



Friday, 31 January 2014

Quarterly Operating Result Announcement – Nine months to 31 December 2013

Trustpower's operating statistics for the nine months to 31 December 2013 together with prior period comparatives are provided at the end of this announcement.

Trustpower's New Zealand generation production was 1,736 GWh for the period, 158 GWh (8 per cent) below the same period last year and 11 per cent below expected long term average production. In particular, North Island hydro production was 139 GWh (23 percent) below prior period. Matahina, Trustpower's largest North Island hydro generation scheme, had one of its lowest ever inflow sequences during the reporting period. Wind production at the Tararua and Mahinerangi wind farms was slightly higher than prior period.

New Zealand hydro storage levels have remained well above average for most of the reporting period. Combined with subdued electricity demand, this has resulted in wholesale electricity prices being well below prior period.

The Snowtown Wind Farms in South Australia produced 330 GWh for the period which was 14 per cent up on prior period and in line with expectation. Production included 34 GWh from the Snowtown Stage 2 wind farm which is currently under construction.

Mass market customer sales were down 6 per cent compared to prior period due to lower customer usage caused by a combination of a warmer winter in 2013, improving residential energy efficiency and customer mix. Mass market competition remains strong, however Trustpower continues to achieve lower customer churn levels than the market overall.

Total energy accounts have increased to 233,000 over the period including 11,000 gas accounts. The increase is mainly attributable to the acquisition of Energy Direct New Zealand electricity and gas customers in July 2013 but also the Company has been successful in acquiring around 3,000 electricity and gas customers in the third quarter.

Time of Use sales were down 137 GWh (9 per cent) on prior period reflecting a highly competitive market. Late in the quarter Trustpower has successfully contracted two significant commercial customers with a combined annual demand of around 240 GWh. Sales of telecommunication services continue to grow strongly (up 24% over prior period). Uptake of ultra-fast broadband is starting to occur which is positively contributing to Trustpower's retail multiproduct offering.

The construction of the 270 MW Snowtown Stage 2 Wind Farm in South Australia is progressing to schedule. 37 wind turbines have been erected, 29 of these are operating and 25 have met take over conditions.

Trustpower intends to redeem its \$50.4 million retail subordinated bond maturing 15 March 2014 and will fund the redemption from unutilised bank facilities.

Trustpower is continuing to work with Ngai Tahu Holdings Corporation Limited as preferred investors in the Ruataniwha Water Storage Scheme in the Hawkes Bay. Feasibility and capital funding discussions are continuing with Hawkes Bay Regional Investment Company and Crown Irrigation Investments. Targeted Financial Investment Decision date is expected to slip two months to 30 June 2014 to accommodate the approval processes of the prospective investors in the project.

Operating Statistics	9 Months	9 Months	12 Months
	December 2013	December 2012	March 2013
Electricity customer numbers (000's)	222	205	206
Telecommunication services provided (000's)	51	41	43
Gas customer numbers (000's)	11	-	-
Mass market sales (GWh)	1,197	1,268	1,613
Time of use sales (GWh)	1,446	1,583	2,070
Total customer sales (GWh)	2,643	2,851	3,683
Average spot price of electricity purchased (\$/MWh)	62	82	86
North Island hydro generation production (GWh)	474	613	725
South Island hydro generation production (GWh)	759	781	967
Total hydro generation production (GWh)	1,233	1,394	1,692
North Island wind generation production (GWh)	431	427	548
South Island wind generation production (GWh)	72	73	90
Total wind generation production (GWh)	503	500	638
Total New Zealand generation production (GWh)	1,736	1,894	2,330
Average spot price of electricity generated (\$/MWh)	59	81	83
Australian wind generation production (GWh)	330	289	386
Resource consent non-compliance events	1	4	5
Staff numbers (full time equivalents)	568	469	481

B J Harker
Chairman