

Connections Autumn 2017



Success in Marlborough Lines' Investments

Marlborough Lines has previously invested in electricity networks external to the Marlborough region at no cost to the electricity consumers of Marlborough.

The Company's investments in Otago and the Eastern Bay of Plenty were sold and Marlborough Lines gained funds of \$135m.

Because the shares of Marlborough Lines are owned by the Marlborough Electric Power Trust on behalf of the consumers of the day i.e. today and in the future, it is necessary to ensure that these funds benefit both current and future consumers.

Accordingly with the support of the Marlborough Electric Power Trust the Company has invested a portion of these funds and will continue to undertake investments which satisfy the Company's investment criteria.

It is intended that these investments will provide greater returns than those which can be achieved by simply keeping the funds on bank deposit

especially given the decline in interest rates in recent years.

From the perspective of both Marlborough Lines and its owner, the Marlborough Electric Power Trust, the success of these investments must be received by electricity consumers who are beneficiaries of the Trust.

The Marlborough Electric Power Trust made a distribution of \$150 to each consumer from funds earned by Marlborough Lines' investments. The \$150 would have appeared as a credit on your electricity account in February earlier this year.

Going forward it is expected that these distributions to consumers will further increase and the benefits of Marlborough Lines' investments will continue to be shared with the electricity consumers of Marlborough.

Hence Marlborough's electricity consumers will receive both a discount and a distribution by virtue of being connected to the Marlborough electricity network.

\$8.1 Million Exclusive of GST Paid in Discounts

Marlborough consumers to receive their annual Marlborough Lines discount which has recently been paid to electricity retailers.

Turn to page 2 for more details.

Headlines



\$8.1 Million Exclusive of GST Paid in Discounts

The annual Marlborough Lines discounts have been paid to retailers for distribution to individual consumer accounts*.

A typical domestic consumer, excluding those in uneconomic areas, as defined by the Ministry of Business, Innovation and Employment will receive an amount of \$226 inclusive of GST.

The amount of \$8.1m exclusive of GST brings the total discounts paid by Marlborough Lines since 1999 to \$106.6m exclusive of GST.

Consumers can expect to have discounts offset against electricity accounts after 31 March depending upon the retailer's billing cycle.

To date the discount has been deductible for tax purposes but this is currently under review by the IRD who have invited submissions. Marlborough Lines has made a submission to the IRD that the consumer discounts should continue to be deductible for tax purposes.

If you have any questions about your eligibility for the discount please contact our Customer Services team on (03) 577 7007 or email: discounts@linesmarl.co.nz.

Further information is also available on our website: www.marlboroughlines.co.nz

*consumers in uneconomic areas of supply will not receive a discount.



Yealands Wine Group

An 80% shareholding in Yealands Wine Group was Marlborough Lines' first major investment external to the electricity sector and it has proven to be a worthy investment with good returns and in the 18 months Marlborough Lines has been involved with this business the value of its assets have markedly increased.

In recognition of the potential of Marlborough Lines' investment in Yealands Wine Group in 2016 Marlborough Lines increased its shareholding to 85% with the remaining 15% held by the company's founder Peter Yealands.

Disappointingly along with a number of other wineries Yealands Wine Group did sustain some tank damage and loss of wine during the 14 November 2016 earthquake but the company has insurance for such events.

Further the rapid restoration programme implemented by Yealands Wine Group, together with an expansion of the winery to cope with increasing production, has ensured all of its winery facilities will be ready for the 2017 vintage. Eventually it is intended the winery will have a capacity of 27,000 tonnes.

Yealands Wine Group owns a winery and vineyards in the Hawkes Bay area but it intends to sell these investments and further expand its operations in Marlborough.

Marlborough Lines is unique among electricity networks in owning such a large investment external to its core electricity business but equally it is the only provincial electricity network which has gained substantial returns from investing outside its own area at no cost to electricity consumers.

Gold Again!

For the sixth year in succession, Marlborough Lines has received a Gold award for the Company's Annual Report at the prestigious Australasian Reporting Awards (ARA).

From Marlborough Lines' perspective it is pleasing to receive recognition for the quality of our annual report but our greatest satisfaction is in the provision of customer service.

The 2016 Marlborough Lines Annual Report has now been published and is available on our website at: www.marlboroughlines.co.nz



Our network

Reliability of Marlborough Lines' Network

Over a period of years we have sought to improve the reliability of our Network through an ongoing programme of investment both in relation to capital and maintenance.

Our customer feedback is that in today's environment a reliable electricity supply is essential. It is for this reason we are pleased to report that for the year to 31 March 2016, based on Commerce Commission statistics, Marlborough Lines was the sixth most reliable electricity network in New Zealand for unplanned outages with its performance only exceeded by five other networks which were typically underground urban networks or small readily accessible networks.

