

Summary of stakeholder meetings held in November and December in support of our draft decision on Aurora's CPP

Purpose

1. This document provides a summary of the key high-level points raised at a series of meetings held in Otago by the Commission in support of its draft decision on Aurora's CPP.
2. There were two types of meetings held – public meetings, intended for all those who wished to attend, and stakeholder meetings, intended for those who represented sections of the community or were more active participants in the CPP process.
3. Details of where and when the meetings were held are set out in the table below.

Meeting type and location	Time, venue, and date
Alexandra public meeting	23 November 2020, 4pm-6pm, Alexandra Community Centre
Alexandra stakeholder meeting	24 November 2020, 10am-11.30am, Alexandra Community Centre
Cromwell public meeting	24 November 2020, 4pm-6pm, Cromwell & Districts Presbyterian Church
Wanaka public meeting	25 November 2020, 10am-12pm, Lake Wanaka Centre
Queenstown public meeting	25 November 2020, 4pm-6pm, Queenstown Events Centre
Queenstown stakeholder meeting	26 November 2020, 10am-11.30am, Queenstown Events Centre
Dunedin stakeholder meeting	1 December 2020, 1pm-2.30pm, The Dunedin Centre
Dunedin public meeting	1 December 2020, 4pm-6pm, The Dunedin Centre

4. Please note:
 - 4.1 This document is intended as a summary and does not provide a record of discussions verbatim.
 - 4.2 Not all views summarised were universally held by all present at the meeting.
5. Each meeting began with a presentation by the Commission and then moved into discussion. A copy of the presentation used by the Commission can be found at <https://comcom.govt.nz/regulated-industries/electricity-lines/projects/our-assessment-of-aurora-energys-investment-plan>

Alexandra public meeting – Monday, 23 November 2020

6. Some attendees were concerned that the estimates of the impact on consumer bills of Aurora's proposal and the Commission's draft decision were understated. There was a consensus that people wanted more confidence and information on how the CPP would impact them specifically.
7. Some attendees felt the Commission's performance in monitoring Aurora was poor and the Commission should have done more to prevent the current situation.
8. Some attendees felt the Dunedin City Council should pay for the CPP as felt they had taken dividends from Aurora that should have been reinvested back into the business.
9. Some attendees felt Aurora's track record meant it could not be trusted to deliver on the CPP.
10. Some attendees stated their concern that the Commission was proposing to allow Aurora to have more outages on the network when attendees were already concerned with reliability.
11. Some attendees asked why stronger action hadn't been taken against the directors of Aurora in relation to Aurora's breaches of its quality standards in the lead up to its CPP application.
12. Some attendees wanted the Commission to have a close role monitoring Aurora after it had set the CPP and felt that the Commission should be present at future consumers engagement between the community and Aurora.
13. Some attendees asked why the Commission had not proposed to ring fence revenues for each area of Aurora's network (essentially set regional MARs) as part of its draft decision. They felt this was necessary to ensure each region paid its fair share of the cost of the CPP.
14. Some attendees voiced concern that their views would not make a difference to the outcome of the Commission's decision.

15. Some attendees stated they thought that increases in electricity prices would incentivise people to move away from electric heat pumps to log burners and that this would affect their ability to meet local air quality regulations and the governments carbon neutral objectives.
16. Some attendees had concerns that consumers did not have a say in how Aurora was run, and given it was a monopoly, attendees suggested consumers should have a consumer representative appointed to the Aurora Board oversee their interests.
17. Some attendees stated that the electricity system in New Zealand was broken and they wanted a change.

Alexandra stakeholder meeting – Tuesday, 24 November 2020

18. Some attendees wanted to know how the Commission could ensure Aurora spent the money on what it said it would. There was concern that underinvestment in the network could happen again as they did not trust Aurora. The Commission was asked about whether a contract or output measures could achieve this.
19. Some attendees were concerned about the general cost of the work and the efficiency of the work to be undertaken by Aurora and its contractors. They felt due to their experience the work could be done for cheaper.
20. Some attendees were concerned that the Commission was too favourable towards Aurora. They alleged that the Commission and Aurora staff had inappropriate contact that influenced the Commission's decision-making.
21. Some attendees asked whether the Commission had the power to specify separate revenue allowances for each of Aurora's regions. They felt this was possible and should be put in place to ensure Central Otago did not pay more than its fair share of the cost of the work.
22. Attendees generally felt it was not fair for Dunedin consumers to pay less on average than consumers in Central Otago and Queenstown Lakes.
23. Some attendees asked whether a different system of ownership could be implemented to give the community more say in how Aurora was run. They felt that as Aurora's owners were based in Dunedin, Dunedin consumers got a better deal.
24. Some attendees wanted input into the mid-period reviews proposed in the draft decision to ensure that the reviews answered the questions the community wanted answered.
25. Some attendees asked what the Commission's role would be going forward following the CPP being set. They wanted the Commission to have close scrutiny of Aurora going forward.
26. Some attendees raised concern over the impact of the CPP on the community, particularly those with fixed incomes living in a cold climate. They said due to cost

some people may choose not to turn on their heater. This was an issue in a cold climate with elderly people who are more susceptible to the cold.

