



# Quarterly Operational Update

Three months ended 31 March 2016



## QUARTERLY HIGHLIGHTS

**43%**

**MERCURY RESIDENTIAL**  
customers on fixed-price  
contracts

**98%**

**GEOTHERMAL AVAILABILITY** for the  
last two quarters

**0.5%**

**INCREASE IN ELECTRICITY DEMAND**  
– the seventh consecutive quarter  
that demand has increased on pcp



## COMMENTARY

### **CUSTOMERS ON FIXED-PRICE CONTRACTS NOW 43%; COMMERCIAL VOLUMES UP**

The proportion of Mercury Energy residential customers on fixed-price contracts increased to 43% during the period due to more than 28,000 customers taking up a two-year offer in preference to an increase in energy pricing. The lift in overall sales volumes reflects higher commercial contracting activity as yields temporarily improved. The average electricity energy price to customers was \$110.10/MWh, 1% lower than pcp due to the yields for new commercial contracts being below those that are currently rolling off. As previously communicated, a large proportion of these higher-priced contracts were secured between FY2011 and FY2013.

### **HYDRO GENERATION UP ON PCP; WHOLESALE PRICES DOWN**

The quarter to 31 March reflected a 19% lift in hydro generation up 136GWh to 843GWh.

High national hydro storage, which ended the period 10% above average, continued to impact wholesale prices. The price the Company received for its generation was down 27% on pcp to \$67.91/MWh.

Relative hydro yields (GWAP) continued to trend below historical levels for the nine months ended 31 March, being 1.04 against average base-load prices (TWAP). This compares with 1.08 for the pcp and was due to a flatter generation profile in response to lower wholesale price volatility. A return to historical hydro yields is not expected to fully translate through to LWAP/GWAP due to the normalisation of relative purchase prices (LWAP) that are also influenced by price volatility, as well as locational price differences.

Strong geothermal generation was again the result of 98% availability for the Company's geothermal plants for the quarter, up 2% on pcp. Planned outages across the year can cause reported generation to fluctuate depending on timing.

Mighty River Power has completed the sale of Southdown's four gas turbines, with the balance of the plant, including generators, remaining onsite with the capability to provide voltage support to Transpower.

### **NATIONAL DEMAND GROWTH CONTINUES - RECORD FOR Q3; ASX PRICES EASE**

Throughout the quarter, ASX futures prices decreased for each year from FY2016 to FY2019 despite improvement in supply and demand fundamentals. This creates pressure on yields for commercial and industrial contract renewals.

National demand for electricity rose to the highest level for Q3 on record, up 0.5% compared with the same period last year (adjusted for temperature). This is the seventh consecutive quarter where demand has increased on pcp, with the current quarter increase showing broad-based growth.

**Mighty River Power will release its financial results for the 12 months ended 30 June 2016 on 23 August 2016 ■**



## OPERATING STATISTICS

Operating Information	Three months ended 31 March 2016		Three months ended 31 March 2015		Nine months ended 31 March 2016		Nine months ended 31 March 2015	
	VWAP <sup>1</sup> (\$/MWh)	Volume (GWh)	VWAP <sup>1</sup> (\$/MWh)	Volume (GWh)	VWAP <sup>1</sup> (\$/MWh)	Volume (GWh)	VWAP <sup>1</sup> (\$/MWh)	Volume (GWh)
<b>Electricity Sales</b>								
FPVV sales to customers	110.10	1,006	111.21	968	113.87	3,260	115.56	3,376
FPVV sales to residential customers		488		492		1,828		1,830
FPVV sales to business customers		518		476		1,432		1,546
FPVV purchases from market		1,063		1,017		3,443		3,549
Spot customer purchases		220		334		740		1,052
<b>Total NZEM Purchases</b>	<b>70.00</b>	<b>1,283</b>	<b>96.38</b>	<b>1,351</b>	<b>65.34</b>	<b>4,183</b>	<b>79.90</b>	<b>4,601</b>
<b>Electricity Customers (000)</b>								
		377		385				
North Island Customers		340		351				
South Island Customers		37		34				
Dual Fuel Customers		41		41				
<b>Contracts for Difference</b>		<b>Volume (GWh)</b>		<b>Volume (GWh)</b>		<b>Volume (GWh)</b>		<b>Volume (GWh)</b>
Buy CfD		365		392		1,294		1,285
Sell CfD		839		768		2,759		2,508
End User CfD		364		387		1,110		1,231
Net Sell CfD <sup>2</sup>		474		376		1,465		1,223
<b>Electricity Generation</b>	<b>VWAP (\$/MWh)</b>	<b>Volume (GWh)</b>	<b>VWAP (\$/MWh)</b>	<b>Volume (GWh)</b>	<b>VWAP (\$/MWh)</b>	<b>Volume (GWh)</b>	<b>VWAP (\$/MWh)</b>	<b>Volume (GWh)</b>
Hydro	70.52	843	96.27	707	63.92	3,058	81.69	2,463
Gas	-	-	105.94	94	68.64	146	83.71	389
Geothermal (consolidated) <sup>3</sup>	64.80	654	88.95	638	60.90	1,953	74.89	1,875
Geothermal (equity accounted) <sup>4</sup>	64.86	56	89.54	58	61.17	174	75.18	175
<b>Total</b>	<b>67.91</b>	<b>1,553</b>	<b>93.50</b>	<b>1,497</b>	<b>62.85</b>	<b>5,331</b>	<b>79.02</b>	<b>4,902</b>
<b>LWAP/GWAP</b>		1.03		1.03		1.04		1.01
<b>Gas Purchases</b>	<b>\$/GJ</b>	<b>PJ</b>	<b>\$/GJ</b>	<b>PJ</b>	<b>\$/GJ</b>	<b>PJ</b>	<b>\$/GJ</b>	<b>PJ</b>
Retail purchases <sup>5</sup>	6.34	0.13	9.20	0.15	8.68	0.74	9.21	0.77
Generation purchases	0.00	0.00	3.22	1.06	6.21	1.70	5.91	3.84
<b>Carbon Emissions ('000 tonnes CO<sub>2</sub>e)</b>		86		228		335		522
<b>Metrix AMI Meters (000)</b>		393		377				

