

Who is Electricity Invercargill?

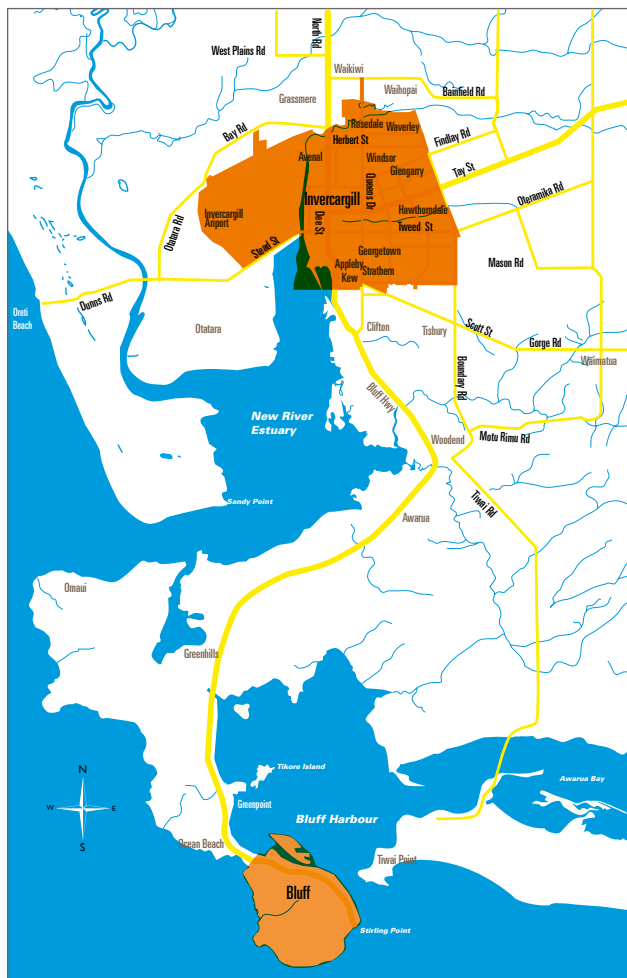
Electricity Invercargill Limited owns your electricity network. The company is owned by the Invercargill City Council through its subsidiary, Invercargill City Holdings Limited.

Electricity Invercargill Limited (EIL) was formed in 1992 but has supplied power to Invercargill since 1905, operating under a variety of different names over the years, most notably the Invercargill Municipal Electricity Department.

EIL owns the electricity network equipment in Invercargill City and the Bluff township area and supplies over 17,200 consumers.

The EIL Board is made up of two Directors from the Invercargill City Council and three Directors appointed by Invercargill City Holdings Limited.

EIL does not employ staff but has contracted PowerNet to manage the electricity network assets on its behalf.



The Board's role includes determining policy, preparing a Statement of Intent, a Business Plan and an Asset Management Plan, monitoring PowerNet's performance, reporting to the shareholder (Invercargill City Holdings Limited), publishing an Annual Report and ensuring that EIL complies with all relevant legislation.

The Directors are: Neil Boniface (Chair) JP



Neil is a Director of PowerNet Limited, Member of OtagoNet Joint Venture Governing Committee, an Invercargill City Councillor and Chairman of the Southland Warm Homes Trust. He operates a Driving School business in Southland and also serves on several charitable trusts. Neil is a Member of the Institute of Directors.



Thomas Campbell BSc (Metallurgy)
Tom is a former Managing Director of Comalco and General Manager of the Tiwai Smelter who now works as an independent company director. His directorships include Todd Corporation, Standards NZ and PowerNet Limited, as well as being Chair of GNS Science. Tom is an Accredited Member of the Institute of Directors.



Darren Ludlow
Darren has been a Director of Electricity Invercargill Limited since November 2010. He is a fourth-term Invercargill City Councillor and the City's Deputy Mayor. Darren is a trustee for several community groups and Chairs the Southland Museum & Art Gallery Trust Board and the Southland Art Foundation. He has worked in the media and communication industries for 25 years and currently manages Radio Southland.



