



A Year to Celebrate

As the end of 2023 fast approaches, it is always a good time to reflect on our achievements as a team, and to celebrate the progress we have made as a business.

Throughout the year, we have continued to deliver for our customers and stakeholders whilst keeping our eyes firmly focused on the future, so we are making the necessary steps needed for our business, our people, and the communities we serve.

As always, I am immensely proud of the commitment of our team – where the capability and expertise you have all brought to working on the networks we manage has been enhanced by supporting our business to diversify and grow.



Jason Franklin, Chief Executive.

The Transition to a New Energy Future

Part of building a solid foundation to respond to the future, is working with a team of people that are adaptable and responsive to change. During 2023, there has been a strong focus on the future energy system in New Zealand, particularly as we look towards the impacts of decarbonisation, the increasing reliance on electrification and the growing impacts of climate change.

As at the end of 2023, PowerNet has enabled, or has underway, over 150MW of new electricity demand or supply (new generation). We are truly leading the country with decarbonisation and electrification.

It was, therefore, a pleasure this year to see the PowerNet team lead our industry in responding to this change by working with our customers to support the transition towards a net-zero carbon Southern region. This saw us host a major customer event in February to signal our commitment early in the year. With a focus on decarbonising industries, the event brought together over 70 attendees to showcase the efforts of customers and key stakeholders who are electrifying industrial process heat and heavy transport.

This event was also been anchored in practical support throughout the year for our major customers, where we have partnered to help them reach their own carbon reduction goals. Mataura Valley Milk is now commissioning its 20MW boiler conversion, which is expected to be completed by March 2024, and will be New Zealand's first high-pressure electrode boiler. Alongside this, PowerNet has been working with the Alliance Group, which has now sourced an electrode steam boiler to provide steam and hot water for meat processing at its Lorneville Plant near Invercargill. We have also been working with Open Country Dairy, which has just committed to a large high-pressure electrode boiler and high-temperature heat pumps at its Awarua site.

During 2023, we also played a pivotal role in helping the wider region become 100% renewable with our work on Mercury Energy's 43MW Wind Farm project at Kaiwera Downs, 17 km southeast of Gore. PowerNet's build of the new 33kV line was commissioned in August and represented a significant achievement for our team. With a challenging terrain and hard rock in several areas, together with unfavourable weather events which meant we had to de-mobilise our resources to respond to network faults, our team delivered.



Contractor, Otago Helicopters, stringing the conductor onto the 171 poles and supporting structures across the 14.5 km overhead route as part of Mercury Energy's 43MW Kaiwera Downs Wind Farm project.



ACROSS the LINES



The Transition to a New Energy Future continued...

Typically, a project of this magnitude would be across a number of years, from the initial planning and design phases to completion. Mercury Energy required the project's first phase to be completed within twelve months, and I am proud of our team who, despite several challenges, rose to this challenge to see us commission the site within the customer's timeframe. Our team demonstrated how innovative solutions can enable progress – where the unconventional use of helicopters solved issues relating to the challenging terrain along the line route, reduced the construction timeline, and resulted in significant cost savings. Thank you to everyone involved – from the overhead line construction and cable termination teams, through to our engineering, technical and system control teams. I would also like to extend my appreciation to all contractors involved, together with our many partners, who have all worked together to ensure this project was delivered on time and within budget. We have since received very positive feedback from Mercury Energy, so well done to everyone involved.

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Supporting our region in its climate change goals has also extended to our residential consumers by helping them make more energy-efficient choices. This saw us assist Electricity Invercargill Limited (EIL) and The Power Company Limited (TPCL) which is owned by the consumers through the Southland Power Trust in promoting energy-efficiency practices by gifting a free Wi-Fi-enabled Smart Plug to all consumers on these two networks during October and November. The Wi-Fi-enabled Smart Plug allows residents to connect the device to the internet so they can enjoy the benefits of efficient energy monitoring by controlling appliances and scheduling the use remotely through an app. We hope consumers are enjoying these smart plugs and the value they provide.



