



1999 NEWS ARCHIVE

CENTRAL SUBSTATIONS TO BE AUTOMATED

28 December 1999

The Chairman of Dunedin Electricity Ltd, Ray Polson announced today that Dunedin Electricity would complete by July phase 1 of a 4-stage program of substation automation that would considerably improve the reliability of electricity supply in Central Otago.

DELTA Utility Services has invited tenders for the supply of equipment to automate **Etrick, Maungawera, Omakau** and **Queensberry** substation supply areas, and expects to have the equipment installed and commissioned by mid-year. Tenders close on 11 February.

Mr Polson said that phase 1 was approved by the Dunedin Electricity board in late November and would act as a pilot for the succeeding three phases. The four supply areas for phase 1 were chosen due to a combination of historic fault incidence and the greater distances staff had to travel to attend faults. "The combination resulted in these areas having the greatest length of outage on the Central network and thus merited first attention" he said.

Phase 2 is dependent on completion of the installation of new control equipment in Dunedin, now scheduled for late March, and is likely to commence then, while phase 3 will be considered by the board as phase 1 nears completion and confirms original cost estimates.

"Phases 3 and 4 are more difficult" said Mr Polson "because they involve comparatively reliable areas with higher costs for automation - the payback for the investment is much lower. How much of these phases proceed will depend to some extent on the coming Government inquiry, which the board hopes will give some direction regarding the relative importance of electricity reliability and the resultant costs of high reliability."

The Central Otago electricity network suffered all likely exceptional climatic events in 1999: Fires in March, wind and snow in July, lightning and flood in November. Over \$600,000 has been spent repairing damage from exceptional events since Dunedin Electricity purchased the network on 1 April 1999. However, the investment in substation automation is unrelated to this - it is targeted at "routine interruptions", caused by lesser weather events, equipment failures, animals and people.

For comparison, average interruption times for the Central Network over recent years have been:

Year ended 31 March

1994	438 minutes
1995	265 minutes
1996	416 minutes
1997	216 minutes
1998	212 minutes
1999	203 minutes
2000	626 minutes*

** (estimate - includes July '99 storm event of 420 minutes and November '99 flood event of 80 minutes)*

Phases 1 and 2 will cost a total of \$800,000 for an improvement in average reliability on the Central network of 18 minutes. Phases 3 & 4 are estimated to cost a further \$600,000 for an improvement of only 4 minutes.

REFUND OF LINE CHARGES TO FLOOD VICTIMS IN CENTRAL OTAGO

xx December 1999

The Chairman of Dunedin Electricity Ltd, Ray Polson announced today that Dunedin Electricity would refund line charges for premises damaged by the recent flooding in Central Otago.

Areas in Queenstown, Wanaka, Alexandra and elsewhere were affected by the substantial flooding in November. Approximately 240 premises had their electricity supply disconnected for periods of between three days and four weeks following damage to the premises. While these premises have already avoided the variable portion of line charges, the fixed component would normally have been charged, on the basis that supply was available. "The fixed line charge is only \$0.53 per day for most of these premises but Dunedin Electricity did not want to add insult to injury" Mr Polson said.

Dunedin Electricity cannot guarantee uninterrupted supply, and generally restricts payment for supply failure to situations where it or its contractors have failed to respond adequately to supply failures. Supply interruptions resulting from flood-damage to powerlines falls into this category. However inability of consumers to take supply, through flooding of their property, is a different category.

Dunedin Electricity accepts that there have been extenuating circumstances for those who have suffered the trauma of seeing their homes and businesses flooded, and will treat those premises as "not existing" for the duration of the repairs. Refunds would be made for premises where a signed electrical inspection certificate was required prior to relivening of the premises.

The refunds by Dunedin Electricity would be paid to the retailer for the premises affected, and Mr Polson expected that the retailers would pass the rebate on.

On behalf of Dunedin Electricity, *DELTA* Utility Services would initiate payments based on its records of reconnections and expected to make the payments to retailers after Christmas. A minimum \$10 rebate would apply to each premises, and the cost to Dunedin Electricity is expected to be \$5,000.