Philip Mulvey BCom CA
Philip joined the Board of Electricity Invercargill Limited on 1 February 2001. In October 2011 Phil was appointed NZ Chief Executive of WHK (NZ Limited). Previously he was Chief Executive of WHK, Southern. Phil also holds a number of directorships, including PowerNet Limited. He is an Accredited Member of the Institute of Directors.



Ross Smith BCom
Ross joined the Board of Electricity Invercargill Limited in November 2003. He is Chief Executive of SBS Bank, the only member owned Building Society with Bank Registration in New Zealand. Ross is also a Director of SBS Bank, Finance Now Limited, Funds Administration NZ Limited, Southsure Assurance Limited, PowerNet Limited and Power Services Limited.



40 Year Project Completed

The biggest project in Electricity Invercargill Limited's (EIL) history has been completed.

The undergrounding of 90 per cent of overhead lines in the EIL area was completed in late 2011 when a West Street property was connected to the underground network.

Former PowerNet chief executive Martin Walton, who managed and oversaw most of the project during his 35 years with EIL and PowerNet, says completing the project gave "a great sense of satisfaction" which also had its amusing moments.

"Probably the funniest moment was a woman who rang to ask us when we were going to dig her garden up," Mr Walton says. "We had done it the week before and reinstated it so well she hadn't even noticed."

He says the main change over the 40 year span of the project was technological.

"As time went by, technology improved so we could have better terminations to pillar boxes, which enhanced the reliability of the network."

Mr Walton says the project initially had an economic basis – it being cheaper in the long run to maintain underground lines – but had grown to include aesthetics.

"People liked the fact there were no poles or wires in their street. We had the odd person who didn't want their lines underground, but when we told them they would be the only person with a pole in the whole street, it suddenly became a good idea to put the lines underground."

"A big part of the project was to increase public safety and enhance the visual environment," PowerNet general manager of network operations Gary Pritchard says. "It also significantly reduces the risk of outages from natural events such as high winds and lightning strikes."

Mr Pritchard says the project made Invercargill one of the few cities in New Zealand with an underground lines network.

"It has been a huge job. From concept to completion, that's over 40 years, one street at a time."



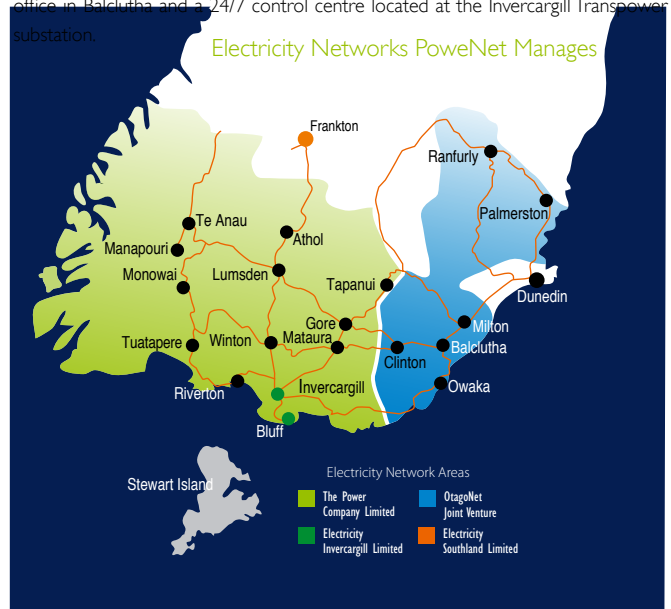
Neil Boniface (EIL Chairman) with Gerry Pethick (Power Services)

Who is PowerNet Limited?

PowerNet is an electricity network management company.

EIL contracts PowerNet to manage the electricity network assets on its behalf.

PowerNet staff work from an office at Racecourse Road in Invercargill, a regional office in Balclutha and a 24/7 control centre located at the Invercargill Transpower substation.



