# Quarterly Operating Report

Q4-22 (Jan-Mar 2022)

# Quarterly Insights

**National storage slips below average**

National storage continued to decline over the second half of the quarter, to be sitting at 97% of the 10-year average as of 31 March 2022. This is 43% higher than the same time last year.

**Spot prices remain elevated**

Weekly average spot prices have remained high since the start of the calendar year, with South Island prices averaging over $140/MWh, and North Island prices averaging over $150/MWh.

**Hydro volumes slightly lower than pcp, up for the full year**

Total hydro generation volumes were 5% lower than the pcp (298 GWh total) but up 3% on the pcp for the full financial year overall (1,760 GWh overall).

**Forward electricity pricing increases materially**

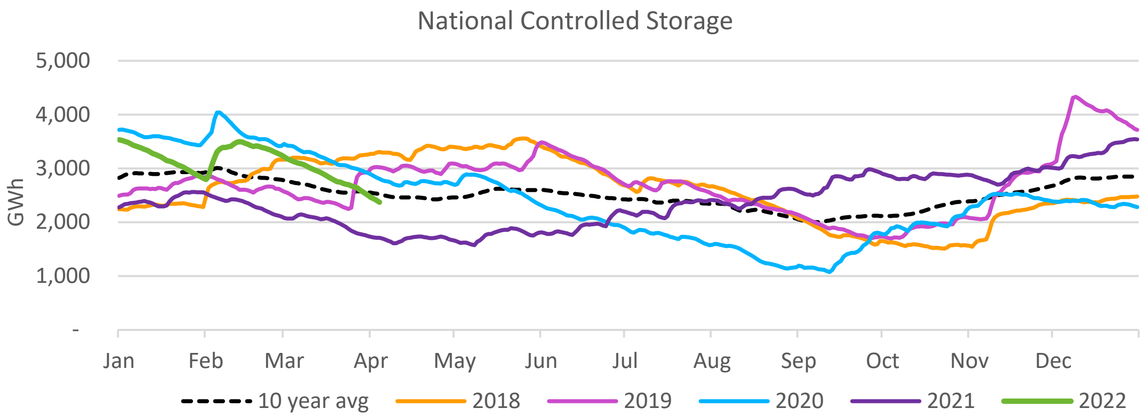
All future year ASX contracts have increased dramatically since the end of last quarter, with CY-22, CY-23, and CY-24 increasing by 50%, 35%, and 31% respectively.

**Retail steady**

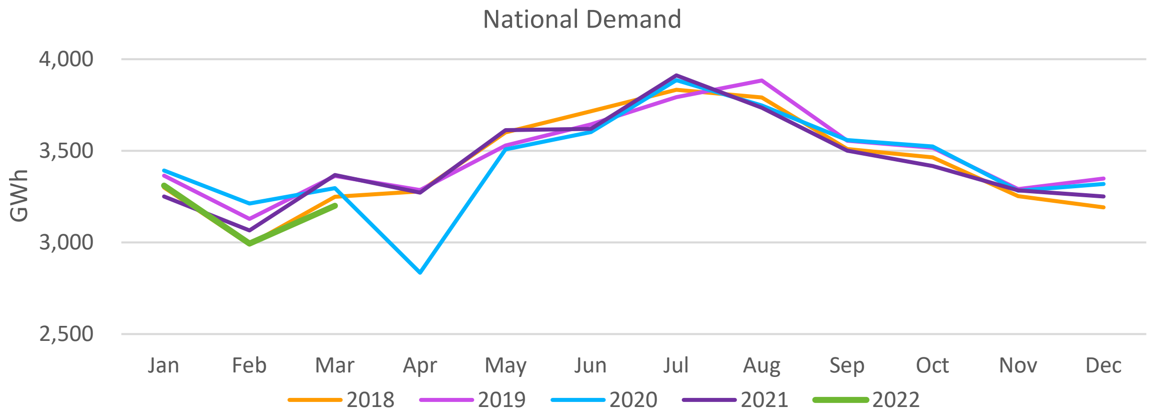
Q4-22 saw a continuation of steady growth in connections, telco customers, and fibre uptake.

Customer volumes were down 5% overall on the pcp, driven by a 7% reduction in the C&I segment, and a 4% reduction in the Mass Market segment.

