



Market Announcement

Friday, 24 July 2015

Trustpower Limited First Quarter Operating Results for the Three Months Ended 30 June 2015

Trustpower's operating statistics for the quarter ended 30 June 2015 together with prior period comparatives are provided at the end of this announcement.

Trustpower has continued to make good progress during the first quarter of the 2016 financial year on the implementation of its retail growth strategy. Energy accounts have increased by 8,000 and telecommunication connections by 6,000 since 31 March 2015. Growth remains primarily targeted at North Island metro markets. Pleasingly, the number of customers taking two or more services has grown by 16,000 (38 percent) over the last twelve months confirming Trustpower's leading multi-product retailing position.

Mass market electricity sales volume was up 5 percent on prior period, driven by cooler weather during the quarter and increased customer numbers. Time of use sales volume increased 1 percent over prior period while gas sales volume increased 33 percent.

New Zealand generation production was 5 percent above prior period but 1 percent below expected long term average. New Zealand hydro production was flat versus prior period but wind production was up 19 percent.

There was significant inflow into the major South Island hydro storage catchments during the last quarter over the period and this has resulted in total New Zealand hydro storage currently being well above average. This has resulted in lower wholesale electricity prices over the period as more expensive thermal generation has been required to run less often.

Australian wind generation was 279GWh for the quarter, 9 percent higher than prior period, mainly as a result of a full contribution from the Snowtown Stage 2 wind farm which was still under construction in the prior period. However, poor wind resource over the quarter has translated to production for the quarter being 18 percent below long term expectation.

Earlier in the month Trustpower confirmed that Mighty River Power's advanced meter subsidiary Metrix had given notice it would terminate its contract with Trustpower to deploy advanced meters to Trustpower's customer base. While this will delay Trustpower's advanced metering deployment timetable, Trustpower has made significant progress with its own system development and there is now an opportunity to reconsider its approach to advanced meter deployment and metering services.

Trustpower has recently sought leave to appeal to the Supreme Court in response to the Court of Appeal's judgment, delivered in June 2015, regarding Trustpower's feasibility expenditure dispute with the Inland Revenue.

During the period the Australian Federal Government has passed legislation following a longstanding review of the Renewable Energy Target (RET). As a consequence the Large Scale Renewable Energy Target has been reduced to 33,000 GWh from 41,000 GWh by 2020.

While a reduction in the target is disappointing, it is not a surprise and Trustpower continues to believe that there are opportunities to develop further wind sites from its pipeline of development options in Australia.

BJ Harker

Chairman

	3 Months June 2015	3 Months June 2014	12 Months March 2015
Customers, Sales and Service			
Electricity connections (000s)	248	229	242
Telecommunication connections (000s)	44	33	38
Gas connections (000s)	26	17	24
Customers with two or more services (000s)	58	42	52
Mass market sales - Fixed Price (GWh)	443	420	1,659
Time of use sales - Fixed Price (GWh)	209	206	810
Time of use sales - Spot (GWh)	377	373	1,465
Total customer sales (GWh)	1,029	999	3,934
Average spot price of electricity purchased (\$/MWh)	64	72	77
Gas Sales (TJ)	303	227	903
Annualised electricity customer churn rate*	15%	14%	14%
Annualised electricity customer churn rate - total market*	22%	20%	19%
Generation Production and Procurement			
North Island hydro generation production (GWh)	165	135	532
South Island hydro generation production (GWh)	251	281	1,034
Total hydro generation production (GWh)	416	416	1,566
North Island wind generation production (GWh)	146	133	551
South Island wind generation production (GWh)	37	21	99
Total wind generation production (GWh)	183	154	650
Total New Zealand generation production (GWh)	599	570	2,216
Average spot price of electricity generated (\$/MWh)	59	66	71
Net third party fixed price volume purchased (GWh)	258	161	750
Australian wind generation production (GWh)	279	256	1,187
Australian hydro generation production (GWh)	17	-	278
Total Australian generation production (GWh)	295	256	1,465
Other Information			
Resource consent non-compliance events	1	1	7
Staff numbers (full time equivalents)	648	589	628

*Based on Electricity Authority data