Statistics for EIL - as at 31 March 2012

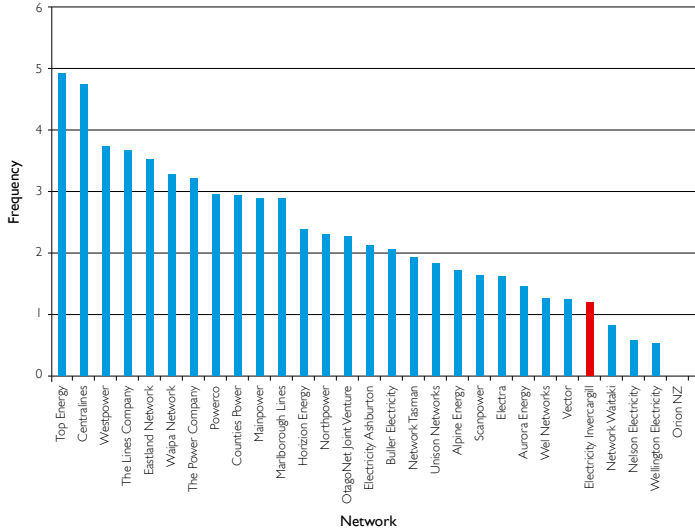
Connected Consumers Total	17,200
- Residential	15,050
- Industrial	100
- Commercial	2,050
Network Length	654km
Consumer Density	26.4 consumers/km
Number of Distribution Transformers	443
Distribution Transformer Capacity	148MVA
Distribution Transformer Density	226kVA/km
Maximum Demand	68.6MW
Total Energy Conveyed	286GWh
Regulatory Value	\$60million

EIL Industry SAIDI and SAIFI graphs

The graphs below are known as reliability graphs. These show EIL's performance against other network companies in New Zealand. The graphs highlight how reliable the EIL network is and how infrequently customers are affected by power outages compared to other network customers in New Zealand.

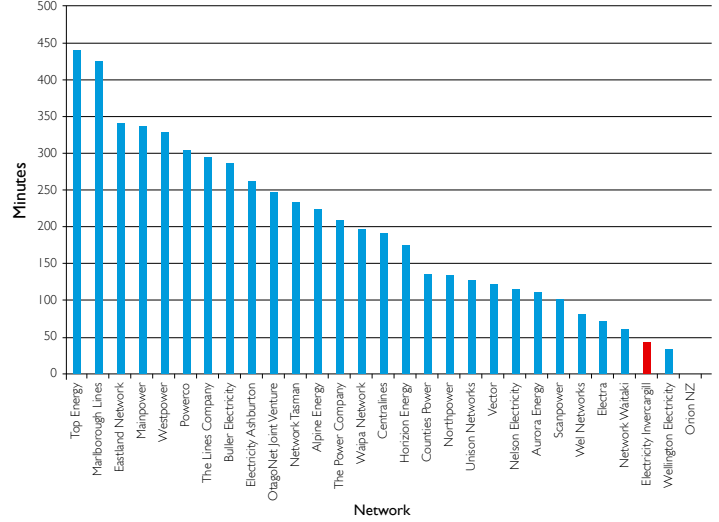
Industry SAIFI

(number of times each year a customer can expect to have a power cut)



Industry SAIDI

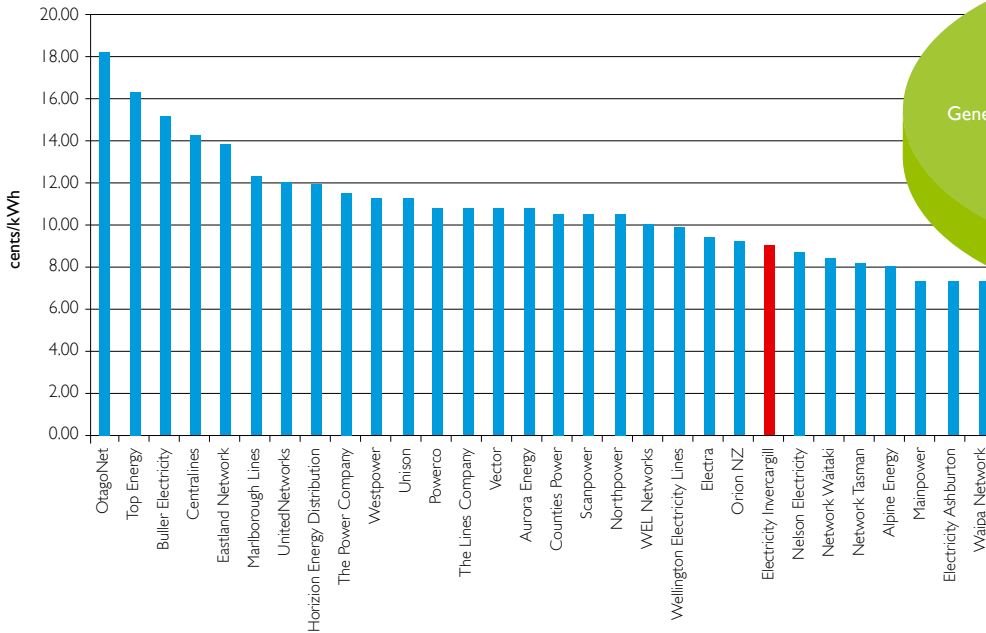
(duration in minutes a customer can expect to be without power each year)



