

KEEPING YOU UPDATED

We will continue to keep you updated on our progress with our five-year CPP investment programme in our Annual Delivery Reports. You can find the full Annual Delivery Report on our website www.auroraenergy.co.nz/how-we-manage-the-network/delivering-our-cpp

ANY QUESTIONS? GET IN TOUCH!

☎ 0800 22 00 05

🖥 auroraenergy.co.nz

✉ info@auroraenergy.nz

📘 @auroraenergynz

📷 @auroraenergynz

🌐 auroraenergynz

To access our free complaints process, please email us using the enquiry form on our website www.auroraenergy.co.nz/get-in-touch

If you ever have a complaint we can't resolve, you can contact Utilities Disputes, a free and independent dispute resolution service on [0800 22 33 40](tel:0800223340) or go to www.udl.co.nz



DELIVERING ON OUR PROMISES

Annual Delivery Report Customer Summary 2023

Aurora
ENERGY



WHO IS AURORA ENERGY?

Aurora Energy is one of the largest electricity networks in Aotearoa New Zealand.

We own and manage the network that delivers electricity to some of the fastest growing areas and over the most diverse terrain in Te Waipounamu, the South Island.

We take the electricity from Transpower's national grid to power your homes, businesses and the wider community. We deliver a safe, reliable and sustainable electricity supply across Ōtākou in Ōtepoti Dunedin, Central Otago, Wānaka and Tāhuna Queenstown to over 200,000 people.

OUR NETWORK AND THE COMMUNITIES WE SUPPLY



- Grid Exit Points (GXP)
- Ōtepoti Dunedin
- Central Otago/Wānaka
- Tāhuna Queenstown

Our network is split into three different pricing regions, determined by which GXP that area of the network is connected to.

HOW ELECTRICITY GETS TO YOU

STEP ONE



GENERATION

Power stations generate electricity from water, wind, geothermal gas and coal



TRANSMISSION

Extra high voltage electricity is moved across Transpower's national grid in bulk

AURORA ENERGY

STEP TWO



DISTRIBUTION

Aurora Energy takes electricity from the national grid and lowers the high voltage electricity for local use



DISTRIBUTION

Aurora Energy distributes the electricity to your place via power lines and underground cables

STEP THREE



RETAILERS

Retailers sell electricity to customers and deal directly with you



CUSTOMERS

Electricity is used at your place



KIA ORA KOUTOU

WELCOME FROM OUR CHIEF EXECUTIVE

As one of the largest electricity distributors in Aotearoa New Zealand, we play an important role in supplying you with reliable electricity now, as well as ensuring we are ready to enable the energy future of our communities. A robust and efficient electricity network is central to reducing carbon emissions through electrification and that's why our investment programme is so important.

We have completed the second year of our five-year customised price-quality path (CPP). We are continuing to make good progress on our \$560 million plus work programme and deliver on our promises to customers to upgrade the network.

Over the past 12 months we've invested \$145 million across Ōtepoti Dunedin, Central Otago/Wānaka and Tāhuna Queenstown, including \$97 million on capital expenditure and \$48 million on operational expenditure such as routine inspections and maintenance, vegetation

management, systems operation and network support. Progress against our Safety Plan also remains on track, and we continue to prioritise replacement of safety sensitive assets.

We are continuing to see strong growth in Central Otago and as a result we've experienced competing demands for resources and investment. In some instances, we have had to accelerate growth-related investments, and we have also been impacted by external factors such as global supply chain pressures and escalating costs. This has required us to adapt our plans, but despite these pressures we have delivered largely to plan.

Decarbonisation, resilience and population growth are the key long-term drivers of investment in our network. The work we're doing now will ensure our electricity supply capacity will keep pace with customers' growing electricity demand for the foreseeable future.

Increased electrification, coupled with significant regional growth, places us in a unique but fortunate position as it has created an opportunity for Aurora Energy to take a leading role in responding to these changes. Across our team, we are actively collaborating with industry peers to prepare for a new energy future.

At the core, Aurora Energy is investing in its network and business to ensure we can deliver the services customers value. With some adjustments to our work plan, and thanks to the dedication of the Aurora Energy team and our contracting partners, Connetics, Delta and Unison, we are achieving it.

We have kept customers updated on our progress throughout the year with our newsletter, 'Your Network, Your News', which is inserted into the community newspapers, and we also introduced full-page advertorials in the community newspapers at the start of this year to share local project news and the benefits of the work. Copies of all are available on our website if you'd like to take a look.

