

Here for you

ANNUAL DELIVERY REPORT 2020



Here for you

Powerco is part of your community.
We are here for you.

You buy electricity from your retailer, and we
look after the network lines that get it to you,
safely and efficiently.

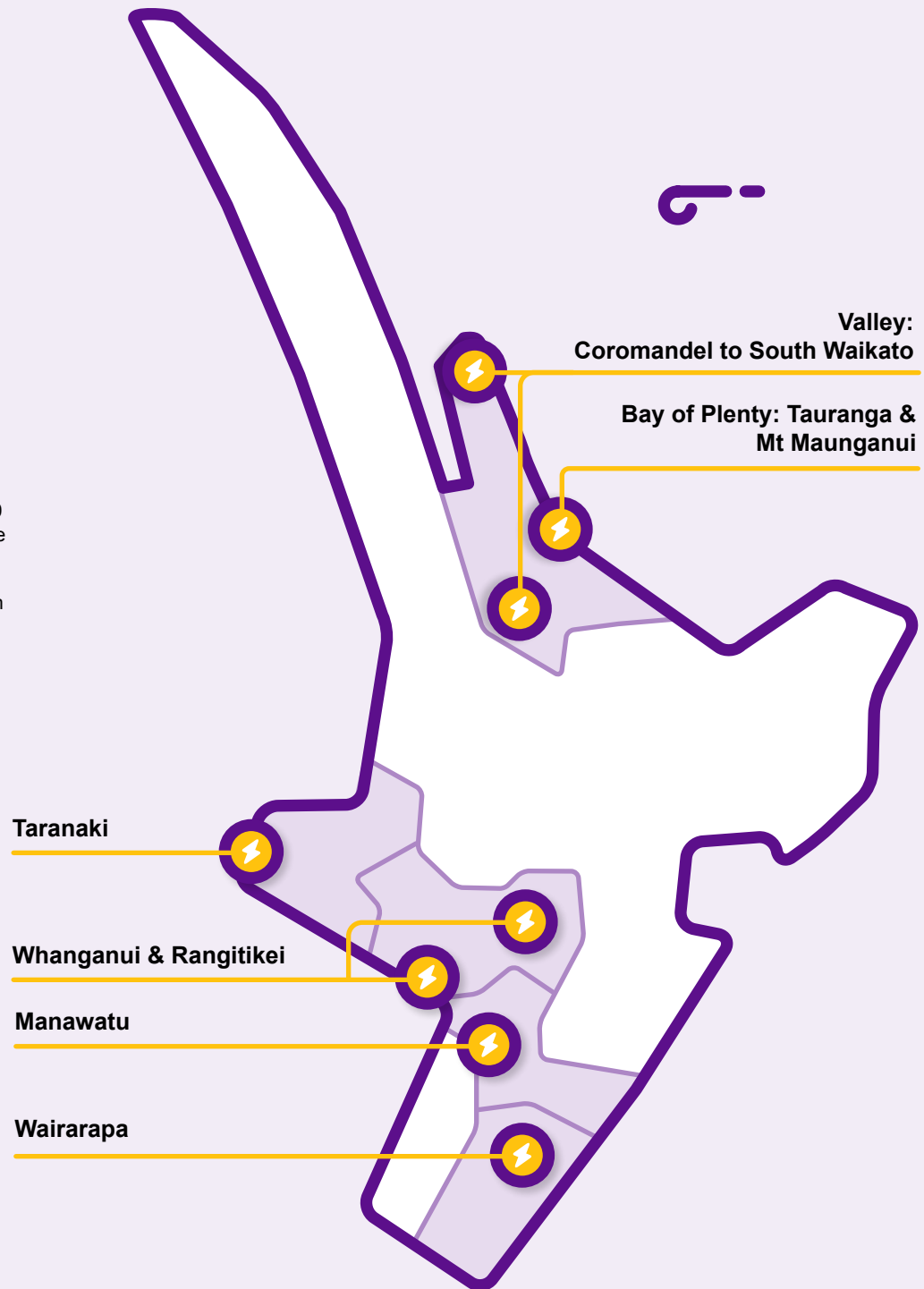


You'll find us here

Powerco keeps the lights on for you and around 900,000 customers, across 340,000 homes, businesses and organisations in the North Island.

When power supply is interrupted, our team responds quickly so you can get on with your life.

You'll find us out and about in your community, working for you.





POLES

4,073 poles replaced or reinforced

13%

Up on year before



Year Two

We have been busy improving the network while minimising the impact on you.



OUTAGES

Number and length of outages were down compared with last year



COMPLAINTS

Down 15% compared with last year

15%



CONDUCTOR

183km of overhead lines replaced

35%

▲
Up on year
before



VEGETATION MANAGEMENT

Over 11,000 tree sites managed

44%

▲
Up on year
before



RENEWALS & GROWTH INVESTMENT

Network renewal & growth over the last 2 years

\$285m



POWER

We kept the electricity on 99.95% of the time



99.95%



Working & investing for you

The Powerco team works for you to:



Ensure safe, secure and resilient networks

We're investing in asset renewal, maintenance and vegetation management to improve our networks and their reliability.



Support growth in your community

We're building new and upgraded assets so we can supply the increasing demand for electricity coming from population growth and more commercial and industrial activity.



Enable your energy choices

We're evolving our network to provide for new technologies such as electric vehicles and solar generation, and respond to the challenges of digitalisation, decentralisation and decarbonisation.

Powerco has one of the largest electricity distribution networks in New Zealand. We are actively preparing for the future, so we can keep you connected with the best quality service and technology.

The Commerce Commission regulates us and sets the rules we follow, through a **Customised Price-quality Path (CPP)**. This guides the price you pay and the reliability of the power you receive.

In April 2018, we began our five-year CPP investment programme of work worth \$1.27b. This will ensure our network remains resilient and we can allow for growth and prepare for your future needs. We have an ambitious plan that includes 17 major network development projects.

The regulations mean we need to balance two key goals - delivering on our investment programme to provide you with a safe, reliable network in the long-term, and minimising power outages in the short-term.

Balancing these is a continual challenge. We adapt our plans, innovate to deliver efficiencies, reflect your preferences, and meet the rules.

For instance, this year we focused on minimising the number and frequency of your power outages to meet the regulated reliability standards. We achieved this through improved and new ways of working. However, it meant we did not fully meet all our investment programme expenditure targets.

We remain committed to successfully delivering our CPP investment plan. We know that you, our customers, have said you want us to keep driving ahead with our work to improve long-term reliability.

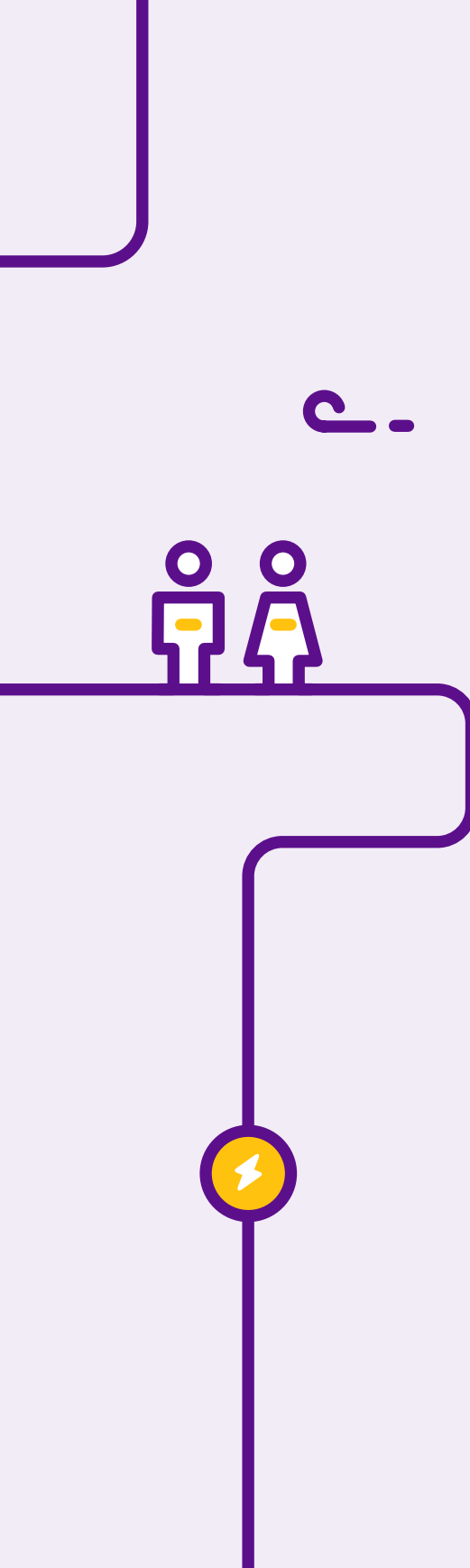
This does mean an increase in planned power outages in the short-term. You have said that if we communicate well with you around these outages, your disruption is minimised. We want this too, and we'll continue to listen and act on your feedback to keep improving.

The Powerco team is focused on meeting your expectations. We're working with the Commerce Commission so we can ensure the regulations don't unduly impact on our ability to provide you with long-term reliability.

We report on our progress towards our overall delivery goals to you, our customers, the Commission and interested parties, each year of the five-year investment period. Read on to see how we delivered in our second year, **CPP - Year Two (1 April 2019 to 31 March 2020)**.

Message from our team





Kia ora tatau

Powerco is about more than just power. It is about people. We know we have a job to do – bringing electricity to your door safely, reliably and efficiently – but we also know we wouldn't be here without our customers. You are the reason we do what we do.

In the first year of our Customised Price-quality Path (CPP) investment programme, we were determined to deliver on our promise of significantly increasing our annual work. We have continued to step up the volume of mahi (work) in the second year of our CPP delivery. We've also had a much stronger focus on the experience for you, our customers.