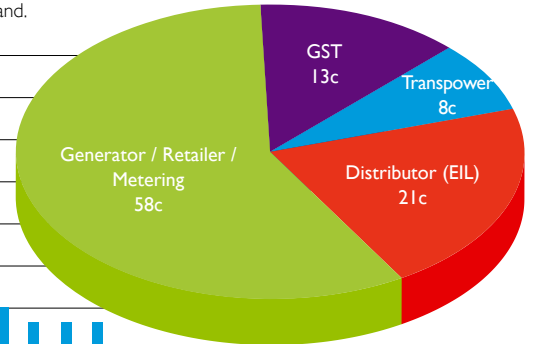
Revenue Comparisons

New Zealand Domestic Electricity Prices August 2012

This graph shows the cost of electricity network line charges in comparison to other networks in New Zealand.



Breakdown of your electricity dollar



Source: Ministry of Economic Development - Quarterly survey of domestic energy prices August 2012





Network Faults due to UFB Telecommunications Rollout

The programme to install the ultra-fast broadband network (UFB) across New Zealand has been well publicised with Chorus and its contractors working north to south across New Zealand.

The roll out of UFB across Invercargill was met with caution by Electricity Invercargill Limited (EIL) due to communications received from Delta Utilities (Dunedin) on their experience during the installation of UFB across Dunedin City. Delta experienced several instances of damage to its electricity network.

For EIL the potential benefits that UFB may provide have been overshadowed by a series of unintended cable strikes on the underground cable network across Invercargill.

Between 15 May - 6 October 2012 the UFB roll out programme was responsible for 12 recorded cable strikes across Invercargill. On five separate occasions contractors working for Chorus damaged cables no longer in use by EIL but still part of its network infrastructure. The damages occurred on the 15, 16 May, 5 June, 17 and 18 July.

More significantly EIL suffered five Low Voltage (LV) cable damages on Yarrow, Forth, Ythan, Don and Esk Streets on 15 May, 17 July, 24 July, 6 August and 19 October respectively and two 11kV cable damages on Ythan and Tyne Streets on 24 July and 6 October respectively.

Concern was expressed to Chorus, its contractors Downers and Invercargill City Council following the initial cable damages reported, with our concern escalating following the combined 11kV and LV cables damaged on Ythan Street on 24 July.

PowerNet was seeking an understanding of why so much damage had occurred to the EIL cable network and reassurance that risk mitigation measures would be in place for all future work to prevent a reoccurrence.

Chorus were open with the findings of their investigation. Chorus identified that there had been failures to use the Permit to Excavate Procedure and formal electrical safety training had not been given to its contractors. As a result some contractors were dismissed.

Chorus provided PowerNet with a reassurance that the Permit to Excavate Procedure was now in use and that the electrical safety training was underway. Chorus commented on the professional nature of the records team in attending site and marking out cables as part of the planning work required before the UFB installation is carried out. Chorus provided reassurance that all steps would be taken to ensure that further incidents of cable damage were avoided.

The damage caused by the UFB roll out programme impacts on PowerNet and EIL in several ways;

There is the cost of time and effort responding to the initial cable damage and although these costs are recoverable from Chorus and its contractors the unnecessary work is a distraction from our planned programmed work and customer related projects.

