

**Submission to the Commerce Commission
Aurora Investment Plan
James T McKinlay**

Thank you for the opportunity to participate as a Grey Power representative in the consultation in Alexandra and to submit a response to what I learnt and believe is the way forward. It was so good to finally know why we pay such extravagant line charges in our region.

My Conclusions:

Without intervention in the practices of Aurora resulting in dramatic change we will never get the service that the original plan was set up to provide. Without this we will need a different way of receiving this service.

In order for Aurora to provide us with a suitable service it is essential that they start operating as a responsible company with service, not profit as their top priority. Only then will they be able to provide reliable, affordable electricity transition to all the communities it has been commissioned to serve.

I also believe the present method of billing its customers in different areas at different rates is immoral and a form of exploitation which I will explain in my submission. I have always believed that exploitation of others for personal gain is not the New Zealand way!

I would dare to dream a dream that Aurora would be given a 'heart of flesh' [compassion] at its core in place of the mercenary 'slab of cold stone' it has at present. We will always have the poor, widow, solo mum etc in our communities. I believe they require a scheme like the 'rates rebate scheme' for those who cannot afford to both keep their homes warm and put food on the table at the same time during winter.

All of us will have to pay for Aurora's corrupt practices of the past, but there must have been people in high places in Dunedin who knew and kept silent!

It would be irresponsible of me not to include the wise safeguards those in Central Otago should take if you continue in your resolute stand not to challenge and hence change the practises of the past.

There will be over the 5-year framework a minimum spent in Central Otago whom the **Dunedin City Council have seen for far too long as the gold on which to build Dunedin!**

Those in that area would be wise to look to the reliable fossil fuels for their heating, lighting & means of using their electrical appliances when the outages occur. They would be wise to invest in a portable generator. **My reasons for this will be outlined in the report.**

This is a chance for the Commerce Commission to be strong and have the courage to stand against all who have used Aurora for their own purposes instead of the service it was entrusted to provide. Please do not be intimidated as others must have been in the past.

No more deception and playing games!

I for one would want to stand with you in this.

Revenue Smoothing:

What you have presented is totally unacceptable! The commission kept saying we have to start afresh from here. That can never work because habitual abusers must first face up to their behaviour in the past and be prepared to do something about it before there is **any hope** of seeing a change. There was not a scrap of evidence of this!

With Aurora's total lack of long-term planning and mis-management of income over 20+ years your proposal will only allow them to continue in a similar fashion. All businesses must have a critical Path plan to work to so that at a glance they know what must be available, and when to cover all eventualities they are aware of at the time, and the foreseeable future. That would mean that capital flow and investment for the future could be there at the time it is needed. Everything has an expected life span and there are natural events that are bound to happen, and with a good plan you can be prepared for most of these.

I could not get any assurance that such a plan with investment for specific future needs existed. It did disturb me that the commission did not see the necessity of demanding even such a basic plan as a requirement for Aurora! **THIS IS A FORMULA FOR FAILURE!**

I also discovered that the Dunedin City Council, as the owner of Aurora, regarded our money as their money so that their projects took priority, meaning that the money which should have been there was not. Hence the run-down of the network, especially outside Dunedin, where consumers pay much higher line fees. So now the network is a broken system requiring an urgent increase in investment.

You are not prepared to follow the money trail and attempt to retrieve the funds from those who have been misappropriating the money we have been paying for the past 20 years.

Is there no conscience or protection of those who have no other network alternatives they can connect to?

Scenarios:

These are a further form of abuse. The ordinary person has trouble understanding figures and their impact in the form presented. I will redo them in a way that I hope will more clearly expose the abuse.

F will be the price paid in by Dunedin Consumers that year. The number in front represents how many times higher than Dunedin, that region's payments will be that year.

	2021/22	2022/23	2023/24	2024/25	2025/26
Scenario 1					
Dunedin	F	F	F	F	F
Central Otago	2.14F	1.60F	1.63F	1.68F	1.7F
Queenstown	1.59F	0.97F	1.01F	1.05F	1.08F
Scenario 2					
Dunedin	F	F	F	F	F
Central Otago	2.29F	1.47F	1.54F	1.63F	1.66F
Queenstown	1.82F	0.83F	0.93F	F	1.04F

What does the Chart Show?

Central Otago has had high line charges in the past and the least upgrading, and it is proposed they will continue to pay extravagant line charges. The past neglect extends to not even stand-by replacement transformers. Aurora well knows that could be fatal in spring if a transformer were to blow on a frosty night. It could mean the loss of a total year's crop valued in the millions. **They do not care!!!!**

That is not all! To cap it all off you have supported Aurora's plan to continue charging Central Otago who have paid such high line fees in the past for the least return, to now pay between 1.47 and 2.29 times the line charges paid in Dunedin to update the network. Dunedin obviously do not need the

same amount of updating because that is where the money has been going and you see no reason why they should be now returning the favour.

The figures also show that Queenstown has received more updating and so is very close to the standard of Dunedin.

My personal belief is that the different line fees are totally unjust especially as I can go 1 km up the road and look at the Clyde dam any time I like, but it is proposed that to get its electricity 1 km to my home I will have to pay 2.29 times as much next year in line fees as people in Dunedin 200 km away!

THE DCC'S PRACTICES AND USE OF AURORA

At the public meeting people repeatedly asked why the DCC could not reduce or temporarily stop their reliance upon Aurora's income while the network was repaired and brought up to date. The answering of this question was avoided in one way or another.

I questioned why the increased charges were limited to 5 years, as I regarded this as very short-term planning that in the long term would not change anything. There was no attempt to answer my question. It was not until sometime after the meetings that the 'penny dropped'.

Just as the Stadium was an enormous undertaking and expense for the Dunedin City Council, now they have a new huge and expensive 5-year project which will be a large drain upon their finances; the new Public Hospital. I would be the first to endorse its desperate need! But why the deception and why is it that Central Otago is being told that their run-down network is the reason for the enormous increase in our line fees?

Some people would say but isn't the Government paying for the building of the new Dunedin Hospital? Correct **but without a whole new infra-structure** on so many sites in a central area of Dunedin it could never function. This includes electricity supply, water reticulation, road traffic flow, foot traffic, parking, heating, and lighting etc.

I believe these contracts have already been let and **the cost is the highest ever in New Zealand.**

Are you; The Commerce Commission, trying to tell us that you know nothing about this?

Why not the truth from the start?

Why not your insistence that every household be charged at the same rate instead of following this ruse?

MONITORING AURORA'S DELIVERY

I know this is part of the ruse but I am going to answer it because it's a repetition of a practice that never works and ends up costing the state more.

For true accountability there needs to be a person at the coal face with power to act each step of the way.

As a young man I did a lot of site inspection before any concrete was poured. Nothing was poured until everything was according to the plans. There needs to be a person with the same authority. The practices that appear to have been taken for granted have now created such a deep rut that without such supervision the moment they are left alone into the rut they will go!

ACCOUNTABILITY MUST BE AT THE COAL FACE! It is too late once things are put in motion.

**We the customer must experience the change in attitude and quality of service.
Is it beyond possibility that the day would come when we could again become proud of the service
we are receiving and know that everything is honest and about board?**