We knew we would need to be innovative to successfully deliver our investment programme. This year, we channelled our creativity to develop even more efficient ways of operating. New thinking and teamwork meant we achieved more for less, all while minimising the impact on you.

Our team and support partners completed year two of our five-year programme successfully on 31 March 2020, and we're excited to show you what's been happening.

Your community

We wanted to put people first, and we have been working hard to achieve this. Our team has been out and about in your community, from Coromandel to Wairarapa, delivering network renewal and major projects. We've been seeking your input and have appreciated you sharing your views.

Being more connected to the communities on our network has helped to better inform our plans. We've listened and considered whether the work we planned several years ago is still the best option. As a result, we've paused some decisions, including on major projects. This has meant less investment

during the year than anticipated, but we believe it is a smart approach. We are committed to ensuring our work delivers the right investment for your community at the right time.

Making things better for you

Despite some wild weather conditions, we achieved better network reliability. Our efficient planning and focus on your customer experience resulted in fewer and shorter outages. We were pleased to meet the Commerce Commission's reliability standards and know that this had a positive effect on you, our customers.

We advanced our work for you in key areas, including:

Safety

Safety is always number one, for you and for our team and delivery partners. Over the year, we maintained our strong safety record and undertook our largest health and safety review to date. From this we developed our new health and safety strategy, which was approved in March. We also expanded our forums to include a public safety focus in addition to contractor safety.

Efficiency

Our information management has continued to improve, with our team implementing a major new system and additional planning tools. These ensure we have accurate data and efficient processes to plan our work effectively for you.

Sustainability

We know you care about sustainability and we do too. To us, sustainability means balancing the needs of our environment, our people and communities, and Powerco's financial health. We're striving to mitigate our impact on the environment and continue to reduce our carbon emissions. Our team is now embarking on a business-wide journey to review and understand how we can achieve greater sustainability across the entire company.

Listening to you

We want to engage with you, our customers. Our work is for your benefit and we need to know if we are meeting your needs and expectations.

Over the year, we listened to you as individuals and communities. We spoke on topics ranging from the length of power outages you experience, to potential partnership opportunities and the future technologies you want to use.

Every customer interaction matters. Our team has learned that you, value small adjustments to things that impact on you, just as much as you value being able to contribute to larger investment decisions. This has enhanced the way we operate. We're using letter drops to give you more information on specific outages and ensuring better resourcing of single jobs to remove the need for extra outages.

How did we do?

The trade-off to keeping your power on more, was that we did not fully achieve all our investment programme or asset delivery targets. It's a tough balancing act to push ahead with our work programme for long-term reliability, while reducing power outages that need to occur while we do this work.

Our busy team still made solid progress on key work areas, notably replacing 183km of overhead conductor, 47km more than last year. We also replaced more poles and managed more tree sites than ever before.

Some large new projects and major asset replacements that were planned a few years ago, did not go ahead this year. These types of projects tend to be subject to timing changes, but we are still on track to deliver our planned work across the five-year period.

Going into our third year

There are three more years to go in our current investment programme and we remain highly motivated to deliver on our promises and meet your expectations.

While the world is changing rapidly and there will be significant challenges for us all, we believe our thorough planning and dedicated team will continue to achieve strong progress.

We have exciting developments on the horizon to make it easier for you to engage with us and access the information you need. Stay tuned and we look forward to showing you the benefits of these soon.

We recognise the huge impact our partners, including our all-important contractors, have on our performance. A big mihi (acknowledgement) to you all - we value your commitment to working together for mutual success.

Thank you to you, our customers, for your support. Please keep sharing your feedback and ideas with us so we can ensure we're meeting your needs, now and into the future.

Nga mihi nui,

Your Powerco Team

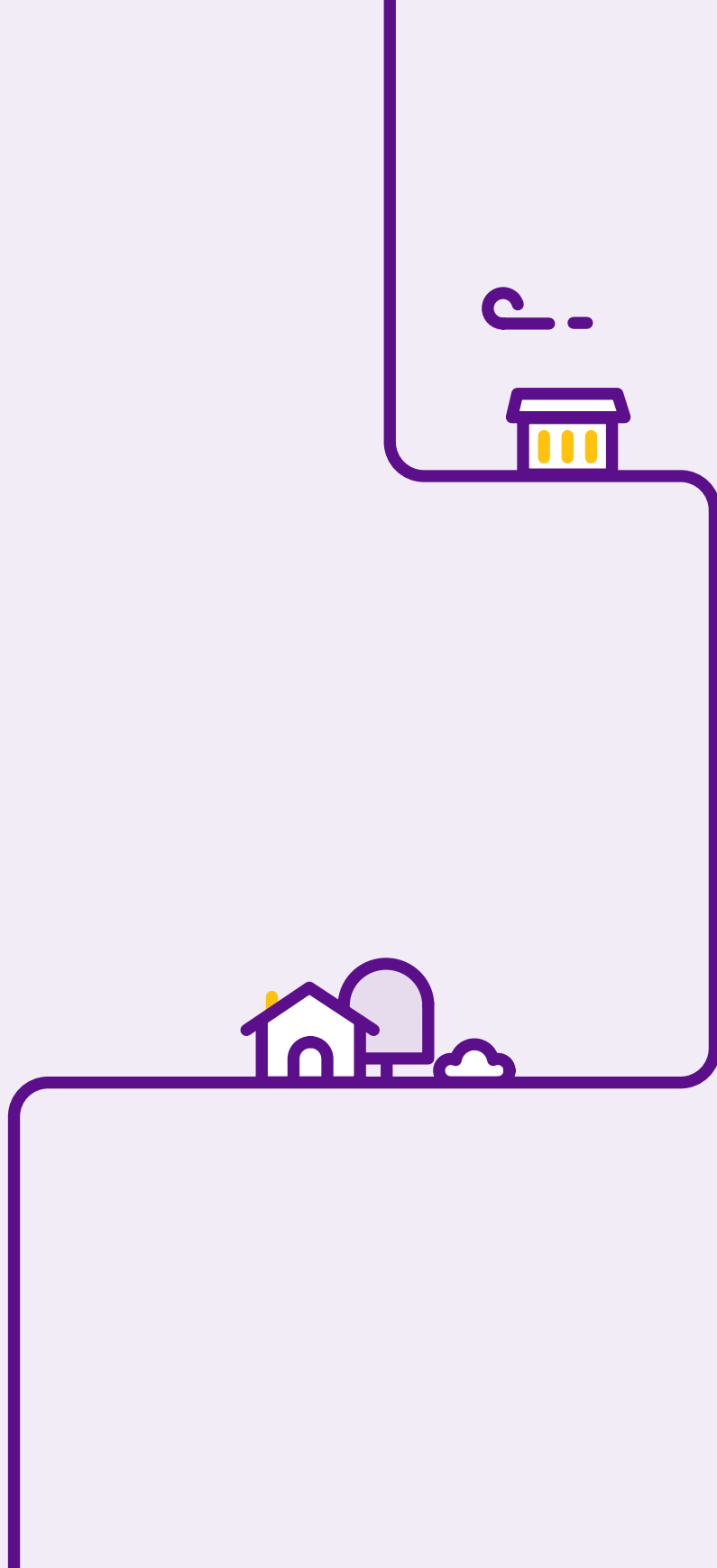




Part of your community



Major projects, network renewal and customer stories
in your neighbourhood.



Valley: Coromandel to South Waikato



This network area is beautiful and challenging. Often sparsely populated and remote, it covers the rugged and steep forested coastal peninsula of Coromandel to the plains and rolling country of eastern and southern Waikato, as far south as Kinleith.

This land is important to our farming and tourism customers, and reliable power supply is crucial. Maintaining power on feeders in difficult-to-access terrain is tough. Our investment priorities aim to improve your network security and resilience, and develop better remote control and monitoring facilities.

In South Waikato, we are building a new connection to the national grid and, as part of this, we've been upgrading and future-proofing the Putaruru substation. We are in the planning phase to build a new circuit from the Arapuni power station to our Putaruru substation.

This will benefit about 11,500 properties in Putaruru, Tirau and Matamata currently supplied by a single line from Transpower's Hinuera substation. We're keen to get this done as we know it will make a real difference for these customers.

We completed our project in Matamata, to link the two existing substations with an underground cable and replace the old Tower Road substation building. Locals now have a better power supply while maintaining the aesthetics of their town.

In Whangamata, our innovative Battery Energy Storage System (BESS) is now fully operational. This exciting new technology is a long-awaited practical solution to support the community.

Network projects completed

- Battery Energy Storage System installed in Whangamata
- Putaruru substation upgrade
- Putaruru - Tirau new 33kV underground cable link
- Matamata network upgrade and Tower Road substation rebuild
- Maungatautari 11kV line upgrade
- Morrinsville, Cussen Road pole and conductor renewal

Planned work

- Kereone - Walton 33kV cable link and substation work
- Piako - Morrinsville 33kV underground cable link
- Matamata, Tower Road - Browne Street cable link
- Kopu - Tairua 66kV subtransmission upgrade
- Kopu - Kauaeranga 66kV conductor upgrade
- Kaimarama - Whitianga subtransmission enhancement
- Whenuakite zone substation upgrade
- Matarangi zone substation upgrade

Community engagement

- Thames skatepark and sports hall sponsorship
- Communicating with our Maungatautari customers
- Transpower outage collaborative approach
- Customer focus group and Annual Delivery Report Roadshow



Battery Energy Storage in Whangamata

We are delighted with Powerco's work to bring our community this state-of-the-art technology. It will make a big difference to our central business district, and locals and visitors alike. It took some time to get it working as it should but Powerco stuck with it and resolved the issues.

