

This fact sheet outlines how Aurora Energy Limited (Aurora) is performing and delivering in the second year of its customised price-quality path (CPP). It provides transparency on Aurora's safety, reliability and expected performance outcomes, alongside the Year 2 [annual delivery report](#) (ADR), and the [summary](#) published by Aurora.

Investment & overall delivery

Aurora has complied with all its legal obligations (revenue and quality) in Year 2 of its CPP (1 April 2022 – 31 March 2023).

As required, Aurora published a statement of compliance and ADR on its website. Aurora has approval to charge consumers enough to enable it to invest \$563M over a five-year period (1 April 2021 – 31 March 2026) to address safety risks and ensure reliability compliance across its network. Aurora has reported progress on completing necessary work on its network.

What we see

● **Reliability** has decreased overall as we see an increase in **unplanned outages** affecting customers (see page 2).

● Major **investment** on asset replacement and renewals to enhance **network safety, reliability** and **growth** (see page 3).

● Delivery of network **improvement projects** has been impacted by resource constraints (supply chain and skill shortage) and growth requirements.

● Progress on improvements to internal **processes** and systems that are expected to improve **asset management** and customer experience. Aurora also created opportunities for customers to **engage** and be **informed** (see below).

KEY:

- On track ● Within limits – at risk ● Breach of CPP requirements

Major deliveries in Year 2

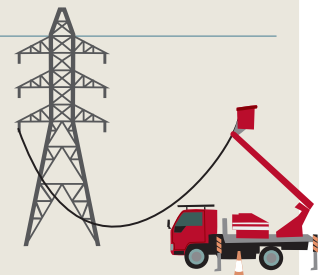
- Network improvement projects have been impacted by global supply challenges.
- Capital expenditure is more than expected at this stage of the CPP.
- Asset replacement is progressing.
- Key projects that improve customer experience are being delivered or in progress.

Projects delivered on time

- Installation of transfer switch for the Roaring Meg generation.
- Lindis transformer fans installation.

Ongoing projects, on schedule to be completed

- Omakau new zone substation.
- Arrowtown 33kV ring upgrade.
- Riverbank new transformer.
- Smith Street to Willowbank inter-tie.



Projects not completed on time¹

- Upper Clutha voltage support (expected Year 3).
- Cardrona substation upgrade (already completed).

1. The independent experts' reports will comment on these projects further.

Consumer engagement and business improvements

We are pleased to see Aurora's continued improvement on its business processes.

Outage management: Implementation of:

- a stage gate process to identify impacted customers
- a corrective action process to record and improve performance where outages vary from the plan
- outage planning guidelines
- a new outage management system.

Assets health and risks: Aurora reported the evolution of its practices from an age-based assessment to a more granular approach informed by inspections.

Low voltage: Aurora reported it developed a distributed generation congestion policy based on a network hosting capacity study and created a set of network growth scenarios.

Aurora engaged with consumers in several ways

- regular publications of its newsletter 'Your Network, Your News' and public safety advertising campaign across several media channels
- public forums to engage on its CPP plans and the Year 1 ADR, as well as stalls held to share information about investments in its network.

We continue to monitor Aurora's community engagement and declined Aurora's request to remove the annual stakeholder ADR presentations.

Customer complaints: Aurora reported 190 complaints in Year 2, including 46 (24.2%) related to voltage quality. Complaints are an effective way to learn and improve. Year 2 was the first year Aurora was required to report on complaints.



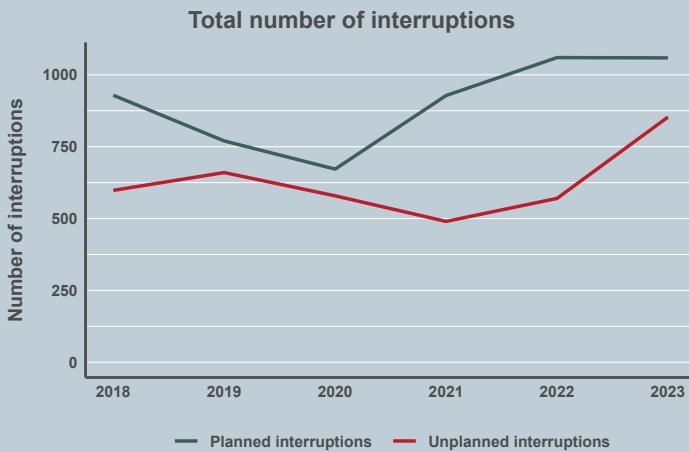
Quality and service reliability

In Year 2, Aurora complied with the outage limits set by the CPP. On average, customers experienced slightly over 2.5 hours of unplanned electricity outages. At the same time, the frequency and duration of planned outages also remained high.

