

Information disclosure requirements for Aurora Energy – final decision

Consumer and other stakeholder presentation

31 August 2021



The context for today's announcement

- Aurora's network had safety and reliability issues due to historical underinvestment
- Aurora applied to be able to recover \$383 million over three years (or \$609 over five years) under a CPP to address these issues and operate its network
- We agreed that Aurora may recover a lesser amount of up to \$563 million over five years
- We limited Aurora's annual revenue increases to approximately 10% per year, to moderate price increases for customers
- In the CPP we also set the minimum quality of service that consumers should expect to receive
- We have now also set additional information disclosure (ID) requirements as part of the overall package of measures

What is information disclosure?

- Important tool for regulating the electricity lines sector
- Lines companies must publish key data on performance and reliability, asset management and profitability so that consumers and other stakeholders can see how their money is spent
- CPP already provides for a level of accountability but the additional ID requirements we are announcing today specifically for Aurora will boost that
- They are in addition to standard ID requirements on lines companies



What will consumers be able to see

- The information will help demonstrate whether Aurora is:
 - completing necessary work
 - spending money effectively and efficiently
 - spending at a level that reflects the required investment on different parts of its network
 - engaging with people in different parts of its network to understand their needs
 - explaining why prices vary across regions and between consumers



A suite of forward-looking plans by March 2022

- **Development Plan** setting out how Aurora will improve its processes and practices in the following areas:
 - voltage quality on the low voltage network
 - engagement with consumers in different parts of its network on the customer charter and consumer compensation arrangement
 - planning, management and communication of its planned outages
 - asset management processes, managing of asset data, cost estimation, and project quality assurance



A suite of forward-looking plans by March 2022

- **Project and Programme Delivery Plan** that will set out:
 - how much Aurora plans to spend each year on maintaining and renewing its assets plus operating costs
 - how it plans to spend money in the CPP period compared with the expenditure allowances in our CPP final decision
 - where and when the money will be spent and when those assets will start to be used by Aurora
 - where assets will be built and where projects will take place in Aurora's regions.



A suite of forward-looking plans by March 2022

- **Safety Delivery Plan**
 - how Aurora's planned network spend through the CPP period is expected to reduce network safety risks to as low as reasonably practicable



Progress reports and public meetings

- **Annual Delivery Report (ADR)**
 - Interim ADR report on performance by 31 August 2022
 - ADR report on performance against the forward-looking plans by 31 August each year from 2023
- **Annual Pricing Information**
 - Report on regional differences in pricing when setting prices in March each year from 2022
- **Public meetings**
 - Present a summary of the ADR annually in public meetings in each of Dunedin, Central Otago and Wanaka, and Queenstown, by 31 October each year from 2022

Independent expert reports

- Aurora must commission reviews by independent experts agreed by us part way through the CPP period
- Their independent reports will be publicly available by 1 March 2024 to help the Commission, consumers and other stakeholders assess Aurora's performance and whether it is doing what it has committed to do
- Aurora must show whether it has used the experts' recommendations to refine its plans and course-correct if necessary for the second half of the CPP period



Key outcomes – safety

- Consumers and stakeholders able to:
 - understand how Aurora's spend is reducing safety risks on its network
 - have visibility of any network safety risks where they live and work
 - understand how the current risk profile differs from the expected network safety risk profile at the time of Aurora's CPP application
- Mid-period expert report will cover Aurora's practices for identifying and reducing safety risks.



Key outcomes – improved planned outages

- Aurora must:
 - disclose in its development plan how it is going to develop and improve its practices for planning, managing and communicating planned outages
 - report on how it has managed and notified planned outages, in particular cancelled planned outages
 - outline its progress against its development plan on how it has planned, managed and communicated planned outages to consumers



Key outcomes – voltage quality

- Aurora must:
 - disclose its plan for how it is going to develop and improve its practices for monitoring voltage quality on its low voltage network and responding to voltage quality issues once they are identified
 - outline its progress against its development plan for improving its low voltage network voltage quality monitoring



Key outcomes – customer charter and consumer compensation arrangement

- Aurora committed in the CPP to retain its consumer charter and compensation scheme and consult on improvements. It must:
 - continuously disclose its charter and compensation arrangement
 - describe any changes it makes or intends to make
 - disclose its development plan for how it is going to develop and improve its practices for engaging with consumers on the charter and compensation arrangement
 - outline its progress against its development plan for improving its engagement with consumers on the charter and compensation arrangement



Our role going forward

- It is now for Aurora to fix its network problems and improve its relationship with consumers and other stakeholders in the regions it serves
- We will continue our role as regulator and specifically:
 - have annual ID review meetings with Aurora
 - summarise and provide analysis every year on Aurora's ADR
 - approve the independent experts and the terms of their work for the mid-period review
 - review and comment on draft expert reports before they are finalised



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