



Report to Entrust

The Energy Solutions Programme

Financial Year 2019/20

July 2020

1 Purpose

This report highlights of the achievements against The Energy Solutions Programme for the 2019/20 financial year.

2 Executive Summary

During the year, for the first time since completing the Pakuranga project in 2015, we have been able to commence and progress a large suburban scaled undergrounding project – in Mt. Albert. Restoring our ability to develop projects of this scale brings significant efficiencies of resource and costs to the undergrounding programme.

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

Auckland Transport continue their 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 four-year period 2015 to 2019 is summarised in the table below:

	Target Investment	Actual Investment
2015/16	\$10.5M	\$10.6M
2016/17	\$10.5M	\$7.3M
2017/18	\$10.5M	\$11.6M
2018/19	\$10.5M	\$8.0M

Investment expenditure in 2019/20 was \$10.9M, summarised below:

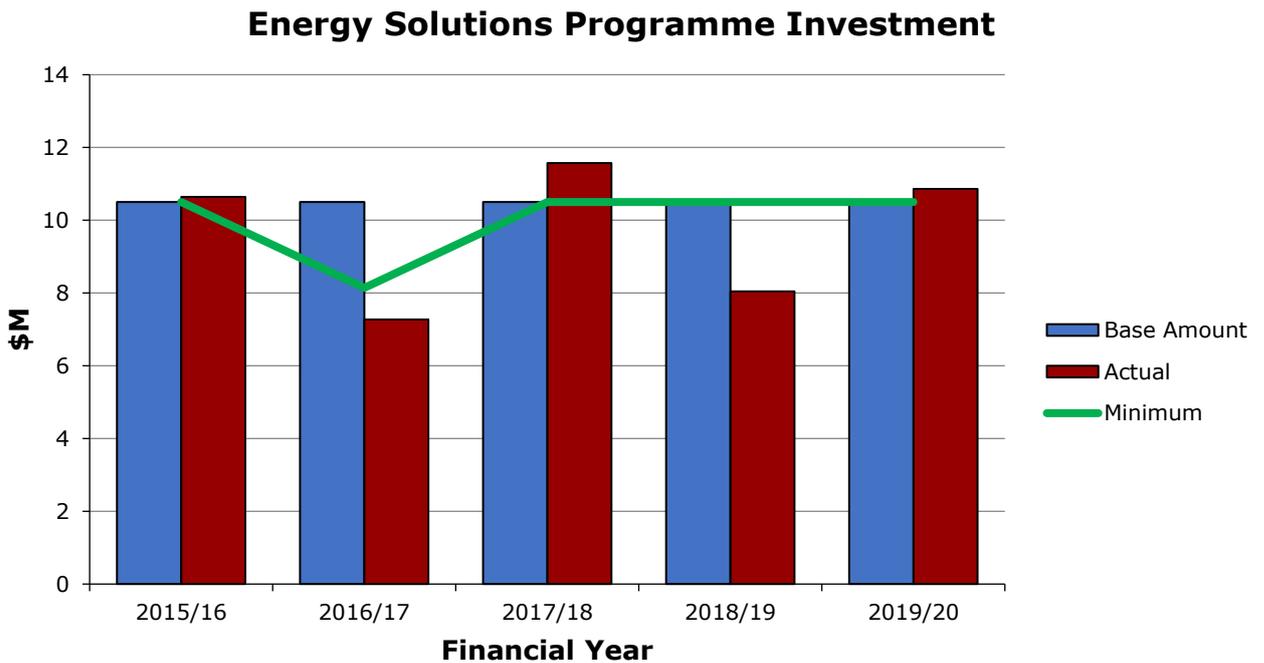
Overhead Improvement:

Undergrounding	\$10.9M
Undergrounding contributions	(\$0.0M)
	\$10.9M

Together with the four previous years, the total expenditure over this 5-year period has been \$48.4M – an average of \$9.7M 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 2019/20 needed to exceed \$10.5M.

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



5. Achievements in 2019/20

As discussed with trustees, we focussed all the Energy Solutions Programme Investment on undergrounding projects during this period.

We made undergrounding investments in Mt. Albert, Coronation Road (Mangere Bridge), Selwyn Street (Onehunga), Powell Street (Avondale), Ngahue Drive (Stonefields),

Campbell Crescent (Epsom), Norwich Street (Newton), Ruskin Street (Parnell), and Bella Vista Road (Herne Bay).

Through these projects we made \$10.870M in undergrounding investments and received \$0.011M 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 a willing participant in all the undergrounding projects we have undertaken this year. With their change reverting back to supporting our projects, this has made developing successful undergrounding projects (where all poles get removed) so much easier. We hope that pending changes to the regulatory environment for telecommunications that will allow network companies to mandate migration to fibre will further encourage Chorus to support joint undergrounding projects through this programme.

Auckland Transport have continued with their valuable support for the undergrounding programme too. Their support, through investment in the new streetlight stand 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 detailed design and development of the next large suburban scaled undergrounding project that we'll commence after completing Mt. Albert in May 2021.

Pleasingly, all undergrounding works were again delivered without a lost time injury, and again have received complimentary customer feedback upon completion.

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

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



Selwyn Street, Onehunga



Selwyn Street, Onehunga



Coronation Road, Mangere Bridge



Coronation Road, Mangere Bridge



Coronation Road, Mangere Bridge



Ruskin Street, Parnell



These images are of progress on the large scale Mt Albert Undergrounding Project. The photos show new footpaths that have been reinstated over top of the new underground electricity networks laid in the street. Houses are being systematically connected to these new underground cables, and when they are all connected the old overhead lines and poles will be decommissioned and removed.

4 Summary

Expenditure for the Energy Solutions Programme Investment exceeded the 2019/20 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 we believe they have created significant goodwill widely through the various project and community communication channels employed.



Andre Botha
Chief Engineer, Networks