

KEEPING YOU UPDATED

We will continue to keep you updated on our progress with our five-year CPP investment programme in our Annual Delivery Reports. You can find the full Annual Delivery Report on our website www.auroraenergy.co.nz/delivering-our-cpp

ANY QUESTIONS? GET IN TOUCH!

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 [auroraenergynz](https://www.linkedin.com/company/auroraenergy)

To access our free complaints process, please email us using the enquiry form on our website www.auroraenergy.co.nz/get-in-touch

If you ever have a complaint we can't resolve, you can contact Utilities Disputes, a free and independent dispute resolution service on [0800 22 33 40](tel:0800223340) or go to www.udl.co.nz



DELIVERING ON OUR PROMISES

Annual Delivery Report Customer Summary 2024

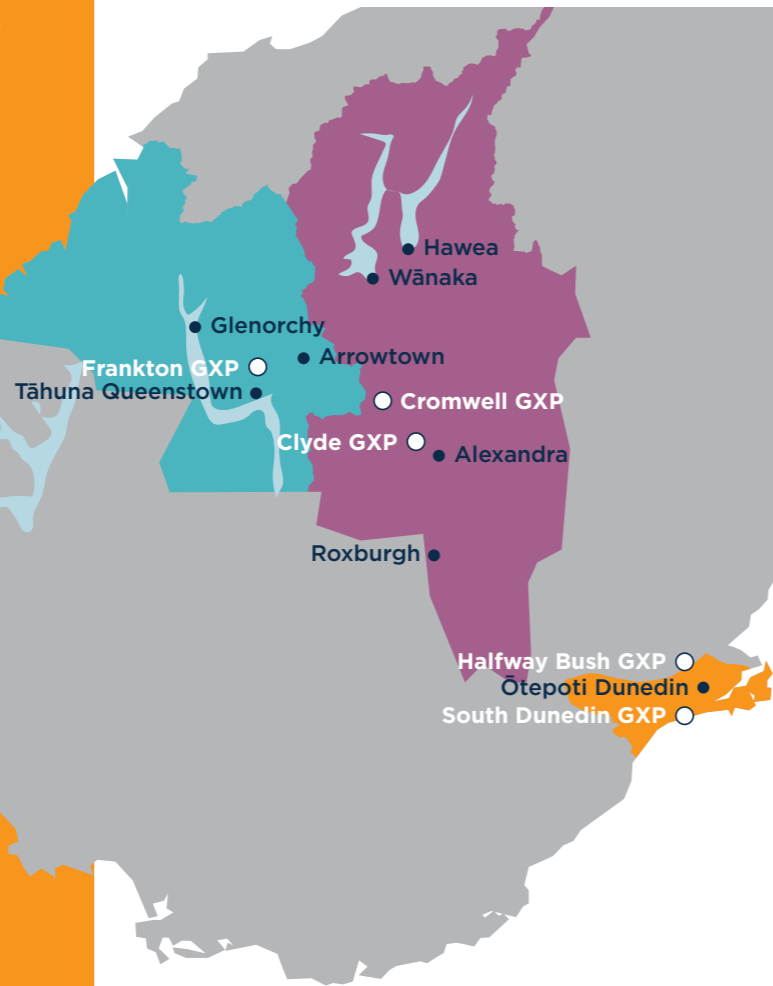
WHO IS AURORA ENERGY?

Aurora Energy is one of the largest electricity networks in Aotearoa New Zealand.

We own and manage the network that delivers electricity to some of the fastest growing areas and over the most diverse terrain in Te Waipounamu, the South Island.

We take the electricity from Transpower's national grid to power your homes, businesses and the wider community. We deliver a safe, reliable and sustainable electricity supply across Ōtākou in Ōtepoti Dunedin, Central Otago, Wānaka and Tāhuna Queenstown to over 200,000 people.

OUR NETWORK AND THE COMMUNITIES WE SUPPLY



Key

- Grid Exit Point (GXP)
- Tāhuna Queenstown sub-network
- Central Otago/ Wānaka sub-network
- Ōtepoti Dunedin sub-network

Our network is split into three different pricing regions, determined by which GXP that area of the network is connected to.

