



Report to Entrust

The Energy Solutions Programme

Financial Year 2021/22

July 2022

1 Purpose

This report highlights the achievements against The Energy Solutions Programme for the 2021/22 financial year.

2 Executive Summary

Vector, through continuing with progress on the large suburban scaled undergrounding project in Mt. Albert and through commencing the project in St. Heliers, has been able to establish stable undergrounding investment progress. 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 enables the company to regulate and optimise the rates of investment.

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.

The Covid enforced lockdown through the first and second quarters forced suspension of works on undergrounding projects. This, together with virus infections amongst construction crews through the third and fourth quarters, had a significant impact on Vector's ability to progress undergrounding investment through 2021/22.

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** 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
2017/18	\$10.5M	\$11.6M
2018/19	\$10.5M	\$8.0M
2019/20	\$10.5M	\$10.8M
2020/21	\$10.5M	\$11.6M

Investment expenditure in 2021/22 was \$9.3M, summarised below:

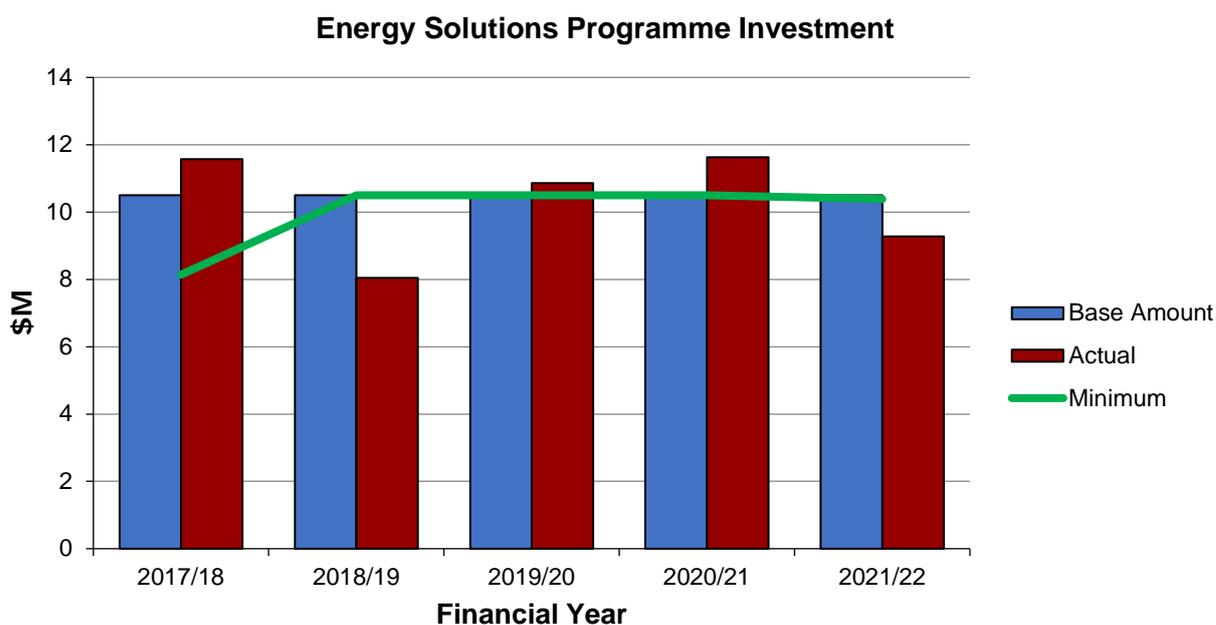
Overhead Improvement:

Undergrounding	\$9.7M
Undergrounding contributions	<u>(\$0.4M)</u>
	\$9.3M

Together with the four previous years, the total expenditure over this five-year period has been \$51.4M – an average of \$10.3M 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 2021/22 needed to exceed \$10.4M. This is the investment needed in 2021/22 to bring the average over the five-year period to match the Base Amount of \$10.5M.

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



5. Achievements in 2021/22

The company focussed all the Energy Solutions Programme Investment on undergrounding projects during this period.

Vector has made undergrounding investments in Mt. Albert, St Heliers, Brookfield Street (St. Heliers), Crayford Street (Avondale), Shelly Beach Road (St. Marys Bay), and Upton Street and Galatea Terrace (Herne Bay).

Through these projects we invested \$9.678M in undergrounding and received \$0.397M in contributions from residents in Brookfield Street, Upton Street and Galatea Terrace, and from Panuku for Crayford Street.

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 participated 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.

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

Together with Chorus and Auckland Transport, Vector completed the large-scale undergrounding project in Mt. Albert during the year. It was pleasing to finally be able to complete this project after works had to be suspended there three times through Covid lockdown periods across 2020 and 2021.

The large-scale project in St. Heliers has also been affected by the last of the Covid lockdowns. The project had been scheduled to start in September however had to be delayed until December due to the lockdown activated in mid-August.

The Covid enforced delay to the St. Heliers project meant that the undergrounding investment possible there during 2021/22 would be reduced. Endeavouring to offset this reduction Vector initiated extra smaller scaled projects aiming to make sufficient progress on them to offset the expected reduced investment at St. Heliers. Unfortunately, these projects too have been adversely affected by Covid. They have been delayed due to members of the construction teams catching the Covid virus and the necessity for complete crews to then isolate. These additional projects will now be completed during the 2022/23 year.

Pleasingly, all undergrounding works were 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:



Benfield Street, Mt. Albert



Willcott Street, Mt. Albert



Woodward Road, Mt. Albert



Woodward Road / Fairleigh Ave, Mt. Albert



Brookfield Street, St. Heliers



Brookfield Street, St. Heliers



Crayford Street West, Avondale



Galatea Terrace (progress)



Upton Street (progress)



McArthur Street, St. Heliers (progress)



Sylvia Road, St. Heliers (progress)

4 Summary

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

The company is pleased that Chorus and Auckland Transport have continued to work positively with us through the year to help develop and deliver the larger scale projects like the ones in Mt. Albert and St. Heliers. Vector expects this will continue and make delivery of the undergrounding projects easier to achieve. This should therefore assist the company's ability to continue to meet the Energy Solutions Programme Investment in future years.

The Covid enforced lockdown and associated suspension of works across the first and second quarters, together with scarcity of construction resources through the third and fourth quarters of the year, significantly hampered Vector's ability to complete as much undergrounding works as had been targeted.

As a result of the above, expenditure for the Energy Solutions Programme Investment during 2021/22 did not reach the target for the year. The Base Amount or the target averaged over the past five years has not been satisfied.



Peter Ryan

Chief Operating Officer, Electricity, Gas and Fibre