



meridian

News Release

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

Meridian Energy UBS utilities conference presentation

19 June, 2014

Attached is a presentation Meridian Energy will give today at a UBS utilities conference in Sydney, Australia.

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Meridian Energy

UBS UTILITIES CONFERENCE 19 June 2014

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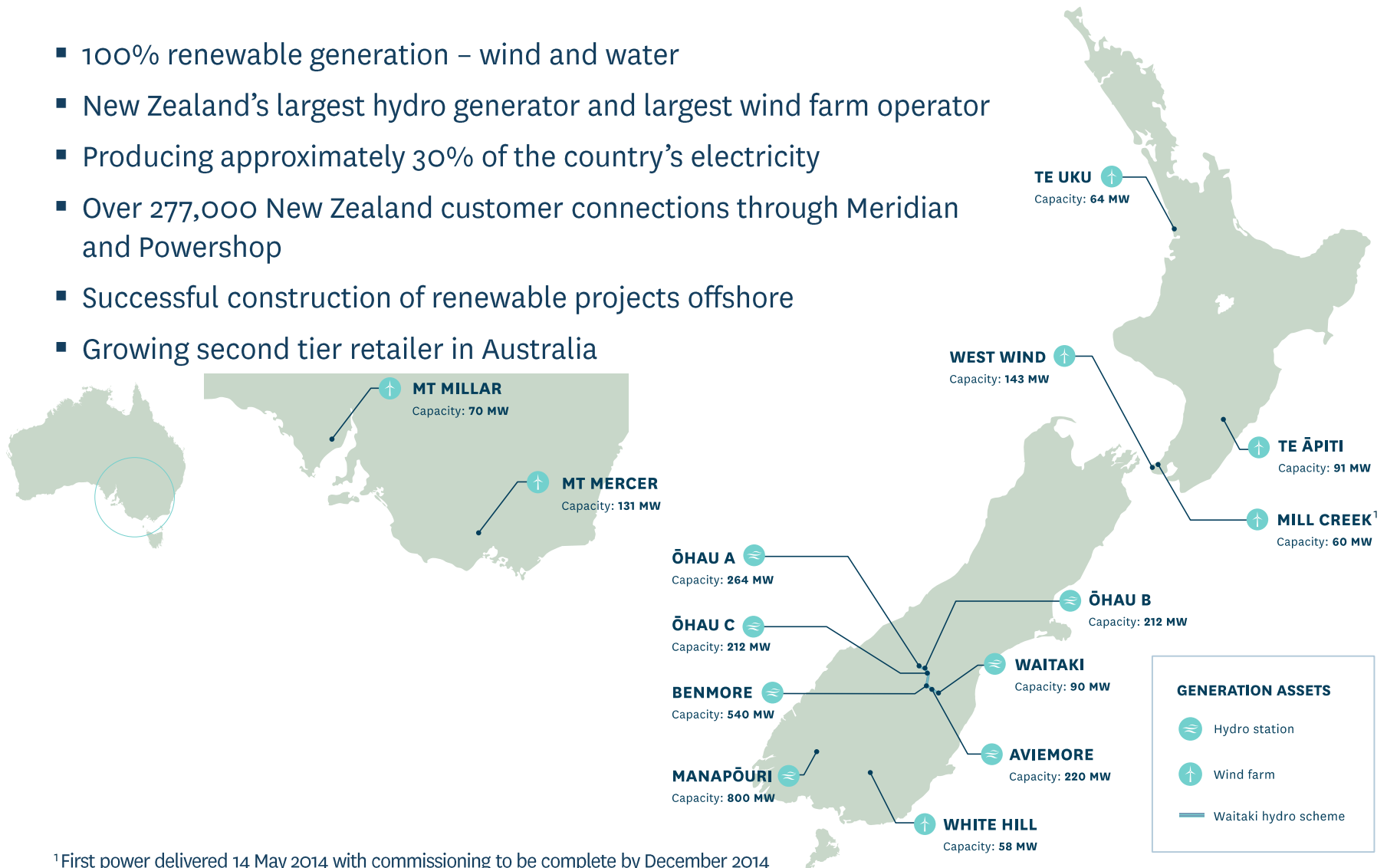
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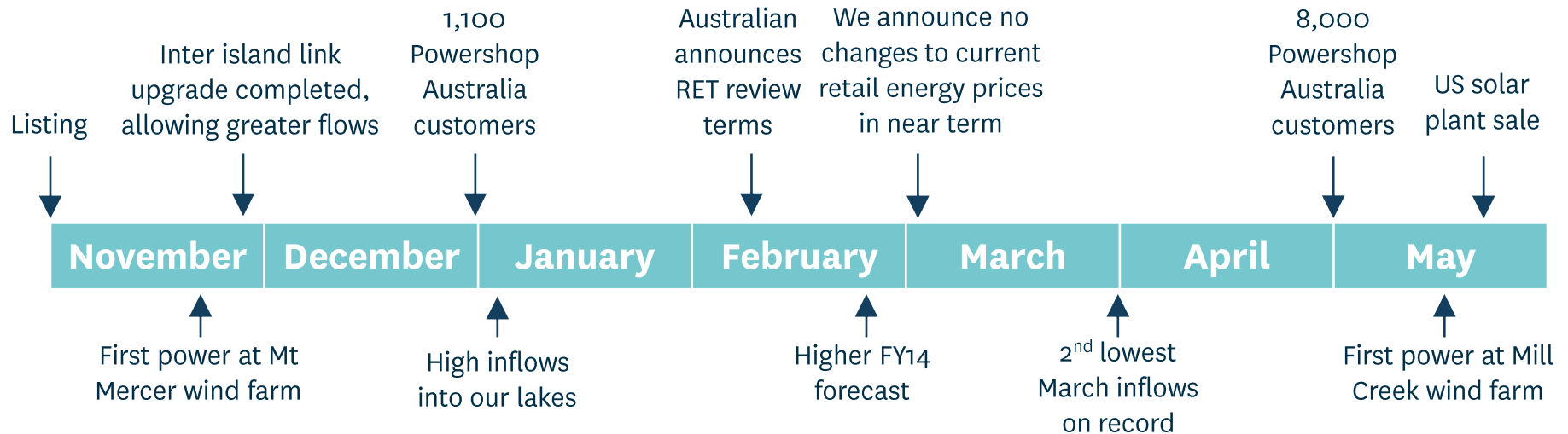
All currency amounts are in New Zealand dollars unless stated otherwise.

