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**From:** Tim Cadogan [mayor@codc.govt.nz]  
**Sent:** 20/08/2020 12:23:01 p.m.  
**To:** Feedback Aurora Plan [feedbackauroraplan@comcom.govt.nz]  
**Subject:** Submission from Central Otago District Councillors and Mayor

**This submission is filed by the Mayor and Councillors of the Central Otago District Council on behalf of the community we serve. Please note that the opinions contained are those of the Mayor and Councillors based on their own observations and connection with the community. No direct consultation nor staff or consultant input have been gained in the making of this submission.**

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

The primary consideration should be that the impacts of the proposed increases sought by Aurora are unsustainable to many in our community. Central Otago remains a low-income economy with an average income 5/6ths of the New Zealand average. When this is taken into account alongside our harsh winter conditions where double-digit negative readings are not uncommon, the health and well-being effects of the proposed increase will create significant detrimental effects to our people, especially those most vulnerable.

Central Otago has a higher proportion of people aged over 65 than most of the rest of New Zealand (CO 23%, NZ 12% source Stats NZ 2018 census) meaning a far higher number of our people are on fixed incomes than the norm. Many of these folk rely on accumulated savings for income and in our abnormally low-interest environment at present, that income source is extremely limited. Council fears the impact of the proposed increase on these people. When factors of a low fixed income, aged related health challenges, a cold climate and high power prices collide, the effects will be severe.

Council submits that the post-Covid economic environment also needs to be strongly in the Commissions focus. Many households and businesses have been impacted already with forecasts indicating worse to come. Council recognised this in taking measure to reduce a forecast 4.9% rates increase for 20-21 to 0.7%.

All of these considerations point to a need for the Commission to make, as its primary focus, the lessening as much as possible of the proposed price increases. Included in measures that can achieve this will be applying a five year investment period as opposed to a three year, in order to lessen immediate impacts while recognising this may cause higher overall costs in the long run.

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

In addition to those considerations above; Council submits that Aurora's reason to request an initial three year CPP "due to the poor quality of its asset data" should not be a factor that the Commerce Commission considers. The residents and businesses of Central Otago and beyond should not have to pay a heavier price over a three year period due to the inability of Aurora to value its asset properly.

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

Other (please detail) The situation is more nuanced than the question allows for. Winter power cuts should generally be avoided due to the harsh weather here. Weekend power cuts should be avoided in places that rely heavily on weekend trade, such as areas with densities of cafes/restaurants. Evening power cuts when

most people will be at home and likely attempting to cook dinner, undertake children's homework etc should be avoided.

**Would you prefer:**

Longer power cuts less frequently / Shorter power cuts more frequently

Council prefers longer power cuts less frequently due to the disruption to life and business than power cuts cause. While not having consulted directly, Council believes anecdotally that business owners in particular would prefer longer, less frequent cuts as that would allow less hiring of generators to maintain operations or less regular closing of businesses due to lack of power.

**What are your preferences for how you would like to be notified about planned power cuts**

Organisationally, Council uses a broad range of media to get its messages across, including social media, texts, mail drops, newspaper advertising, radio advertising and advertising on the Central App. We suggest that Aurora needs to use all those means.

**How much advance notice do you expect to receive?**

There needs to be an adequate amount of notice so people can make arrangements, such as leaving home for the day, visiting friends who have fires and in the case of business, hiring generators. Two weeks would seem reasonable but with reminders nearer the time.

Crucially, Aurora needs to follow through on planned power cuts. We have been advised of many instances where planned outages have been cancelled or postponed at the last moment, leaving people frustrated and businesses out of pocket.

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

Our community should not be in a position where such a Devil's Alternative question is posed but the abject failures of the past cannot be rewound sadly. Council declines to answer this question as it does not have a clear sense of community views, other than to say cost increases must be limited where possible.

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

The Clyde outage of 14 June 2020 resulted in significant numbers of our community being without power, and crucially heating, on a day that started at near -10 degrees when the cut occurred and barely rose above zero during the day. The total length of the cut was 9 hours, causing significant upset and risk to community members and disruption to businesses only just coming out of lockdown. That such a cut over such a large area with no back-up in place occurred is unacceptable and that it took nine hours to remedy equally so. For the record, the Mayor had contacted Civil Defence after an advised 11am restart proved wrong to have staff on stand-by with a plan should the second deadline of 4pm also not be met. Had that 4pm deadline not been met, a meeting would have occurred with a view to the declaration of a Civil Defence Emergency as a result of the failure. So, in relation to managing power cuts, using this example, the 11am expected resupply time was hopelessly inaccurate, causing confusion for people and giving false hope to businesses for lunchtime trade. This failure also led to significant, valid and serious concerns about how reliable the 4pm expectation was.

