



Quarterly operating report for the period to 31 March 2013

For immediate release: Wednesday 1 May, 2013

Today, Meridian Energy Limited released its quarterly operational result for the three-month period to 31 March, 2013.

Performance for the quarter was characterised by:

- Successful management of high lake inflows in early January and subsequent low inflows through to the end of March
- A 33% increase in generation volumes compared with the same quarter last year
- A 5% increase in contract sales volumes in all segments, compared with the same quarter last year

Meridian's chief executive Mark Binns said: "Meridian has demonstrated strong operational performance during this quarter managing high early January inflows and the sustained dry period that followed."

Despite this inflow variability, Meridian's total sales volumes grew by 5% across all customer segments.

"Our churn rate remains steady and reflects our commitment and focus on customer experience in a highly competitive market," added Mr Binns.

Demand remained suppressed during the quarter – below the levels of the March quarters from the last three years. This was compounded by a reduction in load this quarter by Meridian's largest customer, New Zealand Aluminium Smelters, which reduced its load to 540MW to help manage low national lake levels.

A loss of 14,000 connections in the quarter reflected Energy Direct NZ's decision to operate as an independent retailer. Powershop's customer connection numbers grew by 3% during the period.

"The four-year, \$40m Waitaki hydro station refurbishment announced in February 2013 is the last of Meridian's major hydro refurbishment programme that has included Manapouri and Benmore stations. The Waitaki refurbishment will give Meridian more generation flexibility, while still operating within our water consents," said Mr Binns.

During the quarter Meridian announced that it would suspend land access work on the North Bank Tunnel project, which reflects the company's ongoing rationalisation of future generation projects.

ENDS

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About Meridian

Meridian Energy is an integrated renewable energy company; the largest generator in New Zealand, with a strong pipeline of development options in Australasia; and an electricity retailer throughout New Zealand.

Meridian and its online subsidiary Powershop retail electricity to approximately 285,000 connections – homes, farms and businesses throughout New Zealand.

The Meridian Energy Group includes a parent company Meridian Energy, subsidiary businesses in Australia and the USA and other innovative New Zealand investments that complement our core activities as an electricity generator and retailer.

Meridian generates electricity from renewable sources – wind and water in New Zealand; wind in Australia; and solar in the USA. The company supplies 30 per cent of New Zealand's total electricity needs. Meridian owns and operates seven hydro stations, six within the Waitaki Hydro Scheme, and four wind farms throughout New Zealand.

Meridian's commitment to renewable energy, environmental stewardship and support for the communities living alongside its assets makes it authentically sustainable. Meridian continually looks for ways to provide positive energy solutions to customers to help them reduce their energy use.



Quarterly Operating Report

Three months ended 31 March 2013

Highlights

Successful management of very high lake inflows in early January, followed by extremely low inflows through to the end of March