L-R: Carl Findlater (Chair, Southland Power Trust), Peter Moynihan (Chair TPCL) and Rob Jamieson (Chair EIL).

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Celebrating Our Safety Always Approach

It is pleasing to see our Critical Control Framework (CCF) continues to deliver results, with recognition as the winner of the 'Workplace Injury Prevention' category at November's Grand Business South Awards. While winning an award is always pleasing, what is more pleasing is to see this software now firmly embedded across our safety practices and the uptake by our teams in using it in the field.

The tablet-based Risk Mentor system has revolutionised the way our crews work in the field, ensuring safety checks are done before undertaking jobs that involve critical risks - such as vehicle movements both on and off-road, working with electricity, working in confined spaces, lifting loads, trimming trees, and working at heights. Moving from a paper-based system to a framework that focuses on critical controls and provides active verification in almost real-time, demonstrates our commitment to a 'safety always' approach. It has also resulted in the sustained improvement of our safety metrics (our Lost Time Injury Frequency Rate (LTIFR) and Total Recordable Incident Frequency Rate (TRIFR) results) as well as matured our compliance with legislative obligations, and industry safety rules.



The Grand Business South Awards. Pictured L-R: Pro Civil Construction (Award Category Sponsors) Josh Keogh, together with PowerNet team members Hamish Prentice, Warren Dobson, Kewal Bagal, Brad Rodgers and Rang Solomon alongside Dean Carey from Pro Civil Construction.

Closely aligned to our CCF has been the work by our team for the past three years to implement a Learning Management System (LMS) into our business. The LMS is a software application that stores all of our learning and training information in one place. It has been pleasing to see the past years' efforts in implementing the system come to fruition during 2023. Over the last six months, we have accelerated progress by rolling out the LMS to our line mechanics in Balclutha, Gore and Onslow depots (from September to November) and, this month, the roll-out has commenced to our wider business. The result of the health and safety team's efforts during 2023 is that we now boast a business-wide system that holds all competency and certification requirements and historical records, training modules, resources, and external training events in one place for our employees to access. Centralising our learning documentation provides assurance we are meeting safety competency obligations, as well as improves our overall efficiency and maturity as a business. The LMS will be a key enabler for PowerNet as we join other distribution businesses across New Zealand in signing up to the Electricity Engineers' Association's Common Competency Framework, which will replace unit standards, and I look forward to seeing the LMS continue to grow as education and training on the system progresses, and as new material and content is added over time.

For us, 'safety always' is also about building a better environment to support the health and wellness of our people. It was exciting this year to see the dedication of our health and wellbeing team, who launched the new 'My Everyday Wellbeing' website in August. The 24/7 accessible site has proven to be popular amongst our team and their families for the advice it provides, as well as the access to recipes, videos, podcasts and competitions (and a raft of other resources on all areas of wellbeing).

In addition, the workshops ran during the year with a respected industry leader, Northpower's Vern Rosieur, as part of our Operations Safety Improvement initiative, made a positive contribution towards improving our safety culture. These workshops were attended by 35 of our field leaders and outlined what is expected of them when it comes to health and safety leadership. Through Vern's unique story-telling and hard-hitting examples, the workshops helped reinforce to our team that there is no room for complacency when it comes to keeping our people and our communities safe. Such was the impact of Vern's workshops that we asked him to present at our all-of-staff Team Briefs, and I look forward to seeing further, ongoing improvements to our safety performance as a result. Thank you once again, Vern, for sharing your experiences with the PowerNet team and enlightening them with your important message of "Maa Mua ka kite a Muri, Maa Muri Ka Ora a Mua" / "Those who lead give sight to those who follow, and those who follow give life and purpose to those who lead".

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Enhancements to the Networks We Manage

A significant milestone in 2023 was the renewal of our long-term network management agreements with EIL, TPCL, Otago Joint Venture Limited (OJV) and Lakeland Network Limited (LNL), which came into effect on 1 April. The agreements represent over \$1 billion in assets and investments now under PowerNet's management.