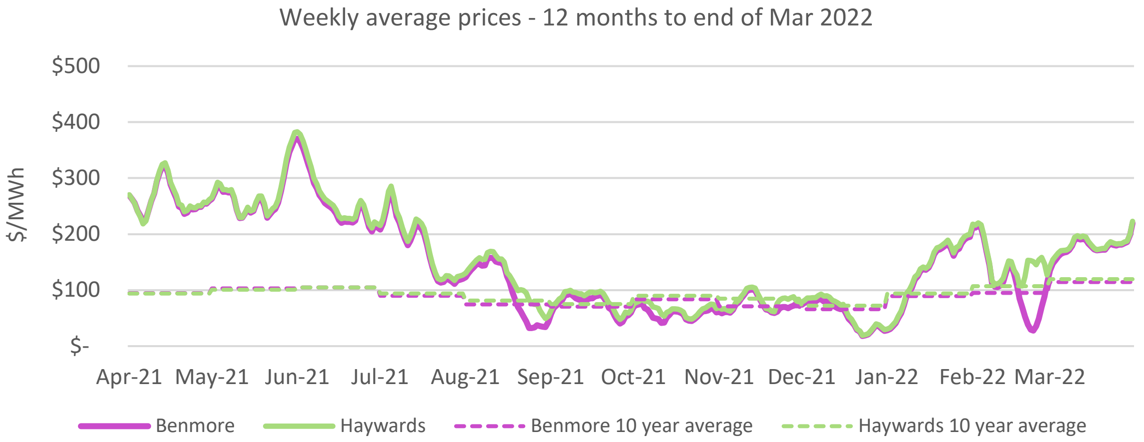
# Wholesale electricity market

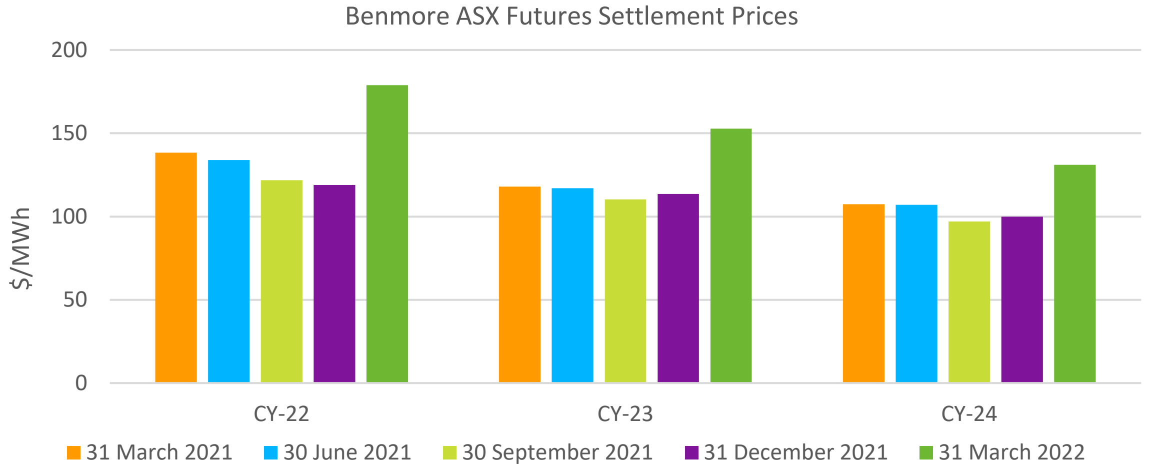



SOURCE: NZX Hydro

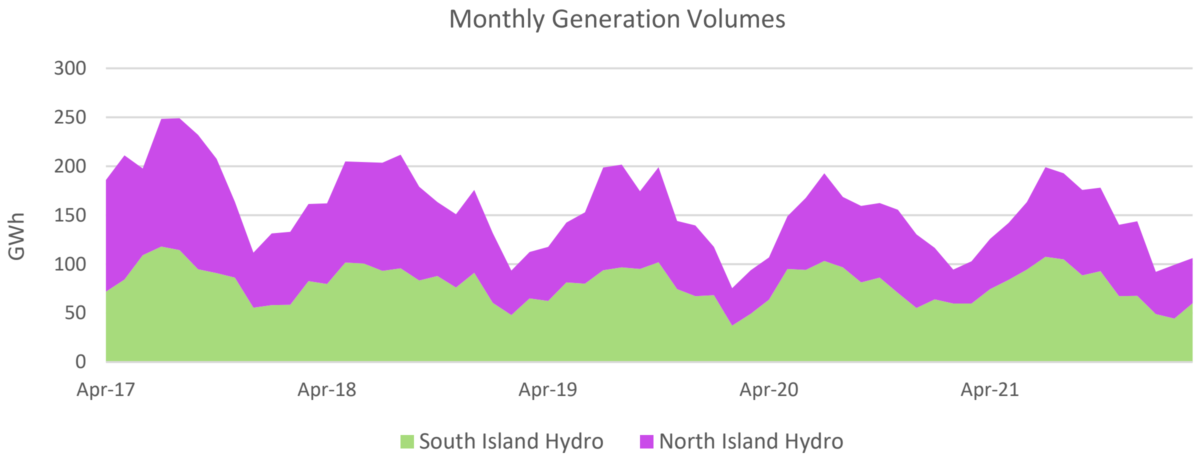


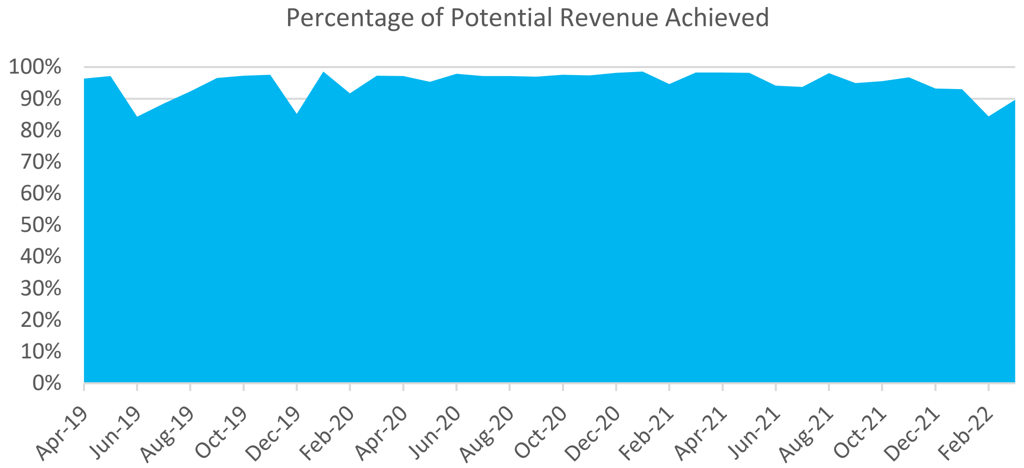

SOURCE: Electricity Authority.