33% increase in generation volumes compared to the same quarter last year

5% increase in contract sales volumes compared to the same period last year

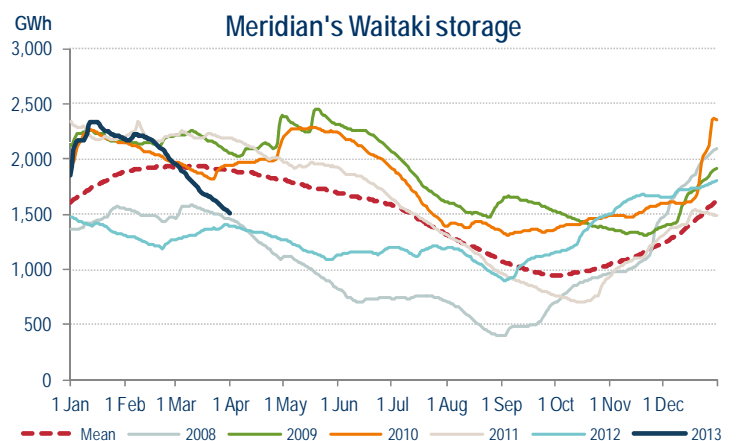
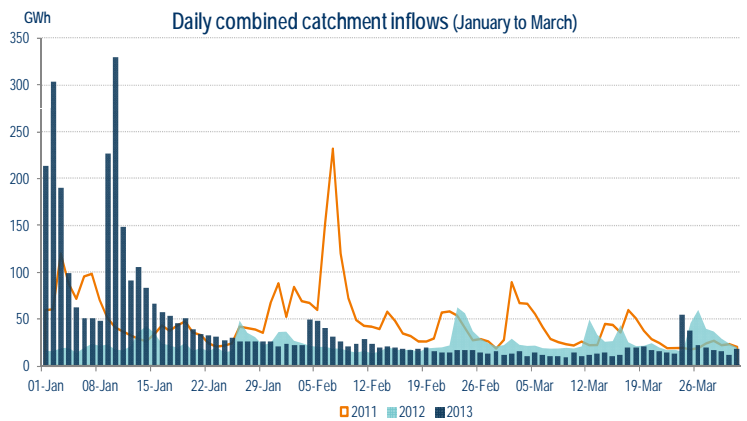
Inflows and storage

Catchment inflows were 106% of mean during the quarter compared with 63% during the same quarter last year.

The quarter's inflows were notable for very high inflows in early January, which resulted in significant, controlled lake spill. This was followed by extremely low inflows during the rest of the quarter. From mid January to the end of March, 2013 inflows were below the same period in 2012, which is notable because overall the March 2012 quarter was the second driest March quarter on record.

After a period of relatively high generation early in the quarter, Meridian has managed its generation to preserve storage.

At the end of March 2013, Meridian's Waitaki catchment storage was at 1,505GWh, which is 79% of the historic mean and 113GWh (8%) higher than the same quarter last year.



Generation

Despite the low inflows seen through much of the quarter, Meridian's generation was 33% higher than the same period last year. Early in the quarter, Meridian enjoyed relatively high generation market share (above 40%) as dry conditions prevailed in the North Island. Subsequently, low South Island inflows meant more conservative generation over the balance of the quarter.