A reminder about Meridian

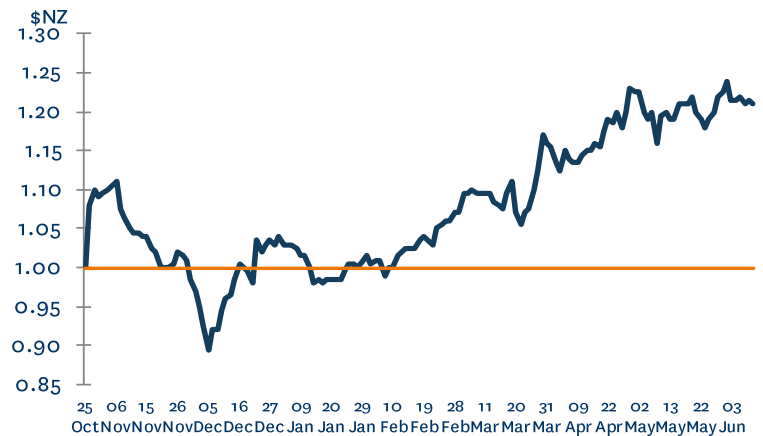
- 100% renewable generation – wind and water
- New Zealand's largest hydro generator and largest wind farm operator
- Producing approximately 30% of the country's electricity
- Over 277,000 New Zealand customer connections through Meridian and Powershop
- Successful construction of renewable projects offshore
- Growing second tier retailer in Australia