It was pleasing to also signal an operational change with the renewed agreements, with the requirement to now provide unit rate schedule pricing. Closely aligned to asset management processes, the introduction of unit rates provides standardisation and consistency across the networks we manage and further strengthens our focus on work scheduling, productivity and resource utilisation so we can plan more efficiently, and so we can report on and measure our performance more robustly.

Over the course of the year, I have been delighted to see our continued focus on improving the networks we manage, with steady progress across a number of key maintenance and capital projects. For EIL, work during the year to support the redevelopment of Invercargill's Central Business District (CBD) has remained a focus for the team. The addition to the EIL network of a new connection for The Langlands Hotel, together with commissioning a large connection supply to support the new Invercargill Central Mall (and removing the final underground substation), has cemented the critical role we play in helping Invercargill strengthen its position as a regional powerhouse.



One of the two 1500kVA transformers supplying the Invercargill Central Mall.

For OJV, we replaced the circuit breakers at Pukeawa and Wedderburn with newer, safer and more reliable units. We continued our work to install Neutral Earthing Resistors (NERs) to limit earth fault currents on the 11kV network and were pleased to complete the NER installations at our Stirling, Lawrence and Waipiata Zone substations in 2023 to protect equipment from damage during fault conditions. In addition, the Port Molyneux Zone substation upgrade is progressing well, which will replace the end-of-life outdoor structures with indoor switchgear.



OtagoNet's Waipiata Zone substation.

It is pleasing to see continued growth on the LNL network, with several initiatives underway and new development models being pursued. In addition, we are experiencing continued engagement with developers across the region on new energy options relating to solar and electric vehicle charging.

On TPCL's network, we worked to integrate 145 new connections to our network with the acquisition of the Heritage subdivision in Te Anau from Aurora Energy. It is always pleasing to see growth on our network, and we look forward to delivering power to these consumers who can benefit from the efficiencies and scale of our unique network management model. In addition, work across TPCL's network was significant, where we upgraded the protection systems at the Hillside Zone substation to limit the extent of power interruptions during fault conditions, and removed the redundant overhead line structure north of Gore. The team also completed construction of the mobile substation site and connection point at the Orawia Zone substation so we can commence with the upgrade of the substation, and the Mossburn Zone substation site is now ready to receive a mobile substation providing network reliability. It was also pleasing to complete the McNab substation upgrade in November, which has increased supply from 11kV to 33kV to cater for the increase in load required by Mataura Valley Milk.



The first 25MVA transformer being installed at the McNab substation on the outskirts of Gore.

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Business Maturity and Innovation

I am thrilled to see our Business System Development programme is now firmly embedded across the organisation. Our commitment to building a holistic system across all areas of the business was evidenced when we received the International Organisation for Standardisation (ISO) certification - Asset Management (ISO 55001) in March and the Environmental Management System (ISO 14001) accreditation in the last few weeks. These achievements complement the Quality Management System (ISO 9001), Health and Safety Management System (ISO 45001) and Public Safety (NZS 7901) accreditations we had already achieved which completes our certification package. Achieving ISO certification strengthens our reliability, consistency, performance, quality, sustainability, innovation and safety, and I encourage our team to remain focused on diligent practises across all of these areas. This will ensure we maintain our certifications and embed a continuous improvement ethos across our business.



In addition, it is worthwhile to reflect on the continued efforts of our team, who leverage their capability and expertise to innovate for the benefit of our wider industry. I am proud to see the success of our PowerNet Connect software - a solution for the sector to manage new connections, retail billing and processes such as fault management. It has been pleasing to see increased national interest in this software, with growing uptake across New Zealand's electricity distribution businesses.

Our Active Community Commitment



Jason Franklin and Jacci Tatnell (Hato Hone St John) cutting the 10-year anniversary sponsorship cake.