# Generation




**Q4-22 NI Generation**

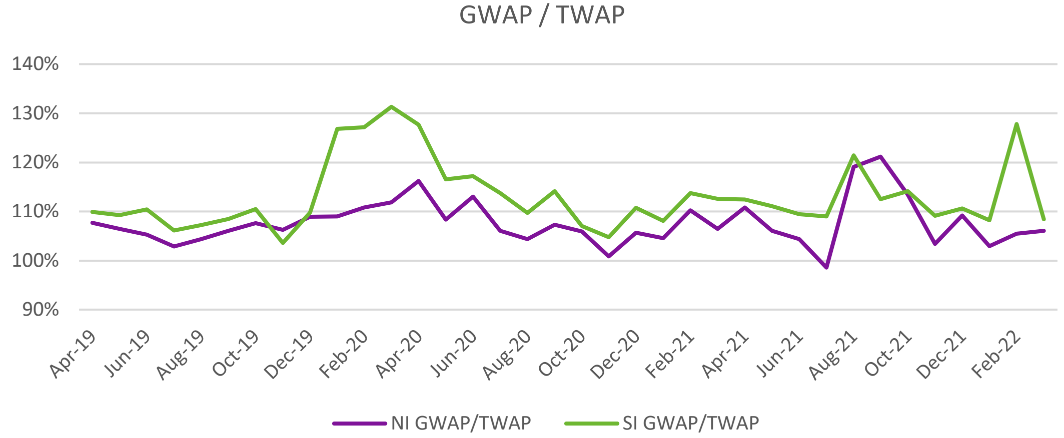
↑10% vs pcp

**Q4-22 SI Generation**

↓16% vs pcp

**Q4-22 GWAP/TWAP**

| | |
|---|---|
| NI | 1.04 |
| SI | 1.14 |

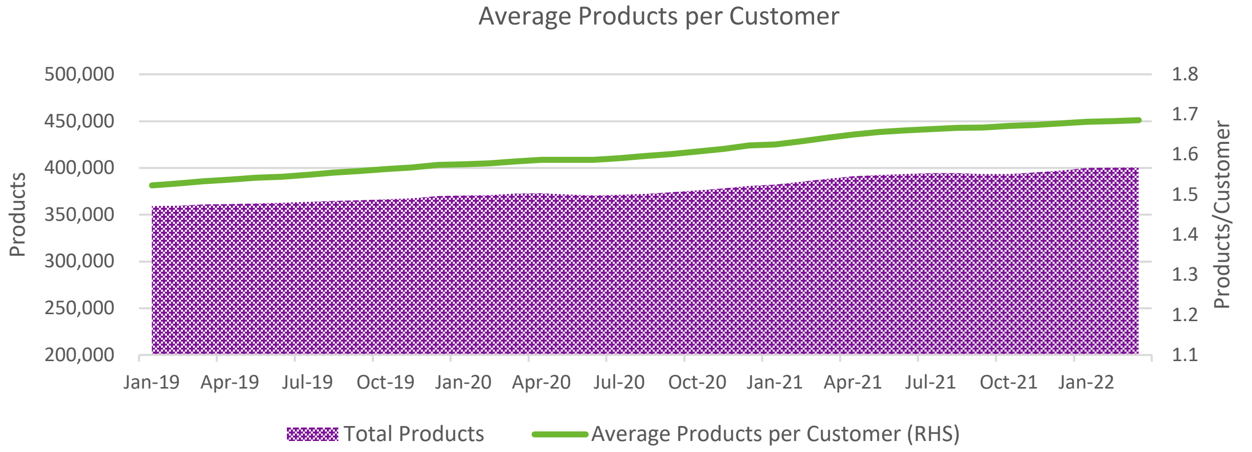


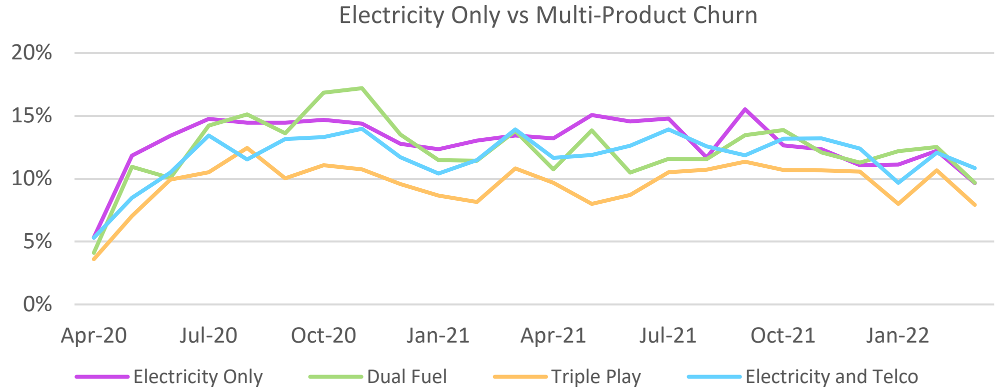

**$176/MWh** New Zealand Load Weighted Average Price (LWAP)

**$171/MWh** New Zealand Generation Weighted Average Price (GWAP)

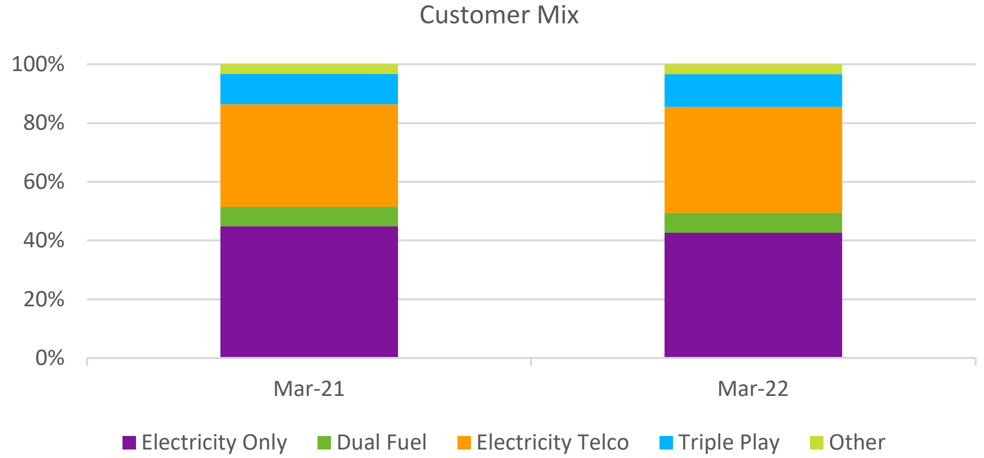
** See glossary for definitions*

# Retail




*NOTE: Excludes C&I customers*

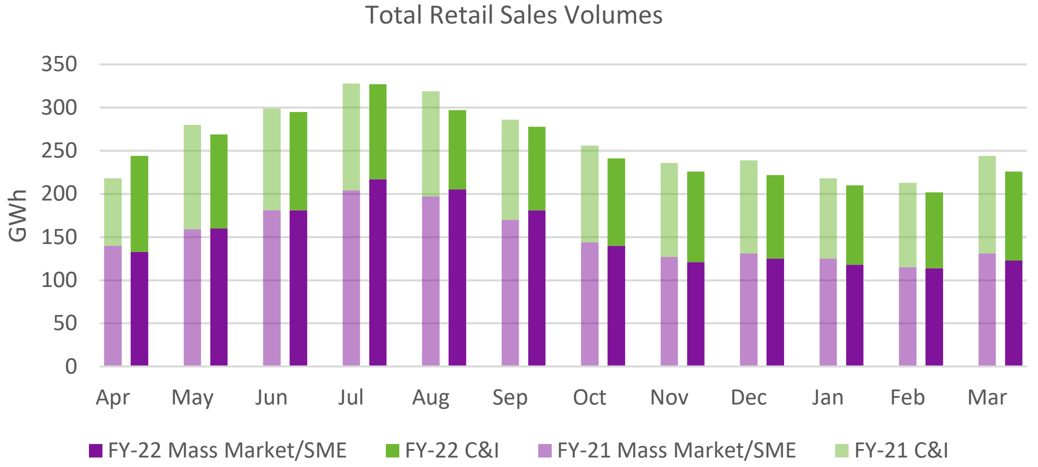



**Q4-22 acquisitions - 2+ products**

**84%**

**YoY customers taking 2+ products**

**↑ 4.5%**



# Retail

**Total Customer Contacts**

**1,206k**
↑ 20% pcp

**First Contact Resolution**

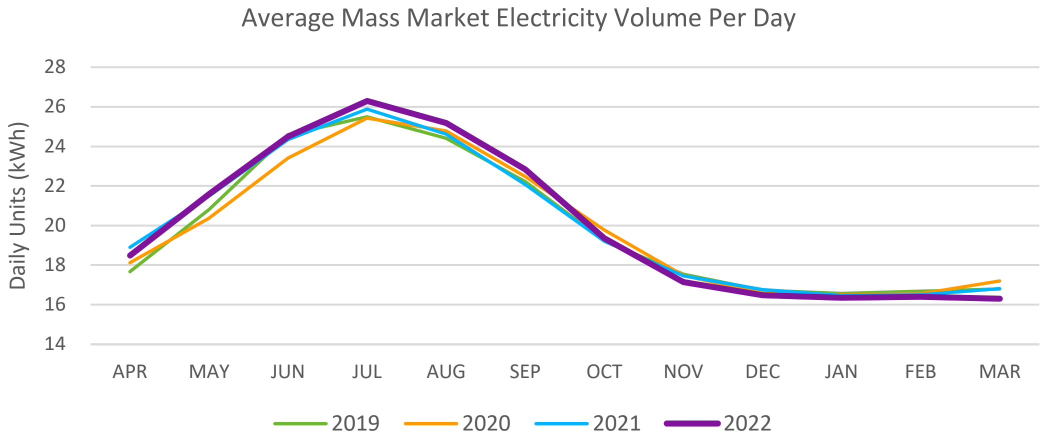
**76.6%**
↑ 1% pcp

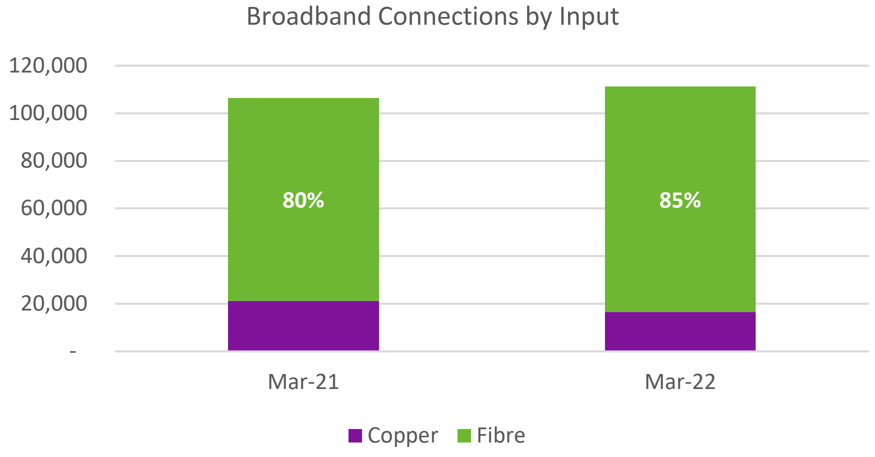
**Digital Contact %**

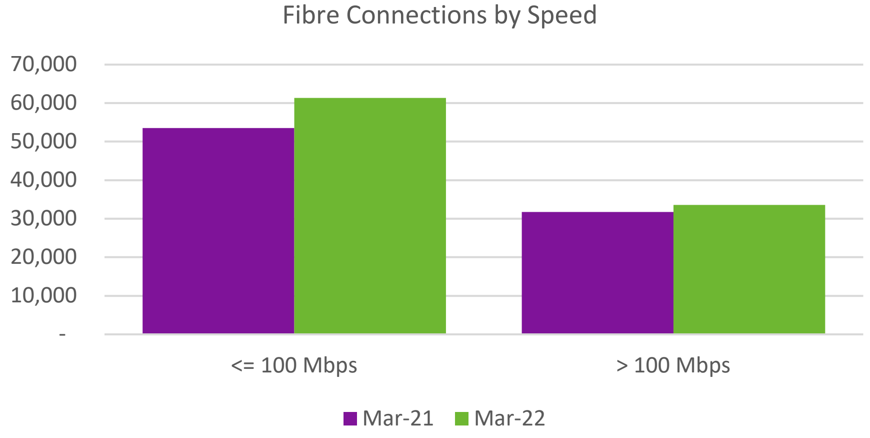
**86%**
↑ 3% pcp

**Virtual Channel Customer Satisfaction**

**89%**




**NZ UFB Market Share**

**7.8%**

*NOTE: At Dec-21*

**Total Data Usage (vs pcp)**

↑ **11%**

**Total Data Usage per customer (vs pcp)**

↑ **5%**

# Operating stats

| | Q1 FY-20 | Q1 FY-21 | Q1 FY-22 | Q2 FY-20 | Q2 FY-21 | Q2 FY-22 | Q3 FY-20 | Q3 FY-21 | Q3 FY-22 | Q4 FY-20 | Q4 FY-21 | Q4 FY-22 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Customers, Sales and Service** | | | | | | | | | | | | |
