

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 feedbackauraplan@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**



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

Revenue Smoothing

Monitoring Aurora's delivery

Alongside our draft decision, we are planning a package of requirements to improve Aurora's accountability to its customers across its network. This would include requiring Aurora to report directly to its customers on how it is delivering against its plan, and be more transparent about the quality of its services and how it is calculating regional prices.

Would our proposals provide you with enough information to know whether Aurora is delivering its plan and improving its performance? If no, why not and what further or alternative information would you require to achieve this?

You can read more on our planned reporting requirements in Chapter 5 and Attachment I of our draft reasons paper.

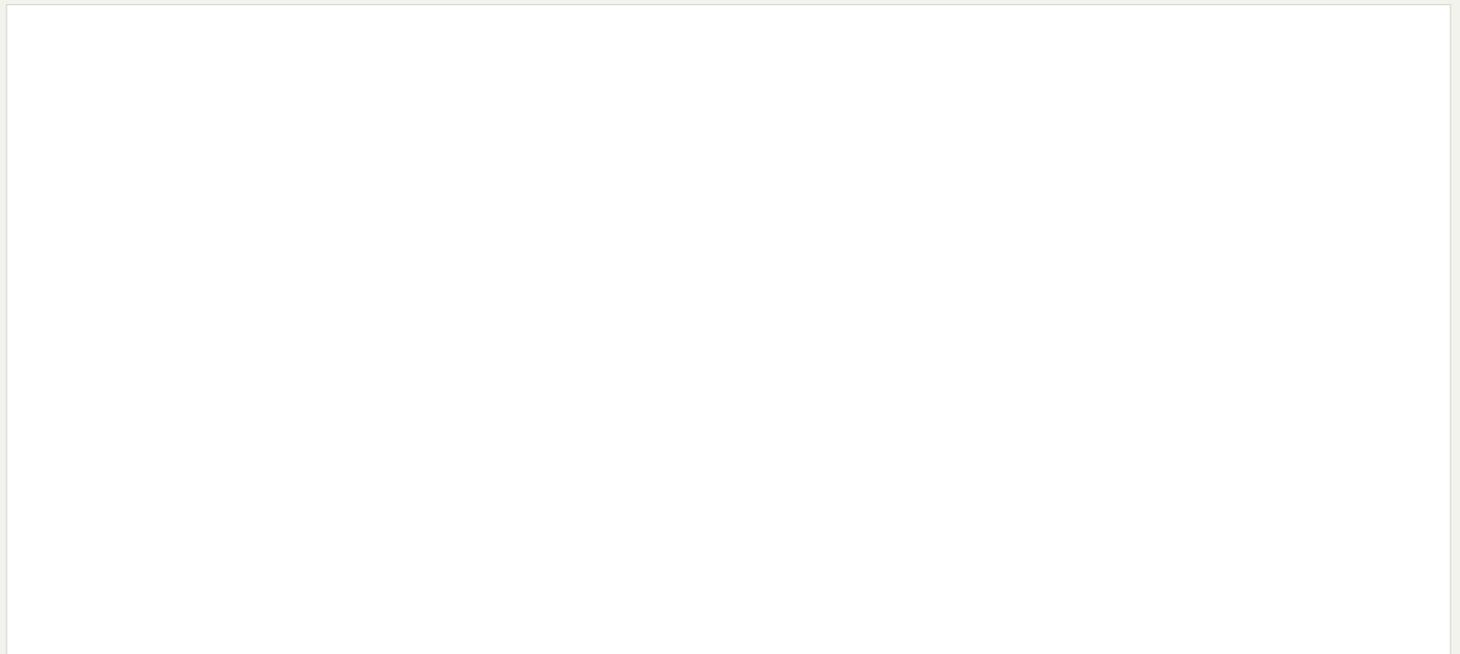


Network outages

Our draft decision would set targets on the number and duration of unplanned network outages that are not as lenient as Aurora requested. These standards would be above historical levels up to 2015, but similar to what it has actually been achieving over the past five years.

..... We are interested in your view of the impacts of setting outage targets at this level, and whether you consider it to be reasonable given the state of Aurora's network.

..... *You can read more on our approach to Aurora's outage standards in Chapter 2 and Attachment C of our draft reasons paper.*



Capital spending

We consider that Aurora has largely made its case on the capital spending needing on its network. Our draft decision does reduce its planned spending on new assets by \$41 million over five years, however the majority of this reduction can be attributed to growth projects we consider may no longer be needed or can

be deferred due to the impacts of COVID-19.

Do you think our approach to Aurora's growth projects is the right one, given the current uncertainty with electricity demand in Otago?

You can read more on our draft capital expenditure decisions in Chapter 2 and Attachment D of our draft reasons paper.

Operating spending

Our draft decision is to reduce Aurora's proposed operating spending by \$45 million over five years. Our view is Aurora does not require the level of funding it forecast for a business of its size.

Do you think our assessment of Aurora's operating spending properly accounts for its capabilities and business costs?

You can read more on our draft operating expenditure decision in Chapter 2 and Attachment E of our reasons paper.