



**FEDERATED
FARMERS**
OF NEW ZEALAND

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Commerce Commission

Submission on *Aurora Energy's investment plan* key issues paper

Otago Federated Farmers appreciates the opportunity to provide feedback on the Commerce Commission's *Aurora Energy's investment plan* key issues paper.

Our farmer members rely on a reliable supply of electricity as a vital input to the farm business. The lines, poles and crossarms that deliver electricity to our Central Otago members' farms are in woeful condition and in dire need of investment. This appears to be a common theme across Aurora Energy's lines network, which is especially concerning.

Aurora Energy's prior underinvestment in their lines network that has given rise to the severity of the investment and the cost imposition on customers required now to fix the lines network was not the fault of any of its three customer regions. Therefore, it strikes us as particularly unfair for customers in Central Otago to face price increases under the proposal that are considerably higher than price increases proposed for customers in Dunedin and Queenstown. Estimated price increases of \$20-40 to monthly power bills from the proposal bear no relation to the reality that affected farms will see much higher increases. Farmers with irrigated properties could face paying an extra \$10,000-40,000 each year under proposed price increases.

A better solution for cost recovery would be to spread the total investment cost more fairly over the entire network by treating Aurora Energy's three pricing regions as one pricing region, at least for the duration of the proposed work programme.

Affordability is arguably a common concern for all Aurora Energy customers in these challenging economic times. As well as treating the pricing regions as one pricing region, the Commission should consider making the \$5 million fine against Aurora Energy earlier this year for prior non-compliance with quality of supply standards available to help subsidise / offset the impact of price increases on those who are going to struggle to pay their power bills during the proposed period.

Delaying or dragging out the investment is not a viable approach. The lines network will only get worse and can only become progressively more expensive to fix. Consequently, it is much better for Aurora Energy to get in there and get it done, sooner rather than later.

It is important that the Commission ensures accountability and assurances that the work can and will proceed in agreed timeframes.

Yours sincerely,

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