Interestingly despite the remoteness of parts of the Marlborough Lines Network in the outer Marlborough Sounds and to the Molesworth the reliability of our Network exceeded that of Auckland.

Unfortunately the 14 November 2016 earthquake has ensured the reliability of our Network for the year ended 31 March 2017 will be much worse.

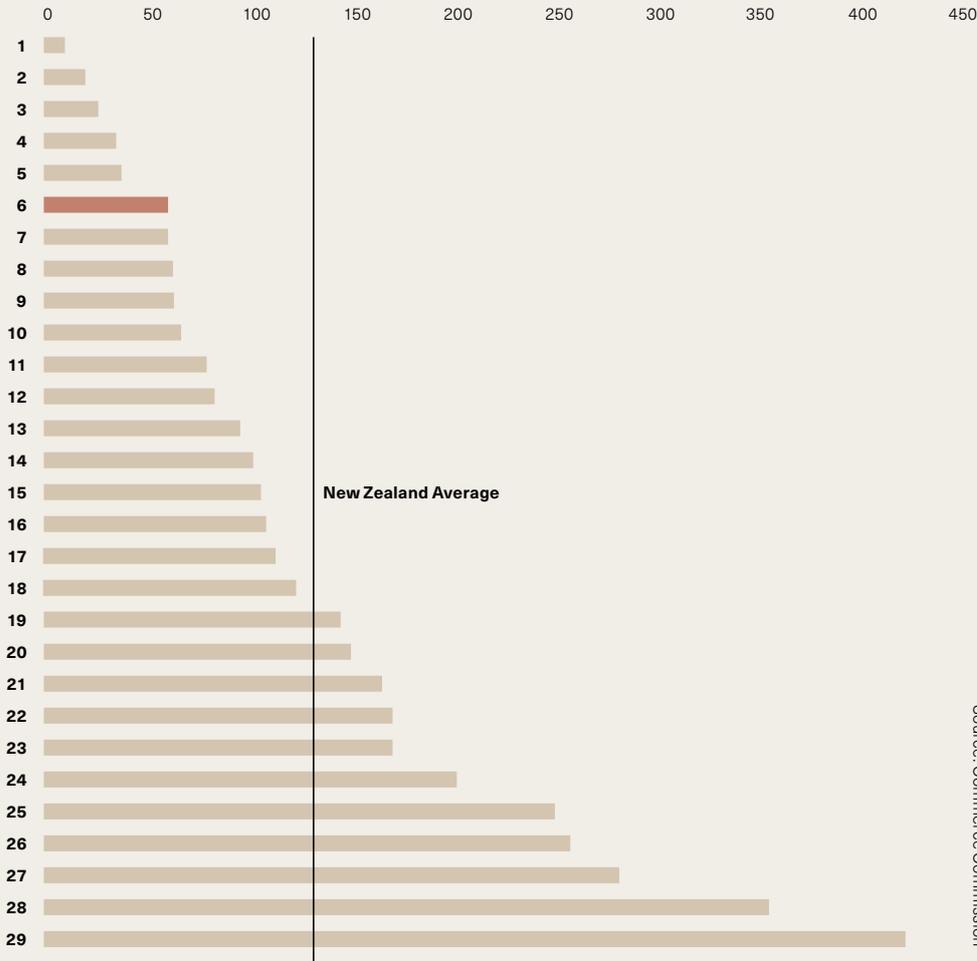
In a large earthquake typically major substations are automatically switched off for safety reasons and the supply is restored as the Network is progressively checked. Regardless of extreme events we will continue to seek to improve reliability of supply.

The key aspects of ensuring a reliable supply are not only to have a quality network in the first instance but to be prepared for emergencies with appropriate resources. To assist in this regard Marlborough Lines has a number of large truck mounted portable generators which can be readily utilised in emergencies as well as minimising loss of supply for essential work on the Network when ordinarily supply to customers would be disconnected.

**New Zealand lines companies
2015/2016 SAIDI comparison
unplanned interruptions**

Measured by unplanned SAIDI minutes
(SAIDI minutes is the average time the
supply is unavailable to all customers)

**Other New Zealand lines companies
Marlborough Lines**



Have a complaint? Have your say...

Marlborough Lines is a member of Utilities Disputes Ltd (formerly the Electricity and Gas Complaints Commissioner Scheme) and accordingly follows a standard process should a customer formally notify the Company of a concern involving a service that Marlborough Lines has provided.

The concern or complaint can also relate to land issues including entry requirements, access and easements.

Should you have a complaint that you would like to be formally addressed please contact Marlborough Lines by either phoning our Customer Services Team on (03) 577 7007 or emailing us at: info@linesmarl.co.nz

We will promptly investigate and endeavour to resolve your complaint and advise of the outcome in writing where appropriate. We will also provide information about the complaints process and the details for Utilities Disputes Ltd.