Councillor Terry Walker,
Thames Coromandel District Council, South East Ward



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Community Engagement

Like Powerco, we aim to reduce the impact of outages on customers. In February, we had a major essential outage in South Waikato, where we worked collaboratively with Powerco, retailers and organisations like Federated Farmers and Fonterra to minimise the disruption caused. Together we planned and designed the outage to have the least impact on customers and made sure they received consistent and clear information before, during and afterwards. Thanks to the Powerco team for continually seeking to improve the customer experience in partnership with us.

Geoff Wishart,
Transpower Stakeholder Engagement Manager/ Kaiwhakahaere Hunga Whaipānga



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Keeping Matamata connected... and looking good

To ensure our Matamata customers have reliable power supply into the future, our network in the town needed some attention. This year, our Powerco team began a \$6 million two-year development project to achieve this.

The network upgrade in Matamata involves linking the two existing substations with a 33kV 2.3km underground cable. We also needed to replace the old substation building on Tower Road – at nearly 100 years old, it needed more than just a facelift!

Our team was pleased to work so positively with Matamata-Piako District Council on the project. We met with the council and agreed that the least disruptive route for

the undergrounding of cable linking our two substations was through Centennial Park.

Powerco's contractors were able to complete their work while the park and walkways remained open throughout. This mitigated the impact of traffic delays in Matamata's busy shopping centre.

Now that there is greater flexibility across the two substations, our Matamata customers have more reliable power supply and are less impacted by outages and regular network maintenance. They also have a nice new substation building and undergrounded power supply, fit for their good-looking town.



It was an exciting project for the town and the council was keen to work with Powerco. Putting the cables underground is aesthetically important for a community that takes pride in its CBD and surrounding streets. That and the substation is a win-win for the town.

Mayor Jan Barnes,
Matamata-Piako District Council



Communicating with our Maungatautari customers

The Maungatautari community is nestled on the southern banks of Lake Karapiro, not far from Cambridge.

Unfortunately, the area can be prone to unplanned power outages. It is a tricky place for power supply, given its distance to Powerco's Tirau zone substation. The long 11kV feeder line supplying the area is at the edge of Powerco's network and also must cross the Waikato River.

To make matters worse, when the power is out in Maungatautari, customers can see across to the neighbouring Waipa network, which is not affected by the same issues.

In February, a series of unplanned outages occurred because of a faulty high voltage fuse that was difficult to detect. Understandably, many of our Maungatautari customers were frustrated and upset.

Powerco's Customer Resolutions Officer Fran Timoney explained the cause of the outages to our customers and how the upcoming planned works would improve their power reliability.

It was great for our team to hear that this approach was helpful and reassuring. We know it's important for us to be as responsive as possible when there's an issue with your power!



I think your customer service is outstanding as all the communications I have had with your staff, whether over the phone or by email, have been informative, helpful and thoughtfully presented.

It certainly makes a difference to the customer, especially ones who have been inconvenienced by regular power cuts, when enquiries are responded to in a timely, efficient and pleasant manner, and concerns are followed up and actioned upon.

Mandy Good,
Maungatautari customer



Bay of Plenty: Tauranga & Mt Maunganui



It's undoubtedly a horticulture hub, but kiwifruit and avocados are just part of the story in this rapidly growing region. Our network covers the western Bay of Plenty from near Athenree, along the coast east of Te Puke and on to Pongakawa. Port of Tauranga and increasing commercial and residential development mean this part of our network carries a heavy industrial load.

Powerco's investment priorities are to accommodate Tauranga's rapid urban growth, maintain safe and reliable power to the port, and supply new businesses. This year, our projects focused on ensuring our network can keep pace and meet the increasing demand for power supply in the Bay.

The region's 'SmartGrowth' strategy identified south-east Papamoa as a key area for subdivision expansion. We recognised the need to future-proof our network for this planned urban development, to assure our customers of reliable power supply to their new homes.

Our team installed new switchgear and circuits from the Te Matai grid exit point near Te Puke and constructed a new substation at Wairakei Avenue in Papamoa East. This infrastructure provides flexibility of power supply to the wider area.

To support central Tauranga's development, we replaced the crucial Greerton outdoor switching station with a modern indoor switchboard. This has created a more reliable, resilient power supply for our customers in the northern part of town.

Network projects completed

- Papamoa, Wairakei Avenue new zone substation
- New Greerton switching station
- Katikati zone substation upgrade
- Matakana Island renewal
- Sulphur Point zone substation upgrade
- Extensive redevelopment of the high voltage (HV) and low voltage (LV) networks in the Tauranga CBD

Planned work

- Triton substation transformers replacement
- Wairakei Avenue second transformer
- Katikati/Kauri Point 33kV cable and circuit breaker
- Paengaroa substation new 11kV conductor
- Wairoa River crossing cable

Community engagement

- Papamoa football sponsorship
- TEDx Tauranga sponsorship
- Peddle Papamoa sponsorship
- Partner of Project Tauranga (Tauranga City Council initiative)
- Customer focus group and ADR Roadshow

Papamoa East Project

The Papamoa East Project was a collaboration with the community. We timed it to work in with the Tauranga Eastern Link motorway project, so we could get the best outcome for our customers with minimal disruption.

Chris Grant,
Powerco Project Manager



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Pedal & Pump Papamoa

Powerco is a long-time partner of Pedal & Pump Papamoa. Thanks to its dedication to our community, we are able to offer over 750 locals the opportunity to win one of four brand new bikes every year. We also offer families a free day out that encourages group participation and healthy, active lifestyles. We are big supporters of Powerco and are grateful for its team's impeccably high standard in the delivery they bring to all projects. Powerco is a key part of the Papamoa community and we look forward to aligning with its vision for years to come.

Julia Manktelow,
Events & Marketing Manager of Papamoa Unlimited



New switching station boosts Greerton and beyond

The original Greerton 33kV outdoor switching station dated back to 1974 and it certainly showed. The original switchgear was outdated, it was exposed to faults from external factors such as birds, tree branches and possums, and the steep terrain was at risk of damage after heavy rainfall or storms.

The station is critical to supply power to substations in Omokoroa, Aongatete, Katikati, Kauri Point, Bethlehem and Otumoetai.

In short, if the switching station failed, it would be major for our customers. Upgrades or repair would have been difficult and time-consuming, leading to significant power outages for customers across the northern Tauranga area.

This year, Powerco invested \$3.8m to replace the old Greerton 33kV switching station.

Our team constructed a new modern building and replaced the outdoor switchgear with an indoor switchboard.

The new switchgear is environmentally safe and was installed to modern seismic standards. It is resilient and will offer protection against slips. Not to mention, the new building sure looks a lot better than the 1970s one!



This project has enhanced power supply to the Tauranga region. Greater flexibility of electricity supply and modern equipment means the network is more resilient to unplanned outages.

We are really pleased that this will reduce disruption for our business and residential customers well into the future.

Chris Grant,
Powerco Project Manager



Sharing worthwhile ideas at TEDx Tauranga

Powerco loves creative and innovative thinkers. That's why when we heard about TEDx Tauranga we wanted to be involved.

TEDx (Technology, Entertainment, Design) is a programme of local, self-organised events held in cities around the world. The concept is to bring people together to 'share ideas worth spreading'.

Powerco sponsored the 2019 Tauranga TEDx event and we also took the opportunity to engage directly with the more than 700 ticketholders.

We spoke with attendees about the electricity distribution industry and provided information on work Powerco has been doing in the local community.

Our team received a positive response and enjoyed connecting with the forward-thinking and like-minded audience.

We ran a survey at the event, and the results have provided valuable insights which are now helping to inform Powerco's decision-making.

We look forward to being involved in these exciting TEDx events again in the future. See you there!



Powerco has been a trusted partner of ours since 2015. In collaboration, we have been able to curate and produce sustainable, quality events for the community.

During this period, over 3,500 people have attended the live event where ideas are amplified, conversations are sparked and potential unlocked. Our speakers have had millions of views online.

We are an entirely volunteer-led organisation who, like Powerco, embraces innovation and the exchange of ideas.

Hannah Bougen,
Trustee, Tauranga X Charitable Trust Board



Taranaki



The Taranaki region is Powerco's heartland. Our network covers the northern and central area, with Hawera to Warea defining the southern limits. We supply the urban centres of New Plymouth and Hawera, along with large intensive dairy farming and oil and gas exploration sites.

The local terrain and climate are generally pretty good for our network assets in terms of construction, access, maintenance and life expectancy. There are exceptions, of course. In coastal areas, corrosion can affect assets as far as 20km inland. Severe weather events such as storms and localised tornadoes can also have a big impact on our network.

Due to its advancing years and the declining health of many overhead lines, our Taranaki network needs some extra love, in the form of extensive asset renewal work.

Our customers in rural Taranaki will have seen the beginning of our network upgrade work between Inglewood and Midhirst from 6.6kV to 11kV. In October, we replaced the 85 poles on York Road, and the remainder of the project will be spread over the coming years.

Our team has worked hard to power up New Plymouth's new underground cable link between the Carrington Street and Moturoa substations. The \$16m project was completed in December and involved 7km of cable laying, building a new substation at Moturoa and upgrading the Carrington Street substation.

It was great to give back to the Taranaki community over the holiday period and support two free events, Christmas at the Bowl and the TSB Festival of Lights.