THIRD NZEST AWARDS PRESENTED

15 December 1999

At a ceremony held in the Dunedin Town Hall today, *DELTA* Chief Executive John Walsh represented Dunedin Electricity at the third NZEST awards since Dunedin Electricity undertook regional sponsorship of them.

Dunedin Electricity believes in the importance of academic excellence and supports NZEST as an independent examining body providing scholarship examinations designed to extend senior secondary students. Dunedin Electricity sponsors all regional students who enter the NZEST scholarship examinations, by paying:

- 50% of their entry fees.
- 50% of all financial awards by NZEST.
- 100% of entry fees for students who prove financial hardship.

By helping students enter this competitive scholarship examination, Dunedin Electricity believes it will help them challenge themselves and extend their knowledge by more in-depth study and wider reading. In particular, Dunedin Electricity is pleased to be able to help all students entering the NZEST scholarship examinations and not just prize winners.

Regional sponsorship encompasses all secondary schools in the Otago/Southland area. A record 129 entries were achieved this year, ensuring that the region was well represented.

"100-YEAR FLOODS" DISRUPT POWER SUPPLIES

20 November 1999

After record rainfall early in the week in the Wakatipu basin and surrounding areas caused extensive flooding of property and flood damage to power equipment, almost all of Central Otago has power again this morning, except for the **Queenstown** and **Wanaka** business areas, and the **Cardrona Valley**. Work is under way repairing power lines to restore services for the 30 residents in the Cardrona area but it is unlikely this will be completed until later today.

DELTA Utility Services network engineer Greg Skelton said staff had used pumps to keep the sewage pumping station in Queenstown's Marine Parade dry enough to continue working. That meant a full civil emergency was probably averted there, he said. In **Alexandra**, two of the town's three transformers in the central business district were up and running again. The third, which also served some Rivers St residents - whose houses were otherwise unaffected by the flood - was still too flooded to reactivate. Sewage and water pumps in Alexandra and **Roxburgh** were running again, which could mean the civil emergency status in those towns could be lifted this morning, he said.

Elsewhere in the region most power supplies had either been restored yesterday or should be today. These included Makarora and the Hunter Valley, which lost power for about 24 hours; 25 Ardgour Valley customers who had power restored yesterday after *DELTA* used helicopters to recover power lines; Ettrick and Millers Flat, which lost power for 12 hours overnight; and Glenorchy, which had power restored after half a day. However, residents of Beaumont Station were today bringing in a generator because power would not be restored there for five days, Mr Skelton said.

In Queenstown and Wanaka, nothing further could be done to restore supply to most of the central business districts until the water level dropped. In both centres, temporary supplies are being run to businesses that are not under water but are on the same supply as buildings that are flooded. One of the two subtransmission circuits into Wanaka remains out of service, leaving the town insecurely supplied. Workers would rectify that at the weekend, he said. Power was restored to remaining areas of Alexandra and Roxburgh yesterday, with only some isolated houses still cut off.

The exceptional nature of the flood was atested to by damage to hydro power schemes in the region. Pioneer Generation Ltd's "Roaring Meg" power station in Kawarau Gorge will be out of action for several months after it was flooded on Wednesday morning. Pioneer staff worked all night on Wednesday sandbagging the recently built Teviot power station and successfully protected it from 1m high floodwater that surrounded the powerhouse. Contact Energy Ltd ceased generation at the Clyde dam for about 36 hours from Tuesday as a precaution during the worst of the flood. While water had damaged access roads and had surrounded the Clyde powerhouse, the control centre had remained secure. Clyde spillway operated at maximum capacity throughout the week - the river normally runs at 500 cubic metres a second but has been running at up to 3200.

MINISTRY ANALYSIS CONFIRMS FALLING LINE CHARGES

24 September 1999

Analysis of residential electricity prices, which has just been released by the Ministry of Commerce, confirms that average New Zealand line charges have fallen.

