

# Aurora energy performance: Customised price-quality path



Year 3 | Apr 2023 – Mar 2024

● On track ● At risk ● Breach of CPP requirements

This fact sheet outlines how Aurora Energy Limited (Aurora) is performing and delivering in the third year of its customised price-quality path (CPP). It provides further transparency on Aurora's safety, reliability and expected performance outcomes, alongside the [annual delivery report \(ADR\)](#) for the year ending March 2024, and the [ADR summary](#) published by Aurora. In March 2024, Aurora also published reports from independent experts on its performance up to the mid-point of its CPP.

## Investment & overall delivery

Aurora has complied with its regulatory obligations on revenue and quality limits in the year ending March 2024.

As required, Aurora published a statement of compliance and ADR. Aurora has approval to charge its customers enough to enable it to invest \$563 million over a five-year period (1 April 2021 – 31 March 2026) to address historic safety and reliability risks across its network. Aurora has reported progress on completing the necessary work on its network. Aurora has faced increased costs and global supply chain disruptions.

### Consumer engagement

- Aurora is meeting the requirements to engage with its communities.
- Aurora made progress in reviewing its customer charter but did not publish it in the year ending March 2024 as intended. Aurora has since published its [customer charter](#).
- Aurora intends to improve its customers' knowledge of, and its internal commitment to, the customer charter including consumer compensation arrangements.

**Customer complaints:** the number of complaints reduced in the year ending March 2024, with the most common area of complaint being voltage quality. However, the average time to resolve complaints in the categories that tend to take longer to resolve has increased. For example, voltage quality and damage to appliances.

### Major deliveries in the year ending March 2024

Aurora appears to be **on track** to complete **all** the projects as detailed in the CPP.

#### Completed projects:

- Arrowtown 33kV Ring Upgrade;
- Upper Clutha voltage support project;
- Lindis transformer fans installation; and
- Upper Clutha special protection scheme project.

#### Ongoing projects:

- Smith Street to Willowbank Inter-tie (ring network); and
- Omakau new zone substation.

## What we see

- In the year ending March 2024, **unplanned interruptions decreased** by 13.5% across Aurora's network compared to the previous year.
- Aurora has made **progress** on **asset renewals**.
- Aurora has continued to **prioritise work** on those **assets that have caused safety issues**.
- The number of **safety incidents** has **increased** in the year ending March 2024 compared to the previous year, primarily due to an increase in third party contact with Aurora's assets in the Dunedin region. In response, Aurora has promoted public safety around its assets, asked people to contact Aurora before performing work around its assets and engaged with local councils to improve traffic management around its assets.

## Business improvements

**Low voltage:** Aurora has made progress in low voltage monitoring and has advanced its practices to identify power quality issues, especially voltage quality issues.

### Demand growth – Aurora capacity event reopener

Aurora experienced significantly more growth than expected, especially in the Central Otago area. Aurora applied to increase their capital expenditure allowance through a **capacity event reopener**. This is to cover the cost of new assets to meet higher than expected growth in volume and connections. We approved the additional capital expenditure in January 2025.

## What we recommend

- We recommend Aurora obtaining greater understanding of the "unknown" causes of interruptions.
- We recommend Aurora undertaking further work on power quality to improve its performance in this area.

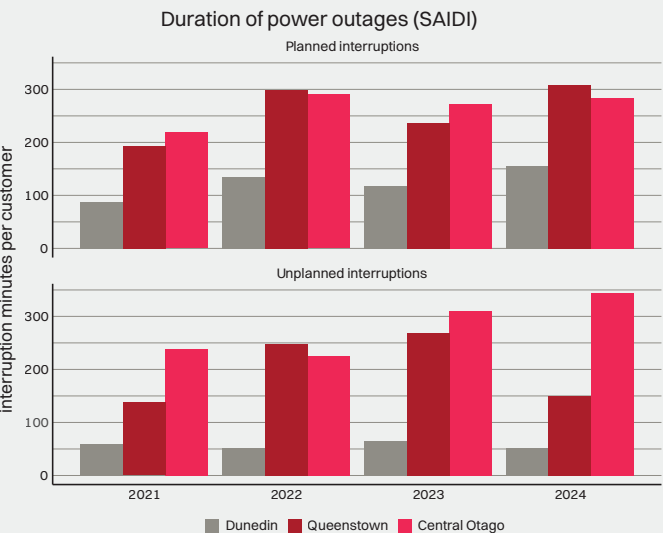
## Quality and service reliability

Aurora's customers experienced, on average, over 2 hours of unplanned electricity outages in the year ending March 2024.