Despite the seriousness of the situation, the Mayor was not contacted by Aurora at all during this incident. On this occasion and one previous one, the Mayor has called the Aurora service line, introduced himself as the Mayor and received a poor response both in terms of information and tone. This experience has been mirrored anecdotally by many residents. So, in relation to communicating power cuts, Aurora needs to be more accurate and more responsive to community concerns.

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

Working on an understanding that there is no compulsion for Aurora to do this, and an understanding that this is not a practice followed by the entire industry, then it would seem callow to criticise it, especially in relation to domestic customers. However, the loss to some businesses during the Clyde outage was significant and the offer was seen as an insult. This was especially so given the offer came in an email that also stated *"If you are business for whom a continuous supply of electricity is essential, then you might like to consider the option of a back-up generator"*. Anecdotally, this was seen by the affected businesses in Clyde as adding insult to injury.

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

Council recognises a feeling in the community that the best indication of future behaviour is past behaviour, and on that basis, Council has a general concern 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)?**

There needs to be a very clear and regular (monthly) indication through some form of media what work is to be completed by when and whether that has been achieved, and this needs to be done through the length of any Plan allowed. A very simple to read "report card" type arrangement should be considered showing recent past and near future work with expected completion dates and cost and actual completion dates and cost. Importantly, whether components of the work required under the Plan are actually done needs, in Council's view, to be verified by an independent body such as the Commission. As was plainly apparent from the drop-in sessions in Alexandra and Cromwell, there is little to no trust of Aurora in the community and having an independent body confirm that work promised is done within the time and budget allocated would go a long way to satisfy the people paying for the work.

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

As above

**The effectiveness of Aurora's consultation**

Aurora's consultation with the community about its proposed Plan was abysmal to the point of providing mere lip service in Council's view. This was reflected by the number of people who attended the Aurora consultations as opposed to the numbers attending the Commissions consultation. At the Commission consultation, the Mayor asked two of the tables at the Cromwell session if anyone at them was aware that Aurora had held similar sessions and found not one of the very interested people who were there had been aware Aurora had endeavoured to consult.

It may be prudent, should Aurora be relying in any way on supposed community input from its sessions, that the Commission enquire as to what advertising Aurora undertook to advise the public of the Central Otago sessions in advance of their happening because it is Council's belief advertising outside of Aurora's own Facebook page was non-existent.

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

Yes; the ability for residents and businesses to pay the proposed increases has decreased significantly since the start of the pandemic as described previously.

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

Council recognises that what follows falls into the Electricity Authority's jurisdiction rather than that of the Commission but wishes to note its profound disagreement with the pricing policy being applied by Aurora whereby Central Otago (including Wanaka) faces increases substantially greater than those in, particularly, Dunedin. Council opposes this on moral grounds given the ownership of the company but also questions the methodology used by Aurora in making those differentiations following points raised by Richard Healey at the Alexandra stakeholder session.

**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?**

Council commends Aurora's decision to curtail growth-based projects in these uncertain times. The economic impact on Covid 19, especially the closer you get to the Queenstown Lakes area, has been profound, with an economy based on international tourism deeply damaged.

Council itself remains unclear on the short to medium term impact of Covid but that uncertainty is only really in relation to the degree of economic difficulty our community faces. What remains certain is that forecasts made prior to March 2020 are of no use now.

Council supports meeting this uncertainty with favouring underspending rather than overspending. The effect of being cautious rather than optimistic will be in a lower price increase, which is of paramount importance to our people and businesses.

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

The antipathy shown toward Aurora at the sessions run by the Commission in Alexandra and Cromwell is, in Councils view, a fair reflection of the broader community view. In a situation outside of a monopoly where customers have a genuine choice of who to deal with, Council believes Aurora would be out of business in this area. Given this is not a normal commercial situation, and given the Commission is the public watchdog in the case of monopolies, Council asks that the Commission take a greatly increased role in overseeing the performance of Aurora moving forward than it has in the past.

