

To the Commerce Commission
New Zealand

Submission on Aurora Energy's Investment Plan

Aurora states that for several years since Dunedin City Holdings Ltd purchased the lines distribution network for the City and Central Otago Region significant under investment was made in maintaining the network.

The company then claims “—this was to keep line charges lower than the National Average over a period of several decades”. During this time they allowed the —“deterioration of key assets poles, cross arms, overhead lines cables and zone substations”

Now the question the Commission needs to address is:

What happened to the decades of funds arising from the operation of the network during that ‘Decades of under -investment’.? What decisions did the Board of Dunedin City Holdings make concerning the income and borrowing capacity from the Aurora Lines Co that they owned ?

It is an encumbrance on the Commission to identify the beneficiaries of the funds re-directed away from the maintenance over a period of 25 to 30 years.

The reason such identification of why the funds from the Lines Company were NOT spent on maintenance is because it is understood the DCC manipulated the situation to benefit the city population by keeping the rates lower and other development expenditure such as the sports stadium which would also impact on rates increases.

The implications of such behaviour means that a large segment of the population is/has been essentially subsidised by the Rural component of the network.

The subsidy view is based on the proposition that Aurora has based their proposed increases of \$20 increase for Dunedin

\$30 for Central Otago/Wanaka

\$24 for Queenstown

And that these costs are based entirely on user pays

What the Aurora business analysts compiling their business plan have failed to do is;

1. Completely ignored the financial benefits via rates minimisation of the city residents for some 25 to 30 years
2. Completely ignored the benefits arising from the continuous infra structure upgrades
3. Completely ignored the huge contribution that the vibrancy of the city’ hinterland contributes to the region in general and the city in particular
4. Completely ignored the fact that this is no ordinary company but a MONOPOLY controlling an essential service that almost everybody must have access to. I say almost because wealthy members of the Rural Community are so disgusted with the costs of Energy delivery (even when living with an energy station at their back door) that they are/have declined to even use the lines company finding they can generate their electrical energy requirements cheaper with other technology.

Further the ‘Ordinary’ Rural Community-members and especially the elderly relying solely on Universal Super now have to pay even more for their Energy because there are fewer clients for the company

Extrapolating the proposed increases over the next 3 to 5 years the line charge component of Rural Energy bills will not only become up to 80% of an Energy Account but also once the increase is in place it will be maintained and even further increased during the following years 6 to 10.

With such a scenario the whole question as to the competence of the management team operating this monopoly with what they perceive to be a captive client base who have no other choices to turn to then some other strategy or management must be put in place.

With Central Otago having some of the highest sunshine hours in New Zealand (over 2000hrs) the Commission must fairly direct that the public be properly informed of both the history that led up to this debacle , the requirement that both the direct costs as well as the indirect cost also be integrated into the costing algorithms ,and that as a monopoly the total wellbeing of the community be the basis for dealing with this most iniquitous proposal.

So in answer to “ What Opinion you want to Hear from Me’

- ~. Aurora’s Investment Plan is not well focussed and needs a complete revision
- ~. There should be no price shocks for Consumers. It should be equitable for all consumers and a comprehensive alternative strategy as to utilising current and future technology be made available so consumers can make good decisions for their energy supply
- ~. As there will need to be power cuts for sections to be upgraded we would prefer during the summer from 9 to3 and spaced out so irrigation sprinklers can be run.
- ~. While the documentation from the Commission is good but it is subtly selective and not completely transparent as to the past financial history that led to this situation. It also lacks a description of the true financial impacts on consumers actual average bills not only for the next 3 to 5 years but also for years 6 to 10 and beyond
- ~. The question as to the potential capability to actually deliver on their plan is sorely suspect based on the past behaviour. The question as to delivery should probably be better directed at the DCC who as owners have clearly abused the prime objectives of their Lines Company which is to deliver and maintain an Energy delivery network. Should Directors of the DCC further continue to redirect money from Auroras core business then they wont be able to complete their plan
- ~. Covid should have minimal impact on the programme

Yours Faithfully

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