1. VWAP is volume weighted average energy only price sold to FPVV customers after lines, metering and fees
2. Includes Virtual Asset Swap volumes in both Buy and Sell CfD volumes of 174 GWh for the 3 months ended 31 March 2016 and 172 GWh for the 3 months ended 31 March 2015 and of 527 GWh for the 9 months ended 31 March 2016 and 525 GWh for the 9 months ended 31 March 2015
3. Includes Mighty River Power's 65% share of Nga Awa Purua generation
4. Tuaropaki Power Company (Mokai) equity share
5. Prices exclude fixed transmission charges.

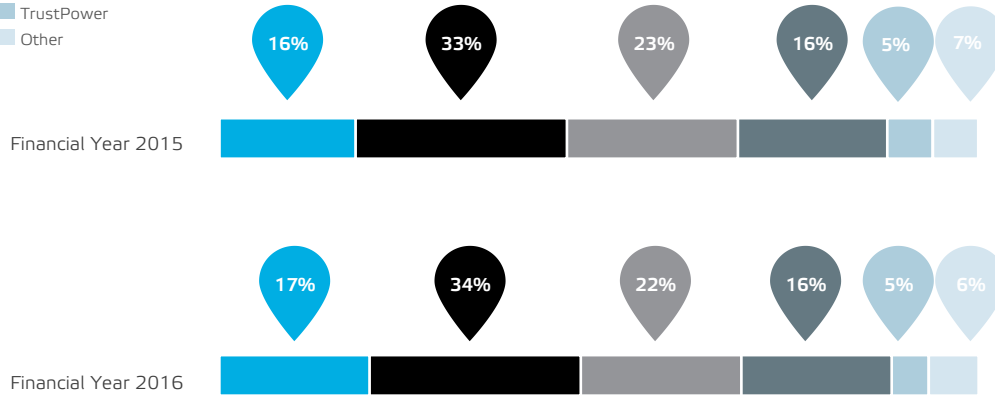


## MARKET DATA



### ELECTRICITY GENERATION BY COMPANY FOR THE NINE MONTHS ENDED 31 MARCH

- Mighty River Power
- Meridian Energy
- Contact Energy
- Genesis Energy
- TrustPower
- Other