Council recognises the extreme sense of injustice felt by residents caught in this situation. Included in this, as was made plain to the Commission at the Alexandra and Cromwell sessions, is a strong feeling that the Commission played a role in the community finding itself in the situation it is in through its not keeping a close enough watch on Aurora in the past. It was gratifying to hear the Commission acknowledge this and to accept it needs to play a stronger role in future, especially during the CPP period. We cannot emphasise enough the importance of this happening, as the Commission is really the only body that the community can rely on to fill this role.

Council recognises that many in the community would like to see the local lines network returned to local ownership. This was a very strong focus of many at the public sessions and while it appears not within the gambit of the Commissions powers, this desire needs noted.

Council questions the claim made by Aurora of the effect of its price increases and asks the Commission to look closely at this. This follows the real-life example provided by Community Board member Russell Garbutt at the Alexandra stakeholders meeting. In particular, we refer to the claim that Aurora's distribution charges make up 23% (ex GST) of an average residential customer's power bill. Russell Garbutt produced his power bill showing this claim to be wildly inaccurate. As a consequence, the Mayor viewed his own bill; the latest of which is copied below:

## Electricity Usage Details

Energy Used and Charges for

ICP [REDACTED] from 01 Jul 2020 to 31 Jul 2020  
Price Plan: DUNE CCSD15 Residential Low WHOLESALE 325 250

Network Charges [Aurora Energy]			
Uncontrolled Usage	905.39 kWh	0.1634 \$ per kWh	\$147.94
Controlled Usage	164.46 kWh	0.0615 \$ per kWh	\$10.11
DUNE + Daily charges	31 days @	0.15 \$ per day	\$4.65
<b>Total Network Charges</b>			<b>\$162.70</b>
Energy Charges			
Low ecoWHOLESALE	1,069.85 kWh 76.39 kWh losses @	0.1906 \$ per kWh	\$203.86
<b>Total Energy Charges</b>			<b>\$203.86</b>
Other Charges			
ELECTRICITY AUTHORITY Levy	1,069.85 kWh	0.0015 \$ per kWh	\$1.60
Metering daily charges	31 days @	0.15 \$ per day	\$4.65
<b>Total Other Charges</b>			<b>\$6.25</b>
<b>Total Charges</b>			<b>\$372.81</b>

Please note this is the July 2020 winter account, so would logically have a higher component of actual usage compared to lines charges. In this instance, the lines charge makes up just over 45% of the total cost.

We also provide a copy of one of our Councillors invoice for the same month, showing the lines charge cost actually outweighing the power usage.

Electricity Usage Details			
Energy Used and Charges for			
ICP [REDACTED] from 01 Jul 2020 to 31 Jul 2020 Price Plan: DUNE CCSD15 Residential Low Solar T3 907			
Network Charges [Aurora Energy]			
Export	88.59 kWh	0.0 \$ per kWh	\$0.00
Uncontrolled Usage	578.39 kWh	0.1634 \$ per kWh	\$94.51
DUNE + Daily charges	31 days @	0.15 \$ per day	\$4.65
<b>Total Network Charges</b>			<b>\$99.16</b>
Energy Charges			
Low ecoANYTIME	578.39 kWh	0.1306 \$ per kWh	\$75.54
Export	88.59 kWh	(0.0786) \$ per kWh	(\$6.96)
<b>Total Energy Charges</b>			<b>\$68.58</b>
Other Charges			
ELECTRICITY AUTHORITY Levy	578.39 kWh	0.0015 \$ per kWh	\$0.87
Metering daily charges	31 days @	0.15 \$ per day	\$4.65
<b>Total Other Charges</b>			<b>\$5.52</b>
<b>Total Charges</b>			<b>\$173.26</b>
Usage Analysis Analysis Period: 01 Jul 2020 to 31 Jul 2020 (the last actual reads we have for your premise)			
AVERAGE WEEKDAY BREAKDOWN			

While these are just three examples, Council believes this warrants the Commission paying close scrutiny to the claims made about the percentage of invoices that are lines charges in Central Otago presently and from

there the effect that the proposed 16.6% increase would have on such a significant component on the overall power cost.

This request also reflects the distrust shown by the community toward Aurora in the drop-in sessions.

We thank you for your consideration of this submission and those from our community and thank you for the effort made to travel to Central Otago to hear peoples concerns in person.



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