Network projects completed

- Carrington Street GXP to Moturoa substation 33kV cable link
- Pihama feeder reconstruction
- 33kV reconstruction of conductor and crossarms between Ngariki and Pungarehu substations
- Supply upgrades to Bell Block industrial and urban areas
- Undergrounding and upgrading Strathmore feeder

Planned work

- Moturoa substation transformer renewal
- Palmer Road crossarm replacement
- Livingston substation 33kV upgrade
- Inglewood conductor upgrade and reconstruction
- Waitara west protection systems upgrade
- Douglas 33kV reconstruction

Community engagement

- Empowering Whangamomona
- Christmas at the Bowl and TSB Festival of Lights sponsorship
- Customer focus group and ADR Roadshow
- Venture Taranaki – Ideas Summit
- Federated Farmers engagement



Rural Electricity Upgrade in Central Taranaki

Taranaki Federated Farmers appreciates the engagement it has through its continued relationship with Powerco. This includes working with Powerco to ensure the wellbeing of the farming community is considered during storm events and outages, and in the future planning of its electricity network.

Mark Hooper,
Taranaki Federated Farmers Provincial President



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Festival of lights

The TSB Festival of Lights enables our community to enjoy a free New Year's Eve celebration in the heart of New Plymouth.

This year it attracted over 9,000 people of all ages. Thanks to Powerco for helping to bring joy to so many people. We couldn't have done it without you.

Hayley Oliver,
New Plymouth District Council Events Lead

Teamwork speeds up York Road upgrade

York Road in central Taranaki hadn't had much action in 50 years. Limited renewal work meant our network assets were old, in poor condition and needed replacing.

With the anticipated growing industrial activity in the area, we knew that York Road would require a major upgrade. It was likely that industrial-size chicken sheds would be built along the road, so three transformers needed to be installed.

The voltage quality on the Cloton Road North feeder, which supplies power along the main road, also needed to be improved.

So, to ensure customers in the area would have a reliable and long-term power solution, we scoped up the work. The project included upgrading equipment on York Road, replacing 85 poles along 6.5km of road, reconductoring 3km of lines and increasing voltage quality from 6.6kV to 11kV.

Using one service provider, we anticipated it would have taken two-to-three months and a minimum of 17 shutdowns to complete.

We really wanted to limit the impact on our customers. Our team worked hard on alternative options and concluded that bringing three separate service providers together to complete the job could be a solution.

And it worked. The upgrade to York Road was completed in two weeks from 14 - 25 October 2019, with only six shutdowns required. A great result for customers and demonstration of teamwork making the dream work!



Our contractors Obertech, Linepower and Downer were well prepared to minimise any interruptions caused by the York Road work, and we really appreciated the co-operation of our customers in this area.

The rural electricity upgrade will ensure several thousand of our customers get greater power quality and network reliability.

Ian Skipworth,
Powerco General Manager of Service Delivery and Systems Operations

Empowering Whangamomona

As one of New Zealand's smallest towns, Whangamomona is 60km from the closest shops and has hardly any cell phone reception. So, for its residents, power outages cause big problems.

Numerous and extended power outages had affected Whangamomona due to bad weather, falling trees and branches, other interference and equipment failure.

When the electricity goes out, locals can't communicate with the outside world. They need to fill toilet cisterns with buckets, and unless they have a generator, there are only candles for light.

In May last year, Powerco met with the community to discuss their concerns and outline our initiatives for improvement.

These included major works to redesign the network that supplied the area, undergrounding lines near forestry locations and several projects to replace or recondition poles and hardware.

A year down the track and, as promised, we have completed several major projects to improve the resilience of the network and the community has seen a big difference.



I was really impressed with how Powerco fronted up, listened to the community, and then took action.

We've noticed a real improvement and we're very happy with how Powerco has addressed our concerns, both in terms of the technical solutions and engaging with us as a community.

Richard and Vicki Pratt,
Owners of Whangamomona Hotel



Whanganui & Rangitikei



Surrounded by mountains and dramatic west coast beaches, Whanganui is best known for Te Awa o Whanganui – the Whanganui River. Outside the city, much of the land is rugged, hilly terrain surrounding the river valley, with a large proportion within the Whanganui National Park.

Our network includes the Rangitikei district. It stretches from Waverley in the west up to the Central Plateau in the north and down to Bulls in the south. The region is exposed to westerly sea winds on the coast and snowstorms in high country areas. Access to faults, especially following major weather incidents, is difficult and can result in lengthy outages for remote customers.

This year, our focus has been on upgrading assets for growth in Whanganui and pole replacement in rural areas. We completed a reinforcement trial on 200 wooden poles in Whanganui, with the aim of extending the working life of these poles across our network. Sections of the network were used as trial sites because they have a lot of wooden poles.

Our team installed new cables from our Hatrick's Wharf substation to ensure it can withstand unpredictable weather conditions. This has also created more flexibility of power supply for our Taupo Quay substation, which means less disruption for more customers.

We have been engaged with the community on a new underground cable between our Peat Street and Roberts Avenue substations, to increase security of power supply to Whanganui. Currently Powerco is working with stakeholders to determine the best route for the cable. Our aim is to reduce power outages for our customers, including the Whanganui CBD and the Aramoho industrial area.

Network projects completed

- Whanganui pole reinforcement trial
- Hatrick's River crossing underground cable
- Roberts Avenue to Peat Street 33kV circuit route consultation

Planned work

- Roberts Avenue to Peat Street 33kV circuit
- Taupo Quay substation 11kV line upgrade
- Castlecliff substation 11kV line upgrade
- Parapara feeder pole renewals
- Mangaweka feeder reconductoring

Community engagement

- Customer focus group and ADR Roadshow
- Cemetery circuit face sponsorship
- Virginia Lake Trust sponsorship
- Tram signage sponsorship
- Engagement with Ngā Tāngata Tiaki o Whanganui

Tramways Trust

We appreciate Powerco's continued support of this important community asset. The tram is an important part of Whanganui history and Powerco's support helps ensure this continues. We are pleased Powerco has committed to continuing the relationship and we look forward to them improving the aesthetics of our building with new art work.

Kritzo Venter,
Chair Tramways Trust



Mangaweka Improvements

The Mangaweka work to improve the resilience of the line against adverse weather like snow storms is important to ensure our remote rural customers have the best chance of maintaining power. In this very challenging geographical terrain, we want to maintain a good, robust safety standard by reducing the likelihood of outages due to unplanned asset failures and preventing damage to property, injury to the public, our contractors and Powerco staff.

Renee Naude,
Powerco Project Manager

Innovative trial to strengthen our wooden poles



We were pleased to complete our pole reinforcement trial in Whanganui this year. The trial was aimed at exploring a new technique to extend the working life of wooden poles across our North Island network.

Australian company, Logsys, strengthened 200 poles with steel trusses and strappings and showed the process to our Powerco team members. Sections of the Whanganui network were selected as trial sites using poles that were likely to have another 20 years of life.

Reinforcing criteria included the results of resonance (Vonaq) testing and the data gathered from our pole top photography and LiDAR (Light Detection and Range technology) last year.

We used to reinforce wooden poles by bolting trusses to them. However, drilling bolt holes through the treatment zones of a pole introduces microbes that lead to internal rot.

The new method developed in the United States, uses band strapping to hold the trusses in place. The work involves placing a truss against each pole and forcing it into position with a pneumatic ram. The ram is powered by a trailer-mounted air compressor with an 80m hose reach, so the poles need to have 4WD access.

Once the reinforcing during the trial was complete, a certification label was attached showing the type of truss used, the date it was installed and other engineering data. The information was recorded in our GIS system, and our Asset Strategy and Investment team will now study this data with a view to adopting the method.



We still have 36,000 wooden poles in use across Powerco's network and it's not practical to replace all of them with concrete.

The pole reinforcement trial in Whanganui showed our team a new method to help our existing assets last longer, which is a great outcome and will ultimately benefit our customers.

Andrew Jarman,
*Powerco Senior Asset Engineer,
Poles and Towers*



Community events add a personal touch

Our executive and delivery team got the chance to meet and greet local customers at our very first CPP Annual Delivery Report event this year, held in Whanganui.

We committed to these events as a transparent way to update our customers and stakeholders on our annual progress towards delivering our investment plan, as agreed with the Commerce Commission.

Although we find our work fascinating (truly!), our Powerco team felt a tad nervous that perhaps the community might not feel the same way. Our apprehension proved unnecessary though, as the event was well supported by more than 35 people attending from the community.

It was a great opportunity to engage face to face with our customers. Speaking with the Whanganui community confirmed our belief that our customers are interested in what Powerco does in their region and we should continue to engage.

We were pleased with our customers' receptiveness to the event, with 22 of the 25 people who completed our exit interview rating the experience as positive.

As always, we learned from the experience and applied those learnings where we could at our four subsequent events.

It was clear to our team that customers want to have easier access to information on work in their areas more often. We also learned that, as busy people, standalone events were hard for many of our customers to get to, so communication little and often was preferred.

We have taken this on board and are now providing more up-to-date information online for our customers. Our team is also aiming to be available for discussions with our communities at other events throughout the year.



It was good to learn more, very informative.

Lunch was nice!

More of a future focus next time.

Would have liked to see retailers here.

Bigger numbers on the slides!

Comments left by event attendees



Manawatu



Our Manawatu network is unique and diverse, spanning both urban and rural areas. It is dominated by Palmerston North city but also includes the rural network from Apiti in the north, down to Sanson in the west and over the Tararua ranges to Eketahuna and the east coast.

The network across Manawatu is aging, particularly in terms of its overhead lines. Our team is actively planning for extensive asset renewal work in this region.

The Palmerston North CBD is the second-largest central business district that Powerco serves, and our largest exclusively underground network.

We've been working on five major projects for the Palmerston North community. These are focused on expanding and renewing our network assets, to ensure our customers have continued security of power supply.

This year we continued our involvement with the New Zealand Rural Games, a great event that attracts competitors from across the country. Powerco was also delighted to support the important educational work of the Central Energy Trust Wildbase Recovery Centre in Palmerston North.