Since we listed



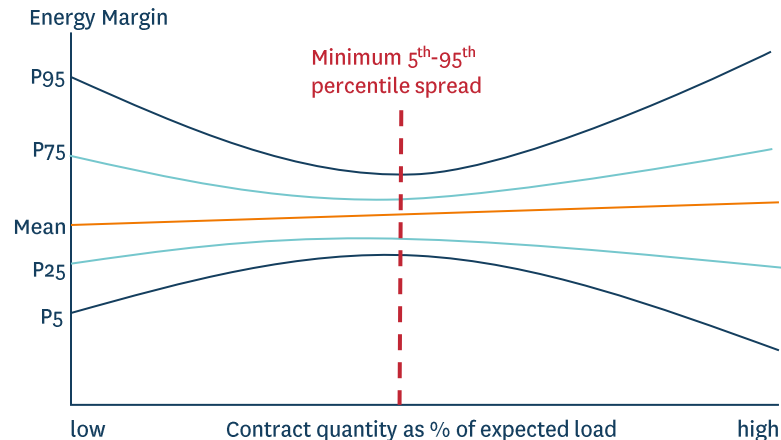
INSTALMENT RECEIPT PRICE



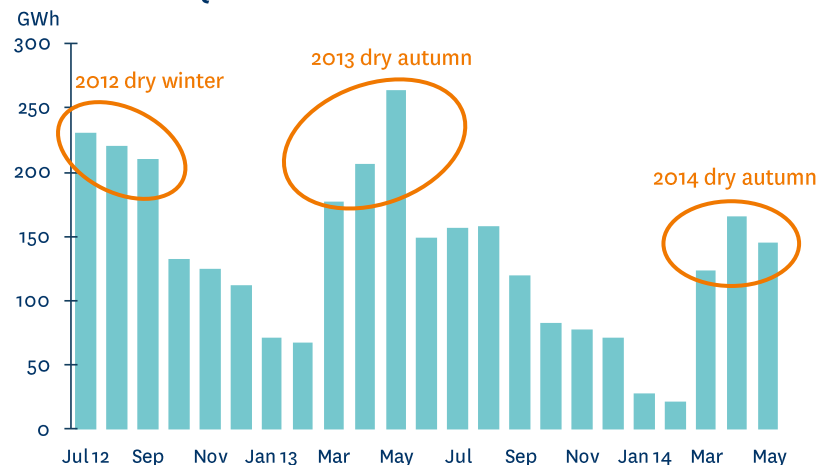
How we manage our New Zealand hydro risk

- Vertical integration limits exposure to wholesale spot price volatility
- Seasonal portfolio positioning to minimise risk (bow ties)
- Typically results in a long generation position
- Generation diversification with North Island wind development
- More liquid synthetic market – improving bilateral contract options and a deepening ASX hedge market
- Increased inter-island transmission capacity
- Work with corporate and industrial customers to manage load during dry periods
- Access to emergency hydro storage levels in Lake Pukaki

ILLUSTRATIVE BOW TIE



MERIDIAN'S ACQUIRED GENERATION VOLUMES



The economics of wind

- Underpinned by a higher wind resource than the world average
- NZ generation capacity factors for wind are around 50% higher than the global average
- Wind's unit cost competes directly with other forms of generation development: geothermal and gas fired generation
- Wind currently has lower unit costs than new hydro or utility scale solar developments
- Further yield improvements are expected through larger rotor machines and in-sourcing wind maintenance practices.



Meridian in Australia

Renewable Energy Target (RET)

- RET is critical to future renewable generation development in Australia
- Significant weakening of the RET would impact our future generation activity in Australia

Retail

- Momentum is building in our Powershop retail business in Victoria
- More states in Australia are deregulating retail price controls
- This may provide opportunities to grow beyond Victoria