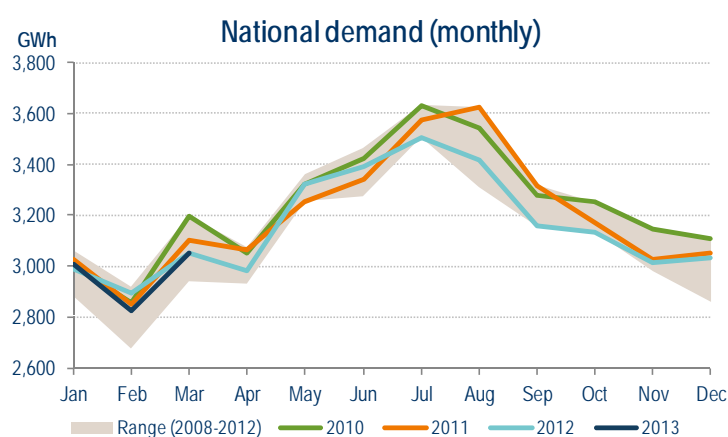
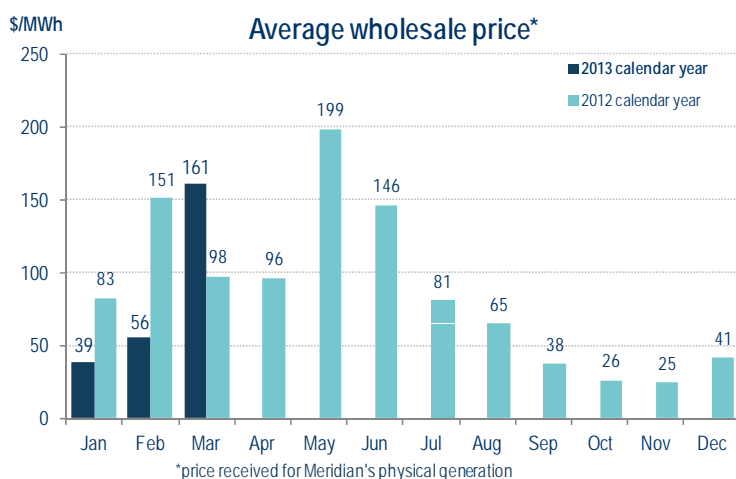
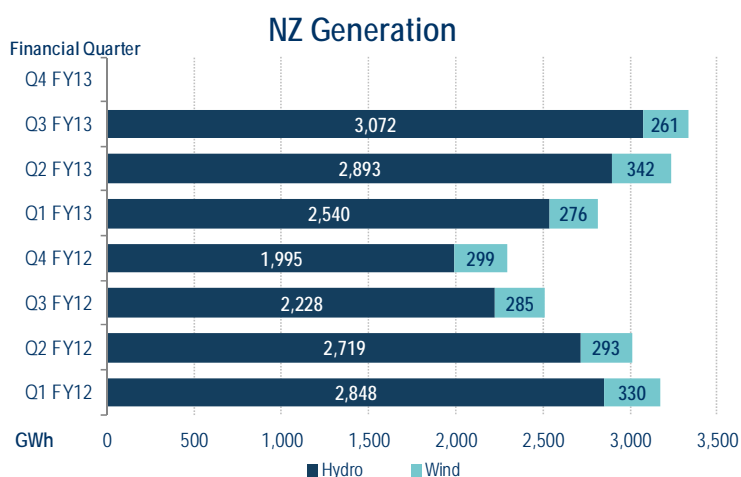
Transpower have announced that current hydrology conditions mean high power tests on Pole 3 have been deferred until spring 2013. Pole 3 will be available at a reduced capacity (350-450MW) from May 2013. Transpower had been aiming to test Pole 3 at 'full power,' and commission the equipment by early May 2013.

Relatively low wind conditions were experienced during the quarter, with wind generation 8% lower than the same quarter last year. The price Meridian receives for its generation lifted significantly from the December 2012 quarter. The average price for this quarter was \$81.89/MWh compared with \$31.21/MWh in the December 2012 quarter. Prices were particularly volatile in March 2013, reflecting the ongoing dry conditions and declining hydro storage across the country.

Average prices this quarter were 25% lower than the same quarter last year, which reflects the impacts of the 2012 dry conditions.

Demand

National demand during the quarter remained suppressed, below levels seen in the March quarters for the last three years. During the quarter, New Zealand Aluminium Smelters initially increased its load to 572MW reflecting the new 1 January 2013 contract, before reducing load to 540MW to help manage low lake storage levels.