| Electricity connections (000s) | 266 | 264 | 265 | 266 | 263 | 264 | 266 | 264 | 266 | 266 | 265 | **267** |
| Telecommunication connections (000s) | 98 | 104 | 114 | 100 | 106 | 114 | 103 | 108 | 115 | 104 | 112 | **117** |
| Gas connections (000s) | 39 | 41 | 45 | 40 | 42 | 45 | 41 | 43 | 46 | 41 | 44 | **47** |
| Total utility accounts (000s) | 403 | 409 | 424 | 406 | 411 | 423 | 410 | 415 | 427 | 411 | 421 | **431** |
| Customers with two or more services (000s) | 109 | 115 | 125 | 111 | 117 | 125 | 114 | 120 | 127 | 116 | 123 | **129** |
| Mobile connections (000s) | - | - | 9 | - | 1 | 10 | - | 4 | 11 | - | 6 | **12** |
| Mass market sales - Fixed Price (GWh) | 453 | 480 | 474 | 572 | 571 | 603 | 421 | 402 | 387 | 371 | 371 | **355** |
| Time of use sales - Fixed Price (GWh) | 210 | 113 | 104 | 208 | 137 | 102 | 223 | 125 | 104 | 185 | 108 | **97** |
| Time of use sales - Spot (GWh) | 271 | 204 | 231 | 275 | 224 | 196 | 224 | 203 | 200 | 202 | 195 | **186** |
| Total customer sales (GWh) | 934 | 797 | 809 | 1,055 | 932 | 901 | 868 | 730 | 691 | 758 | 674 | **638** |
| Average spot price of electricity purchased ($/MWh)*** | 115 | 128 | 288 | 126 | 140 | 156 | 105 | 116 | 75 | 79 | 219 | **176** |
