

17 September 2018

Media release

Aurora Energy acknowledges Commerce Commission decision

Aurora Energy acknowledges the Commerce Commission's announcement today of the next phase of its inquiry into Aurora Energy's contraventions of its quality standards in 2016 and 2017. This decision was anticipated as Aurora Energy has been actively cooperating with the Commerce Commission.

Today's decision by the Commerce Commission moves the process forwards to resolve what are now historic matters, in a way that Aurora Energy hopes achieves the best outcomes for consumers.

As Aurora Energy's regulated reliability limits were exceeded in consecutive years, the Commerce Commission, as it is required to do, last year opened an investigation into the reasons for the company's non-compliance with the quality standards.

"Today's decision is important for the new team at Aurora Energy who are focusing on the future and on making the necessary investment and improvements to maintain and upgrade Aurora Energy's electricity network. Our primary focus is on ensuring the network remains safe and reliable," said Aurora Energy's chief executive Richard Fletcher.

"Aurora Energy has been through an extensive transformation in the last 12 months and the new organisation has significantly increased investment on the network. The company is making good progress, but we have a large number of network assets and there is a lot of work to do. We have committed to a multi-year programme of investment.

"We want our customers and wider stakeholders to have confidence in what we are doing and have a clear understanding of the condition of our network assets. To address this head on, earlier this year in conjunction with the Commerce Commission, we initiated a comprehensive, independent review of the current state of our network. This comprehensive review, being undertaken by engineering consultants WSP Opus, is part way through and due to be completed by the end of October. We have committed to make the findings publicly available after the report is complete.

"Our next annual Asset Management Plan will be published by 19 October and this will clearly explain the investments we are making and planning to make over the coming years and what these investments will achieve. The interim assessment from WSP Opus on the state of the network and our approach to prioritising renewal will inform that ten-year view."

As the parties are continuing to discuss resolution of the Commerce Commission's inquiry, Aurora Energy cannot comment further at this time.

Background

- Aurora Energy is regulated by the Commerce Commission and is subject to quality standards determined under the Commission's Default Price-Quality Path.
- Aurora Energy makes annual disclosures regarding its compliance with the quality standards.
- In 2016 and 2017 Aurora Energy disclosed that it had contravened the quality standards. Aurora Energy's disclosure statements are available on its website: <http://www.auroraenergy.co.nz/disclosures/>
- The Commerce Commission is required to investigate the circumstances of Aurora Energy's contraventions of the quality standards and determine whether an enforcement response is appropriate.

- Aurora Energy has been actively cooperating with the Commerce Commission, and maintains a regular and productive dialogue with the Commission in relation to the management of Aurora Energy's network and Aurora Energy's long-term strategy.
- Aurora Energy is separately continuing to engage with the Commerce Commission in relation to the independent review of Aurora Energy's network being carried out by WSP Opus. Aurora Energy expects the report to be complete by the end of October and has committed to release the findings following that.

Aurora Energy is New Zealand's seventh largest electricity network by customer connections, supplying electricity to nearly 90,000 homes, farms and businesses in Dunedin, Central Otago and Queenstown Lakes. Aurora Energy Limited is a wholly-owned subsidiary of Dunedin City Holdings Limited, owned by the Dunedin City Council. www.auroraenergy.co.nz