Network projects completed

- New substation at Ferguson Street
- Ferguson substation installation of a second transformer
- Linton substation new indoor 33kV switchroom
- Two new underground circuits from Linton substation to the new Ferguson Street substation
- Installation of larger capacity cables between Pascal, Ferguson, Main and Keith Streets

Planned work

- Sanson - Bulls 33kV reinforcement
- Feilding transformer upgrade
- Feilding to Sanson subtransmission upgrade
- Continued upgrade of Palmerston North 11kV cable

Community engagement

- Attendance at Central Districts Field Days
- Rural Games sponsorship
- Central Energy Trust Wildbase Recovery sponsorship
- Customer focus group and ADR Roadshow
- Presentation to Palmerston North City Council

Rural Games

The New Zealand Rural Games was created to raise the profile of the sports that helped build our country, and we can only do this with the generous support of our sponsors.

Powerco has been an integral part of the Rural Games for four years and sponsored the inaugural Sam Strahan Memorial Sheep Dog Trial Challenge in 2020.

Steve Hollander,
Founder, New Zealand Rural Games



Palmerston North

We appreciate Powerco's willingness to engage openly with the Council. Having good relationships across the organisations is essential in supporting each other and ensuring the best outcomes for customers and residents are achieved.

Chris Dyhrberg,
Chief Customer Officer, Palmerston North City Council



powercodelivering.co.nz



Collaboration a winner for Palmerston North

To future-proof the growing energy demands of Palmerston North, Powerco is investing \$26.5m across five complementary projects. We are introducing new assets to the network, and re-purposing existing assets.

This includes delivering larger capacity cables and creating the ability to transfer loads between substations. Our team is also developing a new city link to the Grid Exit Point at Linton, as an alternative to Bunnythorpe.

We want to ensure our assets are fit for purpose and integrate with the urban environment. Powerco worked with the Palmerston North City Council to create a design for our new-style fully enclosed substations that is in line with urban planning requirements.

Collaboration between stakeholders has been hugely helpful in Palmerston North. For instance, in partnership with the Council and other stakeholders, we were able to install four ducts under the He Ara Kotahi pedestrian bridge while it was being constructed. This was in anticipation of our Linton to Ferguson Street underground circuits project and meant greater efficiency and minimised disruption for our customers.



We continue to foster positive relationships with all stakeholders to deliver these projects for the benefit of our communities in the Manawatu.

Nigel Borst,
Powerco Project Manager

Promoting and protecting our native wildlife

Central Energy Trust Wildbase Recovery provides shelter and world-class care for our native wildlife to rehabilitate after treatment at Massey University's Wildbase Hospital.

Entry is free, and over 110,000 people visited the Palmerston North centre in its first year of operation.

One of Central Energy Trust's main focuses is educating visitors about the struggles our native animals face and what we can do to help. Powerco is honoured to support this important kaupapa (initiative).

Since its education programme started in 2019, the Powerco Education Centre has had 4,870 students through its doors, all local to the Manawatu region. This includes 87 schools, over 109 bookings, and more than 213 sessions.

The centre has four rehabilitation aviaries on public view, two breeding aviaries for whio and pateke and a walkthrough aviary that is home to a variety of native birds and ancient tuatara.

Stories are told in both English and te reo Māori, providing an amazing learning opportunity for us all. Tino pai!

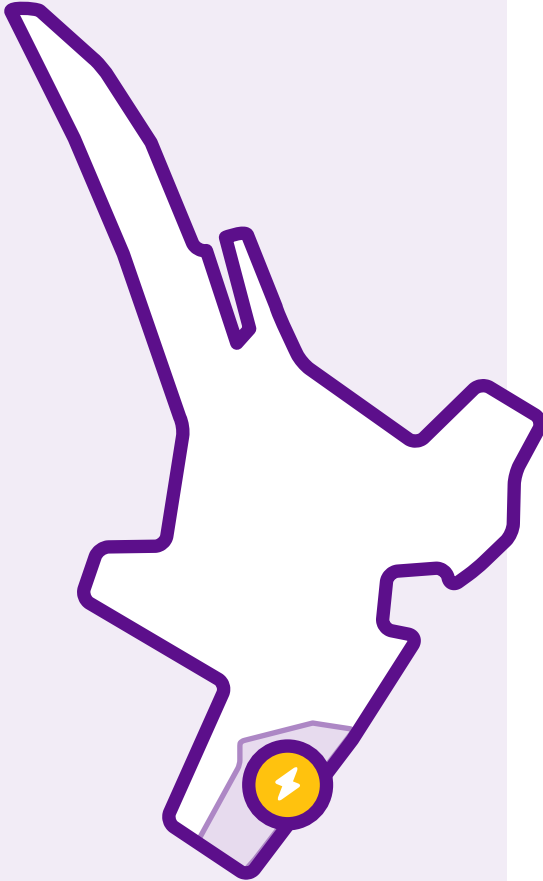


The Powerco Education Centre gives us a unique space where those attending our education programmes can learn in an exciting, engaging and information rich environment. Thanks to Powerco, we are inspiring the next generation of conservationists to carry on the work we do.

Chris Smith,
*Central Energy Trust Wildbase Recovery
Centre Manager*



Wairarapa



With rural charm and stunning vineyards, the Wairarapa region is a series of small towns about an hour north of Wellington. Our network covers the central and southern parts of the district from south of Eketahuna to Cape Palliser, the southernmost point of the North Island. The bush clad Tararua Ranges run along the western boundary of our network, which spreads across flat plains where the urban centres are located, to a rugged coast on the east.

During the year, our Powerco team has been implementing our asset plan for the wider Wairarapa and Tararua region. We've been improving the condition and quality of our assets through targeted overhead and underground lines construction.

These projects spread from the south coast Western Lake, to the east coast reaching up to Akitio and inland to the Tararua mountain range. Communities and towns include Featherston, Martinborough, Greytown, Carterton, Masterton, Eketahuna, Pahiatua and Pongaroa.

Our engineering horsepower has been ramped up with a raft of technology, from protection to new regulators and reclosers. The rural environment's topography and diverse seasonal weather conditions can make this even more of a challenge, but as always, we are up for it!

We have been actively engaged in Wairarapa community events, including the Golden Shears in Masterton. Powerco has proudly continued to sponsor the Riversdale Surf Life Saving Club to run its first aid courses for lifeguards. We know this has a far-reaching impact for the Wairarapa community.

Network projects completed

- South Featherston 11kV line reconstruction
- Tararua, Hukanui 11kV line reconstruction
- Kumenga 11kV line reconstruction
- Masterton, Chapel Norfolk 33kV line reconstruction
- Masterton, Te Ore Ore substation circuit breaker replacement
- Featherston, Revans Street Cross Creek 11kV reconductoring
- Masterton, Blairlogie Riversdale 11kV feeder reconstruction

Planned work

- Featherston, new substation transformer
- Masterton, Chapel Norfolk 33kV reconstruction
- Awatoitoi Tinui 33kV cross arm renewal
- Masterton 33kV cable upgrade at Chapel substation
- Featherston, Revans Street Mangaroa Western Lake reconductoring

Community engagement

- Riversdale Surf Club sponsorship
- Golden Shears sponsorship
- Council engagements and Transit NZ engagement to support delivery of projects
- Aorangi Undulation run sponsorship

Featherston

Our whole team including, our world-class asset engineers, are continually looking for synergies to deliver a safe, robust, intelligent network. We use our Powerco values as the cornerstone for our project management delivery.

Gavin Paget,
Powerco Wairarapa Project Manager



First Aid Training Programme

For the last eight years Powerco has supported our First Aid Training programme at Riversdale Beach. Each year over 40 surf lifeguards complete a three-day course, giving them the skills to attend incidents both on the beach and around our community.

Being over 45 minutes' drive from Masterton, in many cases these skills have stabilised or even saved patients' lives.

Without Powerco's support, we would not be able to run these courses, compromising the safety of all those in our wider community.

Dave Rose,
Chairman, Riversdale Surf Life Saving Club



Blitzing our work in Blairlogie and Riversdale

Like many of our assets in the Wairarapa, those serving the Blairlogie and Riversdale communities were ageing and needed renewal. The Powerco team was keen to get on with this work but the relative isolation of the communities and the configuration of the network meant it would cause outages for around 350 properties.

A total of 72 wood poles needed replacing with concrete, 5km of conductor and 134 crossarms. The area also needed preparatory work for further projects to allow improved automation and backfeeding.

We knew that the Blairlogie and Riversdale communities wanted better power reliability and a future-proofed network. Our challenge was to minimise the impact of power outages on these customers while the significant work occurred.

We put our heads down with our delivery partners and created a plan. Together we managed to condense the work to an intensive nine-day programme, from the original plan that spanned several months.

This was achieved by using multiple crews working at the same time rather than fewer crews over a longer period. We used generation where possible for our most affected customers, those who were vulnerable and essential services. We also innovated with network switching to help reduce the length of power outages for our customers.

Our 'blitz' approach meant that we carried out other maintenance work on the lines and vegetation management at the same time. This has reduced the need for more planned outages in the future and risks of unplanned ones too.

Some properties were unfortunately still without power for a significant time while the work occurred, but our communication helped to ensure our customers' understanding of this short-term pain for long-term gain.

A big thank you to our customers and contractors for supporting us to make this happen!



It was an opportunity for Powerco to put people first. So, we got talking with the communities affected. Our customers told us they wanted the work done as quickly as possible and would prefer a greater number of short interruptions instead of fewer more prolonged outages.

Gavin Paget,
Powerco Project Manager



Generating entertainment at Golden Shears

The Golden Shears event is somewhat of an institution in Masterton. It has been held for 60 years now, in the centre of the town, with competitors travelling from around New Zealand and overseas to compete.

Golden Shears delivers a vibrant display of the shearing industry in Aotearoa. This includes not only shearing, but the associated wool preparation and wool pressing that occurs in every woolshed.