| Gas Sales (TJ) | 266 | 301 | 271 | 370 | 408 | 433 | 196 | 183 | 197 | 154 | 147 | **146** |
| Annualised electricity ICP churn rate* | 18% | 13% | 18% | 18% | 19% | 16% | 17% | 18% | 16% | 16% | 17% | **15%** |
| Annualised electricity ICP churn rate - total market* | 20% | 15% | 21% | 22% | 22% | 17% | 19% | 21% | 18% | 19% | 20% | **18%** |
| **Generation Production and Procurement** | | | | | | | | | | | | |
| North Island generation production (GWh) | 189 | 171 | 179 | 289 | 240 | 267 | 238 | 236 | 235 | 132 | 130 | **144** |
| South Island generation production (GWh) | 224 | 253 | 253 | 286 | 282 | 301 | 244 | 213 | 228 | 155 | 184 | **154** |
| Total New Zealand generation production (GWh) | 413 | 424 | 432 | 575 | 521 | 568 | 483 | 449 | 462 | 287 | 314 | **298** |
| Average spot price of electricity generated ($/MWh)*** | 110 | 130 | 287 | 122 | 139 | 148 | 103 | 112 | 72 | 79 | 218 | **171** |
| Net third party fixed price volume purchased (GWh) | 393 | 244 | 244 | 387 | 243 | 222 | 346 | 223 | 219 | 386 | 249 | **247** |
| **Other Information** | | | | | | | | | | | | |
| Resource consent non-compliance events** | 6 | 1 | 1 | 3 | 2 | 2 | 6 | 6 | 2 | 6 | 1 | **-** |
| Recordable Injuries | - | - | 1 | 2 | 3 | 2 | 1 | - | 1 | - | 2 | **2** |
