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**From:** [REDACTED]  
on behalf of [REDACTED]  
**Sent:** 20/08/2020 12:04:13 p.m.  
**To:** Feedback Aurora Plan [feedbackauroraplan@comcom.govt.nz]  
**CC:** [REDACTED]  
**Subject:** Aurora Investment Plan Submission

Dear Sir/Madam,

I wish to provide the following points in submission on the Aurora Energy's proposed investment plan. We live in Central Otago and are therefore customers with an interest in the plan.

- Poor planning

The owners of Aurora (Dunedin City Council) have known for a long time that the network required significant upgrade to ensure ongoing performance & reliability however they appear to have consistently failed to put in place a plan to upgrade the network or a fiscal plan to cover the costs for such work. There are extensive reports readily available (Strata Energy Consulting report of 24 June 2013 being one) detailing the fundamental network problems and highlighting an increasing incidence of equipment failure requiring an assessment replacement programme. All the time the DCC has continued to receive dividends from Aurora reported to be as much as \$117m per "Stuff" news article of 1 February 2020.

At best this demonstrates an appalling lack of corporate judgement by the DCC and Aurora Board, at worst it is tantamount to corporate negligence. They knew there were significant costs to be covered and they have failed to plan adequately for that work. It appears their main means of funding the extensive work programme is to expect/demand the end users of their service foot the bill as a result of their lack of planning.

First & foremost Aurora is there to provide a service to its captive customers – it is a natural monopoly and we have no other options for this service. They own the infrastructure the power companies we use require to deliver electricity so we must therefore rely solely on the performance of Aurora as the single provider for this service. Prudent financial management is a prerequisite to ensure a reliable network can be sustained and it would appear that the DCC and the predecessors to Aurora have failed dramatically in this regard.

From a customers' perspective it would be entirely appropriate for the DCC (as the owners) to dip into their pockets to more substantially fund the cost of the upgrades required to their system so it can deliver on their regulatory requirements. Aurora's financial stability is the primary responsibility of the Board & shareholders, any other business faced with the extent of information available on their aging assets would have retained earnings over an extended period (held as a future capital works budget) to ensure they had sufficient funds to carry out the necessary work. They have known for a long time this work was coming and have failed to plan adequately to allow the work to be completed while happily accepting dividends effectively sucking out the cash that should have been set aside to help fund the upgrade.

It is insulting at best for the DCC through Aurora to now expect their captive customers to largely fund a major system upgrade as a result of their poor planning and mismanagement. Further, the ongoing poor performance resulting in penalties imposed by the Commerce Commission for contravening the required network quality standards further impacts on the end customers, again as a direct result of the poor planning and financial mismanagement of the network.

- Commerce Commission role

Whilst we understand the Commerce Commission's role on assessing the Aurora plan, this statement from the Key Issues Paper is somewhat confusing:

*"Making Aurora's owners pay to fix the network – many consumers, especially those in Central Otago and Queenstown Lakes told us they want Aurora's owners to pay for the cost of fixing the network using dividends paid by*

*Aurora to its shareholder. While we regulate Aurora as a monopoly lines company, we do not regulate Aurora's owners and these matters are for Dunedin City Holdings and Dunedin City Council to respond to."*

It is confusing in that it appears to directly contradict the information on the ComCom webpage <https://comcom.govt.nz/regulated-industries/electricity-lines/projects/our-assessment-of-aurora-energys-investment-plan#projecttab> which states: *"Our role in Aurora's investment plan is to set network reliability standards, as well as determining how much money it should be allowed to recover from its customers to carry out its plan and over what period."*

If the ComCom limit the funds Aurora can recover from it's customers then Aurora would have little option other than to secure the deficit from the owners. It is, after all, their poor management and mismanagement that has largely resulted in the position we all now find ourselves.

- Financial Impact on customers

In addition, as noted in the Key Issues Paper, the level of proposed cost increases is significant for many customers especially those of us on retired and/or insecure incomes.

I would be happy to discuss the proposal further and talk to my submission if required.

Kind regards,

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