

14 March 2018

Alec Findlater
General Manager, Network Commercial
Aurora Energy
PO Box 5140, Moray Place
Dunedin 9058

by email

Dear Alec

Aurora Energy: 2018 Asset Management Plan exemption request response

1. We refer to your letter of 20 February 2018 in which you requested the Commerce Commission (Commission) to grant an extension to the time by which Aurora Energy Limited (Aurora) is required to publically disclose its 2018 Asset Management Plan (2018 AMP) as required by the Electricity Distribution Information Disclosure Determination 2012, as amended (ID Determination).

Exemptions requested

2. You have requested that Aurora be exempted from the requirement of clause 2.6.1 of the ID Determination to complete and publically disclose the 2018 AMP before the start of the disclosure year (1 April 2018).
3. You have indicated that recent increased non-recurring workload has impacted the timing of asset management planning which includes:
 - 3.1 re-positioning of asset management strategy following an independent review;
 - 3.2 fast tracking remediation of over 2910 poles in response to WorkSafe instruction;
 - 3.3 concluding Aurora's 20-year management agreement with Delta Utility Services and re-positioning Aurora as a standalone electricity distribution business starting 1 July 2017; and
 - 3.4 responding to the Commission's information request supporting the quality breach investigation.
4. You consider that this exemption will allow you to prepare an asset management plan that:

- 4.1 more accurately reflects the state of the network and outlines plans to address the future asset management challenges; and
 - 4.2 allows Aurora to further develop underlying analysis and evidence for expenditure plans and appropriately challenge the planned expenditure.
5. You have also indicated that Aurora has a new General Manager of Network Performance starting on 26 March 2018; and that the change in the engineering and planning leadership will have an impact on the future direction of Aurora's asset management plan.
 6. Aurora seeks a five-month extension to the time by which it needs to complete and publically disclose the 2018 AMP such that the disclosure is now required by 31 August 2018.

Exemptions granted

7. The Commission considers that the exemption requested by Aurora is reasonable given that this will allow Aurora to provide meaningful information to interested persons that more accurately reflects Aurora's long term investment plan, taking into account the findings of the independent review.
8. Under clause 2.11.1 of the ID Determination the Commission grants Aurora an exemption from the requirements in clause 2.6.1 to disclose its 2018 AMP by 31 March 2018 on the condition that Aurora:
 - 8.1 notes on its website by 31 March 2018 that it has been granted this exemption;
 - 8.2 completes forecast schedules (Schedules 11a – 12d of the ID Determination) as required by clause 2.6.6 of the ID Determination by 31 March 2018¹;
 - 8.3 discloses the forecast schedules referred to in paragraph 8.2 above together with a notice confirming that it will issue revised and updated forecast schedules when the 2018 AMP is completed;
 - 8.4 completes and publically discloses the full 2018 AMP (including updated Schedules 11a – 12d) by Friday, 31 August 2018²; and
 - 8.5 takes into account the findings of the independent review within the 2018 AMP.
9. This exemption only applies to disclosure year 2018.

¹ Forecast schedules to be disclosed on the 31 March 2018 are not required to be accompanied by Schedule 17 – Director's Certificate.

² To be accompanied by Schedule 17 – Director's Certificate

Further information

10. This exemption may be revoked or amended in accordance with clause 2.11.1(2) of the ID Determination.
11. A copy of this exemption response letter will be published on the Commission's website.
12. For any further questions relating to this letter, please contact Vedika Sachan on (04) 924 3728 or vedika.sachan@comcom.govt.nz.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Sue Begg', written in a cursive style.

Sue Begg

Deputy Chair