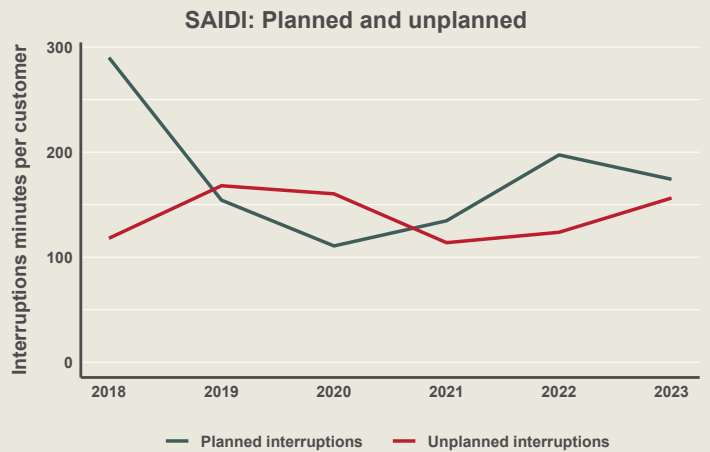
The increase in unplanned outages from the previous year is notable, with the leading cause being defective equipment. We would expect Aurora to improve in this category over time. We continue to monitor Aurora's reliability for compliance against the Commerce Commission's (Commission) requirements and have ongoing engagement with Aurora on its delivery under the CPP.

Note: "Year" on charts refers to regulatory year ending on 31 March of the stated year.

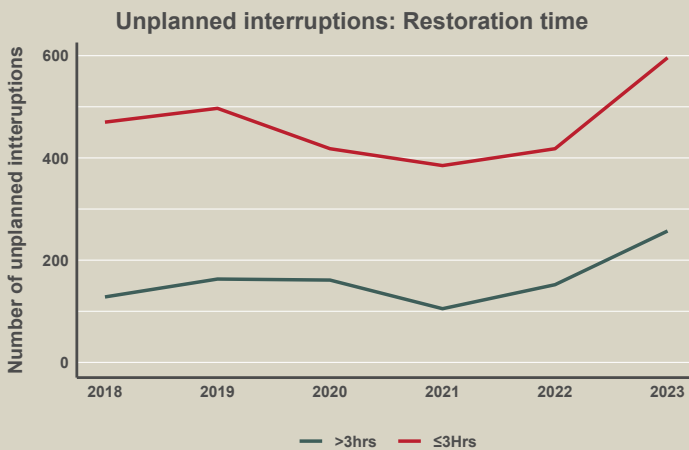
Overall performance has been declining since the beginning of the CPP. Customers have continued to see a high number of planned interruptions and an increasing number of unplanned interruptions.



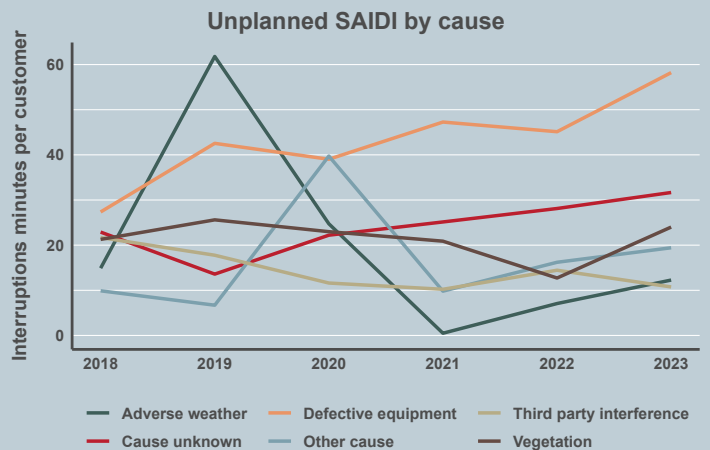
Interruption minutes per customer, as represented by System Average Interruption Duration Index (SAIDI) helps measure Aurora's network reliability. The work undertaken to repair or replace assets has resulted in high planned interruptions. Unplanned interruptions have increased notably in 2023.