The Ministry of Commerce has studied the charges applying to residential supply in each network area in New Zealand and has posted on their website average costs based on annual usage of 8,000kWh. The report details costs at 1 April 1998 and at 15 August 1999 and shows the changes over this period in the line and energy components.

On average,

- **energy charges fell by 7.1%**; chiefly in the large urban areas where competition is most vigorous, while.
- **Line charges fell by an average 1.0%** over the same period.

This compares with falls of 8.6% and 1.2% respectively, which were apparent in Ministry analysis of May.

PRICE CONTROL BILL "NOT PROCEEDING"

3 August 1999

Minister of Energy Max Bradford has announced that the Commerce (Controlled Goods & Services) Amendment Bill will not be returned to Parliament. This decision follows announcements by all other political parties that they will oppose the Bill. The Government does not have a majority in Parliament and needs the support of at least one other party to pass legislation.

BRADFORD REJECTS SELECT COMMITTEE RECOMMENDATIONS

13 July 1999

Minister of Energy Max Bradford has rejected recommendations of the Parliamentary Select Committee on the Commerce (Controlled Goods & Services) Amendment Bill. The report of the Select Committee recommends that the Bill be amended to provide for "limiting or banning anti-competitive practices" by retailers. Mr Bradford said "that may be their view, but we don't share it".

COMBINED STORMS CAUSE WIDESPREAD DISRUPTION

7 July 1999

Successive wind and snow storms over the last weekend brought down approximately 60 poles and caused over 200 wire breaks on the Central Otago network, resulting in widespread and lengthy power disruptions.

From late Thursday and throughout Friday a wind storm, with gusts reaching 180kph, swept the Central Otago and surrounding regions. Trees blown down by the winds, and branches torn from trees, were the cause of most damage to lines. Many poles broke under the combined strain of



wind loads on conductors and the shock loading of trees collapsing into lines. DELTA staff worked throughout Friday repairing damage and had most supply restored by late Friday evening.

However, commencing Friday night, the region suffered the heaviest widespread snowfall in decades. The combination of snow loading on wind-weakened trees and lines resulted in further pole and wire breaks and in many tree-contacts tripping circuits. These problems were exacerbated by whiteout conditions preventing helicopter patrols, and snow drifts hampering access for repair crews. Supply to the last consumers (at Makarora) was not restored until Tuesday evening.

photo: shows broken pole, wires still attached, blown across to the other side of the road!!!

DUNEDIN ELECTRICITY STILL No1

12 June 1999

Dunedin Electricity has again been ranked "best network" in a national survey of electricity retailers.

Market research carried out by Gary Nichol & Associates of Christchurch has seen Dunedin Electricity achieve highest ranking for overall service. This is the fifth such annual survey, designed to measure

- what it is that electricity retailers want from a line business , and
- how New Zealand line businesses compare in meeting these expectations.

Over the five years that the survey has been undertaken Dunedin Electricity has achieved the following results:

Year	1995	1996	1997	1998	1999
Dunedin Electricity Placing	1st	2nd	1st	1st	1st
Dunedin Electricity Score (out of 10)	8.0	8.4	9.3	8.6	8.8
No. of Distributors	43	40	38	36	31
No. of Distributors Scored by Retailers4	10	13	12	12*	12*

* The number of distributors able to be comparatively assessed (row 5) has remained steady over recent years but they represent an increasing share of the market as the total number of distributors has declined.

MINISTRY ANALYSIS SHOWS FALLING LINE CHARGES

7 June 1999

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The Ministry of Commerce has studied the charges applying to residential supply in each network area in New Zealand and has reported average costs based on annual usage of 8,000kWh. The report details costs at 1 April 1998 and at 1 April 1999 and shows the changes over this period in the line and energy components.

On average, **energy charges fell by 8.6%**; chiefly in the large urban areas where competition is most vigorous. **Line charges fell by an average 1.2%** over the same period.

