

Operational and Financial Performance as at 31 March 2020

Q3 results are shown in the table below:

Quarter Two - Performance	31 March		SCI / Plan
	2020	2019	Target

Safety and People Performance Targets			
Number of fatalities or injuries causing permanent disability	0	0	0
Total recordable injury frequency rate (TRIFR) ¹	8.63	6.64	≤ 6
High potential incident frequency rate (HPIFR) ¹	3.14	3.57	≤ 2.5
Staff Engagement	65%	69% ²	>72%

Sustainability Targets and Actions			
Publish a carbon emissions report yearly to show our overall carbon footprint	On Track	On Track	Achieve Target
Hold SF6 emissions at or below 0.8% of installed nameplate capacity	0.37	0.35	≤ 0.8
% of CommunityCare funding to Maori organisations	On Track	31%	≥ 15
% of CommunityCare applications meeting strategic criteria submitted to the Community Care Fund Panel	On Track	52%	≥ 75

Operational Performance Targets			
Grid interruptions ³ :			
• Achieve targets for occurrence	On Track	On Track	Achieve Target
• Achieve targets for duration	At Risk	On Track	Achieve Target
Grid availability:			
• HVDC energy availability ⁴	86.2%	99.2%	98.5%
• Key HVAC circuits availability ⁴	97.8%	98.6%	*5
Achieve system operations target	On Track	On Track	Achieve Target

Financial Performance Targets (Unaudited)			
Free funds from operations interest coverage (# of times)	3.7	3.7	3.7
Free funds from operations / Debt (%)	15.7	16.0	15.8
Debt/(Net Debt +Equity)	65.1	66.6	65.5
Return on equity (%)	11.5	12.9	10.1
Return on capital employed (%)	6.4	6.9	5.8

Note:

1 Safety Performance results at 31 March are rolling 12 month

2 No SCI target was set for staff engagement

3 Grid Interruptions

- Transpower's performance against network service targets is measured at an aggregate level through a financial incentive framework to meet or outperform these targets.
- Our SCI target across grid interruptions and HVDC availability is to achieve a revenue-neutral outcome.
- Grid Interruptions, as a performance category, includes targets for frequency (occurrence) and duration of interruptions.
- There are different targets, collars and caps for high priority, important, standard, N-security and generator connection locations.

4 Grid Availability --We forecast to breach the Commerce Commission collars for the HVAC and HVDC availability due to the scheduled work programme necessary to maintain the grid. A significant portion on this work is planned for the second half of the financial year.

5 No SCI target was set for the 19/20 year