

Report to the Auckland Energy Consumer Trust
The DREOR Investment Programme
Financial Year 2014/15

1 The DREOR Investment Programme

Through our commitment to keep the Trust informed on the focus and achievements of the Company, and in particular this programme, we submit this report for the 2014/15 year.

The Company and the Trust agreed that DREOR Investment for the past year would be spread across undergrounding, right-of-way (ROW) pole replacements for safety, and energy solutions encompassing electric vehicle charging, and a new community solar power initiative.

Consequently our report now includes the investment being made for solar and will be expanded on in subsequent reports.

2 Expenditure of the DREOR Investment

The total investment made over the past year has been \$9.132M, and is detailed below:

Undergrounding spend:	\$6.942M
Undergrounding contributions:	(\$0.316M)
Community solar power:	\$0.508M
Electric vehicle charging stations:	\$1.200M
ROW pole safety:	\$0.798M
	\$9.132M

3 Achievements in 2014/15

Undergrounding

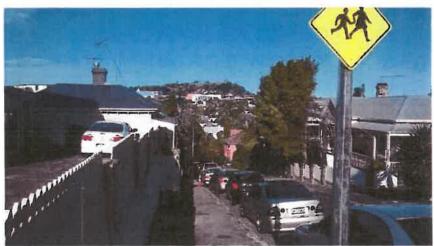
The focus of our undergrounding effort last year has been on commencing and progressing with the large scale project in the Pakuranga Heights area. We commenced this project in January and expect to complete it in November. It will remove 15km of overhead lines along 7.4km of streets and will directly benefit properties of 900 customers. In addition to our investment made in Pakuranga, we completed 12 projects comprising 6 small scale undergrounding and 6 pole substation conversions through the past year. The small scale undergrounding projects completed were; Arney Road in Remuera, Golf Road in Epsom, Seventh Avenue in Onetangi, Queens Drive in Oneroa, Waima Street in Newton, and The Strand in Parnell.

The total undergrounding investment was \$6.942M. Contributions from the resident's initiated projects in Arney Road and Seventh Avenue were \$316k. This resulted in net undergrounding investment of \$6.626M. All undergrounding works have been delivered without a lost time injury and have received complimentary feedback upon completion. Additionally all project provided

positive brand exposure to the Trust through co-branded project signs, cobranded project information flyers, and references in project correspondences.

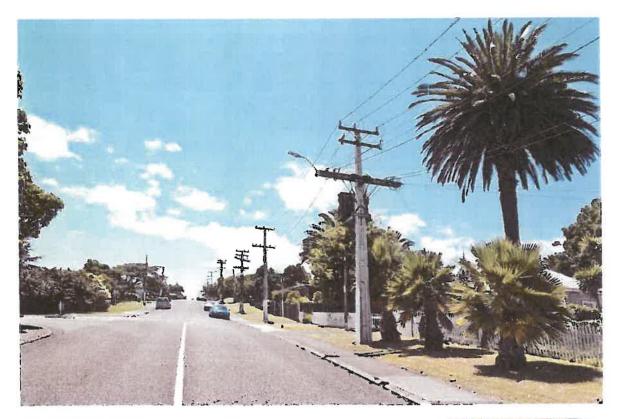
The photos below depict the "before and after" images of some of the undergrounding works completed through the year.







