



Report to Entrust

The Energy Solutions Programme

Financial Year 2022/23

July 2023

## 1 Purpose

This report highlights the achievements against The Energy Solutions Programme for the 2022/23 financial year (FY22/23).

## 2 Executive Summary

In FY22/23 Vector invested \$11.6M in the Energy Solutions Programme, and thereby met its investment obligations under Clause 4 of the New Deed Recording Essential Operating Requirements (DREOR),

Investment was made in undergrounding overhead lines in 6 locations, the most being in the continuation of the large undergrounding project in St. Heliers. Vector's ability to develop projects of this scale brings significant efficiencies of resource and costs to the undergrounding programme and enables Vector to regulate and optimise the rates of investment.

Both Chorus and Auckland Transport continued to engage positively and willingly with all undergrounding projects. Vector expects this support will continue thus assisting the company's ability to continue to meet the Energy Solutions Programme Investment in future years.

The undergrounding generated positive feedback from customers and communities in and around the project areas, and consequently Vector believe the investments have continued to create significant goodwill with the community.

All projects were delivered without a lost time injury.

## 3 Background

The DREOR obliges Vector to make annual investments of \$10.5M through the Energy Solutions Programme that consist of **overhead improvement projects** (i.e. undergrounding existing overhead lines) and/or **new solutions as alternatives to overhead lines**.

If in any financial year Vector expends less than \$10.5M on the Energy Solution Programme, it shall nevertheless be deemed to have satisfied its expenditure obligation for that financial year if the average expenditure incurred by Vector for that financial year and in the four preceding financial years satisfies the Energy Solutions Programme investment.

#### 4 Energy Solutions Programme Investment

The Energy Solutions Programme Investment expenditure for the preceding four financial years is summarised in the table below:

|                           | Actual Investment |
|---------------------------|-------------------|
| 2018/19                   | \$8.0M            |
| 2019/20                   | \$10.8M           |
| 2020/21                   | \$11.6M           |
| 2021/22                   | \$9.3M            |
| Average Annual Investment | \$9.9M            |

As the average annual expenditure over the past four-year period was less than the required annual Energy Solutions Programme Investment amount, Vector deliberately targeted to spend more than \$10.5M in FY22/23.

Actual investment expenditure in 2022/23 was \$11.6M, spent entirely on overhead improvement projects, as summarised below:

|                               |                 |
|-------------------------------|-----------------|
| Undergrounding expenditure    | \$11.8M         |
| <u>Customer contributions</u> | <u>(\$0.2M)</u> |
| Net expenditure               | \$11.6M         |

Together with the four previous years, the total expenditure over this 5-year period is \$51.5M at an average of \$10.3M per annum.

Despite the average investment over the past 5 financial years being below the \$10.5M obligation, Vector has met its obligations under Clause 4 of the DREOR in FY22/23 due to investing more than \$10.5M in the Energy Solutions Programme.

#### 5. Achievements in 2022/23

As agreed with trustees, the company focussed all the FY22/23 Energy Solutions Programme Investment on undergrounding projects.

Vector made undergrounding investments in St Heliers, Craig Road (Maraetai), Coney Lane (Maraetai), Carlton Crescent (Maraetai), Upton Street and Galatea Terrace (Herne Bay), and Herne Bay Road (Herne Bay).

Through these projects Vector invested \$11.8M in undergrounding and received \$179k in contributions from residents in Upton Street and Galatea Terrace, Craig Road, Coney Lane, Carlton Crescent, and Herne Bay Road.

Through Chorus' drive to convert residential properties from copper services to fibre, and because of the opportunity that undergrounding provides them to make these conversions, Chorus participated in all the undergrounding projects Vector undertook this year. Chorus' ongoing participation ensures all poles get removed, thus enabling successful undergrounding projects.

Auckland Transport (AT) also continued their valuable support for the undergrounding programme in FY22/23. AT support, through their investment in new streetlight stands and streetlight lanterns, is necessary to replacing the old streetlight brackets and lanterns that are hosted on Vector poles.

Pleasingly, all undergrounding works were delivered without a lost time injury, and again have received complimentary customer feedback upon completion.

These projects continued to provide positive customer engagements through branded project signs, branded project information flyers, project correspondences, and through social media platforms.

The following photos depict the "before and after" images of some of the undergrounding works completed or progressed through in FY22/23:

**Waitara Street, St. Heliers (progress)**



**Waimarie Street, St. Heliers (progress)**



Sylvia Road, St. Heliers (progress)



**Maskell Road, St. Heliers (progress)**



Upton Street, Herne Bay





Craig Road, Maraetai





**Galatea Terrace, Herne Bay**





**Carlton Crescent, Maraetai**





**Coney Lane, Maraetai**



A handwritten signature in black ink, appearing to read "Peter Ryan".

**Peter Ryan**  
Chief Operating Officer, Electricity, Gas and Fibre