Update on

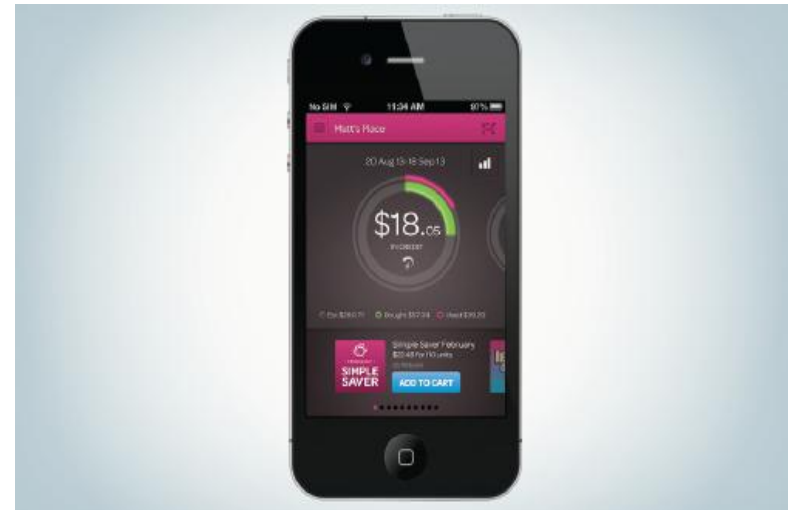
The New Zealand Market



The New Zealand regulatory picture

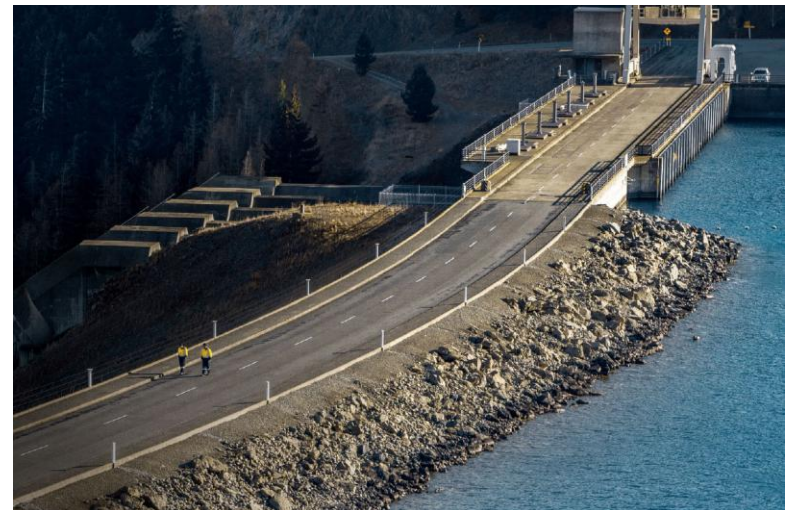
Labour-Green Proposed Reforms - NZ Power

- There are no more details from the Labour or Green parties since the original proposal in April 2013
- The current market structure does not need to be replaced. This is acknowledged by most academics
- Political aims can be achieved by other means
- Is it an argument around a water tax?



Transmission Pricing

- The Electricity Authority is reviewing how transmission costs are charged, including the high voltage inter island link
- The proposed alternatives look more beneficial for us
- We continue to support the Electricity Authority's review
- Change will take time



Our contract with the Tiwai smelter

New Zealand Aluminium Smelters (NZAS)

- Meridian's largest customer and New Zealand's largest electricity user
- We do not physically supply NZAS with electricity, rather the contract fixes the price NZAS pays for a set amount of electricity (572MW)
- The current contract commenced on 1 January 2013, with an amendment agreed in August 2013 and new pricing effective 1 July 2013
- It does allow NZAS to reduce the contract quantity to 400MW by giving one year's notice between January 2014 and December 2015
- The amended agreement expires in December 2030
- The earliest termination date is 31 December 2016, which would require notice on 1 July 2015
- Our relationship with NZAS remains positive
- We are not privy to either NZAS' or Rio Tinto's (the parent company of NZAS' major shareholder) views on Tiwai Point's position in its portfolio

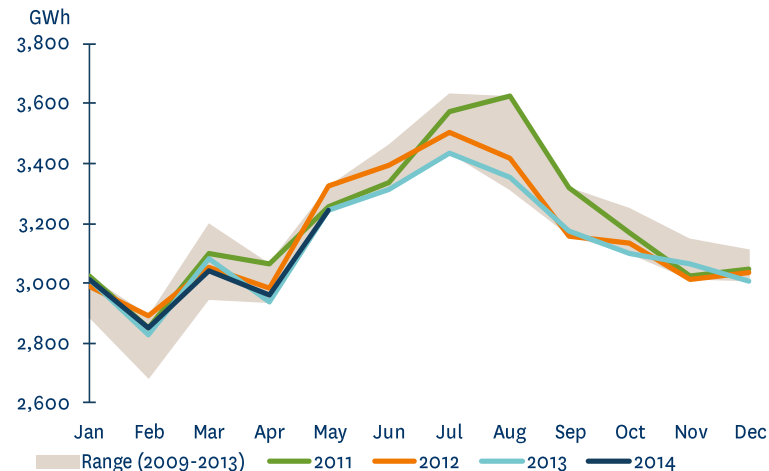


Generation oversupply in the market

Demand

- National electricity demand has declined slightly between 2010 and 2013
- Demand in 2014 is flat compared to 2013
- Impacted by a longer term decline in electricity consumption in parts of the industrial sector
- Growth has occurred in the residential and commercial sectors¹
- Demand is expected to grow, however industrial decline remains a problem