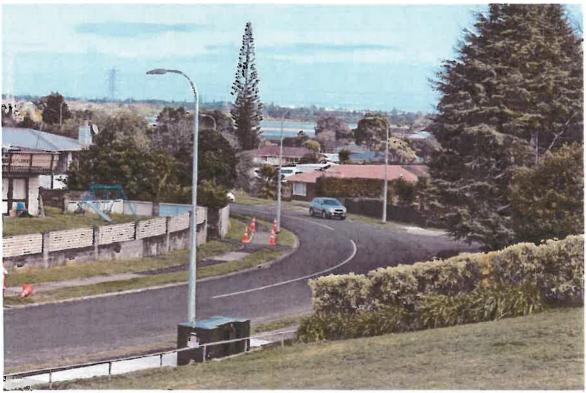
Waima Street, Newton





Udys Road, Pakuranga





Cardiff Road, Pakuranga



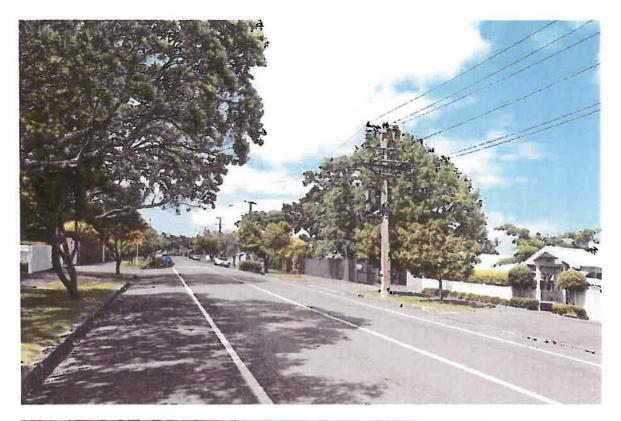


Rosina Place, Pakuranga





Golf Road/Ngaroma Road, Epsom





Arney Road, Remuera

Our undergrounding investments during 2015/16 are focussed around three major projects:

- completing the large scale project in Pakuranga,
- completing the resident's initiated project in Mt. St. John Ave,
- commencing a project collaborating with Auckland Transport, WaterCare and Chorus to rebuild and underground services along Franklin Road, Freemans Bay.

Community Solar Power

The initial tranche of this work is targeting to install 3kW solar PV and 6.4kWh battery combination systems into 100 homes and 30 schools.

The investment made during the year consisted of the marketing programme to identify the candidate installations and for procurement of the PV and battery equipment. During 2015/16 the winning participants and schools will be some of the first people in the world to have the Tesla Powerwall installed in their home.

The batteries are expected to be delivered in December, ready for installation early in the New Year. As well as the societal benefits for the Auckland region, Vector will use the project to kick start the company's entry into the residential energy storage/management market.



Electric Vehicle Charging

Procurement of 22 ABB rapid chargers and 20 Schneider Electric standard chargers were made through the year. One has been installed (101 Carlton Gore Road), and the balance will be deployed through the 2015/16 year. All chargers will carry Vector and AECT co-branding.

We intend to install the rapid chargers in pairs at sites near main arterial routes across the whole of Vector's electricity network area. We intend to install the standard chargers at longer stay sites such as shopping centres, entertainment centres, and tourist sites across our network area.

Our targeted locations for the rapid chargers are:

- Wellsford
- Warkworth
- Silverdale
- Albany
- Helensville
- Smales Farm
- Westgate
- Hobson
- Mt Wellington
- Auckland Airport
- Takanini

Installation at the Hobson site is planned for October/November this year with installation at the other sites getting underway during 2016.







Electric Vehicle charger station installation at 101 Carlton Gore Road

Right-Of-Way Pole Safety

This tranche of work has involved pro-active inspection and testing of poles and lines on private property – predominately down right-of-ways. Historically Vector, and most other electricity network companies, have regarded these as privately owned assets and have left the maintenance of these with the property owner. This year however, through safety concerns, we have taken responsibility to inspect and, where necessary, replace unsafe assets.

Through this work 99 ROW sites with condemned poles were remediated in the Trust area. The majority of the works completed have been in the Manurewa area. This resulted in investment of \$0.8M. We have also made additional ROW pole safety investments across Auckland, but outside of the Trust area.

Where we have made investment on assets on private property we have formalised the asset ownership situation through the property owners vesting new poles and lines to Vector. Through this we have clarified with them that we will take responsibility for future maintenance of those assets.

4 Summary

We believe that the new focus of this investment will deliver immediate and future benefits to both the Company and the Trust. We also believe we have achieved a great outcome in the past year through building momentum into each of these work tranches and, through this, will achieve our jointly agreed targets for this programme in the 2015/16 year and beyond.

Simon Mackenzie
Group Chief Executive