

Quarterly Business Update

Three months ended 31 December 2011



Commentary – Operating Information

Higher underlying prices in the wholesale market stand out in the Company's operating data in both generation prices and electricity purchase costs for Q2 and the half year against the prior comparable period (pcp).

Mighty River Power achieved further small gains in retail electricity sales volumes over Q2 contributing to an increase of 1% for HY2012 versus pcp. Generation for the quarter was down 2.5% on pcp, some of which was due to geothermal maintenance timing differences, but the strong first quarter meant production for the six months to 31 December 2011 was up 4%.

Total Fixed Price Variable Volume (FPV) sales volumes to customers for the half year were up 1% on pcp to 2,555GWh – largely due to gains in commercial sales. Continuing the lift in Q1, sales volumes to commercial customers in Q2 were up 4.7% on pcp. This growth was partially offset by residential sales volumes, which were down just 2% on pcp despite a 5% reduction in customer numbers since 31 December 2010. The Company achieved a 4.5% increase in the average FPV price to \$113.58/MWh for the six months to 31 December compared to the same period a year ago.

The increase in total generation output for the half year (up 4% to 3,664GWh) was driven by increases in hydro and gas-fired generation during Q1, while slightly lower geothermal production offset an otherwise steady Q2 output on pcp. Generation yields (VWAP) for the half year lifted by more than \$20/MWh to an average \$80.16, due to the significantly stronger prices in the wholesale market. The weighted average price for electricity purchase volumes increased by a similar margin to \$83.48/MWh.

The generation gas price for the quarter reflects the purchase of lower-priced spot gas during Q2. However, gas prices for generation still increased 5.3% for the half year on pcp. The failure of the Maui gas supply pipeline had minimal impact on the business.

The Company's net unadjusted wholesale market position for the HY2011 was net short (sales) by 105GWh.

Operating Information ¹	Three months ended 31 Dec 2011		Three months ended 31 Dec 2010		Six months ended 31 Dec 2011		Six months ended 31 Dec 2010	
	VWAP ² (\$/MWh)	Volume (GWh)	VWAP (\$/MWh)	Volume (GWh)	VWAP (\$/MWh)	Volume (GWh)	VWAP (\$/MWh)	Volume (GWh)
Electricity Sales								
FPV sales to customers	\$110.45	1,132	\$105.00	1,119	\$113.58	2,555	\$108.65	2,531
FPV purchases from market		1,215		1,180		2,714		2,686
Spot customer purchases		496		554		995		1,111
Total NZEM Purchases	\$83.20	1,711	\$64.70	1,734	\$83.48	3,709	\$58.54	3,797
Electricity Customers (number)	383,000		402,000		383,000		402,000	
Contracts for Difference		Volume (GWh)		Volume (GWh)		Volume (GWh)		Volume (GWh)
Buy CfD		361		234		753		469
Sell CfD		827		715		1,691		1,529
Net Sell CfD		466		481		938		1,060
Electricity Generation	VWAP (\$/MWh)	Volume (GWh)	VWAP (\$/MWh)	Volume (GWh)	VWAP (\$/MWh)	Volume (GWh)	VWAP (\$/MWh)	Volume (GWh)
Hydro	\$83.15	1,024	\$57.66	1,029	\$81.14	2,258	\$53.46	2,220
Gas	\$101.49	88	\$134.91	86	\$92.55	308	\$102.04	207
Geothermal (consolidated) ³	\$75.11	469	\$56.67	510	\$74.87	981	\$52.92	977
Geothermal (equity accounted) ⁴	\$73.09	59	\$58.20	56	\$72.93	117	\$53.79	115
Total	\$81.47	1,639	\$61.32	1,681	\$80.16	3,664	\$56.18	3,520
Gas Purchases	\$/GJ	PJ	\$/GJ	PJ	\$/GJ	PJ	\$/GJ	PJ
Retail purchases	\$8.91	0.21	\$8.70	0.21	\$8.74	0.61	\$7.94	0.62
Generation purchases	\$6.95	0.88	\$8.50	0.84	\$8.11	2.84	\$7.70	2.05
Carbon Emissions ('000 tonnes CO₂e)	127		131		328		288	

¹ Data for prior periods may be restated to reflect current calculation methodology

² VWAP is volume weighted average price

³ Includes share of Nga Awa Purua generation

⁴ Tuaropaki Power Company (Mokai) equity share