| Staff numbers (full time equivalents) | 779 | 806 | 790 | 812 | 813 | 766 | 814 | 816 | 789 | 809 | 801 | **777** |

- ** Churn statistics are calculated using market data available up to February 2022.*
- *** Events are recorded only when they have been confirmed as non-compliance events by the relevant regulatory authority. The number of historically reported non-compliant events are subject to change given timings in confirmation of non-compliance.*
- **** Provisional prices for August 9th have been used within calculations*

# Operating stats

| | YTD FY-20 | YTD FY-21 | YTD FY-22 | Full Year FY-20 | Full Year FY-21 | Full Year FY-22 |
|---|---|---|---|---|---|---|
| **Customers, Sales and Service** | | | | | | |
| Electricity connections (000s) | 266 | 265 | 267 | 266 | 265 | **267** |
| Telecommunication connections (000s) | 104 | 112 | 117 | 104 | 112 | **117** |
| Gas connections (000s) | 41 | 44 | 47 | 41 | 44 | **47** |
| Total utility accounts | 411 | 421 | 431 | 411 | 421 | **431** |
| Customers with two or more services (000s) | 116 | 123 | 129 | 116 | 123 | **129** |
| Mobile connections (000s) | - | 6 | 12 | - | 6 | **12** |
| Mass market sales - Fixed Price (GWh) | 1,817 | 1,824 | 1,819 | 1,817 | 1,824 | **1,819** |
| Time of use sales - Fixed Price (GWh) | 826 | 483 | 407 | 826 | 483 | **407** |
