>	installation control points, excluding vacants
<b>GWh</b>	gigawatt hour. Enough electricity for 125 average New Zealand households for one year
<b>Historic average inflows</b>	the historic average combined water inflows into Meridian's Waitaki and Manapouri hydro storage lakes over the last 81 years
<b>Historic average storage</b>	the historic average level of storage in Meridian's Waitaki catchment since 1979
<b>HVDC</b>	high voltage direct current link between the North and South Islands of New Zealand
<b>ICP</b>	installation control points, excluding vacants
<b>ICP switching</b>	the number of installation control points changing retailer supplier in New Zealand, recorded in the month the switch was initiated
<b>MWh</b>	megawatt hour. Enough electricity for one average New Zealand household for 46 days
<b>NZAS</b>	New Zealand Aluminium Smelters Limited
<b>Retail contracted sales average price</b>	volume weighted average electricity price received from retail customers, less distribution costs
<b>Retail sales volumes</b>	contract sales volumes to retail customers, including both non half hourly and half hourly metered customers
<b>Sell side derivatives</b>	the sell-side of virtual asset swaps and other sell-side electricity derivatives
<b>Wholesale contracted sales average price</b>	volume weighted average electricity price received from wholesale customers, including NZAS