GOVERNMENT INTRODUCES PRICE CONTROL LEGISLATION

25 May 1999

Embattled Minister of Energy Max Bradford introduced legislation into Parliament today to control prices charged by line companies. After weeks of claim and counter claim, that the separation of line and energy activities had both failed to produce lower prices and had actually resulted in increases, the Government responded with proposed heavy-handed regulation.

Retail price increases by dominant retailer TransAlta in Auckland (5%-10.5%), Wellington (10%) and Christchurch (13%), blamed by TransAlta on line charges "not falling", left the Government severely embarrassed. Claims by the line companies in these areas that their charges had not increased, were not unreasonable, and that TransAlta knew the charges when it bought the retail businesses in Auckland and Christchurch and sold its line business in Wellington, did not sway Energy Minister Max Bradford.

The Commerce (Controlled Goods and Services) Amendment Bill introduced into Parliament will:

- require the Commerce Commission to authorise the prices (and if it sees fit, to reduce them) charged by the seven largest line businesses by 31 December,
- the rest by 31 March 2000,
- and by transmission company TransPower by 30 June 2000..

The Bill has been condemned by those opposing heavy-handed regulation, and by those favoring it. The latter believe that the Bill will take too long to reduce line charges!!!

RETAIL PREDICTION PROVES PREMATURE

10 April 1999

The prediction of expanded retail competition from 1 April proved short-lived for Dunedin's small users of electricity - for them retail competition disappeared. On 31 March Trans Alta (which had purchased the Southpower retail business) mailed out letters to its approximately 200 customers in Dunedin, **effectively telling them to go away**.

The 200+ customers had chosen Southpower as their preferred supplier under the retail trial pioneered between Dunedin-based retailer United Electricity and Christchurch-based retailer Southpower in 1997. Southpower has advised these customers that "the trial is at an end" and that they are being returned to competitor United Electricity! No clear explanation for this action has been provided by Trans Alta - their claim that the introduction of national deemed profiling from 1 April terminates the trial is clearly wrong, since United Electricity is not handing its Christchurch customers (rumoured to be almost five times as many as Southpower won) back to its competitor.

"Unbelievable" was one industry analyst's reaction. "TransAlta paid around \$700 per customer when it purchased the Southpower retail business, and now it hands 200 of these customers to its competitor".

BREAK UP OF ECNZ AND FULL RETAIL COMPETITION MARK END OF 12 YEARS OF RESTRUCTURING

1 April 1999

The commencement today of deemed-profile retail competition for all electricity consumers, and the end of ECNZ's wholesale market dominance by its break-up mark the end of 12 years of industry restructuring.

Industry restructuring commenced on 1 April 1987 with the corporatisation of the state generation and transmission agency. At that time there were also 60 franchised and local-government-owned distribution agencies.

At 1 April 1999 there are six significant generation & retail companies, one transmission company and 31 lines companies. While many of these companies remain in state or community ownership, all now operate in a fully commercial environment, with the line businesses under "light-handed" regulation.

The commencement of deemed-profile retail competition allows all 1.7 million electricity consumers in New Zealand to choose their energy supplier. While the retail market was officially deregulated in 1993, the cost of interval metering and data handling effectively prevented choice for all but a few hundred.

New Zealand's form of deemed-profile competition is a mixture of the Norwegian(1995), Californian(1998) and UK(1998) systems. Based on annual consumption, load type and retailer strategy a given consumer installation might access competition via;

1. interval metering,
2. one of four initial deemed profile classes,
3. a statistically-sampled profile class established by a specific retailer, or
4. the residual-network-injection profile (net of the above three load groups).

While privatisation of the state owned generator/retailers and rationalisation and/or privatisation of line businesses will proceed over coming years, the institutional restructuring of the industry has now been completed.

ANOTHER SUCCESSFUL "FESTIVAL DEBATE"

29 February 1999

The annual Dunedin Electricity Festival Debate was held last Friday evening, and repeated its success of previous years in drawing a large and enthusiastic audience. This year's subject was "**Children are unpolished gems**", and the debating teams consisted of:

AFFIRMATIVE

Trevor Plumbly - antique dealer, TV personality and raconteur.