The following pages provide a summary of the network investment we've undertaken in the last year (1 April 2022 to 31 March 2023), and we are proud to present the second summary of our progress against our ambitious work programme.

You can find the full Annual Delivery Report and information about our CPP on the Aurora Energy website www.auroraenergy.co.nz/how-we-manage-the-network/delivering-our-cpp

KĀ MIHI NUI



Richard Fletcher
Chief Executive

OUR ANNUAL DELIVERY REPORT

CUSTOMER SUMMARY

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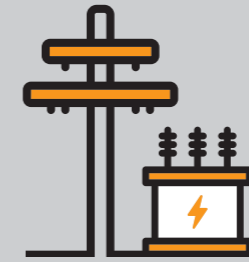
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2023 REGULATORY YEAR AT A GLANCE* OUR NETWORK

We are pleased with the continued progress we made on asset renewal and maintenance work across the network, to reduce the level of safety risk.



\$48M
spent on operational expenditure



\$97M
spent on capital expenditure

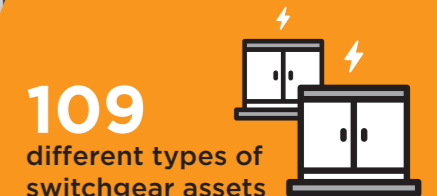


Replaced
1,960
CROSSARMS

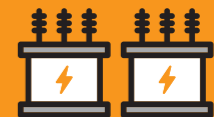
Replaced
1,378
POWER POLES



Replaced
21
DISTRIBUTION TRANSFORMERS



109
different types of switchgear assets replaced or renewed



Replaced over
39 KM
of **HIGH VOLTAGE LINES**

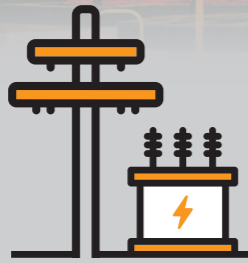
Keep reading for a breakdown of the work we completed in each pricing region (Ōtepoti Dunedin, Central Otago/Wānaka and Tāhuna Queenstown). All of the numbers for RY23 can be found in **Section 8 of our full report.**

*The 2023 regulatory year (RY23) runs from 1 April 2022 – 31 March 2023

2023 REGULATORY YEAR AT A GLANCE* ŌTEPOTI DUNEDIN



\$27M
spent on operational expenditure



\$32M
spent on capital expenditure

Replaced over
14 KM
of **HIGH VOLTAGE LINES**

We undertook vegetation inspections on **31%** of the Ōtepoti Dunedin network and maintained vegetation on **34%** of the network



53
different types of switchgear assets replaced or renewed

Replaced

411
POWER POLES

Replaced

930
CROSSARMS

Replaced **14**
types of protection equipment and secondary systems



Replaced **16**

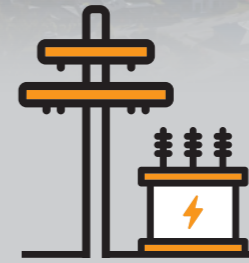
DISTRIBUTION TRANSFORMERS

*The 2023 regulatory year (RY23) runs from 1 April 2022 - 31 March 2023

2023 REGULATORY YEAR AT A GLANCE* CENTRAL OTAGO/WĀNAKA



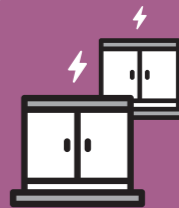
\$14M
spent on operational expenditure



\$44M
spent on capital expenditure

Replaced over
20 KM
of **HIGH VOLTAGE LINES**

We undertook vegetation inspections on **45%** of the Central Otago/Wānaka network and maintained vegetation on **42%** of the network



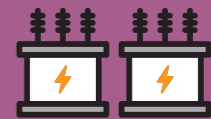
36
different types of switchgear assets replaced or renewed

Replaced

724
POWER POLES

Replaced

798
CROSSARMS



Replaced **3**

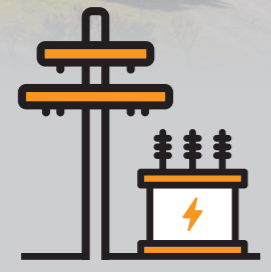
DISTRIBUTION TRANSFORMERS

*The 2023 regulatory year (RY23) runs from 1 April 2022 - 31 March 2023

2023 REGULATORY YEAR AT A GLANCE*
TĀHUNA QUEENSTOWN



\$8M
 spent on operational expenditure



\$19M
 spent on capital expenditure

We undertook vegetation inspections on **69%** of the Tāhuna Queenstown network and maintained vegetation on **66%** of the network