NATIONAL DEMAND



Supply

- Last of the new geothermal and wind projects are almost complete
- Coal fired units have closed and thermal generators are seeking more flexible gas contracts
- Level of oversupply may be moderating

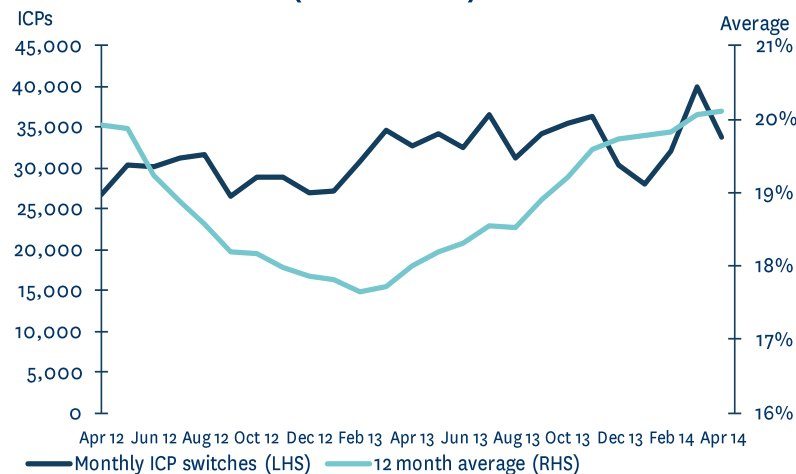


¹Electricity consumption in 2012 compared to 2011 per MBIE *Energy in New Zealand 2013*

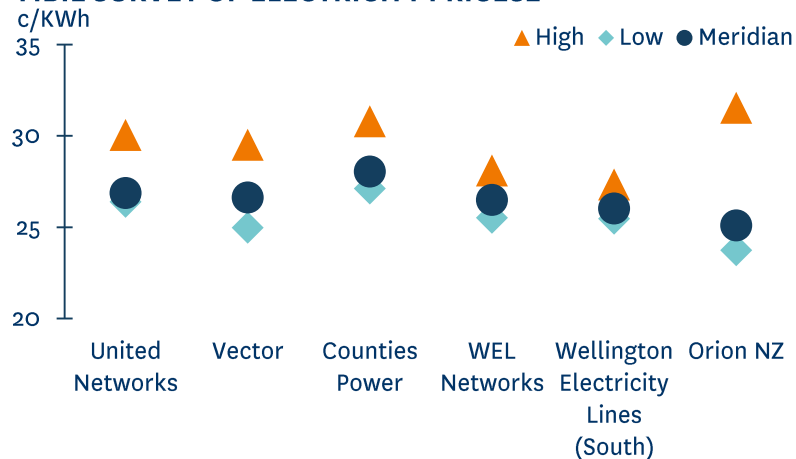
The hot retail market

- New Zealand is the most competitive electricity market in the world in terms of switching¹
- Average retail churn across all retailers is running close to 20%
- This competitive pressure is reflected in our declining net average sales price
- In our December 13 interim results, we reported a 1.6% decline in our net average sales price from the prior year
- Higher transmission and distribution costs are increasing customers' electricity costs
- We have indicated we will not increase network-wide retail energy costs before at least June 2015
- We are committed to passing on changes in distribution costs, including decreases
- MBIE residential price surveys show how competitive our retail pricing is

MARKET ICP SWITCHING (ALL RETAILERS)



MBIE SURVEY OF ELECTRICITY PRICES²



¹VaasaETT World Energy Retail Market Rankings 2013

²MBIE Quarterly Survey of Domestic Energy Prices February 2014