

Aurora CPP Submission 30 Nov 2020

Facts

Aurora operates in a total monopoly situation as far as customers are concerned.

Customers have no ability to influence Aurora's decision making, and rely completely on the Commerce Commission to ensure that they are fairly treated by Aurora.

The Commerce Commission has not done this. Their only achievement to date has been to instigate the situation where the High Court fined Aurora nearly 5 million dollars, with that sum going directly to central govt. coffers. Ultimately that cost is going to fall on customers.

The DCC has benefitted from the higher line charges paid by Central Otago and Queenstown. eg. All zone substations in Dunedin have backup transformers. Only 3 out of 13 in Central Otago have backup.

Historically, other lines companies with similar revenue, geographical spread and customer density have managed to maintain their networks and assets while Aurora has not.

Significant dividend syphoning from both Aurora and Delta over time by the DCC through Dunedin City Holdings Ltd has undoubtedly contributed to this underinvestment.

My suggestions

Line charges should be the same per customer across the entire region.

Explanation: Contrary to earlier statements by the Commerce Commission, it now seems that regional line charges can be altered. Electricity is now considered a basic service like water supply and sewerage. The Central Otago District Council now funds maintenance and improvements to water infrastructure from the whole district. ie. The town of Omakau needed a new water supply. The cost was beyond the town rate payer's ability to pay. The district funded it. Without this Omakau would eventually die.

Central Govt. should return the nearly 5 million dollar fine to be spent on the maintenance of Aurora's network.

Central Govt. should also put forward a substantial sum in recognition of the failure of its agency the Commerce Commission to effectively do its job on behalf of Aurora's customers.

Explanation: It is long past time for taxpayer's to see some accountability. Aurora's customers have already paid and had a reasonable expectation the network would be maintained in a safe and reliable condition. The current situation is not the fault of customers. A suitable sum made available now for expenditure on the network could go a long way toward making the cost of the required restoration of the network affordable for Aurora's customers.

I realise this would be effectively Govt. money going to private business, but the precedent is well and truly established. eg. AJ Hacket Bungy. One company that won the lottery because of covid. What I am saying is that in the case of Aurora, the situation has arisen

because of govt. agency (Commerce Commission) failure (another form of covid) and by implication therefore, Central Government. Accountability!

It is clear to me that we would not be in this situation if the Commerce Commission had done its job. It is equally clear that none of this is the fault of customers. The projected costs in the Proposed Decision's document will not be sustainable for quite a number of fixed income customers in Central Otago.

The network must be reinstated to a safe and reliable condition and a way must be found to facilitate this. The above suggestions could go a long way toward achieving this and provide some long overdue accountability as well.