

Have your say on Aurora Energy's investment plan

Aurora 2



COMMERCE
COMMISSION
NEW ZEALAND
Te Komihana Tauhokohoko

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 20 August 2020

Further topics for feedback are covered in our 'Discussion of Key Issues' paper available 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:

Please make sure you clearly identify any confidential information as we may publish consolidated feedback on our website.

If you need more space, you can staple extra pages to this form.

Once you have completed this form, 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

Options for managing consumer price shocks

Aurora's proposal estimates the three-year increase in the total average residential power bill is between \$20-30 more a month depending on where you live. If we approve a default five-year investment period, Aurora's proposal would result in a further increase in years four and five of between 2.6 and 3.2%, or approximately \$5-\$6 more a month depending on where you live. We are considering how spending might be deferred, reduced or recovered over a longer period to avoid sharp price increases for consumers.

What are your preferences for managing price shocks (please tick):

I would prefer prices to rise immediately but in gradual and steady increments

I would prefer a smaller price rise in the first year and then larger increases in the following years to give me time to prepare

I would be willing to pay more in total (due to interest costs) in order to smooth price increases over a longer period of time

Length of the investment period

Aurora has applied for the minimum investment period (three out of a maximum of five years). It says its asset data makes it hard to accurately determine its investment needs past three years and a shorter period gives it time to improve the quality of its asset information before submitting a second investment application. We are considering whether Aurora's asset data is robust enough to set a five-year period (with maximum allowed revenues of \$609 million compared to \$383 million over three years).

What should we consider in making our decision on the length of the investment period that applies to Aurora?

Low use rates ? what is happening with

Director liability

Unfairness of fine situation
money should go back to consumers

How much of state of network

Do you have any concerns with either a three-year or five-year investment period?

People more accountable
directors
Shareholders
Management
Indicators

Planned power cuts

Aurora is forecasting that planned power cuts (to allow it to undertake network replacement, maintenance and tree trimming work) will remain at similar levels over the next few years as they have been over the previous two years.

Are there any types of planned power cuts you want Aurora to avoid?

- ☐ winter
- ☒ weekend
- ☒ evenings
- ☐ other (please detail)

Would you prefer:

- ☐ Longer power cuts less frequently
- ☒ Shorter power cuts more frequently

What are your preferences for how you would like to be notified about planned power cuts (eg, social media, texts, mail drops) and how much advance notice do you expect to receive?

Unplanned power cuts

Aurora is proposing to increase the maximum limits we allow it for unplanned power cuts across its network due to the continued failure of old equipment. Aurora forecasts that on average customers can expect 111 minutes of unplanned power cuts a year (excluding the full impact of severe weather events) over the investment period regardless of whether this is three or five years – up 4% on the previous investment period. It expects a slight improvement in network reliability towards the end of 2024.

Would you be willing to pay more for less frequent and shorter power cuts at this time?

What should Aurora do differently to manage and communicate with you about unplanned power cuts?

Email

What are your views on Aurora's current compensation scheme where it offers consumers a \$50 credit when it fails to meet service levels?

Never heard of scheme.

Aurora's ability to deliver on its plan

Do you have any specific concerns about Aurora's ability to deliver on its investment plan?

How would you like Aurora to be held to account for completing the work (eg, requiring it to report on progress including meeting in person with its communities)?

No need for meetings
People want to know
network is being maintained.
Just want to know power
will stay on.

What level of detail would you like to see in these reports and how often?

Is there anything Aurora did not properly consider in its investment application that you want to bring to our attention?

Impact of the COVID-19 pandemic

Given likely reductions in growth and demand because of COVID-19, Aurora has deferred major growth projects and we are considering whether there are further projects that can be deferred.

What are your views on how we might allow for uncertainty associated with COVID-19 to mitigate risks including that we under or over approve spending?

The effectiveness of Aurora's consultation

Have your views on Aurora's investment proposal changed since Aurora consulted with you (eg, because of the COVID-19 pandemic)?

Is there anything else you want to bring to the Commission's attention?

The remaining questions are optional:

Operating spending

Aurora is proposing to spend \$156 million over three years (up about 65%) or \$253 million over five years (up 75%) on the allowances we set for the previous period. Generally increased operating spending will have an immediate impact on consumer bills. Aurora says its spending is to address a maintenance backlog, be more proactive with network inspections and tree trimming and improve its asset management for the longer term.

Do you think Aurora's proposed spending focuses on the right things?

Do you agree with the areas we plan to scrutinise further (spending on tree trimming, staffing and business support costs) and are there any other areas you think we should look at?

Capital spending

Aurora is proposing to spend \$228 million on new equipment over the next three years (nearly triple) or \$356 million over five years (more than triple) the allowances set for the previous period. It says this spending is to address safety risks on its network and replace equipment before it fails (eg, poles, cables, crossarms, overhead lines and zone substations).

Do you think Aurora's proposed spending targets the right equipment for replacement at the right time?

If not, what do you think Aurora should focus its spending on?