HOW ELECTRICITY GETS TO YOU

STEP ONE



GENERATION

Power stations generate electricity from water, wind, geothermal gas and coal



TRANSMISSION

Extra high voltage electricity is moved across Transpower's national grid in bulk

AURORA ENERGY

STEP TWO



DISTRIBUTION

Aurora Energy takes electricity from the national grid and lowers the high voltage electricity for local use



DISTRIBUTION

Aurora Energy distributes the electricity to your place via power lines and underground cables

STEP THREE



RETAILERS

Retailers sell electricity to customers and deal directly with you



CUSTOMERS

Electricity is used at your place



KIA ORA
KOUTOU

WELCOME FROM OUR CHIEF EXECUTIVE

I'm proud to say we are now nearly three quarters through our five-year \$560 million programme to upgrade and renew our electricity network.

As we mark more milestones from another year in our busy work programme, it's important to reflect and share how we're delivering a safer and more reliable network for customers across Ōtepoti Dunedin, Central Otago/Wānaka and Tāhuna Queenstown. We're pleased to present our third Annual Delivery Report, which summarises our work from 1 April 2023 to 31 March 2024 (Regulatory Year/RY 2024).

Our progress so far throughout the customised price-quality path (CPP)

that was agreed with the Commerce Commission in 2021 has been positive and is helping us meet our objective of 'enabling the energy future of our communities'. Our priority is to deliver projects and programmes that improve the safety of our network which, in turn, improves network reliability for you and enables future energy choices.

Thanks to our tireless and hardworking staff and contractors, almost all our projects and programmes are running to schedule and our safety risk reduction plan is on track.

It has required a significant increase in work, and we remain committed to delivering the programme as efficiently and effectively as possible. That includes continuing to bundle work packages where possible to allow businesses and customers to get on with their daily lives with minimal disruption. Our new asset management software is also helping us make better informed and timely decisions about maintenance and renewal, as we become more 'digital first'.

Growth remains strong in the Central Otago and Queenstown regions, and we continue to see an increased focus on decarbonisation through electrification across Otago. It's always a balancing act to manage our resources to build for

anticipated growth while also keeping our focus on renewing existing infrastructure; we're continuing to prioritise replacing our assets with the lowest health ratings. We continue to experience global supply chain issues and rising costs, but our improving procurement processes are helping reduce the impact.

To meet the higher-than-anticipated new customer connections and other growth-related network expansion, we have asked the Commerce Commission to approve Aurora Energy's share of additional capital expenditure. At the time of writing, we are awaiting their final decision.

During RY24 we continued to invest in our network with around \$150m in operational and capital expenditure. Our contractors also helped us replace thousands of assets including end-of-life power poles, crossarms and high voltage power lines. I want to thank them for supporting us to turn our investment plan into reality.

We are committed to making sure our network is ready to support the economic growth of the region and meet customer expectations of our essential electricity service. The investments we're making now are ensuring our electricity distribution network is safe and resilient for everyone, however they want to use it.

We have enjoyed being out in the community this year and regularly keeping you updated on our work. And it seems to be resonating with

you. Our most recent customer satisfaction survey shows an increase in awareness of Aurora Energy, increased rating in service and performance and and, more importantly for us, in trust.

I want to extend my appreciation for your understanding and patience while we progress toward creating a safe and resilient electricity network for you.

In the following pages you'll see a summary of the work we've done in the past regulatory year, as well as how we're tracking against the promises we've made.

You can find the full Annual Delivery Report and more information on our website.

Kā mihi nui



Richard Fletcher
Chief Executive

OUR ANNUAL DELIVERY REPORT

CUSTOMER SUMMARY

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- Tāhuna Queenstown

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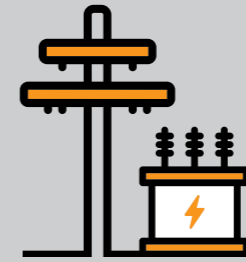
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2024 REGULATORY YEAR AT A GLANCE* OUR NETWORK

We are pleased with the continued progress we made on asset renewal and maintenance work across the network, to reduce the level of safety risk.