| Time of use sales - Spot (GWh) | 972 | 826 | 813 | 972 | 826 | **813** |
| **Total customer sales (GWh)** | **3,615** | **3,133** | 3,039 | **3,615** | **3,133** | **3,039** |
| Average spot price of electricity purchased ($/MWh) | 108 | 147 | 176 | 108 | 147 | **176** |
| Gas Sales (TJ) | 986 | 1,039 | 1,047 | 986 | 1,039 | **1,047** |
| Annualised electricity ICP churn rate* | 17% | 17% | 17% | 17% | 17% | **17%** |
| Annualised electricity ICP churn rate - total market* | 20% | 19% | 18% | 20% | 19% | **18%** |
| **Generation Production and Procurement** | | | | | | |
| North Island generation production (GWh) | 849 | 777 | 824 | 849 | 777 | **824** |
| South Island generation production (GWh) | 910 | 931 | 936 | 910 | 931 | **936** |
| **Total New Zealand generation production (GWh)** | 1,759 | 1,708 | 1,760 | 1,759 | 1,708 | **1,760** |
| Average spot price of electricity generated ($/MWh) | 107 | 144 | 166 | 107 | 144 | **166** |
| Net third party fixed price volume purchased (GWh) | 1,512 | 959 | 932 | 1,512 | 959 | **932** |
| Resource consent non-compliance events** | 21 | 10 | 5 | 21 | 10 | **5** |
| Recordable Injuries | 3 | 5 | 6 | 3 | 5 | **6** |
| Staff numbers (full time equivalents) | 809 | 801 | 777 | 809 | 801 | **777** |