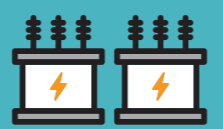
Replaced **232**
CROSSARMS

Replaced **243**
POWER POLES

Replaced **5 KM**
 of **HIGH VOLTAGE LINES**



20
 different types of switchgear assets replaced or renewed



Replaced **2**
DISTRIBUTION TRANSFORMERS

*The 2023 regulatory year (RY23) runs from 1 April 2022 - 31 March 2023

WHAT WE HAVE DELIVERED

In 2022, we published a Project and Programme Delivery Plan, which identified a series of projects and programmes of work to be delivered over the five-year CPP investment period. We continue to focus on delivering our plan that will improve the safety of our network and meet the future electricity needs of our communities.

You can find out more information on what we have delivered during RY23 in **Section 3 of our full report.**



DELIVERED ON TIME

- ✔ A new switch for the Roaring Meg generation gives us the ability to change to another circuit during planned and unplanned outages

UNDERWAY AND ON TRACK

- ➔ New Omakau zone substation
- ➔ Arrowtown 33 kV ring upgrade
- ➔ Feasibility study for new Arrowtown zone substation
- ➔ Smith Street to Willowbank inter-tie in Ōtepoti Dunedin
- ➔ Design for new Riverbank transformer in Wānaka

PROGRESSED WITH DELAYS

- ➔ Upper Clutha voltage support - due to equipment delays this will be completed in RY24
- ➔ Cardrona substation upgrade - completed at the time of writing this report
- ➔ Introduction of an asset management software solution - a dedicated team has been set up to help deliver the project

FOCUS ON SAFETY

In 2022, we published a Safety Delivery Plan, which identified our network safety risks and the actions we plan to take to reduce the risk as low as reasonably practicable.

NETWORK SAFETY RISKS

During RY23, we successfully reduced our reported network risk for a number of safety-sensitive fleets to lower than what we had forecast in our Safety Delivery Plan. We did this by:

- ✔ Improving how we approach our risk practices
- ✔ Refining our methodology to establish asset health information
- ✔ Improving our inspection data with more detail on the health of individual assets
- ✔ Reducing the number of assets above the risk tolerance line

Overall, we have made significant progress across the network to improve the health of some safety-sensitive assets, with the health of some assets ahead of our plan. The impact of improved information has also resulted in better health profiles and lower risk scores. We have been unable to reduce the safety risk for five of our safety-sensitive assets to the extent we had planned. Details of how we are addressing this can be found in **Section 4 of our full report.**

SAFETY-RELATED INCIDENTS

Safety is our number one priority, and we recognise we need to keep the public and our people safe around our network. We have seen an increase in safety-related incidents reported compared to RY22. We believe this is due to:

- ✔ Creating a system that improves data capture with more user-friendly reporting
- ✔ Refinement of the data we are capturing so we can classify events when they occur
- ✔ Regular reviews of events so that meaningful data is captured and followed up

The main type of safety-related incident we continue to see is third-party contact with our assets. Other key contributors to safety-related incidents are asset failure, contractor work practices, vegetation and network operation practices. In response to these we:

- ✔ Developed a defects app for our staff and our field service providers
- ✔ Proactively engaged with our field service providers in relation to work practices
- ✔ Vegetation network inspections on a three-year cycle, with 12-month inspections for critical areas such as fire prone zones
- ✔ Scheduled a safety reset day with our Operations Team

For further information on how we're focusing on safety please see **Section 4 of our full report.**

IMPROVING OUR PRACTICES

In 2022, we published a Development Plan, which outlined some systems and processes we aim to improve over the five-year CPP investment period and how these benefit customers.

Here is how we're improving our practices and a self-assessment rating on a scale of 1 to 5 on how well we are tracking so far.

What do our ratings mean?

- 1 Not Started
- 2 Not Achieved
- 3 Partially Achieved
- 4 Largely Achieved
- 5 Achieved / Exceeded Plan

For further information on the ratings for our improvement initiatives please see **Section 5 of our full report**.

HELPING CUSTOMERS UNDERSTAND ELECTRICITY PRICING

RATING 5

We are looking at ways to help customers understand electricity pricing. The way electricity pricing is set is changing, and we want customers to understand these changes and what it means for them.