\$48M
spent on operational expenditure



\$104M
spent on network capital expenditure

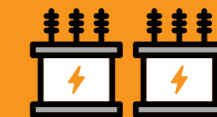


Replaced
1,722
CROSSARMS

Replaced
1,268
POWER POLES



203
different types of switchgear assets replaced or renewed



Replaced **113**
DISTRIBUTION TRANSFORMERS

Replaced over
32 KM
of **HIGH VOLTAGE LINES**

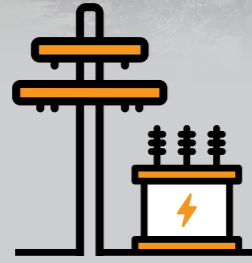
Keep reading for a breakdown of the work we completed in each pricing region (Ōtepoti Dunedin, Central Otago/Wānaka and Tāhuna Queenstown). All of the numbers for RY24 can be found in **Section 8 of our full report.**

*The 2024 regulatory year (RY24) runs from 1 April 2023 – 31 March 2024

2024 REGULATORY YEAR AT A GLANCE* ŌTEPOTI DUNEDIN



\$26M
spent on operational expenditure



\$45M
spent on network capital expenditure

We undertook vegetation inspections on **29%** of the Ōtepoti Dunedin network and maintained vegetation on **32%** of the network

Replaced over
17 KM
of **HIGH VOLTAGE LINES**

Replaced **522**
POWER POLES

Replaced **1,173**
CROSSARMS

Replaced **118**
different types of
switchgear assets
replaced or renewed

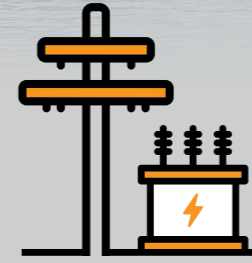
Replaced **28**
DISTRIBUTION TRANSFORMERS

*The 2024 regulatory year (RY24) runs from 1 April 2023 - 31 March 2024

2024 REGULATORY YEAR AT A GLANCE* CENTRAL OTAGO/WĀNAKA



\$13M
spent on operational expenditure



\$40M
spent on network capital expenditure

We undertook vegetation inspections on **39%** of the Central Otago/Wānaka network and maintained vegetation on **28%** of the network

Replaced over
4 KM
of **HIGH VOLTAGE LINES**

Replaced **628**
POWER POLES

Replaced **477**
CROSSARMS

Replaced **63**
different types of
switchgear assets
replaced or renewed

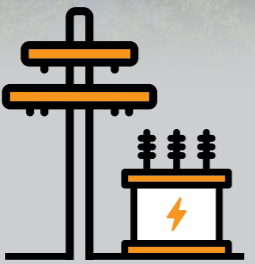
Replaced **79**
DISTRIBUTION TRANSFORMERS

*The 2024 regulatory year (RY24) runs from 1 April 2023 - 31 March 2024

2024 REGULATORY YEAR AT A GLANCE* TĀHUNA QUEENSTOWN



\$8M
spent on operational expenditure



\$18M
spent on network capital expenditure

We undertook vegetation inspections on **56%** of the Tāhuna Queenstown network and maintained vegetation on **51%** of the network



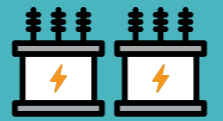
Replaced **118 POWER POLES**

Replaced **72 CROSSARMS**

Replaced **10 KM of HIGH VOLTAGE LINES**



22 different types of switchgear assets replaced or renewed



Replaced **6 DISTRIBUTION TRANSFORMERS**

*The 2024 regulatory year (RY24) runs from 1 April 2023 – 31 March 2024

WHAT WE HAVE DELIVERED

In 2022, we published a Project and Programme Delivery Plan, which identified a series of projects and programmes of work to be delivered over the five-year CPP investment period. We continue to focus on delivering our plan that will improve the safety of our network and meet the future electricity needs of our communities.

You can find out more information on what we have delivered during RY24 in **Section 3 of our full report.**



DELIVERED ON TIME

- ✔ Installation of Lindis Crossing transformer fans
- ✔ Underground Arrowtown 33 kV Ring Upgrade connecting Frankton GXP to Dalefield and Arrowtown subtransmission circuits
- ✔ Feasibility study for new Arrowtown substation
- ✔ Upper Clutha voltage support was planned for delivery in RY23, but was completed during RY24
- ✔ Upper Clutha special protection scheme project (ahead of time)

UNDERWAY AND ON TRACK

- ➔ New Upper Clutha auto transformer
- ➔ Upgrade of Frankton zone substation
- ➔ Design of new transformer and switchgear for Riverbank, Wānaka

PROGRESSED WITH DELAYS

- ➔ Smith Street to Willowbank intertie to improve security of supply for 5,900 customers in Ōtepoti Dunedin
- ➔ Omakau new zone substation – transformer installation and landscaping completed, remaining work to be completed in RY25

FOCUS ON SAFETY

In 2022, we published a Safety Delivery Plan, which identified our network safety risks and the actions we plan to take to reduce the risk as low as reasonably practicable.