We are seeing an increase in interruptions caused by defective equipment. This type of failure is likely to result in higher restoration times.



The average duration of all but one categories of unplanned interruptions increased in 2023. The leading causes were defective equipment and vegetation.

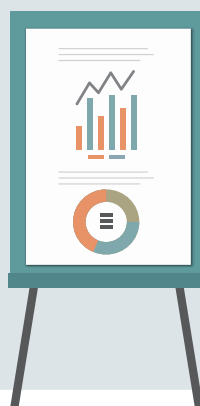


Reliability compliance

In Year 2, Aurora complied with the outage limits set by the CPP.

The average time without electricity experienced by customers due to unplanned outages was **156.3** minutes. The Commission's rules allow for adjustments for major events such as extreme weather or earthquakes. After adjustments, the average time for unplanned outages was **106.49** minutes (**124.94** limit), while the average number of unplanned interruptions was **1.748** (**2.071** limit).

These figures are an increase compared to the last two years and an area the Commission is monitoring.



Compensation scheme payments related to reliability

In Year 2 of its CPP, Aurora voluntarily compensated its customers to a total of **\$507,475** (excl. GST) because of interruptions as per the terms of its consumer charter:

- **\$98,467** for occasions it failed to give at least ten working days' notice for a planned interruption
- **\$409,008** for unplanned interruptions when it failed to restore power within four hours for urban consumers or six hours in other areas.

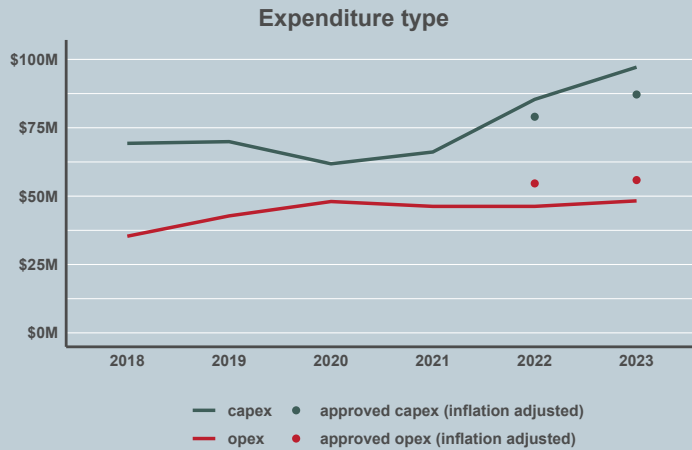
In November 2023, Aurora consulted on an update of its customer charter that includes the removal of compensation for long interruptions.

Expenditure

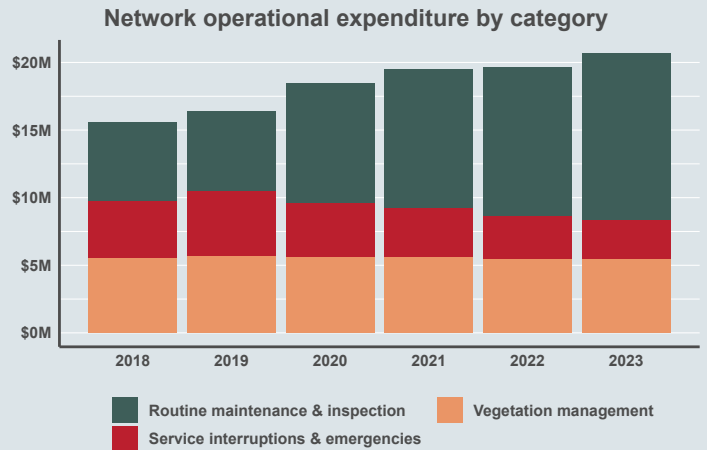
Aurora's total expenditure in 2023 was **\$145.4M**, with **\$54.6M** towards asset replacement and renewal to address historical underinvestment in its network.