Our partnership with Hato Hone St John has always been a special one for the PowerNet team. It was, therefore, rewarding to celebrate a decade of working together with the renewal of our partnership for another three years in August.

Since our partnership started in 2014, we have been united in our shared goal to combine resources to help improve the health and safety outcomes of communities in the Southern region. Our sponsorship has provided 544 Southlanders with the skills and knowledge to recognise and respond to someone experiencing mental health concerns. In addition, PowerNet is the principal sponsor of the Hato Hone Whātua te Waioira | Weaving Wellbeing programme to the Southern region, which has equipped 2,386 year 7-8 tamariki on gaining resilience and coping skills. This has been well-received by principals, teachers and students, and we are thrilled that this programme has now been extended into the Otago region.

Our 10-year partnership has also enabled 8,655 lifesavers to be trained in injury prevention and emergency readiness through ASB St John in Schools and 1,478 Southlanders to be trained in Level 1 First Aid. In addition, 17 publicly accessible AEDs have been placed in the community (two of which were used to help lives in Gore and Invercargill). PowerNet also supported the Hato Hone St John Invercargill Training Hub, which held 7-15 courses each month, and we also donated four vehicle charging stations for the St John Health Shuttles within Southland.

It has been so fulfilling to see the outcomes of this partnership providing tangible benefits for our Southern communities. Appreciation must go to Hato Hone St John for their incredible efforts in keeping the people of our region safe - thank you, it has been a privilege for PowerNet to work alongside you.

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Our 'One Team' Philosophy

Making progress and achieving results as a business is only possible with a passionate and empowered team ready to make it happen. Coming to work each day, I continue to be inspired by, and grateful for, the calibre and dedication of our team. At PowerNet, our team demonstrates an enduring commitment to delivering safe, efficient and reliable power to our communities. Their attitude to our critical success factor of 'continuous improvement' makes PowerNet a rewarding place to work, and a great team to lead.

Seeing our team come together to host and participate in the 2023 Connexis Annual Connection competition held in Invercargill in September was awesome. The event showcased the skills of cable jointers and line mechanics from across New Zealand, competing over three days. Various weather patterns experienced during the event provided all competitors with an 'extra' challenge. I want to extend my thanks to all who participated from the PowerNet team, including those who helped in our role as hosts and logistics support for the event. Special congratulations to our PowerNet Team (West) for winning the 'Pole Top Rescue' event.

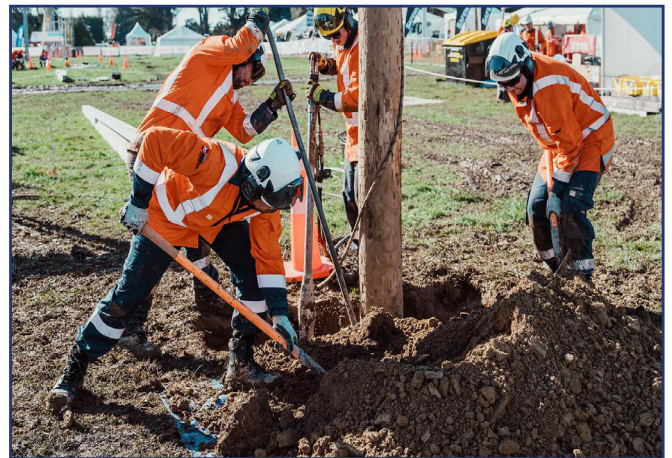
Building a diverse team has been further enhanced this year with a recruitment drive in the Philippines to help respond to an increasingly competitive local labour market. A successful visit to Manila and Cagayan de Oro saw over 100 line mechanics interviewed, with nine positions offered and accepted to join the team at our Onslow Street depot. We were pleased to welcome the first of our new recruits in late November and have been taking the time to help them settle into our team, and into their new home in Southland. The rest of our new teammates will arrive from the Philippines in early 2024. I am proud of our inclusive culture, and this is an exciting opportunity to learn from each other and provide a safe, efficient and reliable power to our communities.