BE SWITCHED ON TO SAFETY

NETWORK SAFETY RISKS

During RY24, we continued to mature our asset management practices, giving us a more in-depth picture of health and the risk profile of our network. This means we can prioritise our efforts and pinpoint which assets need attention and which public safety criticality zone they're in.

We've done this by:

- ✔ Broadening our overhead inspection programme to include all overhead assets – not just poles
- ✔ Reviewing and enhancing inspection programmes for distribution transformers, low voltage (LV) enclosers, and ground-mounted distribution switchgears which will be in place from RY25
- ✔ Using advanced inspection techniques on a risk-based approach, including thermal, acoustic and aerial inspections
- ✔ Documenting strategies and plans for safety critical fleets, providing an evidence-based approach to investment decisions
- ✔ Using root cause analysis to understand why an asset failed and how to prevent it in the future

Overall, we have made significant progress across the network in improving the health of safety-sensitive fleets, with the health of some fleets progressing ahead of our plan.

In some cases, our maturing risk practices have provided a revised view of the risk profile of a fleet.

SAFETY-RELATED INCIDENTS

Our top priority is making sure everyone is safe around our network. That's why we're focused on identifying, reviewing and taking corrective action on safety-related incidents.

The total number of reported incidents in RY24 is higher than RY23. We saw an increase in Ōtepoti Dunedin, no change in Central Otago/Wānaka, and a decrease in the Queenstown region. There was a reduction in incidents relating to vegetation and network operations.

In RY24 we continued to improve our incident reporting process meaning:

- ✔ It's easier to classify events when they happen
- ✔ We can use near-miss and hazard reports to identify improvements before an incident occurs

In RY25 we're planning to adopt new software for incident management and reporting that better aligns with our risk management framework.

Third-party contact with our assets remains the biggest source of safety-related incidents. They account for 35% of reported incidents in RY24 and the main driver behind the increased reporting in Ōtepoti Dunedin. Incidents include vehicles hitting power poles, external contractors hitting cables and contact with overhead lines.

To help address this, we:

- ✔ Launched our updated 'Be switched on to safety' campaign to educate the public about key risks around our network
- ✔ Are developing more seasonal messaging such as fire risk during summer, and tailoring safety messages for contractors
- ✔ Maintain a defects app for Aurora Energy staff and field service providers to immediately report assets that could be a safety risk
- ✔ Hold regular and proactive engagements with field service providers about safety
- ✔ Work with councils to improve traffic management around worksites

Find out more about how we're focusing on safety by **reading Section 4 of our full report.**



IMPROVING OUR PRACTICES

In 2022, we published a Development Plan, which outlined some systems and processes we aim to improve over the five-year CPP investment period and how these benefit customers.

Here is how we're improving our practices and a self-assessment rating on a scale of 1 to 5 on how well we are tracking so far.

What do our ratings mean?

- 1 Not Started
- 2 Not Achieved
- 3 Partially Achieved
- 4 Largely Achieved
- 5 Achieved / Exceeded Plan

For further information on the ratings for our improvement initiatives please see **Section 5 of our full report.**

HELPING CUSTOMERS UNDERSTAND ELECTRICITY PRICING

RATING 5

We are looking at ways to help customers understand electricity pricing. The way electricity pricing is set is changing, and we want customers to know what it means for them.

WHAT WE DELIVERED

We continue to make progress against the pricing strategy and roadmap we published in 2021. The pricing strategy includes initiatives to make electricity pricing simpler and improve the cost-effectiveness of prices. This year we have:

- ✓ Refreshed pricing methodology information, including examples of how an average customer could be impacted
- ✓ Continued to publish the cost of supplying electricity to pricing regions
- ✓ Improved website information with commonly asked questions
- ✓ Developed an animation explaining Time of Use prices
- ✓ Continued engaging with key stakeholders

POWER QUALITY

RATING 4

Voltage limits are regulated to ensure satisfactory power quality levels can be achieved for customers. We're working on ways to better monitor power quality to identify emerging trends and how we can improve it.

