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To: Feedback Aurora Plan [feedbackauroraplan@comcom.govt.nz]
Subject: submission on draft proposals
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Submission on Draft Proposals for Aurora's funding of its overdue network upgrades.

Rather than debating the two ComCom scenarios that customers in the Aurora network are being asked to choose from, I wish to outline the reasons why the DCC as owners of Aurora should be funding their own way out of the substantial costs required to rebuild this degraded network.

I present some of the relevant facts which are all available on public record, and which illustrate how expensive the total cost of energy has become for this submitter.

In 1998, Dunedin City Holdings bought the Central Otago/Queenstown Lakes lines network. Up until that date, the only lines charge payable by Central Otago consumers to their network operator (Central Otago Electric Power Board) had been just 48 cents per day for every metered connection point. This was irrespective of how much energy was consumed by a customer. This modest lines charge (then called a supply charge) had been all that was required of consumers to fund the reliable network build to that date, as well as funding the construction of 10 small hydro generation stations.

Aurora, soon after purchasing the inland network, began introducing a raft of new charges tied to energy use, peak demand times, capacity charges, and kVA per kilometre charges, but the bulk of the revenue collected from consumers was simply diverted away from network maintenance and into subsidising DCC operations and thus that city's ratepayers by way of nil or low annual rates increases, and the funding of a new stadium. Indeed, Dunedin City Holdings Annual Report presentations more than once referred to the Aurora network as Dunedin's 'golden goose'.

This practice of revenue harvesting by the DCC through the Aurora network had essentially turned their lines network into a cash conduit from Central Otago consumers for 20 years. The Central Otago/Queenstown Lakes population had become defacto ratepayers for Dunedin city. And the degraded state that the network has now been allowed to reach, through the Aurora's policy of minimal maintenance / run-to-fail, is disgraceful example of asset mismanagement of an essential service.

This submitter has already experienced 11 power outages in the last 12 months, with only 3 of these having being notified as planned for network maintenance. To ensure a reliable energy supply for my business, I have had to buy and operate 2 standby generators. The true cost of my annual energy requirements has grown because of these extra capital and operating costs.

It has also been claimed that Aurora charges make up around 25% of a monthly power bill. My monthly lines charges are closer to 50% of my power bill, and have been that way for many years. My daytime lines charges are more expensive than my daytime energy charges. (See attached account). Winter rates are different again.

In the 20 years since Aurora has owned the Central Otago network, the energy component of my monthly power bills have risen by a modest 45% in line with the Consumer Price Index rise over that same time, while my lines charges have risen by over 1,000%. And reliability of the network continues to worsen.

The Dunedin City Council has extracted and misappropriated 20 years worth of revenue from Central Otago and Queenstown Lakes consumers through Aurora's lines charges. The responsibility for funding the necessary

network upgrades now lies squarely with the DCC , and it is an unfair imposte on inland consumers expecting them to further fund an already expensive and unreliable supply network.

I simply request that the Commerce Commission reconsider beyond their 2 proposed scenarios, and draft a revised schedule to recognise the high levels of lines charges made on Central Otago / Queenstown Lakes consumers that the Dunedin City ratepayers have long benefitted from.

With historically low interest rates now approaching negative territory, the costs of servicing any loan funding by DCC / Aurora for necessary network rebuilding has altered significantly since the Commission first began reviewing Aurora's asset problems.

But at the very least, the simple concept of a uniform set of charges for all Otago consumers on the Aurora network should be applied. ie. Dunedin, Central Otago and Queenstown increases should all be kept the same.

The situation is a mess. Well done on the ComCom's efforts to sort it and achieve an equitable solution through consultation. However it has become an area where most people do not feel qualified to comment through the submission process due to the level of technical and financial knowledge required.

But we do all expect a fair outcome, and we know what one looks like.

Nick Loughnan

Central Otago

December 8th 2020