WHAT WE DELIVERED

We continue to make progress against the pricing strategy and roadmap we published in 2021. The pricing strategy includes initiatives to make electricity pricing simpler and improve the cost-reflectiveness of prices. This year we have:

- ✔ Continued to publish our cost of supply model
- ✔ Provided step-by-step examples of a 'standard' customer
- ✔ Simplified our control tariffs into a single tariff for each pricing area (Ōtepoti Dunedin, Central Otago/Wānaka and Tāhuna Queenstown)
- ✔ Removed seasonal tariffs and the difference between summer and winter usage
- ✔ Improved the pricing information on our website
- ✔ Continued to engage with key customers on pricing

POWER QUALITY

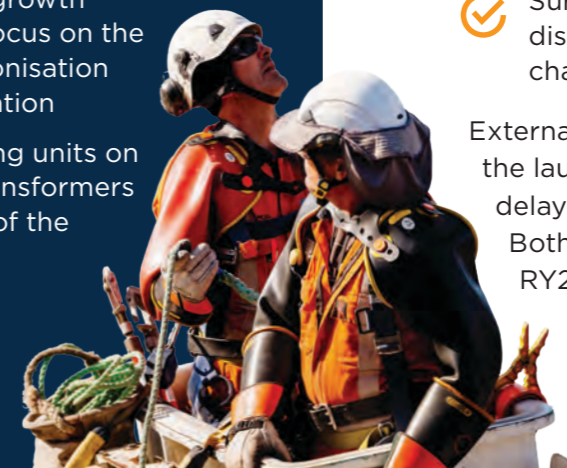
RATING 5

Voltage limits are regulated to ensure satisfactory power quality levels can be achieved for customers. We are working on ways to continue to improve how we keep tabs on the things that have an impact, and doing what we can to minimise them.

WHAT WE DELIVERED

We have rated ourselves this score because we:

- ✔ Developed a distributed generation congestion policy to understand the available capacity on our low voltage networks
- ✔ Undertook analysis of how electric vehicles will impact our low voltage network
- ✔ Created network growth scenarios with a focus on the impact of decarbonisation through electrification
- ✔ Installed monitoring units on 40 distribution transformers in strategic parts of the network



CUSTOMER CHARTER AND **COMPENSATION**

RATING 3

Customers are at the heart of our business, and we are committed to building a more customer-focused organisation that provides genuine benefits for customers. Our customer charter outlines our service levels, and how customers will be compensated if things do not go to plan.

WHAT WE DELIVERED

We have progressed our customer charter engagement by:

- ✔ Conducting a thorough internal review of our existing customer charter
- ✔ Completing an internal consultation with Aurora Energy staff on the proposed new charter
- ✔ Surveying other electricity distribution businesses about their charters

External consultation with customers and the launch of the new charter has been delayed due to resource constraints. Both are scheduled to happen during RY24 (1 April 2023 – 31 March 2024).



OUTAGE MANAGEMENT

RATING 5

To deliver on our network renewal programme, we need more planned power outages. We are aware that no time is perfect for the power to go off, so we are committed to improving the way we plan, manage and communicate outages.

WHAT WE DELIVERED

We implemented our outage planning initiatives that were in development in RY22, including:

- ✔ A new planned outage approval process
- ✔ A new outage variation process to identify how we can improve when a planned outage either runs significantly over or under time
- ✔ Customer outage guidelines
- ✔ A new Outage Management System (OMS) to help us access real-time updates and a single data source to provide more timely updates for customers

We also continued to use our bundled work programmes to reduce the number of planned outages that a customer would experience to perform the same work, and have rolled out our new reliability zones in our Geographic Information System (GIS) to assist with outage planning.

QUALITY DATA

RATING 5

Having accurate and reliable data about our assets is a necessity to deliver a reliable power supply. With good quality data being made available to the business, we can continue improving our risk framework, budgeting and forward planning.

WHAT WE DELIVERED

We have rated ourselves this score because we:

- ✔ Defined and documented key asset and network data requirements
- ✔ Put in place a range of documentation and processes to protect the integrity of our data
- ✔ Improved the ways we clean up our data and introduced data audits. We have done this by using PowerBI and manipulation software which allows us to compare location-related data. We are also planning the integration of information from the field to our asset management system to reduce manual data entry.

ASSET MANAGEMENT AND SAFETY RISK

RATING FOR PRACTICES AND PROCESSES 4

RATING FOR IDENTIFYING AND REDUCING SAFETY RISK 5

Continuous improvement in asset management is critical for our business to operate successfully in a changing environment, to keep up with customers' evolving expectations and to enable the energy future of our communities. By building on our existing asset management capability, we can make the right investment on the right assets at the right time.