There is the cost to our customers. PowerNet has dedicated a significant amount of time to ensuring that our customers are aware of the cause of the power interruptions that they are experiencing. Despite this the frustrations of our customers are fully understood and on every occasion PowerNet is responding as quickly as possible to restore power while maintaining communication with the customers affected.

At the network performance level PowerNet is also conscious that every live cable damaged impacts on EIL's network performance statistics which are reported to the Commerce Commission each year.

Have we seen the full impact of the UFB programme on the EIL network? Unfortunately, there may be legacy issues to address for many years to come. When damage occurs to the network we complete a full investigation on-site to determine the cause. If the cause is found to be a direct result of the UFB roll out programme then in each instance we will make our customers, the public and the Commerce Commission aware and recover all costs from Chorus and its contractors.

Faults - Freephone 0800 808 587

PowerNet's faults call centre based in Invercargill, is literally just a phone call away on 0800 808 587 and it operates 24 hours a day, 7 days a week.

We are happy to talk directly to our customers when a power fault occurs so you only need to contact us. The quicker we get accurate information directly from those affected, the quicker we can get the power restored.

If your lights are flickering or dull, it could indicate a potential problem that could turn into a major cost.

"Dim or flickering lights are a warning something is wrong with your electricity supply," says quality services manager Graeme Webby. "The first thing you should do is turn off or unplug as many appliances as possible, and then call our faults number 0800 808 587 for assistance"

Mr Webby says if there is low or fluctuating power there is a chance that appliances, particularly electronics, could be affected. He says sometimes the fault will be in the house itself which will require checking by your own electrician, but if homeowners contact our call centre first we can discuss the situation with you and if necessary send our contractor to check the external connection.

Power out?
Call PowerNet on
0800 808 587

EIL
Electricity Invercargill Limited

THE POWER COMPANY LTD





Merry Christmas from Electricity Invercargill

The Christmas lights are up once again in Invercargill, thanks to Electricity Invercargill Limited (EIL) and Power Services.

"It's always nice to see the Christmas lights go up on Tay and Dee Streets," says EIL chairman Neil Boniface. "The impressive sight of them at night brings some Christmas cheer to the central business district."

Mr Boniface says the lights, owned by the Invercargill City Council, were looked after by EIL who contracts Power Services to check and install them.

"The work done by EIL to store and maintain the lights is part of our community commitment. They are a fragile asset and require careful handling to ensure they will light up Invercargill at Christmas for years to come," he says.



Christmas lights in Tay Street

Electricity Invercargill Limited Adds Value

Electricity Invercargill Limited (EIL) is set to pump nearly \$20 million into capital and maintenance works on the network over the next five years.

"We have \$8 million in capital works planned, and \$12 million in maintenance on the EIL network over the next five years," EIL chairman Neil Boniface says.

"Not only are we increasing the reliability of supply through this work, but our capacity to service new growth and industries is increasing as well."

Mr Boniface says the economic impact to the region of the capital works alone was impressive.

"This work creates and keeps jobs in the electricity industry – whether it be those carrying out maintenance or building new capacity – but also in the private sector as businesses see Invercargill as a place to set up and expand due to our strong infrastructure."

"One of the major considerations for industry is security and reliability of electricity supply when they are planning new ventures or expansion. We are future proofing our network and giving them that assurance," Mr Boniface says.

EIL is spending \$5.4 million on capital works and \$1.8 million on maintenance in this financial year alone.

Upcoming substantial projects include the replacement of the Doon Street substation with a new state of the art substation in Spey Street, and a new 33kV cable into the central business district of Invercargill.

"We are a key infrastructural driver behind the success of Southland businesses and looking at ways to constantly improve our service to our consumers. This network spend is a major part of that," Mr Boniface says.

Spey Street Substation and Network Upgrade

One of the most significant upgrades to Invercargill's electricity network is well advanced in its planning as part of our commitment to future-proofing the Electricity Invercargill Limited infrastructure.