Kim Hill - radio journalist and talk-show hostess.

Garrick Tremain - newspaper cartoonist

NEGATIVE

Jim Hopkins - "communicator/entertainer!"

Dougal Stevenson - "NZ's best-loved newsreader"

Lianne Dalziel - MP and accomplished debater

The teams were ably led by Trevor, who continued last year's epic tales relating to his London-childhood reminiscences of Spotty Simpson's sister, and by Jim whose flamboyant debating style has to be seen (preferably at a safe distance) to be believed. The adjudicator, **Mayor Sukhi Turner**, found in favour of the Affirmative team in spite of Jim's attempt at bribery.

Dunedin Electricity has sponsored the debate since inception, and it is organised by and the proceeds go to **Corstorphine Primary School**. The debate has become a key part of Dunedin's summer festival.

DE PURCHASES CENTRAL ELECTRIC'S LINE BUSINESS

25 February 1999

Dunedin Electricity has successfully bid for the line business assets of **Central Electric Ltd**, at a price of \$127million. Chairman of Dunedin Electricity, Ray Polson, said that Dunedin Electricity was extremely pleased with the outcome. "This purchase is a logical investment for Dunedin Electricity, that will enable it to contribute its expertise more widely within the region, while continuing to produce an appropriate return to our shareholder".

The Electricity Industry Reform Act required Central Electric Ltd to choose whether to remain in a line business or a supply business, and it had decided to sell its line business. Dunedin City's decision was to retain ownership of its line business (Dunedin Electricity) and to sell its supply business investments, Waipori Power Generation Ltd and the shareholding in United Electricity, which it did late last year.

Mr Polson noted that the changes to the electricity industry were forced by Central Government, and that this had presented both threats and opportunities for Dunedin. "**Much more change is expected among New Zealand's 33 line businesses** and this purchase ensures that Dunedin Electricity will be large enough to maintain its expertise and to access new technology."

The purchase sees Dunedin Electricity become the **fifth largest line business in New Zealand**. It is already the best; in both 1997 and 1998 Dunedin Electricity significantly outperformed other line businesses (analysis by independent consultants Ernst & Young).

DE TOP LINE BUSINESS AGAIN

28 January 1999

A report just released by international energy management consultants Ernst & Young has found Dunedin Electricity to be the best performing electricity delivery business in New Zealand, repeating its result of last year.

The 50-page report intensively examines the performance of the present 35 Electric Power Companies between 1996 and 1998, and ranks each according to performance on 10 key indicators. The total score on these indicators reflects overall performance, and the top ten performers are;

Placing	Company	1998	1998	1997
1	Dunedin Electricity	82	89	85
2	Electricity Invercargill	76	73	87
3	TransAlta	72	n/a	n/a
4	Waipa Power	69	n/a	n/a
5	Alpine Energy	68	79	74
6	Central Power	66	n/a	n/a
7	Power NZ	65	61	n/a
8	Trustpower	64	n/a	n/a
9	WEL Energy Group	64	70	96
10	Waitaki Power	63	61	n/a

n/a = not in top ten, score not disclosed by E&Y

This is the third year that Ernst & Young have compiled their **Line Business Performance Index**. Dunedin Electricity placed second in the inaugural year and first last year.

Chairman Ray Polson noted that Dunedin Electricity's **consistent placing at the top of the table, and the considerable points margin it has always enjoyed over most of the "top ten companies", demonstrated that its performance was truly exceptional and not just a statistical accident.** "The fact that the other top ten companies have changed scores and placings so much each year illustrates that it is not easy to hold position, as Dunedin Electricity has done" he said.

Dunedin Electricity's reduced score from last year was the result of lower profitability, and was expected. However reduced operating costs and continuing high network reliability ensured that DE retained first place.

The margin between Dunedin Electricity and other companies has reduced from last year, and this was also expected by Dunedin Electricity. "Formation of United Electricity in 1993 gave us an early lead, but the forced separation of other line businesses will now make them more efficient. We are already working harder, to ensure we maintain our lead in future" he added.