

Who is The Power Company Limited?

The Power Company Limited (TPC) was formed in 1991 and owns the electricity network assets (power lines, substations, etc) in the Southland/West Otago area, excluding Invercargill City and Bluff.

TPC has approximately 34,600 consumers connected to its electricity network.

TPC is owned by its consumers through the Southland Electric Power Supply Consumer Trust (Southland Power Trust). The five elected Trustees represent consumers' interests.

PowerNet Limited (PowerNet) manages TPC's network and metering assets. TPC's main revenue comes from the use charge for PowerNet's lease and use of TPC assets. PowerNet is the main point of contact for consumers.

Other TPC revenue comes from customers connecting new installations to the network and the profits from investments in OtagoNet Joint Venture, Otago Power Services Limited, Power Services Limited and Electricity Southland Limited.

The Board



Alan Harper - Chair



Duncan Fea



Doug Fraser



Maryann Macpherson

The TPC Board has four Directors appointed by the Southland Power Trust.

Directors' responsibilities are mainly governed by the Company's Constitution and the Companies Act 1993. Their role includes determining policies, preparing a Statement of Intent, a Business Plan and an Asset Management Plan, monitoring PowerNet's performance, reporting to the shareholder, (The Southland Power Trust) and publishing an Annual Report.

Alan Harper – (Chair) LLB BCom

Alan is a partner in the law firm of AWS Legal. He has practised with the firm since 1979, specialising particularly in commercial and company affairs.

He is a Member of the OtagoNet Joint Venture Governing Committee and a Director of PowerNet Limited.

Alan is also an Accredited Fellow of the Institute of Directors.

Duncan Fea BCom CA

Duncan is a regional Managing Principal in WHK, Chartered Accountants and Business Advisors. He has a number of Directorships which include PowerNet Limited and Peak Power Services Limited and is a past Director of Pioneer Generation Limited and Queenstown Airport Corporation Limited.

Duncan is a Member of the Institute of Directors.

Doug Fraser BSc (Chemistry)

Doug farms sheep and dairy cows on 595 hectares in Western Southland.

He is a Director of PowerNet Limited and Power Services Limited.

Doug is a Member of the Institute of Directors.

Maryann Macpherson

Maryann operates a home and garden retail business in Invercargill.

Her career background is farming and taxation management.

Maryann is Chair of PowerNet Limited and a Director of Venture Southland.

Previous governance roles have included Chair of Southern Health Limited and Landbase Trading Society Limited.

Maryann is a Member of the Institute of Directors.

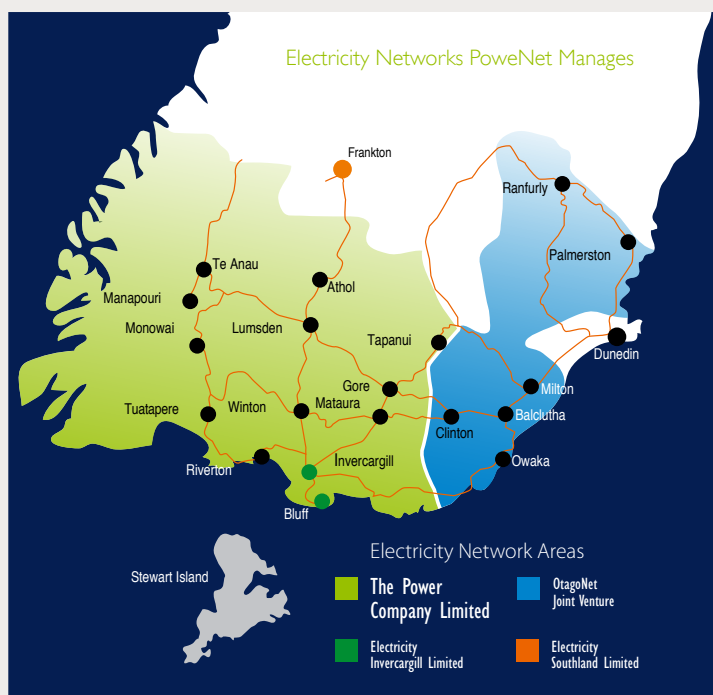
CONNECTIONS

Who is **PowerNet Limited**

PowerNet is an electricity network management company.

TPC 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.



Faults - Freephone

0800 808 587

PowerNet's faults call centre is based in Invercargill, is literally just a phone call away on 0800 808 587 and 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 call our call centre first we can discuss the situation with you and if necessary send our contractor to check the external connection.

Economic Impact

TPC makes a significant economic contribution to the Southland economy as a result of its capital projects and the management of the electrical network assets.

“We have \$107 million in capital works planned, and \$35 million in maintenance on the TPC network over the next five year period,” TPC chair Alan Harper 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 Harper says the economic impact to Southland 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 TPC’s catchment area as a place to set up and expand.”

“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 Harper says.

TPC is spending \$24 million on capital works and \$7.2 million on maintenance in this financial year alone.

“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,” he says.

The Power Company Limited Statistics - as at 31 March 2012

- Connected Consumers Total	34,600
- Residential	24,900
- Industrial	200
- Commercial	9,500
Network Length	8,661 km
Consumer Density	3.9 consumers/km
Number of Distribution Transformers	10,580
Distribution Transformer Capacity	385MVA
Distribution Transformer Density	43kVA/km
Maximum Demand	131 MW
Total Annual Energy Conveyed	748GWh
Regulatory Value	\$295 million



Consumer Discount

TPC operates a successful business and as a result is able to return a discount to consumers connected to its network. Over the past 12 years, \$52 million worth of discounts have been credited to its consumers.

In 2012, the credit totalled \$8 million or \$187 for most domestic customers.