** Churn statistics are calculated using market data available up to February 2022*

*** Events are recorded only when they have been confirmed as non-compliance events by the relevant regulatory authority. The number of historically reported non-compliant events are subject to change given timings in confirmation of non-compliance.*

# Glossary

| Term | Definition |
|---|---|
| **ACPU** | Average Cost Per User. Direct costs (COS) only – does not include CTS |
| **AMPU** | Average Margin Per User – difference between ARPU and ACPU |
| **ARPU** | Average Revenue Per User. Includes acquisition capitalisation and amortisation |
| **Asset Availability** | Total hours asset(s) available or operating/Total hours in month. Excl planned outages. |
| **Bundled Customer** | Customer that has 2+ products with Trustpower |
| **C&I** | Commercial and Industrial customers |
| **Customer Churn** | The rate of attrition of customers expressed as an annualised percentage. Customer churn is only counted if we lose the customer (not individual products or moves). |
| **Customer Contact** | A channel-agnostic interaction with a customer |
| **Digital Contact** | % of customer interactions that are via digital channels. Note: prior to September 2019 Trustpower only reported digital contacts that it considered displaced a staffed contact. In line with industry practice we now report all digital contacts. |
| **E-Bill** | Receives their bill electronically rather than post |

| Term | Definition |
|---|---|
| **EOM** | End Of Month |
| **First contact resolution (FCR)** | Where the customers reason for contacting is resolved at first point of contact. Does not count if they contact again within 14 days. |
| **FTE** | Full Time Equivalent |
| **Gross Margin** | Gross Revenue – Direct Cost of Sales |
| **GWAP** | Generation Weighted Average Price – Average revenue per unit reference to Benmore for South Island and Whakamaru for North Island |
| **GWh** | Gigawatt hour(s) – unit of energy |
| **Input** | Broadband connections segmented by delivery type |
| **ISP** | Internet Service Provider |
| **KCE** | King Country Energy |
| **LY** | Last year |

# Glossary

| Term | Definition |
| --- | --- |
| **LWAP** | Load Weighted Average Price – Average cost of energy per unit for the retail business |
| **Main lakes** | Waipori, Cobb and Coleridge schemes. |
| **Market Share** | Total Trustpower fibre connections / total NZ fibre connections. |
| **Mbps** | Megabytes per second (measure of internet data transfer speed) |
| **MM** | Mass Market customers |
| **MWh** | Megawatt hour(s) – unit of energy |
| **Netflix Ranking** | Published monthly on ispspeedindex.netflix.com/country/new-Zealand |
| **NI** | North Island |
| **OPEX** | Operating expenditure |
| **Pcp** | Prior corresponding period |
| **Percentage of Potential Revenue Achieved** | Total monthly Trustpower (excluding KCE) generation spot revenue less the value of lost market revenue due to outages, expressed as a percentage. |
| **PoP** | A physical location that houses telco equipment. (Point of Presence) |

| Term | Definition |
| --- | --- |
| **Product** | Electricity, Telco, Gas, or LPG. If one customer has multiple connections for a product, the product only counts once. |
| **Recordable Injury** | Lost Time and Medical Treatment Injuries |
| **Rev** | Revenue |
| **SI** | South Island |
| **SME** | Small-Medium Enterprise |
| **Speed** | Slower: <100 Mbps, Medium: 100 Mbps, Fast: >100 Mbps |
| **TRIFR** | Total Reportable Injury Frequency Rate. Measured per 200,000 hours. |
| **TWAP** | Time-Weighted Average Price |
| **Var** | Variance |
| **Virtual Channel Customer Satisfaction** | The satisfaction rating of digital channels that are non-staffed (including Bot , App and Virtual Agents) |
| **YoY** | Year-On-Year |
| **YTD** | Year-To-Date |

# Contact

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Q4-22