In RY24 we:

- ✓ Started modelling future power quality hotspots with the help of smart meter data. An agreement is in place with ANSA to re-run the low voltage network analysis. Modelling allows us to predict emerging constraints and invest earlier
- ✓ Refined our short-term network growth scenarios using bottom-up demand forecasting. We plan to expand this to low-voltage network forecasting depending on new data sources

CUSTOMER CHARTER AND **COMPENSATION**

RATING 1

Customers are at the core of what we do as an organisation. We want to do right by them and the Customer Charter is our commitment to that. It sets out what we're committed to, and what we expect from customers so we can meet their expectations to deliver a safe, reliable and efficient electricity supply. It also includes how we compensate customers if we don't uphold certain service levels.

WHAT WE DELIVERED

In RY24 we:

- ✓ Considered further feedback and engaged with the Commerce Commission, delaying publication

Please note: The Customer Charter was launched in August 2024.



OUTAGE MANAGEMENT

RATING 5

We know the impact power outages can have on people, businesses and the wider community. But to continue delivering our network upgrades and to keep contractors and the public safe, there are times we need to turn the power off.

We're committed to working safely and efficiently to minimise the effect on customers and we're continuing to improve our processes.

WHAT WE DELIVERED

In RY24 we:

- Continued to use bundled work to cut down the number of planned outages a customer may experience
- Continued to support the roll out of reliability zones to field service providers to use in outage planning
- Provided real-time planned and unplanned outage information on our website
- Began investigating sending real-time outage information via SMS



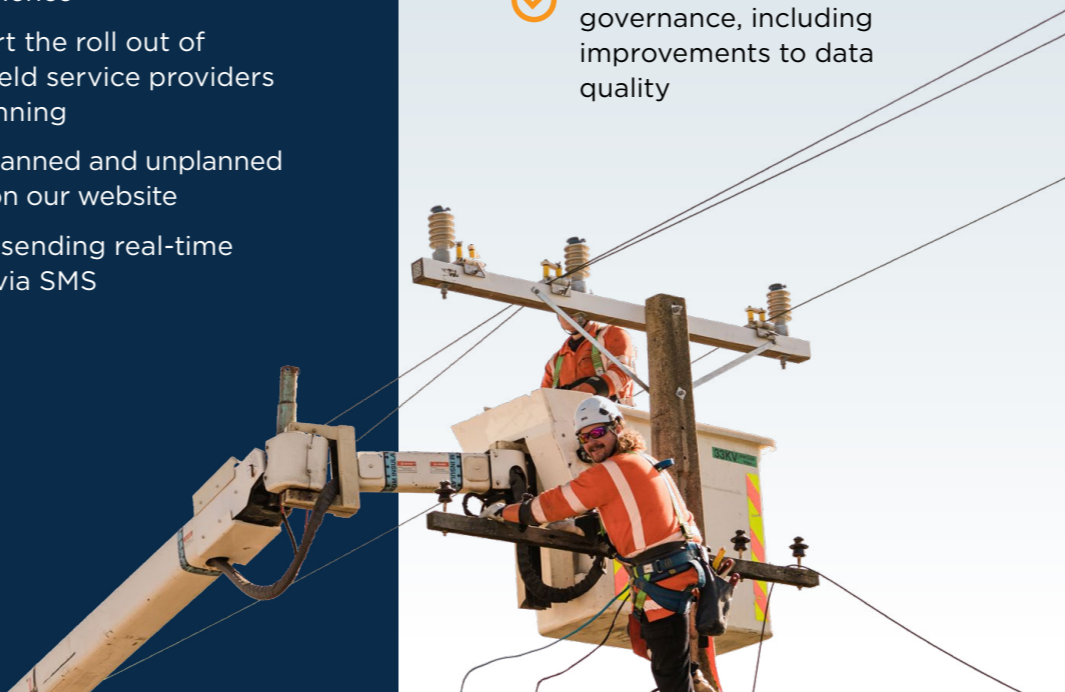
QUALITY DATA

RATING 5

Good quality data is key to delivering a safe, reliable, and resilient power supply for everyone. It helps us make informed decisions about upgrading our network, improving our risk framework, and budgets.

In RY24 we:

- Defined and documented the key asset and network-related data we need to support our decision making
- Continued to improve data governance, including improvements to data quality



ASSET MANAGEMENT AND SAFETY RISK

RATING FOR PRACTICES AND PROCESSES 3

RATING FOR IDENTIFYING AND REDUCING SAFETY RISK 5

We're always looking to improve the way we do things and asset management is no different. In fact, it's critical. It means we can deliver a safe network, operate successfully in a changing environment, meet customer needs, and adapt to changing network demand and technology.