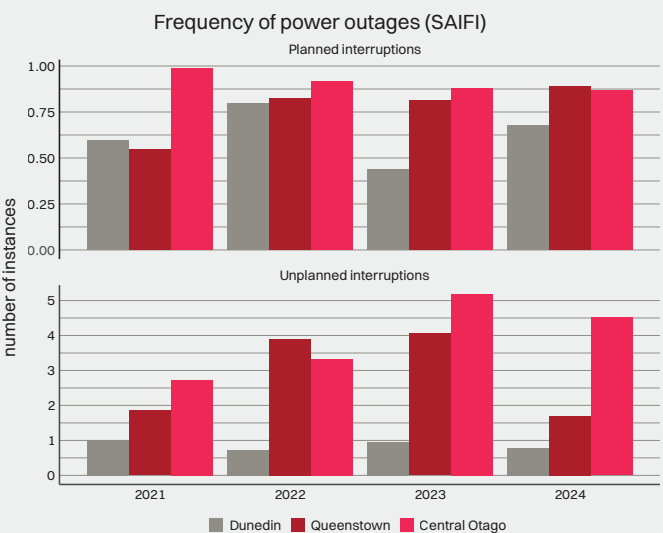
Overall, the reliability of Aurora's network has improved slightly in the year ending March 2024. Aurora's reliability has been within the limits set by the CPP. Performance has varied across its sub-networks between April 2021 and March 2024.

The work to safely replace assets has resulted in slightly increased levels of planned interruptions.

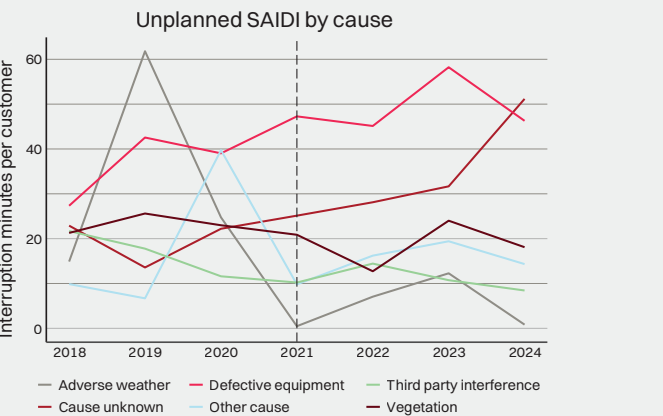
Reliability is measured by System Average Interruption Duration Index (SAIDI) and System Average Interruption Frequency Index (SAIFI). SAIDI describes the average length of an outage for each customer. SAIFI describes how often a customer experiences a power outage over a period of time.



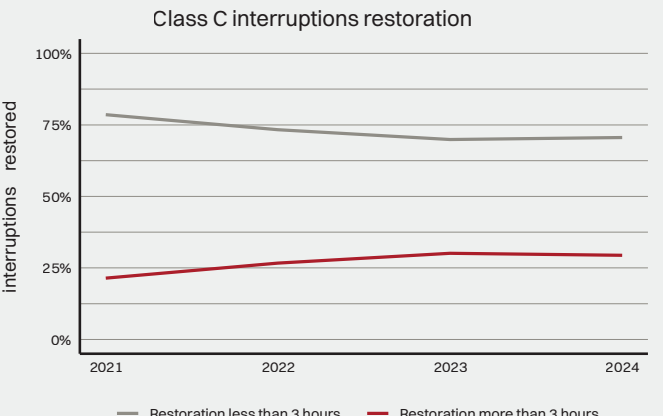
The duration of power outages (SAIDI) has increased on Aurora's network during the CPP period because of replacement work. Unplanned SAIDI has been steady for the Dunedin region since April 2021, improved in the Queenstown region in the year ending March 2024, compared to the previous year, but has deteriorated in the Central Otago region.



The frequency of power outages (SAIFI) has been increasing overall in the Dunedin and Queenstown regions but decreased over time in the Central Otago region. Unplanned SAIFI has increased overall in the Central Otago region but decreased overall in the Dunedin and Queenstown regions.



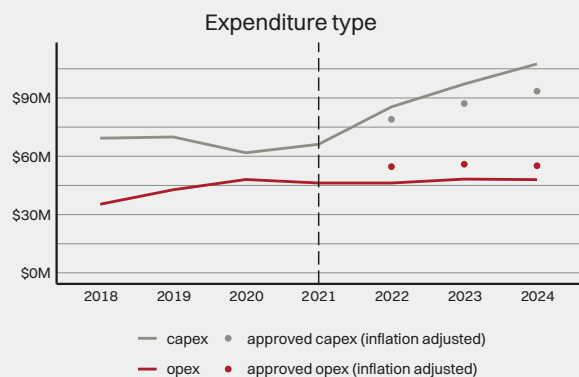
The two major contributors of unplanned SAIDI during the CPP period were interruptions caused by defective equipment and those with unknown causes. In the year ending March 2024, there was a significant rise in the unplanned SAIDI associated with "cause unknown" because of interruptions to all customers connected to the Clyde Grid Exit Point.



