

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 feedbackauroraplan@comcom.govt.nz.



Please provide your email address if you want to be kept up to date with our assessment:

Selwyn Steadman

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

Sorry rough and ready but my thoughts
Selby Steadman

Taking into account of all the poor management over time it looks like we have to bite the bullet, with loan money so cheap at this time why do you not smooth out over years 2021/22 \rightarrow 2025/26 at ~~an~~ even \$20 rise per year. As long as in year 20/22 and 2022/23 all the work can be brought forward and carried out in that time line: i.e. we get us of that money.

Can Auroa get any shovel ready government money: If you haven't it time to move some management on.

Make sure good (best) buy is obtained for materials by buying in bulk!

If you did smooth ~~costs~~ increases out like suggested then Delta should not make heavy due to extra funding being provide: (shouldn't get a dividend till all work is completed).

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.

Outages will still be noted I believe so no problem there.

All vegetation work "must" be tendered out (not just given to Delta). (should be at least 3 individual contractors for this work to give clear contract value.

Again all work carried out by Delta must be measured against competing company outputs as left hand feeding right hand not always the best.

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.

Outages should diminish as work progresses. (Hopefully when poles are replaced better sightings near roads are found. If not projection of poles - Cows/Trucks will do what they like and will take out poles:

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.

Capital spending is something that has to happen but can / or is 5 years to spend a time?
However end of council is going to see a big spike in power usage especially in Queenstown as all the hotels get fixed up.

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.

Operat~~ion~~ spending must be reduced back!
Almost looks like a large double accounting as preventive, correction, reaction costs will have a lot of people cost within. If it has not there are too many chiefs and not enough workes. Need to cut back Governance and Admin to the bone as well
Te: Lean & mean is required;