Cromwell public meeting – Tuesday, 24 November 2020

27. Attendees in general stated that they had low confidence in Aurora due to outages in the area. This included a desire for better explanation from Aurora when outages occur.
28. Some attendees asked whether there would be increased costs in future also due to further work being required beyond the CPP period. They were worried that people would think the CPP would fix everything when there may be additional work and costs to follow.
29. Attendees in general asked why there was a difference in price across Aurora's regions. This included why Central Otago paid more than Dunedin when many consumers could see generation from their window (eg, the Clyde dam).
30. Some attendees asked that a consumer group should be established to help ensure consumers had greater input and access to information into progress in fixing the network.
31. Some attendees stated they felt the Commission had failed in its duties given Aurora is in the state it is.
32. Attendees generally felt that the penalty imposed by Court in relation to Aurora's breaches of its quality standards should be returned to the community.
33. Some attendees wanted the Central Otago part of Aurora's network to be sold back to the community or a different company. This is because they felt that Aurora could not be trusted.
34. Some attendees raised concern that Central Otago was often thought of as wealthy when it actually had a significant population on fixed incomes. There was concern that because of this the price increases could have a worse impact than people thought.
35. Some attendees were concerned that Aurora could use Delta to undertake work on the network when Delta has the same owner as Aurora. Because of the shared ownership, people felt that it was a 'money go round' where the consumer lost.
36. Some attendees were concerned that the Commission did not have more powers to address concerns with Aurora. They wanted more action taken from the Commission and asked whether the Commission had asked for more powers to achieve what the community wanted.
37. Some attendees wanted Dunedin City Council to be forced to pay for the necessary work given they had received dividends from Aurora during the period the underinvestment occurred.

Wanaka public meeting – Wednesday, 25 November 2020

38. Some attendees were concerned what the price impact of the CPP would be on commercial users and rural customers. They felt they did not have the information available to them to understand what the effect of the CPP would have on them.
39. Some attendees asked why consumers were going to have to pay more for the effects of underinvestment when they had paid their bills on time. They felt they had held up their end of the bargain and it was now Aurora's turn to fund the investments to give them the reliability they had paid for.
40. Some attendees asked why the directors of Aurora had not had action taken against them given Aurora had been to Court for breaches of its quality standards.
41. Some attendees asked why Aurora was able to recover more money from consumers when its current performance was unsatisfactory. They felt that Aurora could not be trusted and should not get the money until it had demonstrated improvement.
42. Some attendees felt the Commission had not done enough to prevent the current situation with Aurora happening. They wanted stronger action from the Commission given there was no other government agency they could see that could help them.
43. Some attendees asked why there was a difference in the pricing across Aurora's regions. They felt it was unfair that charges were highest in Central Otago.
44. Some attendees asked for more information on the likely total costs to consumers in light of the reconsideration mechanisms proposed in the draft decision that would allow Aurora to apply for further revenue during the CPP period if certain criteria are met.
45. Some attendees asked that Aurora be required to send a separate bill to customers to help with transparency of costs.
46. Some attendees requested the Commission set separate revenue allowances for each of Aurora's regions. They felt this would ensure Central Otago got a better deal than if a single aggregate revenue allowance was set.
47. Some attendees asked for an ownership change for Aurora as they were unsatisfied with Aurora's performance.

Queenstown public meeting – Wednesday, 25 November 2020

48. Some attendees were concerned with reliability in Arrowtown and the effect this has on the community in cold winters with fixed incomes. They felt this needed to be improved as part of the CPP programme of work.
49. Some attendees asked for further explanation of Aurora's profitability during the period of underinvestment in its network. They felt that dividends back to Dunedin City Council could have been excessive.