Attendance at this year's event exceeded 5,000 over three and a half days, along with an online audience of over 120,000 worldwide.

Powerco proudly sponsors a class at this event – the Senior Shears. We also provide a power generator, just in case!



Having Powerco as a sponsor of the Senior Shearing shows the importance of a 'backbone service provider' in a similar way to the senior shearers who are the 'backbone of the shearing industry'.

The generator is on site to provide immediate power in case of an outage. Our programme of events is so full and structured that any power outage would mean disruption to delivering the full programme.

Golden Shears thanks Powerco for sponsoring this vital back-up provision.

Philip Morrison,
Sponsorship Coordinator, Golden Shears



Making things better for you



What we've done to improve your experience.

Focusing on you

We know you don't like power cuts! Whether it's a one-off short planned outage or a more major unplanned interruption, we recognise the disruption this causes you. Our team works hard to balance our necessary maintenance and renewal work with the impact this has on you, our customers.

It's true that we do need to turn your power off sometimes. This allows us to safely undertake the work that will reduce unplanned outages in the long-term. In doing this, we consider safety, regulatory reliability standards, resources the environment, and cost.

There is no one size fits all approach, as each situation is unique. We use a range of methods to try to get the best outcome for you, such as personalised letter drops and investing in assets to reduce the time you are without power.

Our team has continued to build on our progress from last year. Here are some examples of our successes.

Initiatives to improve your customer experience:

Supporting our customers



Log a fault online



Your supply chain working as one



Keeping your power on while we work



Innovation for our rural communities



Here for you in tough times

Doing things better



Safety for everyone



Real sustainability



Our business is your business



Looking after our assets



The more information the better



Planning for your future

Supporting our customers



Log a fault online

You've told us that information and communication are key to dealing with unplanned outages, and that you want flexible options in the way you can log a network fault.

This year we updated our website so you can directly log a power cut without having to call us or your retailer. We've had 22,000 visits to this tool so far, with a substantial number of faults being logged online. No more need to spend time on the phone, and much more efficient for everyone!



Your supply chain working as one

In February, Transpower had a necessary planned power outage from 7am to 5pm that affected 14,000 customers in South Waikato. This was an opportunity for Powerco to collaborate with Transpower and retailers to try and make things as smooth as possible for our customers. We worked together to ensure that pre, during and post outage our communications were consistent. We provided extra support to businesses and adapted the outage time to accommodate farmers' milking.

While still a disruptive outage, the collaborative approach across the supply chain minimised frustration for our customers. Through this we have developed new streamlined processes for the longer term.



Keeping your power on while we work

Powerco's zone substations reduce the high voltage electricity from the National Grid so it's ready for you to use. From time to time our substations need maintenance and upgrade work, but we want to do this without causing your power to go out.

We've developed a mobile substation that connects to the network, to keep your power supply on while our contractors carry out work on our zone substations. It is basically a self-contained trailer equipped with the high and medium voltage components of a full substation.

The mobile substation was commissioned in March and a team of Downer contractors will be trained to use it. Its first deployment is in Douglas, Taranaki in mid-2020.



The mobile substation is good news for our customers, and from a safety perspective, our contractors will no longer work near live equipment.

It removes the pressure to complete maintenance within a scheduled outage time and means no more expensive standby generators.

Ian Skipworth,
Powerco General Manager of Service Delivery and Systems Operations



Innovation for our rural communities

We use Remote Area Power Supply (RAPS) to provide our customers with a solution when they don't have good power reliability or it's uneconomical to renew a line. There are many rural communities on our network, and we know they can be vulnerable to power outages.

Our evolving Base Power technology involves stand-alone, battery-powered units that produce electricity using a mix of solar and diesel generated energy. We installed 14 new units across remote sections of our network during the year and our customers are impressed with their reliability, particularly during storms.

This year we had the opportunity to support Mako School in the eastern Taranaki backcountry during an extensive upgrade of the electricity network. Base Power was installed at the school to avoid disruption, and it also proved handy during storm-related outages.



We rely on pumped tank water for hygiene and drinking while the kids are here, so no power means no school. The unit solved that.

It's basically just the flick of a switch and it was a real help during the three months it was here.

Anna Stockman,
Principal of Mako School



Here for you in tough times

We recognise that power outages can leave some customers in a particularly vulnerable position. This year we have used more generation where we can, and we've made extra effort to adjust the timing of our work to minimise its impact on you. During the very dry summer, we paid special attention to ensuring power supply for farming communities with animal welfare concerns, notably in the South Waikato area.

While we are here for our communities in outage situations and we're actively involved in sponsorship of local events, we're aware that some customers are struggling financially. Many of these families have high energy costs because of their living arrangements, which puts them under real pressure.

This year we were pleased to help Electricity Retailers' Association New Zealand (ERANZ) to roll-out their 'Energy Mate' scheme on our network. This extended our existing support for the ERANZ Vulnerable Customer and Medically Dependent Customer (VCMDC) working group as the only distributor representative.



Powerco has been supportive and engaged in the ERANZ industry working group to support medically dependent and vulnerable energy customers.

Mike Munro,
Acting Chief Executive, ERANZ

Doing things better



Safety for everyone

While continuing to build on our previous safety successes, this year we undertook our largest health and safety review to date. This was to take stock and ensure we could develop the best safety strategy for our team and our customers into the future.

The independent reviews were conducted by Australian firms, Clyde & Co and Froge Works. They found that overall Powerco has a great approach to contractor safety management and we have evolved from a 'command and control' model to a 'relationship-based' model. Compared to our peers we are on par with the best!

The reviews noted that our CPP - Year One introduction of our new contractor forum initiative had been widely welcomed as a learning and collaboration tool. The observation that 'most opportunities for improvements relate to fostering better collaboration, communication and improving process efficiencies' was meaningful to our team and aligned with our aspirations as a business moving forward.

As a result, we developed our new Health and Safety Strategy FY21- 23, which was approved in March. The strategy is based on delivering health and safety outcomes for our employees, our contractors, and you, our customers. It takes a balanced approach to evenly spread our resources and programmes across these three groups so everyone can stay safe.

We also implemented more data quality work for our key health and safety management system. This is important for us to access the relevant information and indicators we need,

to support our teams working safely out in the field and deliver our asset management plans.

We are committed to continually educating our customers on how they can stay safe around our network assets. Along with smaller localised campaigns to target specific issues, our team ran public safety campaigns during the year, including:

- **Copper Theft:** engaging the public on the dangers of copper theft.
- **Look Up:** a comprehensive lines safety campaign, across multiple digital, print and radio platforms.
- **Customer Trees:** raising awareness for tree management and safety, through online and newspaper media.



Safety Leadership

Powerco's Board and Executive achieved 103% of their Workplace Safety Interactions target.

103%

Our TRIFR

(Total Reportable Case Frequency Rate) was 11.24 – below target for the first time in four years. This measurement includes lost time injuries, medical treatment cases and restricted work cases.

11.24



Real sustainability

Sustainability is something we put a lot of thought into and we want to get right. We know you, our customers, want to see us practising real sustainability that makes a tangible difference.

Our Powerco team has been implementing sustainable practices for quite some time with positive results. But we recognise that a more cohesive approach is needed across the whole business.

Although we regularly measure our carbon emissions, 2020 will be the first time these are externally verified and reported to our stakeholders. We will also be further aligning all our sustainability reporting with GRI standards and the Sustainable Development Goals.

This year, we took a big step forward in our commitment to sustainability. We established a dedicated Corporate Sustainability team, reporting through to the Customer Group. It's this team's role to pull together all our sustainability initiatives and ensure we are taking a consistent, whole-of-business approach.

Our sustainability focus is currently on the key areas of health and safety, our contribution and resilience to climate change, and our people and community engagement.

Compared with last year:

- Our carbon emissions are down 9.3%
- Our office energy use is down 12%



To us, sustainability means balancing the needs of our environment, our people and communities, and the financial health of our company.

Our success is based on the triple bottom line: people, planet, business.

We know our people, customers and stakeholders care about sustainability and want to know that we are taking our responsibilities seriously.

Carol O'Sullivan,

Powerco Corporate Sustainability Manager





Our business is your business

We need to ensure we can deliver the service you want in the safest, most efficient way. This means we continually strive for improvements in all aspects of our business.

Powerco's Board supports, monitors and guides our delivery and provides the direction, decisions and resources we need. Our annual business plan is developed around delivering our CPP investment programme and benefits from efficiencies we gain because of improved process, systems and execution.

Topic-specific governance groups drive the internal delivery of our annual business plan, along with a CPP steering committee that meets quarterly. This group ensures we are on track, our resources are being used efficiently, and makes decisions on relevant issues.

This year, we have progressed several initiatives that support the delivery of our overall five-year CPP plan for our customers. You can read about these in the sections below.



Looking after our assets

We want to be measured against the best in our industry, to give you confidence in how we run Powerco. Last year, we detailed our journey towards the internationally benchmarked ISO55001 standard. We have made good progress this year and while we won't meet the 2020 certification, we are on track to be certified by mid-2021.

We have committed to improving our organisational maturity in several areas, including condition-based risk management. Our Powerco team has been implementing Copperleaf C55, an industry-leading Asset Investment Planning and Management solution.

As part of this, we have applied a suite of asset health and criticality models using the Ofgem DNO Common Network Asset Indices Methodology. The system will provide assessments of asset health score and monetised risk (a quantitative measure of criticality) for key asset classes. This ensures we optimise our investments and achieve the best balance of cost, risk and performance. Copperleaf C55 is scheduled to go live in August 2020.

Over the past year, we have continued to focus on our network's ability to cope with stressor events, usually caused by weather or natural hazards. We are currently implementing the following strategies to improve our network resilience:

- Reducing the volume of latent defects (assets that are more prone to failing during stress events). This is through Powerco's substantial asset replacement and defect reduction programme, which is detailed further in this report.
- Strategic spares procurement to improve response capability.
- Earthquake strengthening.