Restoration time for unplanned interruptions was largely unchanged from the previous year.

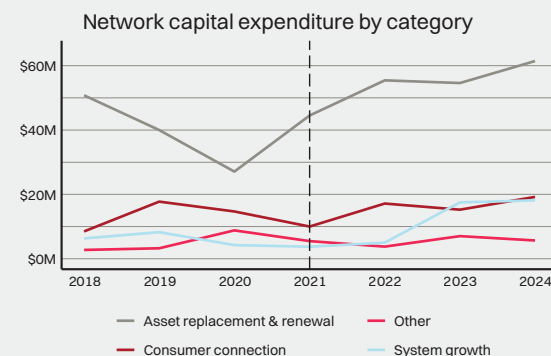
## Expenditure

Aurora spent more on capital expenditure (capex) during the CPP period (up to March 2024) than forecast when the CPP was established, even after adjusting for inflation. However, Aurora spent less on operating expenditure (opex) than forecast.

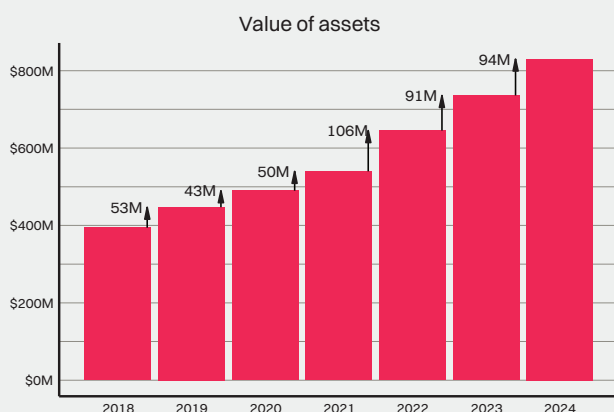


There has been a noticeable increase in Aurora's capital investment during the CPP period above the forecast capex, while operational expenditure (opex) remained stable below the forecast opex. Aurora experienced increased costs on civil/trenching work, especially where traffic management was involved.

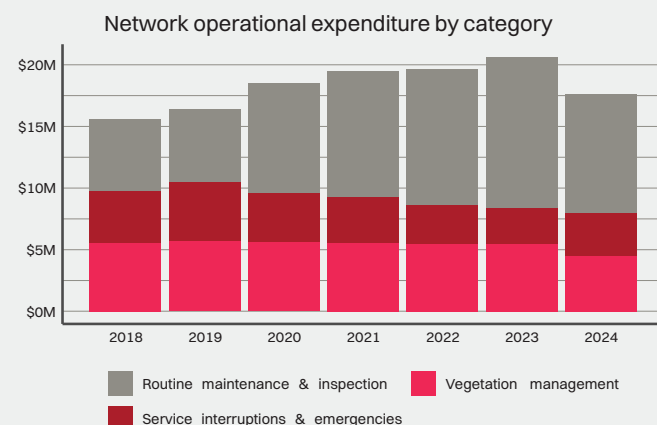
Aurora's total expenditure in the year ending March 2024 was **\$155.5 million**, with **\$61.4 million of capex on asset replacement and renewal (ARR)** to address historical under investment in its network. Aurora spent 62% of its forecast ARR capex since the beginning of the CPP. Aurora appears to be on track in this area.



Aurora continued in the year ending March 2024 to increase its expenditure on asset replacement and renewal, customer connection and system growth.



Aurora's regulatory asset base (value of assets) increased by \$290.4 million (53.8%) during the CPP period. The main components of that increase are newly commissioned assets and the upward revaluations of assets caused by higher-than-expected inflation.



In the year ending March 2024, Aurora's network opex was less than the previous year. Network opex was less than the forecast opex during the CPP period. There was a delay in the commencement of Aurora's consumer poles programme and less reactive maintenance work than expected.

## Why is the Commission monitoring Aurora specifically?

In March 2021, we approved Aurora to recover increased spending to address historical safety and reliability issues with its network. The Commission is monitoring Aurora's performance to provide information to stakeholders on Aurora's progress in addressing these issues. Aurora is subject to CPP regulation for five years from 1 April 2021 to 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 annual delivery report, in every year of its CPP period, to demonstrate its progress.

The Commission, under section 53B(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?

We will continue to monitor Aurora's progress and performance under the CPP, including project delivery, quality outcomes and customer engagement.