Aurora spent more on capital expenditure (capex) in the first two years of the CPP than forecast when the CPP was established, even after adjusting for inflation.

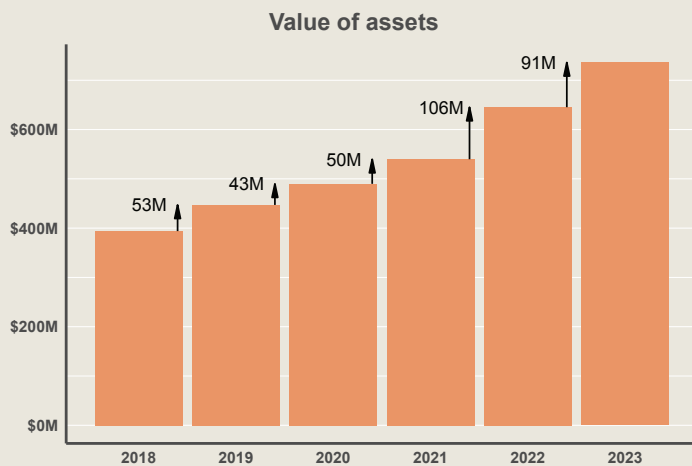
There has been a noticeable increase in Aurora's capital investment during the first two years of the CPP while operational expenditure (opex) remained stable.



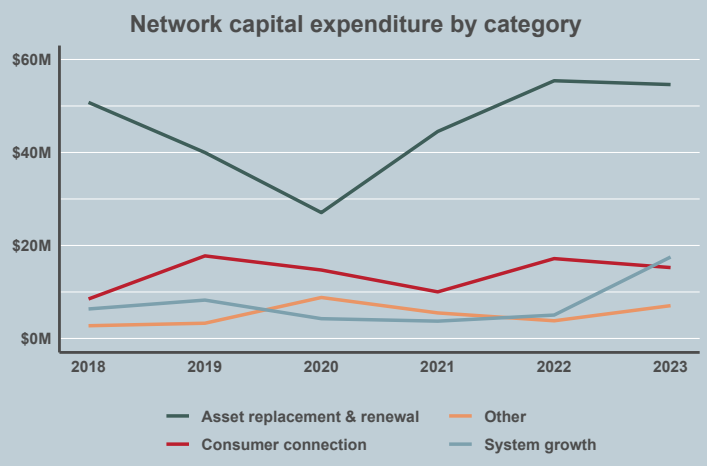
While the frequency and duration of interruptions increased during the CPP period, spending on service interruptions and emergencies decreased. Routine maintenance and inspection expenses increased significantly.



Aurora's regulatory asset base (value of assets) increased by \$196.4M (36.4%) in the first two years of the CPP. The main components of that increase are new and replacement assets.



Aurora's expenditure in asset replacement and renewal has been lower than expected, while spending in system growth and other have increased. Considering the increasing unplanned interruptions caused by defective equipment (page 2), the Commission will continue to monitor Aurora's asset replacement and renewal.



Why is the Commerce Commission monitoring Aurora specifically?

In March 2021, we decided to allow Aurora to recover increased spending needed to address safety risks and ensure reliability compliance across its network. This subjects Aurora to CPP regulation for a five-year period from 1 April 2021 – 31 March 2026.

In approving the CPP, we required Aurora to improve the visibility of its performance and accountability to stakeholders. Aurora is required to publish an ADR demonstrating its progress and publish more information than other electricity distribution businesses do under default price-quality regulation.

The Commission, under s53B(2)(b) of the Commerce Act 1986, has a legal obligation to publish a summary and analysis of disclosed information so that stakeholders can better understand the performance of individual regulated suppliers, including Aurora.

What is next?

By 1 March 2024, Aurora must publish independent experts' reports that provide an opinion on Aurora's progress on its CPP and recommended improvements in five key topic areas.

We are engaging with Aurora on our network reliability observations. We will also review the independent experts' reports on Aurora's progress and comment, if appropriate.

We intend to publish a fact sheet each year of the CPP to better understand Aurora's performance and to track changes over time.