



Report to Entrust

The Energy Solutions Programme

Financial Year 2020/21

July 2021

1 Purpose

This report highlights the achievements against The Energy Solutions Programme for the 2020/21 financial year.

2 Executive Summary

Vector, through continuing with progress on the large suburban scaled undergrounding project in Mt. Albert, has been able to sustain stable investment throughout the year. Vector's ability to develop projects of this scale not only brings significant efficiencies of resource and costs to the undergrounding programme, but it also enabled the company to regulate the rate of investment to recover from the effects of the Covid-19 lockdowns.

Chorus, through their drive to connect properties to their new fibre network, has continued to engage positively and willingly participated with the undergrounding projects so they could promote conversions to their fibre services.

Auckland Transport continues its support of this programme by installing new streetlights as we remove the power poles.

3 Background

As per the requirements of the New Deed Recording Essential Operating Requirements (DREOR), the company is required to make investments through the Energy Solutions Programme that consist of **overhead improvement projects** (i.e. undergrounding conversion) and/or **new solutions as alternatives to overhead lines** (e.g. community generation, mobile generation, smart poles and smart grids) to meet the Energy Solutions Programme Investment.

4 Energy Solutions Programme Investment

The Energy Solutions Programme Investment expenditure for the preceding four-year period is summarised in the table below:

	Target Investment	Actual Investment
2016/17	\$10.5M	\$7.3M
2017/18	\$10.5M	\$11.6M
2018/19	\$10.5M	\$8.0M
2019/20	\$10.5M	\$10.8M

Investment expenditure in 2020/21 was \$11.6M, summarised below:

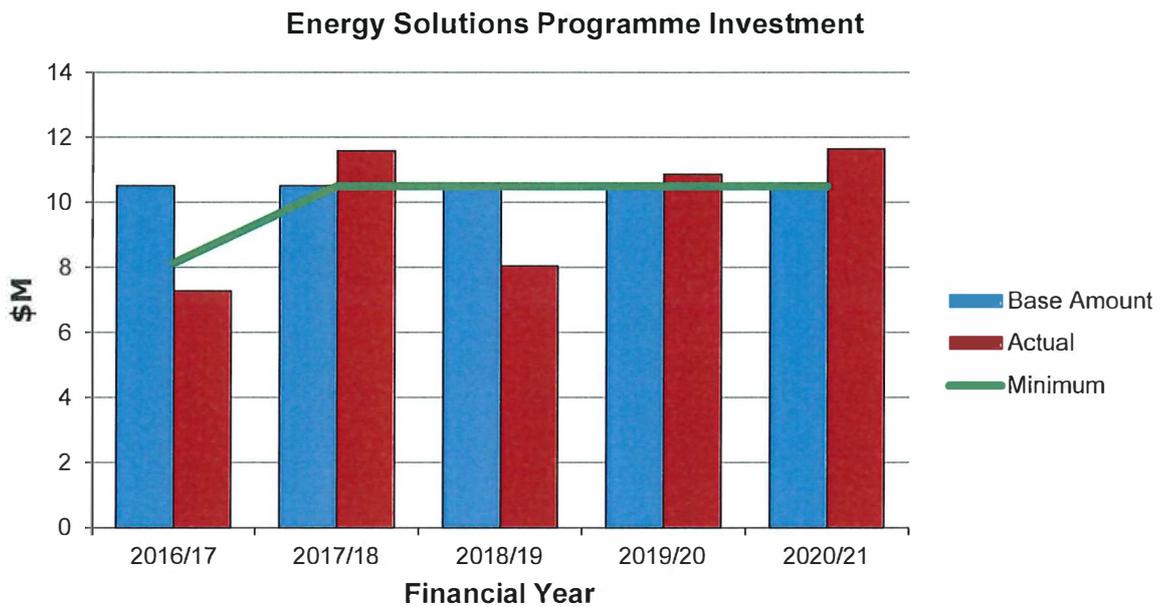
Overhead Improvement:

Undergrounding	\$11.7M
Undergrounding contributions	<u>(\$0.1M)</u>
	\$11.6M

Together with the four previous years, the total expenditure over this 5-year period has been \$49.4M – an average of \$9.9M per annum.

As the average expenditure over the five-year period has been less than the Energy Solutions Programme Investment amount, to satisfy the requirements of Energy Solutions Programme Investment, including consideration of Clause 4.4 of the Deed, the investment for 2020/21 needed to exceed \$10.5M.

The chart below summarises the investment expenditure versus the respective targets over the past 5 years.



5. Achievements in 2020/21

As discussed, and agreed with trustees, the company focused all the Energy Solutions Programme Investment on undergrounding projects during this period.

Vector has made undergrounding investments in Mt. Albert, Powell Street & Himikera Avenue (Avondale), Ngahue Drive (Stonefields), Bella Vista Road (Herne Bay), Laings Road & Bucklands Beach Road (Bucklands Beach), and Pacific Parade (Surfdale).

Through these projects we made \$11.694M investment in undergrounding and received \$0.058M in contributions from residents.

Through Chorus' drive to convert residential properties from copper services to fibre, and because of the opportunity that undergrounding provides them to make these conversions, they have been willing to participate in all the undergrounding projects Vector has undertaken this year. This has continued to make developing successful undergrounding projects (where all poles get removed) so much easier. Encouragingly, the regulatory environment for telecommunications has been changed through the past year and it now allows network companies to mandate customers to migrate off the old copper network. Vector is optimistic this will further encourage Chorus to support joint undergrounding projects and will therefore ensure future success through this programme.

Auckland Transport has continued with their valuable support for the undergrounding programme too. Their support, through investment in new streetlight stands and streetlight lanterns, is necessary to replace the old streetlight brackets and lanterns that are hosted on our poles.

Both Chorus and Auckland Transport are currently working with us on the development of the next large suburban scaled undergrounding project, in St. Heliers. Vector aims to commence this project in September 2021 and will undertake the works over 24 months. Chorus intends to use their new copper withdrawal powers to enforce copper to fibre conversions across this project area.

Pleasingly, Vector has continued to receive complimentary customer feedback upon completing undergrounding projects.

These projects continue to provide positive customer engagements through branded project signs, branded project information flyers, project correspondences, and social media platforms.

The following photos depict the "before and after" images of some of the undergrounding works completed or progressed through the year:



Harbutt Ave, Mt. Albert



Springfield Ave, Mt. Albert



Powell Street, Avondale



Himikera Avenue, Avondale



Bella Vista Road, Herne Bay



Bella Vista Road, Herne Bay



Laings Road, Bucklands Beach



Bucklands Beach Road, Bucklands Beach



Ngahue Drive, Stonefields

4 Summary

Expenditure for the Energy Solutions Programme Investment exceeded the 2020/21 target, satisfying the DREOR requirement for the year.

The undergrounding has generated positive feedback from customers and communities in and around the project areas, and consequently Vector believes the investments have created significant goodwill widely through the various project and community communication channels employed.

A handwritten signature in black ink, appearing to read 'Peter Ryan', with a large loop at the start and a horizontal line at the end.

Peter Ryan

Chief Operating Officer, Electricity, Gas and Fibre