We are also investigating cost-effective investments to improve our network resilience for potential HILP (high impact, low probability) events from natural hazards.



The more information the better

The better the data we have, the more effectively and efficiently we can work for you.

Last year we set the foundations by focusing on governance, the development of an Asset Information Strategy and implementing a new Enterprise Resource Planning System (ERP).

This work to improve our information and data is proving beneficial. The launch of our ERP was a significant step forward in our ability to manage and process enterprise data. While

While this may not sound too exciting, it allows us to deliver better efficiencies for our delivery partners and for you, our customers.

An example of this is in customer-initiated work (connecting your power). We want our contractors to focus on you, not paperwork. Under our old system, contractors submitted individual invoices for every new connection job. It was time consuming and inefficient.

With the roll-out of our SAP software, which includes Service Entry Sheets, once checked by Powerco the contractor can submit a single invoice for all the work done in that month. Easier for them and easier for us.

Powerco's Customer Works Administrators developed a guide for our contractors and then trained their administrators on how to use the new system. This resulted in much better compliance and time efficiency and reduced any start-up confusion. Our contractors can now spend more time working for you and less time on unnecessary administration.

Two staff from Metering Solutions (our largest connection contractor in South Waikato) were delighted with the support they received on the new process from Lauren Burrett one of our Customer Works Administrators.



Lauren has been amazing and is always willing to help, in fact she is now going to take it upon herself to check over our invoice each month just to make sure.

All kudos to Lauren, her help and service is exemplary.

Morris Sowerby and Richard Connett,
Metering Solutions



Planning for your future

Our network must meet your current power needs and expectations. We also want it to enable your future energy choices. We don't have a crystal ball, but we do know that talking to you about the future technologies you want to use is a good platform for our planning.

During the year we've been looking into:

- Understanding the impact of electric vehicles on the network.
- 'Power Plug', an in-home tool to help collect data on power supply issues.
- Developing visibility and monitoring of the LV (low voltage) network.
- Understanding the potential impacts of new technology and future energy use through our 'Smart Grid' research.

Our team is working with the wider industry to help inform our planning work, and we subscribe to the New Zealand-specific Network Transformation Roadmap developed by the Electricity Networks Association (ENA).

Things are evolving quickly. We're confident that focusing on digitalisation, decentralisation and decarbonisation will enable us to prepare for your future energy needs.



DIGITALISATION

Increasing digitally enabled sensors, data and analysis to stakeholders.



DECENTRALISATION

Shifting from central generation to devices that generate, store or consume electricity.



DECARBONISATION

The challenge to reduce emissions to fight climate change.



Listening to you



What's important to you

Our Powerco team is listening to you, and we're learning. We are listening through organised focus groups, social media channels and conversations with our Customer Experience team. The more we hear your voice, the better informed we are to make decisions that meet your needs and expectations.

We can't always solve the problem or make the change you would like. However, it is important to us that you are heard and treated respectfully, and we are transparent in our communications with you.

In 2018, we developed a Customer Strategy to guide Powerco in engaging with you. We wanted to understand your expectations so we can be efficient with our resources and expenditure – using them for the things that you most want and need.



Our findings covered a wide range of topics to inform our operational and strategic decisions. They will help shape changes in CPP - Year Three, so we can continue to enhance the way we engage with you, the work we do and the experience you receive.

Oliver Vincent,
*Powerco Customer and Communications
Strategy Manager*

This year we tried to capture your thoughts through several initiatives:

4 focus groups across our network.

8 large surveys on topics including communication during outages, reliability expectations, planned outage experiences and our engagement with you.

5 engagement roadshows.

Targeted research of industrial and large customers to understand the value placed on power supply at different times of the day and the effects of outages on this.

Information received through complaints, social media, in person and group interactions.

Co-chairing the Electricity Network Association (ENA) Customer Engagement Working group.

Key takeaways from what you said:

Better information and communication help to mitigate the impact of planned outages and provide increasing comfort during unplanned outages.

You want to know about power outages in your area early, so you can plan ahead.

You would rather we complete our work as planned for long-term reliability than hold back or reduce our work to meet short-term regulatory reliability targets.

You understand that safety is important to us, both for our customers and our teams out in the field.

Let's korero

We've got the message that you want us to communicate with you loud and clear, figuratively speaking. This might be related to an outage, a complaint or enquiry, or giving you information on work we are doing – and why we are doing it.

We appreciate this dialogue and encourage you to continue to talk with us. Over the last year we have made it easier for you to make contact using the channels you want. We've developed our social media platforms, centralised our customer experience communication and our team has been more visible in your community.

Powerco has also committed to informing you about how we are progressing against our annual plans. Last year, in addition to our business as usual engagement plan, we held five public forums across our network and two further stakeholder functions.

These were popular and over 85% of the 170 attendees said they enjoyed them and felt satisfied. The online material was well-received too. We can see that you want us to focus on digital channels more, so you have the flexibility to view and engage at times that suit you.

For our customers affected by major works and significant outages, we provided additional details to inform you of the work occurring in your area. This included information on social media and hard-copy letter drops. It was encouraging to see your responses on social media, which showed real engagement with what was happening in your community. We also measured the success of our additional information and communications through more formal customer experience surveying.

We know there is nothing like the personal touch. You will often see our Powerco team popping up in all sorts of places to talk about the work we are doing in your community. You may see us at council meetings or local events like Field Days and the Rural Games.

These occasions provide a great way to stay connected throughout the year. Make sure you come and say 'hi' if you see us (we may be wearing purple...).



Your customer experience with us

You have told us that the reliability of your power supply is of the upmost importance to you. We can't guarantee you no loss of supply, but we are continually striving to meet your reliability expectations.

Our team has been increasingly efficient and innovative this year, managing to complete more work but with 12% fewer planned outages compared to last year. We asked you what you thought about our performance and 95% of respondents said that your power supply was acceptable or better.

There is always room for improvement, and this is one of the main drivers of our investment programme. We are pleased to have reduced the number of planned outages we need, but we know that any power outage is an inconvenience for you.

To give you better visibility of upcoming planned power outages, our team has developed an online tool to search for an outage in the next 30 days at your property. Feedback on this has been positive, with over 28,000 web visits to check power outages this year. Now that we know it is helpful to you, we're continuing to build on its functionality and usability.

We also want to give you a positive experience in the delivery of our work and services. A good indicator that we are on track is that customer complaints have dropped 15% compared with last year last year. Unfortunately, there are times when we can't resolve a complaint. When this happens, complaints are referred to Utilities Disputes (UD). This year referred complaints reduced from 9 to 8 and remained at 1% of total complaints received.

We strongly support UD and the role it plays in our industry. Powerco participates in UD's

industry forums and proactively engages on topics for shared learning. We actively promote UD's awareness campaigns and provide customers with direction to UD where relevant when we manage enquiries and complaints.

We know some of you experience more power outages than the majority. We have continued to focus on these parts of the network and many areas are showing signs of improvement. We are happy to see that the 11kV reconstruction projects in Wairarapa, western Taranaki, North Taranaki and Whanganui have had positive benefits for our customers.

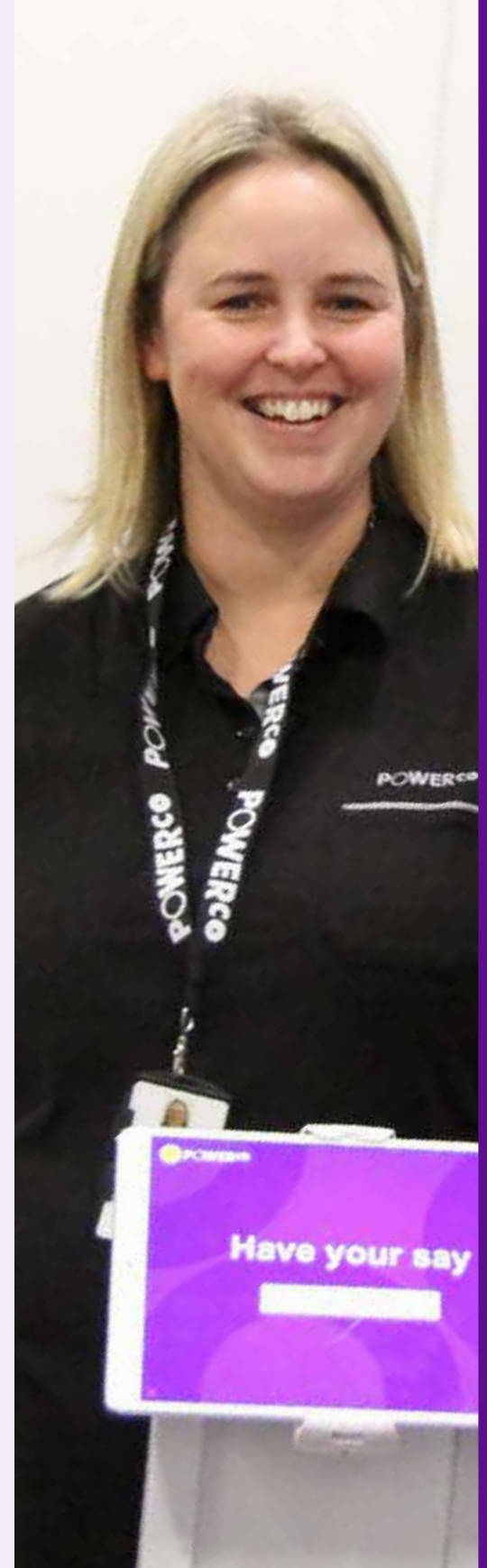
Large amounts of line reconstruction on the same part of the network can create significant power outages for local customers. We try to keep you informed of what to expect, by providing as much detail on the work as we can. Often this is the form of letterdrops and online information that is easy to access.