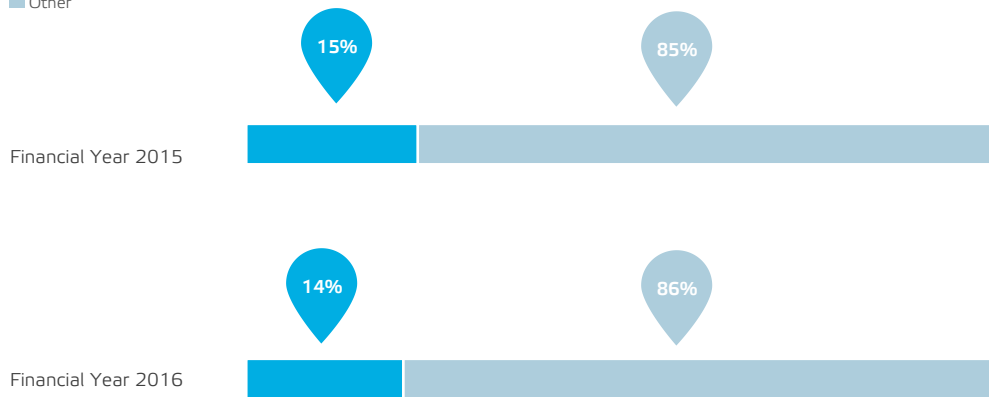


Source: Electricity Authority



### SHARE OF ELECTRICITY SALES (GWh) FOR THE NINE MONTHS ENDED 31 MARCH

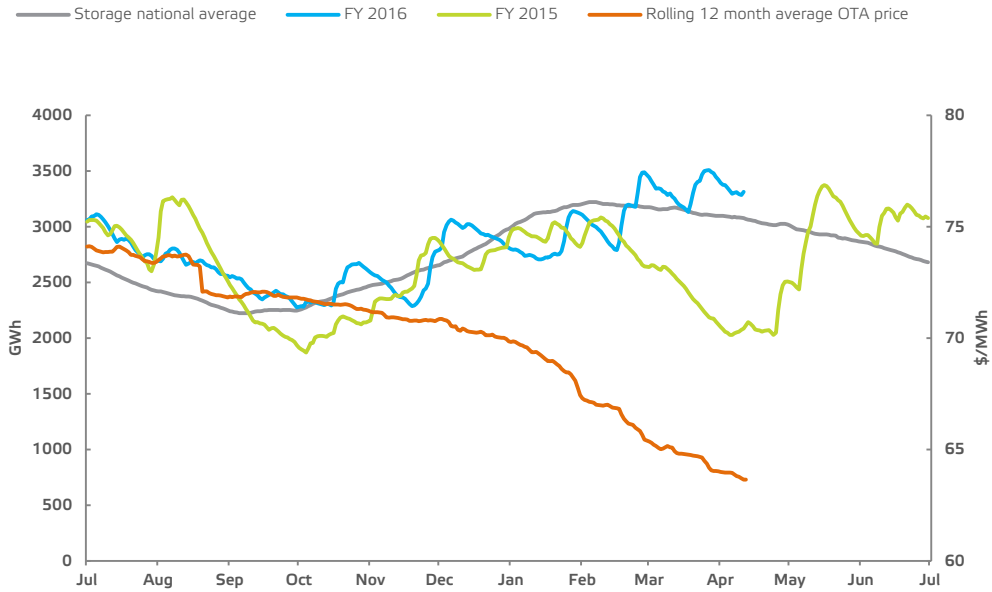
- Mighty River Power
- Other



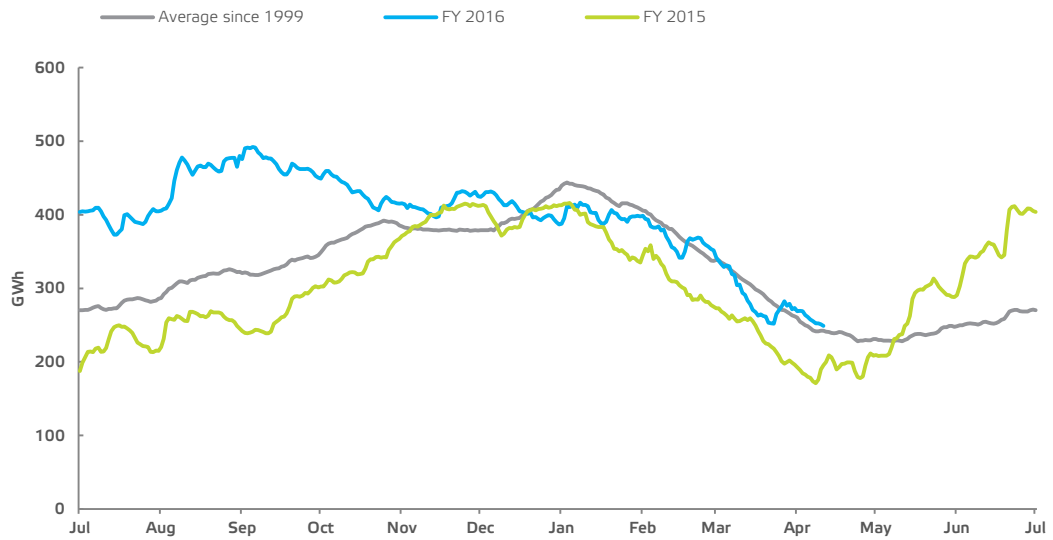
Source: Mighty River Power Purchases and Transpower SCADA