50. Some attendees were concerned that the increase in electricity prices would incentivise people to move away from electric heat pumps to log burners and that this would affect their ability to meet local air quality regulations and the governments carbon neutral objectives.
51. Some attendees asked whether Aurora's plan included upgrading supply into Queenstown which was at capacity. They were concerned with the risk that potentially not enough investment, or timely enough investment, would occur.
52. Some attendees asked whether Aurora's plans could cope with increases in demand related to air quality regulations and carbon zero aims. In particular, the uptake of electric vehicles and shift to heat pumps.
53. Some attendees asked whether the Commission had allowed enough operating expenditure for Aurora in the draft decision. They noted that the Commission had made significant cuts to what Aurora had proposed and asked whether Aurora would still be expected to deliver on the same plan it had proposed considering the reductions.

Queenstown stakeholder meeting – Thursday, 26 November 2020

54. Some attendees were concerned that the Commission's proposed growth reconsideration mechanism would not be timely enough for Queenstown to get what it needed at the right time. They said that despite Covid-19, growth in the region was not slowing down and further investment in electricity infrastructure was needed.
55. Some attendees were concerned that the Commission's proposed reductions in operating expenditure would impact on Aurora's delivery of the CPP work programme. They noted that these were significant and having reliable infrastructure was a more important factor on balance than cost reductions.
56. Some attendees asked how the price impacts could be supported in the community. They noted that the price impacts were significant and expressed concern with how many people would be able to afford them.
57. Some attendees discussed the role Aurora's past level of charges played in underinvestment in the network. Some felt that Aurora's customers had benefitted from lower charges historically and encouraged people to also consider that in the bigger picture the community had also benefited from investments made from the Community Trust which had received the money from the sale of the local network to Dunedin City Council. Others felt that consumers had still got a bad deal and should not be accepting of the need to wholly fund the necessary work on the network.

Dunedin stakeholder meeting – Thursday, 26 November 2020

58. Some attendees expressed concern over the impact of the price increases on elderly members of the community on fixed incomes. They felt they would not be able to

afford the increase and would have to make hard choices like turning on the heater or paying for groceries.

59. Some attendees felt the Dunedin City Council, as owners of Aurora, should do more to cover the cost of the necessary work on the network. This was because as owners they had overseen the period of underinvestment and received dividends during this period.
60. Some attendees asked how planned outages would be assessed against the quality standards where the work did not take place as notified under planned outage standards. They were worried that Aurora might be rewarded for poor management of planned work on the network under the CPP.
61. Some attendees expressed concern over statements from Strata's report which suggest that Aurora's work may not be efficient or well targeted. They argued that considering these statements it was difficult to have confidence in Aurora.
62. Some attendees expressed concern that the money recovered from consumers to fund the CPP work may not be spent on the network to deliver what is needed. They felt that instead Aurora would divert the money to its owner, Dunedin City Council.
63. Some attendees asked that a statutory manager should be out in place to provide greater oversight of Aurora. They did not have confidence in Aurora and wanted greater scrutiny and control placed on it.
64. Some attendees asked what the price impact of the CPP would be for commercial users. They had not seen information on this as part of Aurora's proposal and the Commission's draft decision.
65. Some attendees asked whether the Commission could specify outputs that Aurora must deliver as part of the CPP quality standards. They felt that this option would force Aurora to spend the money on the network in the way they wanted.

Dunedin public meeting – Thursday, 26 November 2020

66. Some attendees asked how a consumer compensation scheme would work under the CPP.
67. Some attendees asked how the Commission's expenditure incentive scheme works under the CPP.
68. Some attendees asked how would the growth reconsideration mechanism proposed in the draft decision work.
69. Some attendees wanted to know who paid the Court imposed penalty of \$5m related to Aurora's breaches of its quality standards. Their concern was that consumers paid the fine when they were the ones affected by the poor service.

70. Some attendees asked whether the Commission could have acted earlier to prevent the current situation with Aurora from occurring. They felt that the Commission had oversight of Aurora and should have done more.
71. Some attendees asked what assurance could consumers have that the current situation would not be repeated. They were worried that Aurora would not improve and they would have paid more money for no better outcomes.
72. Some attendees asked how Aurora's charges compare to other lines companies in New Zealand. They were interested to know whether Aurora's charges were lower than the national average during the period of underinvestment.
73. Some attendees asked whether the reductions to Aurora's proposal in the draft decision reflect the confidence people should take from Aurora. They noted the reduction in expenditure was significant and they asked whether the Commission had ever made similar sized reductions before.
74. Some attendees asked whether the Commission could reject the CPP application or set price increases to 0. They did not consider Aurora deserving of more money based on its past performance and were worried that it would not spend the money wisely.
75. Some attendees asked how the Commission's quality incentive scheme works.
76. Some attendees asked how the Commission had engaged with people to get their input into the CPP process. They felt it was disappointing that only a small number of people had turned up to the meeting despite significant price increases being proposed.