Electricity Invercargill Limited (EIL) is proposing to move the Doon Street substation to Spey Street as part of a network upgrade to improve security of supply and increase capacity.

"Upgrading capacity for the central business district has been in the pipeline for a while," Jason Franklin, chief executive of PowerNet says. "A recent assessment of future needs has led us to identify potential sites and we have chosen Spey Street for what is the most significant improvement to EIL's network since lines were put underground."

Mr Franklin says the site would allow the substation to be enclosed, in line with best practice.

"Doon Street substation isn't enclosed. This potential new site on Spey Street will allow us to do that and further minimise the risk of outages as well as limit the environmental impact of the substation."

He said the design was such that the substation would not stand out against the surrounding environment and would be set well back from the street frontage.

"Advances in technology also allow us to keep the noise levels well below District Plan requirements, and plantings will screen the building from the street."

A new 33kV cable will run from the Transpower substation in Findlay Road to the new substation.

"This is all part of our commitment to providing a high quality network service to Invercargill and our asset upgrade programme will ensure security of supply for the future," Mr Franklin said.

Local residents and other interested members of the public attended an open day on the project at the Southland Museum & Art Gallery on 4 September; where they were able to obtain information on the project.



Allan Derrick and Gary Pritchard



Promoting Healthier Homes

A promotion by the Southland Warm Homes Trust through provider Awarua Synergy is giving Invercargill and Bluff people the chance to be rewarded for referring a friend for insulation and heating upgrades.

"With summer coming, it is the perfect time to get heating and insulation upgrades completed in time for next winter," Southland Warm Homes Trust chair Neil Boniface says. "Through our installation provider Awarua Synergy, the Trust is offering a \$50 ILT or MTA voucher to anyone who refers a friend, who then goes on to have insulation and/or heating upgrades to their home."

Mr Boniface says Awarua Synergy would contact the person referred and do a free assessment of their property to recommend potential upgrades.

"It is all about making sure people get the benefits they are entitled to so they can have warmer, healthier homes," he says.

The Southland Warm Homes Trust (SWHT) was established in June 2008 by Electricity Invercargill Limited and the Southland Power Trust to provide free energy assessments and subsidised insulation products and heating appliances to Southland and West Otago homes.

Over the last two financial years, over 2,000 homes have been insulated through the scheme by the SWHT's service partner Awarua Synergy. The Trust's model has been applauded by the Energy Efficiency and Conservation Authority as the most successful in New Zealand.

Safety Messages - Be Careful Around Cables

With the vast bulk of Electricity Invercargill's network underground, it is vital to be aware of what's down below when you start digging.

Electricity Invercargill Limited is now part of a "one stop shop" which helps individuals and contractors identify underground services before they start excavating.

Before U Dig (www.beforeudig.co.nz or 0800 248 344) is a service that allows you to provide details of planned works on a particular site. The Before U Dig team contacts any member suppliers in the area (such as EIL) who then supply information about the location of underground infrastructure to the contractors before they start work.

"Safety is the thing here," says chief engineer Roger Paterson. "If you are going to dig deeper than 300mm you should be contacting this service because contact with live cables or lines carries immense risk. It is also impacts us, with expensive repairs to damaged cables and the unplanned outages caused by contractors not locating underground services before digging may effect hundreds of other customers."

He says it is a free service to the people requesting the information and has been popular, with over 155 enquiries last month across the Otago and Southland areas serviced by PowerNet. PowerNet will respond to each request even if there are no underground cables to ensure that they will not be digging too close to poles and undermining them or around transformers that may have buried earth wires. Please allow 5 working days for us to organise a cable location

"If people want us to come out and physically locate a cable for them, we can do that too, and there may be a charge."



Be aware of overhead lines and know where underground services are before you undertake any work:

- treat all lines including underground cables as live
- never go near a fallen wire
- stay away from transformer boxes and pillar boxes that are on street frontages
- never climb any power pole or pylon

If you have any concerns about our service please call us on 03 211 1899 and we will be pleased to help. If we are unable to resolve your concern you can contact the free and independent Electricity and Gas Complaints Commissioner on 0800 22 33 40, www.egcomplaints.co.nz

