

What we heard

Consumer feedback summary

As a result of historic under-investment, Aurora Energy (Aurora) applied to spend heavily over the next decade to fix its electricity lines network across Dunedin, Central Otago, and Queenstown lakes. We invited stakeholders and the public to share their views twice during our assessment of this proposal, first after the release of our Issues Paper in July 2020, and then also in response to our draft decision, release in November 2020.

During our consultations we met with residents in Alexandra, Cromwell, Dunedin, Queenstown, and Wanaka. And received close to 250 written submissions, reflecting the significant public interest in the issue. These are the key themes consumers raised.



Capital expenditure
Assets **Delivery** **Consultation**
Network **Maintenance** **Outages**
Pricing **Consumers** **Winter**
Trust and confidence
Governance **Service quality**
Accountability **Customers**
Reliability **Operating expenditure**

Aurora's customers generally accepted that money is needed to be spent on restoring the safety and reliability of the lines network, but they felt reliability standards shouldn't be relaxed

- Unplanned outages and voltage issues are having a significant impact on business activities (eg, fruit growers experiencing a power cut on frosty evenings) and many people wanted improved reliability
- Aurora's request to allow for an increase in unplanned outages while it repairs its network should be rejected given it under invested in the network
- The Commission must ensure that Aurora prioritises work that will most improve the safety and reliability of the network first and is not just the easiest to complete
- Aurora should find another way to fund the work so consumers don't foot the bill – such as raising equity, taking on a loan, or even selling parts of or the whole network to a new owner
- Reliability was important in one of the coldest regions of the country where air-quality regulations meant more people would have to rely on heat pumps as their only source of heating

How we responded

- We have not relaxed reliability standards as much as Aurora requested
- Quality standards have been set so that customers will see reliability stabilise at today's levels before gradually improving over time

Stakeholders said Aurora's estimated price increases were significant and some residents believed the potential impact on their own power bills would actually be much higher

- The economic impact of COVID-19 had badly affected the region and increased prices would put further pressure on household finances
- Many residents were on fixed incomes and could not afford a substantial rise in their electricity bills
- Increased prices would affect local businesses competitiveness and discourage residents from switching to more environmentally friendly heating options like heat pumps
- It would be preferable to spread the cost over a longer period to reduce the bill shock

How we responded

- We have been conscious of the impact that increased investment by Aurora will have on electricity bills, and carefully scrutinised Aurora's proposal
- We have not approved \$46m in expenses that were not well justified
- To reduce the impact of price increases on consumers, we have limited increases in Aurora's yearly revenues to approximately 10% per year



Regional differences in price were difficult to understand and some felt it was unfair that Dunedin had lower charges

- Lines charges and price increases should be shared evenly across all three regions
- The Commission should review the costs and set the maximum revenue Aurora can recover from each region separately
- Dunedin City Council has benefited from dividends that should have been invested in the lines network and it is unfair for consumers in other regions to be forced to pay the price
- Aurora's owners should not be allowed to take any profit from the company for the foreseeable future

How we responded

- We do not have the power to control how Aurora sets its prices across its regions, the dividend it pays, or its ownership
- We acknowledge that regional price differences across Aurora's network is of significant public concern
- The Electricity Authority has recently released a review of Aurora's regional pricing, which we'd expect Aurora to consider in its work on reforming prices for 2022
- We have proposed to strengthen the reporting standards for Aurora to provide clear information to its customers on how these regional prices are calculated and how service quality differs across the regions

A lack of accountability for past failures has resulted in low trust in future delivery

- The Commission did not act early enough on Aurora's failings and needs to do more to prevent this from occurring again
- Consumers have little confidence that Aurora can or will deliver on its current plan, or do it efficiently to minimise the costs on consumers
- Aurora needs to improve its communication with the communities it serves, particularly about when and why the power will be turned off for maintenance
- There need to be strict reporting requirements on Aurora so consumers are clearly informed about what they are getting for their money and when it is being delivered by

How we responded

- We have released detailed proposals on new accountability and transparency measures.
- Aurora would be required to publish a yearly report that details what work it has undertaken as part of the CPP, and present it to customers
- Aurora will also be required to report clearly on service quality issues and how it sets regional prices.

