



DUNEDIN CITY HOLDINGS LIMITED

Statement on Aurora Energy Customised Price-Quality Path (CPP) Application

(Dunedin, Friday 12 June 2020) - Dunedin City Holdings Ltd Chair Keith Cooper today acknowledged Aurora Energy's formal application for a customised price-quality path (CPP) to the Commerce Commission.

"Aurora Energy has taken into account the feedback it received through its consultation period and has refined its draft proposal to strike a balance between the cost to consumers and the urgent need to improve the condition of the network assets," Mr Cooper says.

"Aurora Energy has ahead of it an ongoing significant investment programme focussed on the safety and reliability of the network. We look forward to the Commerce Commission's consideration of the plan.

"It is important to remember that Aurora Energy's activities, including the amount of money the company can earn through line charges on the money spent on the network, are regulated by the Commerce Commission.

"There has been much ill-informed commentary about historical dividends paid by Aurora Energy. To be clear – had those dividends not been paid by Aurora the company would still be applying to the Commerce Commission for the same CPP applied for today. The revenue allowed under the CPP is what enables the company to invest the quantum of money on the network it is proposing. It is unrelated to the financial structure of the company.

"Under-investment in the network means prices have been kept low in previous years. The Commerce Commission will define the return Aurora Energy can make on the plan it has submitted today – and this is unrelated to any historical dividend payments or the capital base of the company. Had investment occurred in previous years, prices would have increased in parallel. If that had happened, arguably there would be less need for a sharp increase now – but only because consumers would already be paying higher prices."

DCHL is satisfied the application and the investment plan is critical to deliver a safe and reliable network for the future intergenerational consumers of power on Dunedin, Central Otago and Queenstown networks.

ENDS

**Enquiries to:
Keith Cooper, DCHL Chair – 021 442 190**