2023 Connexis Annual Connection Competition Photos.



Top: L-R: PowerNet Team (West) winners of the Pole Top Rescue event - Hamish Prentice, Paul Ashby, Jack Senior and Isaac O'Grady.

Bottom: PowerNet Cable Joints, Craig Greenall, performing Pit Rescue.



Top: PowerNet team (East) participating in the Wooden Pole event.

Bottom: PowerNet Cable Joints, Hamish McLeod, performing an HV Joint.

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Acknowledgements

Like other years, we have been privileged to welcome many new faces to our PowerNet team throughout 2023. Seeing our team grow and bring fresh perspectives to our business is always great. I would also like to acknowledge those team members we farewelled across the year - thank you for your time with us, and the service you provided PowerNet and our wider community.



Bruce Reinke.

The passing of our teammate in September, Bruce Reinke, deeply affected the PowerNet team. Bruce had been a part of the PowerNet family for almost 30 years, and he is greatly missed. We will be thinking of his family during this Christmas season.

I want to thank the members of our boards of directors for your guidance and leadership during 2023. Your combined perspectives, experience and expertise ensures robust strategic input to our business, which is always greatly appreciated.

Thank you once again to the PowerNet team for contributing to what is merely a snapshot here of the various highlights and achievements you have all made across 2023. Take this time with your whanau and friends to relax, unwind and celebrate your contribution to an other fantastic year for the PowerNet team.

I wish you all a safe and enjoyable festive season and look forward to working with you again in 2024.

Jason Franklin
PowerNet Chief Executive

Chairman's Christmas Message

There is certainly plenty to celebrate as we look back on 2023 and the achievements of the PowerNet team across a number of facets of the business. On behalf of the PowerNet Board, I would like to take this opportunity to thank Jason and the team for their unwavering commitment to delivering a safe, efficient, and reliable power supply to our Southern communities, and for their continued focus on growing the business so we are ready for what the future holds.

As Jason mentioned, 2023 saw the team usher in a new decade of network management with the renewal of our network agreements for another ten years, together with the addition of transitioning to a unit rates model for each network. This has been a significant milestone for PowerNet and is testament to the value of the scale, operational efficiencies, and asset management excellence of PowerNet's shared business model.

It is a pleasure to continue our long-term partnership with EIL, TPCL, OJV, and LNL, and the Board will remain focused on guiding the PowerNet team to deliver our network owners with the highest levels of performance.

Like always, the team has shown a strong customer solutions mindset, with the delivery of Mercury Energy's Wind Farm at Kaiwera Downs being finished ahead of time, and within budget. This was a huge project for the team and I am proud to see PowerNet's delivery focus recognised by stakeholders involved in the project. Similarly, the team's work with the region's industrial customers to help them decarbonise their operations is commendable, as is work to help Invercargill's CBD revitalisation project come to life. These larger projects, supported by continued work to maintain and upgrade our networks across the Southern region, will hold PowerNet in good stead to deliver for our communities' future needs.



Bob Taylor, Chairman.

ACROSS the LINES

Chairman's Christmas Message continued...

It was pleasing again to see PowerNet recognised for its commitment to safety, with recently winning the Grand South Business Award for our Critical Control Framework. This follows winning two awards at the Electricity Engineers' Association awards last year – demonstrating the team's focus on excellence is being recognised across a range of national awards. Well done.

Thank you to my fellow directors on the Board. Your support and contribution make this a robust and rewarding Board to lead, and I have been thankful to work alongside you all during the year.

2023 has been a great year with plenty of challenges and, in overcoming those, plenty worth celebrating. So, thank you to the team at PowerNet once again for the role you all play in the accomplishments of this organisation.

On behalf of the Board, I wish you all a safe and relaxing holiday season and I look forward to another successful year in 2024.

Meri Kirihimete!

Bob Taylor
PowerNet Chair



Balclutha's 2023 Santa Parade.