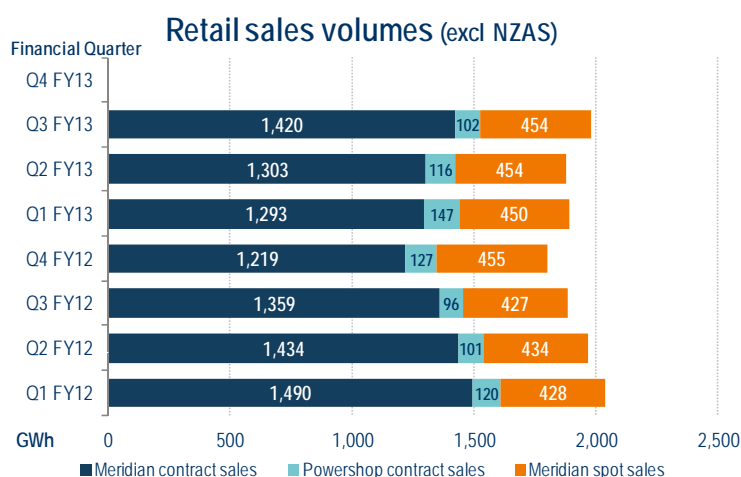
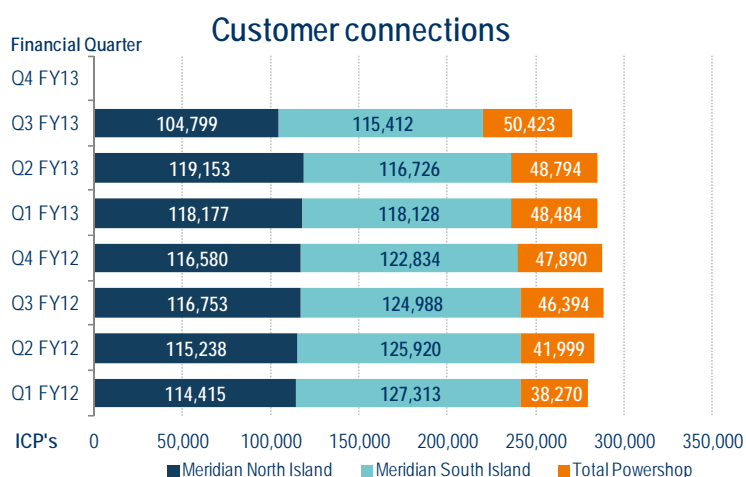


Retail

Meridian's customer connection numbers fell by 14,000 during the quarter, reflecting the decision by Energy Direct NZ, a former Meridian customer, to operate as an independent retailer.

Excluding this change, Meridian's customer connection numbers increased slightly from December 2012, reflecting 3% growth in Powershop customer connection numbers.

Annual monthly average churn remains consistent at 19% (excluding the EDNZ change). Despite the competitive market, Meridian lifted its total sales volumes by 5% compared with the same quarter last year. Volume growth has been experienced across all customer segments, in part reflecting lower acquisition activity Meridian undertook in 2012 to manage record dry conditions.



Development

During the quarter, Meridian announced it was suspending land access work on the North Bank tunnel project, reflecting ongoing rationalisation of future generation options.

Meridian also announced it is investing more than \$40 million on a four-year project to refurbish the Waitaki dam and power station (pictured right).

This is the last major hydro refurbishment project Meridian expects to undertake in the medium term and will involve reinstating the station's seventh generation unit, and carrying out erosion, seismic and flood protection work around the station.



Board announcements

During the quarter the Minister for Stated Owned Enterprises announced the reappointment of three Meridian Board members. Chris Moller (as Chair), Anake Goodall and Mary Devine were each appointed for a further three year term from 1 May 2013 until 30 April 2016.

Outlook

Despite the prevailing dry conditions and flat demand, Meridian still expects to deliver an FY13 full year EBITDAF result that is a significant improvement on FY12.

Operating information

	3 months to 31 Mar 2013 current quarter	3 months to 31 Dec 2012 previous quarter	3 months to 31 Mar 2012 prior quarter comparative	12 months to 30 June 2012 prior year comparative
Generation (GWh)				
- Hydro generation	3,072	2,893	2,228	9,790
- Wind generation	261	342	285	1,206
Total NZ Generation	3,333	3,235	2,513	10,996
Avg Price per MWh Generated ¹	\$81.89/MWh	\$31.21/MWh	\$109.04/MWh	\$98.79/MWh
Customer Connections²				
- Meridian Retail connections	220,211	235,879	241,741	239,414
- Powershop connections	50,423	48,794	46,394	47,890
Total Retail Connections	270,634	284,673	288,135	287,304
Retail Sales Volumes³				
Powershop Contract Electricity Sales (GWh)	102	116	96	444
Meridian Contract Electricity Sales (GWh)	1,420	1,303	1,359	5,503
Meridian Spot Electricity Sales (GWh)	454	454	427	1,744

¹Price received for Meridian's physical generation

²Installation control points (ICP's), excluding vacant ICP's

³Excluding volumes sold to New Zealand Aluminium Smelters Ltd