Building our asset management capability helps us make the right investments on the right assets at the right time.

WHAT WE DELIVERED

We've continued work on a range of key strategic documents and initiatives, including:

- Strategies and plans for all key fleets to give us a better overall picture of our assets. We'll complete strategies for all remaining fleets ahead of our 2025 ten-year Asset Management Plan (AMP)
- Developing the Strategic Asset Management Plan (SAMP) to capture our asset management strategy more comprehensively
- Maturing our use of data to provide a comprehensive assessment of the health of our assets



COST ESTIMATION

RATING 4

Being as accurate as possible about cost is key to decision-making around how we manage our assets. It's also important for our budgets and forecasts, which inform our regulated revenue requirements and cashflow projections.

WHAT WE DELIVERED

We made improvements to our processes, including:

- ✔ An annual cost review process for unit rates in our cost estimation book
- ✔ Better defining pricing categories for major project tender documents, which informs unit costs in our cost estimation book
- ✔ Introducing new field service arrangements that have enhanced unit rates for volumetric work
- ✔ Developing a major project cost estimation stage gate process used in developing forecasts in our 2024 Asset Management Plan (AMP)
- ✔ Including a broader range of projects in our cost estimation tool, such as consideration of major conductor and cable renewal projects

QUALITY ASSURANCE

RATING 5

We're focused on delivering high quality work so our network is safe and resilient now and into the future. It's vital all work undertaken on the network meets both regulatory standards and the high standards we set for ourselves.

Because our work programme has increased under the CPP, it's even more important to have robust processes in place.

WHAT WE DELIVERED

In RY24 we:

- ✔ Continued to develop improvements in relation to works management capability, including monthly meetings
- ✔ Merged document management sites for Dunedin and Cromwell offices for more consistency
- ✔ Continued to train and upskill staff on the PRINCE2 project management methodology
- ✔ Initiated monthly meetings with approved contractors, while our quality assurance staff attend site, providing real-time assurance





ENGAGING WITH CUSTOMERS

Engaging with customers is key to understanding what matters to them, educating the public about safety, and sharing the work we're doing to upgrade our network.

In this section, learn how we kept our communities informed, listened to their feedback, and about our customer charter and compensation scheme. More information about this is available in **Section 6 of our full report.**

CUSTOMER AND STAKEHOLDER ENGAGEMENT

RATING **5**

During RY24 we continued to engage with our stakeholders through a wide range of channels, from our regular 'Your Network, Your News' insert and ads in the community newspapers, advertorials and public safety advertising, in-person events and meetings, and in letters about planned outages.

These are important touchpoints for us, and we continue to receive positive feedback from customers about how we're communicating with them. Our 2024 customer satisfaction survey showed an increase in awareness of Aurora Energy, an increased rating in service and performance and also in trust.

Updates to our website, including automated and real-time outage information, have been popular with customers, and was directly informed by their feedback.

INVESTMENT REPRIORITISATION

RATING **4**

In our May 2024 edition of 'Your Network, Your News' we included information about our proposal to reprioritise some capital or operational expenditure projects. We also added this to our annual customer satisfaction survey to find out what level of engagement people wanted about this.

Preliminary survey results showed customers are satisfied with little involvement, as long as Aurora Energy informed the public of any changes.

CUSTOMER CHARTER AND COMPENSATION

We recently published our new Customer Charter, which is a major part of our commitment to customer service. It outlines the service levels we're committed to, and how consumers will be compensated should things not go to plan. We consulted on changes in November 2023 and while there was low engagement most respondents supported our proposal. We delayed the launch while we considered the effectiveness of compensation payments for outages and consulted with the Commerce Commission.



RELIABILITY HOTSPOTS

There are **256 distribution lines across our network**. The Commerce Commission has asked us to identify the areas that are the 10th percentile contributors to our metrics for network outages in terms of frequency and duration (which includes both planned and unplanned outages), as well as any plans we have in place to improve the performance for those areas.

You can find more information on the areas and any plans we have in **Section 7 of our full report**.



THANK YOU
to our contracting partners who supported us during RY24, Connetics, Delta, and Unison, who were pivotal in supporting us to deliver our commitments. We thank them for working at all times of the night and day and in all weather conditions to keep the lights on.