Have your say on our draft proposals

Use this form to have your say on key issues we have identified in our initial assessment of Aurora's investment plan. Alternatively, you can submit online at **www.comcom.govt.nz/aurora**

Submissions close on 10 December 2020

You can find a Summary detailing our draft decisions and other measures and the full reasons paper on our website.

If you are a business or organisation or you want to provide more substantive feedback you can email your submission to **feedbackauroraplan@comcom.govt.nz**.

Please provide your email address if you want to be kept up to date with our assessment:

Please make sure you clearly identify any confidential information as we may publish submissions on our website. If you need more space, you can staple extra pages to this form. Once you have completed this form, please put it in an envelope (you do not need a stamp) and send it back to us at this address:

attn Aurora Investment Plan
Freepost
Commerce Commission
PO Box 2351
Wellington 6140
New Zealand

COMMERCE COMMISSION
NEW ZEALAND
Te Komihana Tauhokohoko

Key issues we want your feedback on

Revenue Smoothing

One of the ways we can help manage price shocks for consumers is to 'smooth' the profile of the revenue Aurora can recover from consumers over time. In some ways this is like paying off a mortgage – you can choose to pay less up front but pay more in the future (including interest costs), or pay more upfront to reduce what you pay in the future.

We have described two particular scenarios in our draft decision.

Our draft decision is to apply Scenario 1, which would allow Aurora to increase its revenue by a maximum of 10% every year from 1 April 2021 to 31 March 2026. This would allow Aurora to recover most of its costs in the CPP period.

In comparison, Scenario 2 would allow for an initial increase of 5%, then increases of 10% a year. This would defer an additional $38m of Aurora's revenues into that later period after 2025/26, which would see customers pay less initially but more overall (approx. $10m) accounting for interest costs, and keep lines charges higher for longer.

Please indicate whether you agree with our draft decision to apply Scenario 1 and describe what you see as the benefits to consumers of this scenario.

If you instead prefer Scenario 2, please outline your reasons and describe what you see as the consumer benefits of deferring revenues, even if it means paying an interest cost later.

You can read more about our revenue smoothing scenarios in Chapter 2 and Attachment G of our reasons paper.

Increase in Residential Monthly Lines Component relative to 2020/21 – Medium Consumer Profile

	2021/22	2022/23	2023/24	2024/25	2025/26
Scenario 1					
Dunedin	$4.52	$11.23	$17.45	$23.95	$31.18
Central Otago	$9.65	$18.01	$28.36	$40.28	$52.84
Queenstown	$7.19	$10.91	$17.66	$25.22	$33.54
Scenario 2					
Dunedin	$1.90	$8.36	$14.32	$20.54	$27.46
Central Otago	$4.35	$12.27	$22.11	$33.48	$45.45
Queenstown	$3.45	$6.89	$13.30	$20.48	$28.41

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Revenue Smoothing

The proposed level of increased costs for consumers across the Districts is unacceptable

Dunedin should bear the greatest cost since they alone have received dividends from Aurora to the detriment of all regions.

Line charges in the past included costs for maintenance work which was never carried out.

Dunedin City with assistance from Govt (who put the Commerce Commission in as watchdog - who failed to perform their duties should bear the cost of the now required maintenance. Not the consumer and Central Otago in particular should not be expected to pay disproportionally for others neglect.