This discount is a ‘thank you’ to consumers and a credit will have appeared on TPC consumers’ electricity bill from their electricity retailer.

The discount further reinforces the sustainable benefit of consumer ownership of the electricity network.



Network Projects

A rigorous replacement and renewal programme is in place to ensure all network assets are well maintained. This is vital to the smooth operation of our network.

TPC has recently completed several projects around the region, including a sub-transmission line from Winton to a new substation at Hedgehope, a transformer replacement at the Ohai substation, and the first stage of a new Mossburn to Athol 66/22kV line. This is part of TPC's asset management strategic plan, to maintain the security and quality of supply while accommodating current and future load growth.

"The total project costs for the Mossburn to Athol line will be around the \$5 million mark," PowerNet general manager network operations Gary Pritchard says. "Stage one was five kilometres of line works from Mossburn that has just been completed by one of our network contractors, Power Services." Delta Utility Services has been awarded the contract for Stage 2 of the project.

Another proactive asset management project is the replacement of the pole mounted distribution transformers (the grey boxes on poles) across TPC's area.

"The total annual budget for distribution transformer replacement across the TPC network is \$600,000, with the 2012/2013 programme almost complete. It is part of our ongoing replacement works to ensure the network continues to give customers the service they need," Mr Pritchard says.

As part of the asset management replacement programme a power transformer at Ohai zone substation has also been recently replaced, with that upgrade completed in October this year.

"We are also continuing to upgrade and replace sections of our 11kV lines throughout the TPC network, representing another investment. It is important that we give our customers the security and quality of supply they need for their homes, farms and businesses," Mr Pritchard says.



Ohai zone substation

Electricity distribution explained

ELECTRICITY FLOW



Consumer



Distribution
The Power Company Ltd
Your local electricity lines company



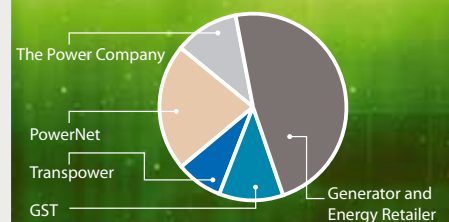
Transmission



Generation

\$1 breakdown

BREAKDOWN OF YOUR ELECTRICITY DOLLAR



What is the Southland Power Trust?



Jim Hargest - Chair

In January 1998 the Government returned the ownership of the local electricity network to the people of Southland by establishing the Southland Electric Power Supply Consumer Trust. The Trust is known by its shortened name Southland Power Trust (SPT).

The SPT holds all the shares in TPC on behalf of consumers connected to the Company's network and is committed to delivering the sustainable benefits of consumer ownership.

SPT Trustees are elected by the electricity

consumers and serve for a term of four years, with elections to fill vacancies every two years.

The current Trustees are Jim Hargest (Chair), Wade Devine, Ron McDonald, Graham Sycamore and Vaughan Templeton.

While the Trustees do not have any direct involvement with the operations of TPC or PowerNet, they are responsible for appointing the Directors of TPC, negotiating strategic direction and performance objectives with the Directors on behalf of consumers, and holding a public Annual Meeting of the Trust.



Before U Dig Service

About to dig and not sure what's underground?

TPC is now part of a "one stop shop" which helps individuals and contractors identify underground services before they start excavating or digging.

Before U Dig (www.beforeudig.co.nz or 0800 248 344) is a service that allows you to provide details of your planned work on a particular site. The Before U Dig team contacts infrastructure members in the area (such as TPC) who then supply information about the location of underground services before work starts.

"Safety is paramount 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 carries immense risk. It also impacts us, with expensive repairs to damaged cables. Unplanned outages caused by contractors or individuals not locating underground services before digging may affect hundreds of other customers"

He says it is a free service to the people requesting the information and has been very popular, with over 100 enquiries last month across the Southland area.

"If people want us to come out and physically locate a cable for them, we can do that too, however there may be a charge." Please allow five working days to allow for a cable location.

Promoting Healthier Homes

A promotion by the Southland Warm Homes Trust (SWHT) through provider Awarua Synergy is giving Southland and West Otago 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," SWHT 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 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

The tip truck is unloading gravel on your farm lane when suddenly there's a bang, a flash, and the next thing you know your power has gone off.

Quality services manager Graeme Webby says on average, one outage per week is caused by farmers or contractors not being aware of overhead lines or underground services while carrying out work on their property or near the roadside.

"While these incidents are a nuisance to a lot of people because our automatic protection systems turn the power off over a wide area, the real concern is the danger to the people involved – fatalities can happen in these circumstances."

"We encourage people to be aware of their surroundings. That pole might have been away in the distance as you're going backwards in your digger, and then next thing you know, there's a crash and the power is cut," he says.

"Some outages are easily fixed – some take the contractors a bit more time – and that can mean lost production time for the farmers and costly repairs."

He says tree trimming is also an issue.

"High voltage electricity can jump across gaps – so you should not be any closer than four metres to the electricity network wires without our approval."

Mr Webby says pulling up electric fences on rolling terrain close to overhead lines, moving aluminium irrigator pipes, carrying round bales on the front forks of a tractor, grain augers and even post rammers need to be used with care.

"With more irrigators being used, there have been a number of incidents in other regions where the pipes have touched overhead lines with disastrous results," he says.

"If in doubt, stay away, or call our 24/7 System Control operators on 0800 808 587."



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

- treat all lines and underground cables as live
- never go near a fallen line
- never climb any power pole or pylon
- look above when using mechanical plant or high machinery
- look above and keep well clear when handling electric fences or moving equipment like irrigators near power lines
- if you are operating machinery that contacts overhead or underground lines, stay in the cab and try to move the machinery away to break contact with the line, then drive the machine well clear of the line before you get out