

Quarterly Operational Update

Three months ended 31 December 2012



Quarterly Highlights

- **Electricity sales volumes to customers increased 12%, reflecting growth in residential and business volumes**
- **Overall generation volumes up 6%, reflecting strong hydro volumes and geothermal reliability**
- **Flexible generation portfolio allowed the Company to outperform the market, achieving an average generation price of \$66.25/MWh**

Commentary

Mighty River Power achieved gains in market share in both electricity sales to customers and generation volumes, in the three months to 31 December 2012.

Total sales volumes to customers increased by 12% on the prior comparable period (pcp), with volumes increasing from 1,132GWh to 1,272GWh.

Mighty River Power's Chief Executive, Doug Heffernan, said the Company saw an increase on the pcp in sales volumes to both residential and business customers, with the majority of the gain coming from a 22% increase in volumes to business customers (557GWh to 682GWh).

The price of sales to customers remained consistent with the pcp at \$110.53/MWh.

Total electricity purchase costs fell 27% (from \$83.20/MWh to \$61.14/MWh), reflecting lower wholesale prices and the increased transmission capacity with Transpower's commissioning of the North Island Grid Upgrade Project (NIGUP) at the end of October.

Mighty River Power's total generation volume increased by 6% compared to the pcp.

"Hydro generation was up by 130GWh (13% on pcp) reflecting effective use of our hydro storage, which had benefited from high inflows in the previous quarter," said Mr Heffernan.

Generation at the Company's gas-fired power station in Auckland was down by 48% as the Company responded to lower wholesale prices in the market.

The continued reliability of the Company's geothermal generation was evident with volumes up 3GWh (0.6%) due to strong availability across the geothermal plants offset by the sale of 10% interest in Nga Awa Purua (34GWh) in April 2012.

Wholesale market pricing fell on the pcp as a result of high national inflows into our competitor's South Island catchments. This impacted the average price the Company received for its total generation sales, which decreased by 19% on the pcp (from \$81.47/MWh to \$66.25/MWh).

However, Mr Heffernan said the price received during the quarter outperformed the market; supported by the Company's flexible portfolio and, in particular, the ability to utilise storage and flexible plant to respond to wholesale market prices.

In addition, the annual planned outage at Southdown for routine maintenance was moved forward to ensure the plant was available at a time when national electricity supply was impacted by a number of thermal and transmission outages.

The Company's Net Contracts for Difference (CfD) increased by 23% (from 363GWh to 447GWh) on the pcp as a result of increases in locational, ASX and inter-generator hedging for risk management.

ENDS

Notes to Editors:

A full review of the Quarterly Operating Information (with data) accompanies this release and is also provided on the [Mighty River Power website](#).

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About Mighty River Power

Mighty River Power is one of New Zealand's largest electricity companies – with its core business based on reliable, low fuel-cost electricity generation complemented by sales to businesses and homes, which account for about 18% of New Zealand's total electricity consumption.

The Company operates nine hydro power stations, four geothermal plants and a multi-unit gas-fired station. More than 90% of its electricity production is from renewable sources. Mighty River Power sells electricity through multiple channels and retail brands, including Mercury Energy, GLO-BUG, Bosco Connect and Tiny Mighty Power.