
From: [REDACTED]
Sent: 12/07/2020 11:17:08 a.m.
To: Feedback Aurora Plan [feedbackauroraplan@comcom.govt.nz]
Subject: Re: Subject line: Commission receives Aurora Energy's application to increase prices to fund \$383 million network investment plan

Commerce Commission Submission – Aurora Energy Ltd (Aurora)

We put forward this submission in response to the Commerce Commissions consideration of approving Aurora Energy's application to increase prices to fund \$383 million network investment plan which will effectively pass on the costs of bringing the power supply network to a safe and reliable standard onto consumers. This has been bought about by years of neglect with Aurora directors instead making dividend payments to the company shareholders. My understanding is that the ultimate owner of the Aurora is the Dunedin City Council with Dunedin residents being the ultimate beneficiary of these dividends.

The right thing to do here is for the shareholders to inject capital at least to the level of dividends paid over the last 10 years however I realise this is highly unlikely and outside the scope of the Commissions powers. Under the proposed new pricing plan, I note Dunedin residents will be contributing less than Central Otago residents and this seems grossly unfair given Dunedin City has already benefited from the dividends received from Aurora.

As Aurora is a monopoly, and a provider of essential services, I am surprised their financial results have not been more closely monitored by the Commerce Commission to ensure the directors were acting responsibly by way of ensuring sufficient profits were retained to maintain the supply network. The \$5m fine recently imposed on Aurora vindicates this however ultimately this cost also will also fall back on the consumers.

I recently lost my part time job as a result of my employer restructuring because of the impact of the Covid Pandemic so the proposed increase in the electricity cost could not come at a worse time for us. Our home is reliant solely on electricity for heating, cooking etc. and we live in Central Otago where reliable heating is essential, particularly in the cold winter months. A safe, environmentally sustainable, reliable and affordable energy supply is essential and should be available to all New Zealanders.

Given the recent power outage in Clyde and other parts of Central Otago I have grave concerns that these sorts of events are going to become regular occurrence's and agree that a thorough and urgent upgrade to the network should be completed as soon as possible. Given the limited scope of the Commissions powers I accept that the cost will need to be carried by the consumers who do not have the option of changing to an alternative provider.

In summary I would urge the Commission to:

1. Allocate the costs of the network upgrade equally across all consumer areas to avoid double dipping (in respect of Dunedin City consumers who will also have benefited from the dividends paid).
2. Subject Aurora to significantly more stringent monitoring and audit processes to ensure the current situation does not re-occur in the future.
3. Establish an appropriate penalty system to ensure that any future breaches by the company are returned to the consumer by way of enforced spending on any deferred maintenance and / or reimbursement for failure to provide regular supply.

Thank you for the opportunity to have our views heard.

[REDACTED]

On Tue, Jun 16, 2020 at 9:03 AM Feedback Aurora Plan <feedbackauroraplan@comcom.govt.nz> wrote:

Dear [REDACTED]

We are writing to inform you that we have received Aurora's application to increase its prices to fund a \$383 million three-year plan to address safety and reliability issues on its electricity lines network. To pay for this investment, Aurora is proposing significant increases to power bills from April 2021.

Undoubtedly, significant investment is needed in Aurora's network. Our role over the coming months is to decide the maximum revenue it should be allowed to recover from its consumers to carry out its plan and over what period.

We are acutely aware of the impact COVID-19 has had on consumers in Dunedin, Central Otago and Queenstown Lakes. As part of our assessment we will consider what options there are to manage price shocks, while ensuring Aurora's investment plans are for the long-term benefit of their consumers.

We have also received a report by independent experts, farrierswier, whose role it was to review Aurora's plan ahead of it being submitted. The report is designed to help us focus our review on the key issues which warrant closer scrutiny.

We will formally consult over the coming months, including holding meetings in Dunedin, Central Otago and Queenstown Lakes after we publish our issues paper in late July. We plan to issue our draft decision before Christmas, with our final decision to be made in March 2021.

In the meantime, we welcome feedback on Aurora's final proposal from consumers and other stakeholders. This can be emailed to feedbackauroraplan@comcom.govt.nz

A copy of Aurora's investment application, the expert's report and background information on the project is available at www.comcom.govt.nz/aurora

Kind regards,

John



John Crawford

Associate Commissioner

Commerce Commission | *Te Komihana Tauhokohoko*
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www.comcom.govt.nz

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