Considering the importance of power to our lives and the volume of work our team is doing, we are pleased with our customers' feedback on their experience with us.

We recognise there will always be room for improvement but it's great to hear of so many positive experiences this year.

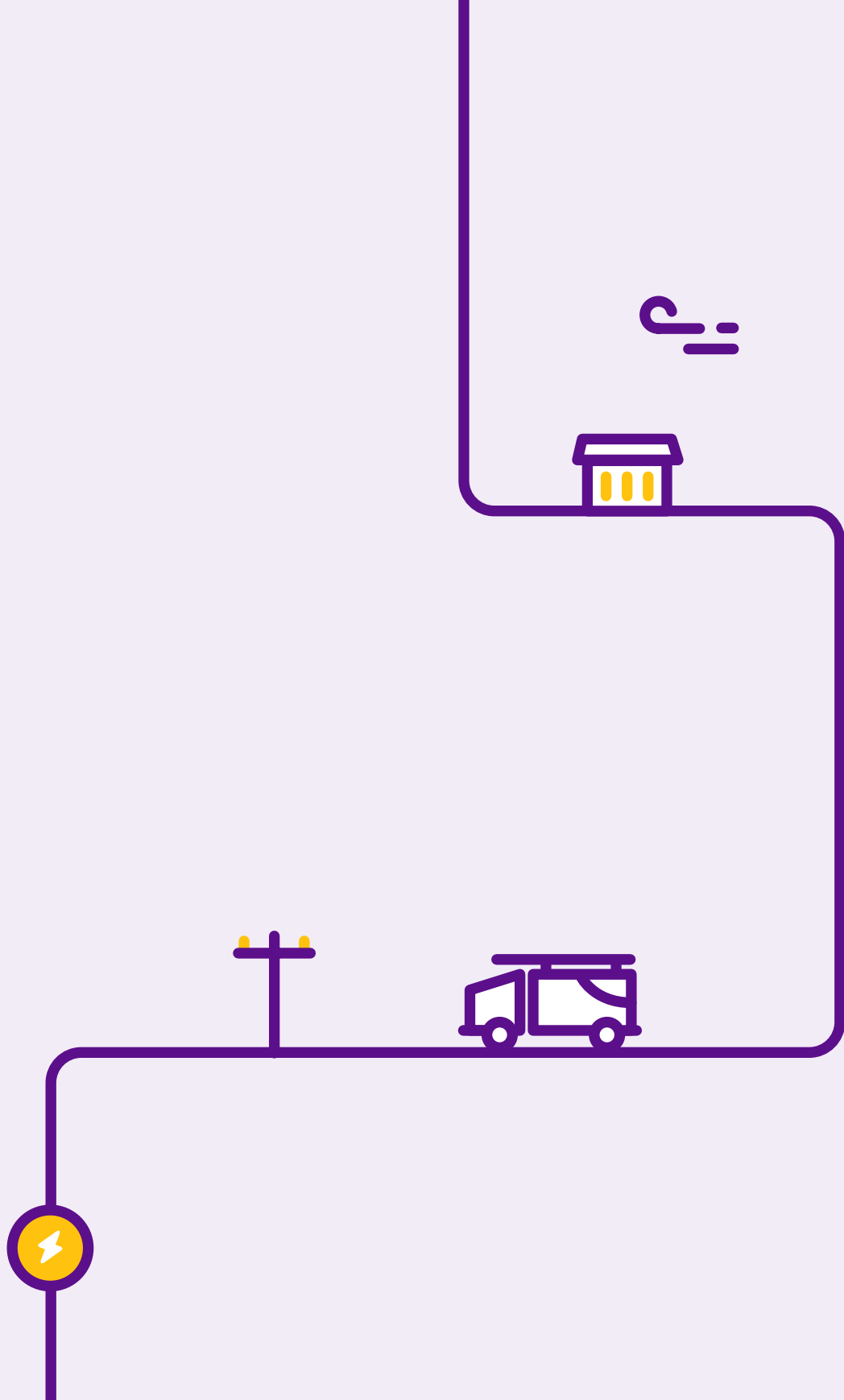
Helen Duncan,
Powerco Community Partnerships Manager



How did we do?



Our business performance.



A bit of context to the numbers

Lots of successes

Powerco has performed solidly in CPP - Year Two. We adapted our plans and innovated to deliver greater efficiencies, reflect your preferences for our communication, and meet the regulatory rules around reliability standards.

We needed to balance two key goals- delivering on our investment programme to provide you with a safe, reliable network in the long-term, and minimising power outages in the short-term.

Delivery

Last year, we delivered more work than ever before, with 25% more poles, 50% more conductor and 30% more investment on renewal and growth work. That was huge.

In CPP - Year Two, our team continued to increase our delivery of work and progressed internal projects to support our efficiency. We replaced 183km of overhead conductor, 47km more than last year. We also replaced 13% more poles and managed 44% more tree sites than the previous year.

Our vegetation management approach has developed well. The Valley (Coromandel and South Waikato) region has moved from a four to three-year cycle, in line with the Bay of Plenty region. All our network regions are tracking to our work plan, and western regions have moved to a four or five-year cycle. Progress on the feeders designated for the year is currently as projected, but with some heavily vegetated feeders still to tackle our progress will slow.

11,000
Tree sites managed



Reliability

The Powerco team was delighted to meet our regulatory network performance targets for both planned and unplanned outages this year. This success was especially rewarding as we also managed to deliver higher volumes of work in several key areas and deal with some rough weather conditions.

Planned	Target	Actual
SAIDI	84.9	69.9
SAIFI	0.370	0.346

Unplanned	Target	Actual
SAIDI	187.4	181
SAIFI	2.262	1.922

Over the year, we analysed our network performance in places where our customers experience lower reliability. We're still working to fully understand the results, as we have seen reliability improvements in some areas but not others. The variables of planned work and unplanned outages mean analysing parts of our network over just one year is of limited benefit. We will continue to observe trends over the next few years, which will give us more comprehensive information to help identify issues and solutions.

Our team's hard work last year to cleanse defect data has paid off in CPP - Year Two, as we can now prioritise our critical defects and focus on reducing our defects backlog. We had a strong year and fixed over 13,000 defects across our network, which is nearly 50% of our starting defect backlog.

13,000
Defects fixed



Customer experience

The positive feedback we have received from you, our customers, has been hugely encouraging and motivating this year. Our engagement with you has been rewarding for all the Powerco team and is reflected in a 15% fall in customer complaints. This gives us extra drive for the exciting developments we are planning for you and your community in CPP - Year Three.

831
Complaints

8
Referred to Utilities Disputes



Industry learning

Powerco keeps building on our knowledge, especially around data and streamlining how we do things. We openly share many of our learnings with the wider industry and supply chain. During the year, our team participated in industry working groups, contributed to industry conferences, worked in-depth with other similar companies and held specific technical workshops. Unfortunately our plan to have a focused forum to share our learnings with the industry around deploying our innovative Battery Energy Storage System in Whangamata has had to be postponed due to COVID-19.

And a few challenges

Launching our new Enterprise Resource Planning (ERP) system was a major milestone for our team. However, we did run into some big challenges along the way. Migrating between the old and new systems was particularly problematic for our asset and

financial data visibility. The transition was well-planned and executed, though the complexity of the system's touchpoints and the time needed to train all our team slowed down our delivery. It will be worth it in the long-term, as the system will help us successfully manage how we meet your electricity needs as they evolve.

ERP Phase One Complete



The trade-off to keeping your power on more and reducing the frequency of outages, was that we did not meet all our investment programme expenditure or asset delivery targets. This year has seen us underspend against targets in several areas.

Capital Expenditure

Forecast	\$173,755
Actual	\$164,342

Major and minor projects were \$11m below target in CPP - Year Two, due to slower than expected progress in scoping their design and securing land. Replacement and renewal of outdoor circuit breakers was also slower due to delays in project scoping and design. We are confident that these are timing issues and we will catch up over the remaining three years of CPP delivery.

Our wooden pole renewal is down on our forecast, but concrete renewal is up. Rather than working just to forecasts, our team wants to make the right decisions for our assets and for you, our customers. It's important to do our due diligence on projects in your community, and in this case, it meant we replaced more concrete poles than wooden ones over the year.

Wooden Poles

613 under forecast

Concrete Poles

307 over forecast



Network Opex was lower than expected as a result of a focus on delivering our Capex programme, achieving internal efficiencies and us being unable to progress certain step-change programmes we'd planned, such as phase two of our pole top photography. We expect to implement innovative projects like this over the next year or so.

\$3.1m

Under forecast



Timing is everything

Most of these variances can be explained by timing. We developed our plan more than three years ago with the information we had then. We now have better network data and insights around what you want and need, to inform our decisions. This can only be a good thing.

Some large new projects and significant asset replacements we planned a few years ago did not go ahead this year. These kinds of projects are often subject to timing changes, as there are so many elements to line up, some of which aren't in our control. However, we're confident we are still on track to deliver our planned work across the five-year period.

As anticipated, our ERP expenditure was less last year and more this year due to the timing of our project delivery. The expenditure has equalled itself out over CPP - Years One and Two and implementation is on track. Our FTE

count is significantly higher due to bringing more team members on earlier to support our programme delivery. This was balanced out by lower professional advice costs, as we expected.

32

New FTE



Powerco has continued to invest in network evolution initiatives despite this not being provided for in our CPP agreement. We do this because we believe it is the right thing to do for you, our customers. We want to ensure we design the best networks for your future.

\$685,000

Spent



Our Powerco team remains committed to successfully delivering our CPP investment plan for you, and we will work hard to do this. Bring on the next three years!