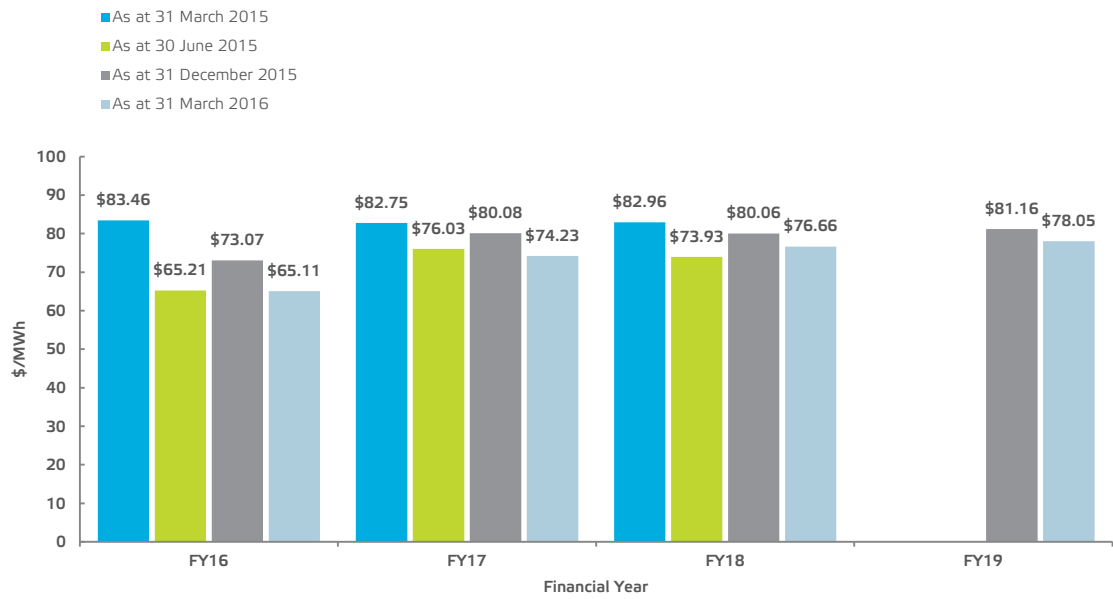
### OTAHUHU WHOLESALE PRICE AND NATIONAL HYDRO STORAGE LEVELS



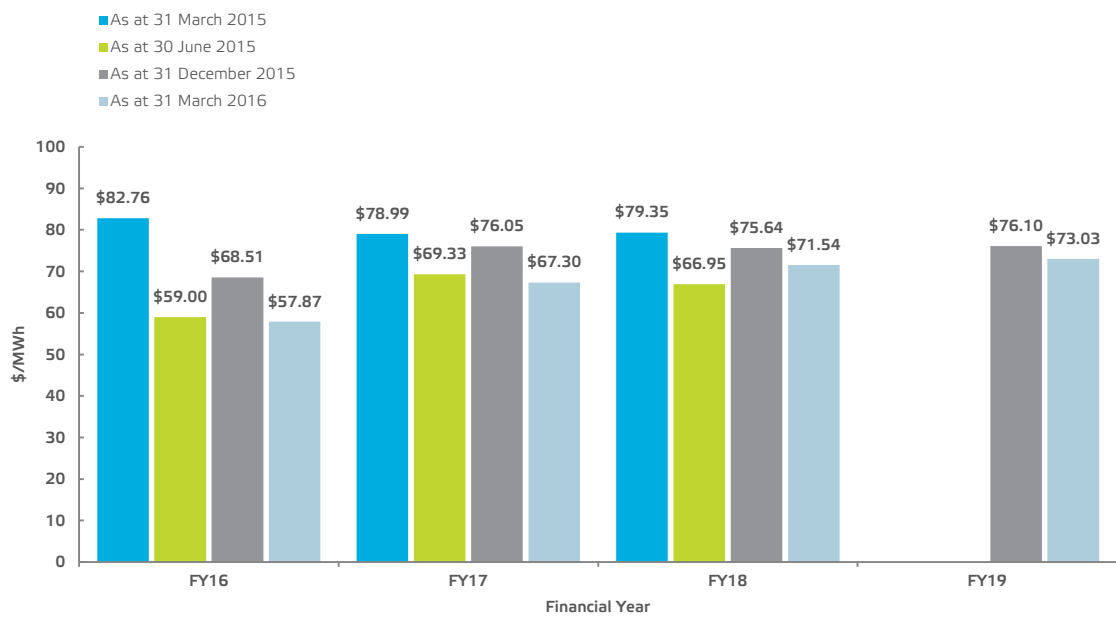
### TAUPO STORAGE



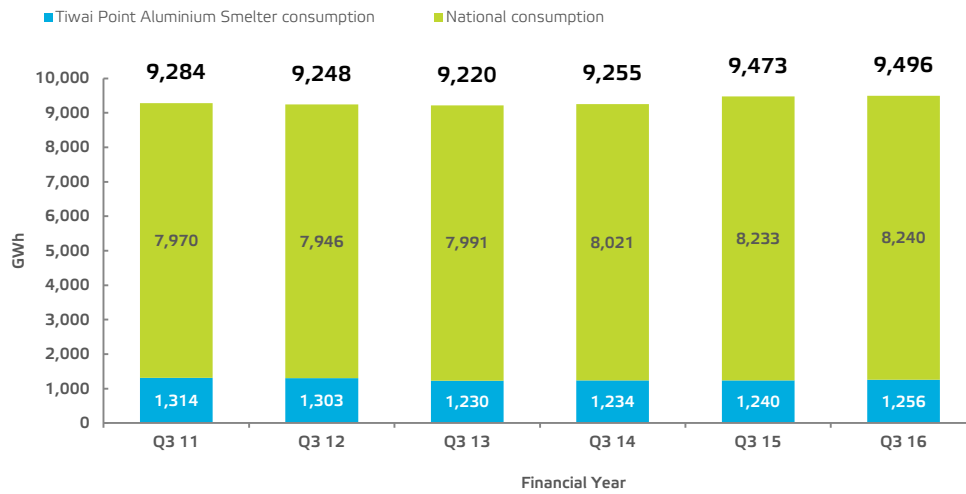
### ▶ OTAHUHU ASX FUTURES SETTLEMENT PRICE



### ▶ BENMORE ASX FUTURES SETTLEMENT PRICE



## NATIONAL CONSUMPTION



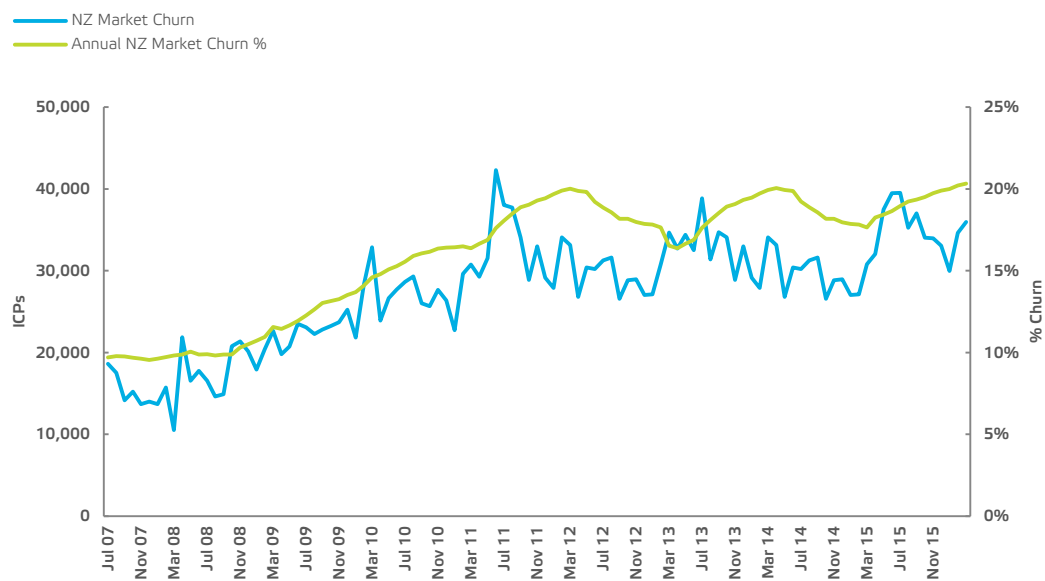
Source: Transpower Information Exchange

## NATIONAL CLIMATE SUMMARY

Financial Year	Q1 (°C)	Q2 (°C)	Q3 (°C)	Q4 (°C)
2016	11.4	16.0	20.6	n/a
2015	11.9	15.9	19.9	14.3
2014	12.3	16.7	18.9	14.8
2013	12.3	16.5	19.6	14.4
2012	11.5	16.6	18.9	14.0
Historical Average (since 1999)	11.9	16.1	19.4	14.2

Source: NIWA, Met Service

## MONTHLY TOTAL CONSUMER RETAIL SWITCHING (ICPS)



Source: Electricity Authority