WHAT WE DELIVERED

We started work on a number of improvement initiatives, including the development of:

- ✔ Our strategic asset management plan (SAMP) to capture our asset management strategy more comprehensively
- ✔ Asset fleet strategies, including training for our engineers
- ✔ A first draft of documented failure modes, including effects and consequence analysis
- ✔ Asset health formulae linked to asset inspections and condition assessments. Alongside public safety criticality zones, these have helped us develop risk treatment plans

We also introduced enhanced root cause classifications for asset failures, improved our business templates and tools, and completed a review of our critical business risks with accountabilities and responsibilities defined.



COST ESTIMATION

RATING 5

Cost estimation informs our asset management decisions, which flows to regulated revenue requirements and cashflow projections inform our budgets. This means it is important for cost estimation to be as accurate as possible.

WHAT WE DELIVERED

We have progressed several cost estimation initiatives by:

- ✔ Improving the management of our unit rates, with a focus on major projects
- ✔ Developing reports to monitor costs by the primary asset type
- ✔ Revising our project scopes to provide more detail
- ✔ Reviewing our field service agreements, which includes agreeing contract unit rates and fixed prices with our contractors for volumetric work
- ✔ Starting development on a cost estimation tool
- ✔ Undertaking a high-level review of our operating expenditure forecasts
- ✔ Reviewing our forecast changes in operating expenditure as part of developing our 2023 Asset Management Plan (AMP)
- ✔ Monitoring and reviewing trends in our network operational expenditure as part of developing our 2023 AMP

QUALITY ASSURANCE

RATING 5

When we carry out work on our network, we want to know it's always carried out as efficiently and effectively as possible and meets regulatory standards.

Our increased work programme throughout the CPP investment period means it is even more important to have robust quality assurance processes and resources in place.

WHAT WE DELIVERED

We have rated ourselves this score because we:

- ✔ Continued to implement process improvements for our work management capability
- ✔ Continued to focus on staff development and capabilities
- ✔ Implemented an internal construction works review standard to support our quality assurance staff
- ✔ Identified the maintenance activities performed on the network that would benefit from greater quality assurance
- ✔ Developed quality assurance metrics so we can compare the performance of our field service providers
- ✔ Trained staff on the improvements relating to quality assurance





ENGAGING WITH CUSTOMERS

In this section, we detail how we have engaged with the customers on our network, how we are reprioritising our investment, and our customer charter and compensation scheme. For further information on how we came to these ratings and our rating system please see **Section 6 of our full report.**

CUSTOMER AND STAKEHOLDER ENGAGEMENT

RATING 5

We have an extensive stakeholder engagement plan that outlines how we engage with our stakeholders and different customer groups across the network throughout the year. We have received positive feedback from customers about the improved communication and information they are receiving from us.

We are using learning and insights gained from complaints that we receive to improve our service where possible. Most complaints are usually related to planned and unplanned outages, and the learnings and insights have driven us to improve our customer service measures.

INVESTMENT REPRIORITISATION

RATING 3

We engaged with councils across our region, particularly the Queenstown Lakes District Council about how we propose to reprioritise or substitute the investments outlined in our Project and Programme Delivery Plan.

Similar conversations were echoed in a number of growth-related enquiries from customers. Information about reprioritisation was included in the May 2023 issue of our community newsletter 'Your Network, Your News'.

CUSTOMER CHARTER AND COMPENSATION

Our current charter has provided a positive step toward a more customer-centric organisation, however we feel it could be clearer and more engaging. Therefore, we have developed a plan to consult with customers and develop our new "Customer Commitments" document. Please refer to Customer Charter and Compensation on page 9, and you can find more information on our charter performance and compensation payments in **Section 6 of our full report.**



RELIABILITY HOTSPOTS

There are **248 distribution lines across our network**. The Commerce Commission has asked us to identify the areas that are the 10th percentile contributors to our metrics for network outages in terms of frequency and duration (which includes both planned and unplanned outages), as well as any plans we have in place to improve the performance for those areas.

You can find more information on the areas and any plans we have in **Section 7 of our full report**.



THANK YOU

to our contracting partners, Connetics, Delta and Unison, who are pivotal in supporting us to deliver our commitments.

We thank them for working at all times of the night and day and in all weather conditions to keep the lights on.