If a resolution is not achieved after 20 working days you may decide to take your concern to Utilities Disputes Ltd who can be contacted using the following details:



Postal Address: PO Box 5875, Wellington 6140

Freepost: 192682

Freephone: 0800 22 33 40

Phone: (04) 914 4630

Email: info@utilitiesdisputes.co.nz

Website: www.utilitiesdisputes.co.nz



Investment in Our Network Continues

Over the last year we have expanded our remote control system and we can now remotely operate some 287 items of equipment on our Network. The use of remotely controlled equipment during the November earthquake proved to be invaluable in assisting to expedite restoration of supply and we plan to further expand our remote control system going forward.

We are committed to continuing to upgrade our transformers within our 33/11kV zone substations. By way of example the transformer at our Leefield Substation was increased from 2MVA to 5MVA.

In June we will be replacing two 10MVA transformers at Riverlands with new transformers to further enhance reliability.

A new substation is planned for construction in the vicinity of Renwick to replace the existing substation which has been in use for approximately 90 years. This will be an indoor substation totally integrated into the environment and will be similar to those previously installed in Blenheim.

It will provide increased capacity and a greater level of reliability for Renwick and its environs.

We also plan to reconstruct the existing 33kV line constructed in the 1920s over the Redwood Pass to Seddon and to rebuild a further section of the 33kV line in the Waihopai Valley beyond Leefield.

This work will provide these lines with a life of greater than 80 years.



Repairs to Picton Line

Picton and its environs receive electricity from two 33kV lines supplied from the Blenheim Transpower substation. These lines were constructed by the Company's predecessor the former Marlborough Electric Power Board in the 1970s.

For some 6.65km these two lines were built on a single structure to minimise the impact on landowners. However whilst the concrete poles are in an excellent state of repair the hardwood cross-arms need to be replaced. The replacement arms will be of steel and can be expected to have a life in excess of 80 years.

To enable this work to be effected safely, within a short timeframe, significant resources will be utilised including those from outside Marlborough. During this period of work the two lines will be de-energised and supply to Picton and its environs will be maintained by the utilisation of large diesel generators. It is our intent that the changeover to and from the diesel generators should be seamless and unnoticed by electricity users in Picton.



Trees and Power Lines

When trees grow too close to power lines they have the potential to cause interference in electricity supply, fire and a danger to life.

Tree owners are legally required to ensure their trees don't grow too close to power lines. The Electricity (Hazards

from Trees) Regulations 2003 were introduced by the Government because trees need to be kept at a safe distance from electricity lines for public safety and to protect your electricity supply.

Marlborough Lines has a vegetation control programme in place to ensure that safe distances between trees and power lines are maintained. The objectives of our programme are to reduce the risk of:

- Accidental electric shock or electrocution
- Fires
- Power fluctuations or interruptions caused by branches touching or being blown into power lines

For all vegetation control work we try to achieve an outcome with the tree owner that will remove the problem for the long term, having regard to the type of tree and all other relevant factors. We will always work with

the tree owner to seek a mutually acceptable solution. At the minimum, the requirements of the Electricity (Hazards from Trees) Regulations 2003 must be met.

The Electricity (Hazards from Trees) Regulations 2003:

- Define safe separation distances between trees and power lines
- Specify who is responsible for ensuring clearances are maintained
- Place potential liability on the tree owner if any damage or accident occurs when trees touch power lines

Further information about the Electricity (Hazards from Trees) Regulations 2003, including the responsibilities of tree owners and network companies, can be found on our website: www.marlboroughlines.co.nz



Digging

If you are digging please give consideration to the possibility of electric cables in the vicinity. Similarly if you are driving metal stakes into the ground please consider the proximity of underground cables. If you are unsure where cables are installed please let us know and we can locate them for you.



Working near Power Lines

If you are painting your house or building in the vicinity of power lines please do not take undue risks. The majority of the overhead services in Marlborough are 'trurip' and although this may appear safe to touch in fact it is not fully insulated and should be treated as bare wire.

A Blenheim person was fortunate to survive after contacting power lines whilst painting a roof.

If you are intending to paint, build, or erect scaffolding in the vicinity of power lines please give us a call – the lines can be disconnected.



Using Appliances or Extension Cords Outside

When using appliances or extension cords outside please use an isolating transformer or an earth leakage protection device if such is not provided within your installation at the switchboard. The chance of electrocution is not worth the risk.

Community



Sponsorship

In recent months our sponsorship has included the continued illumination of Pollard Park, Garden Marlborough, Blenheim and Picton Christmas Parades, Marlborough Lines Tertiary Study Awards, the Picton Maritime Festival, the Marlborough Wine & Food Festival, the Havelock Mussel Festival and at Easter this year Marlborough Lines will be a co-sponsor of the Classic Fighters Airshow.

The Company has also contributed towards cancer support, provided two defibrillators to the Marlborough Theatre and provides ongoing sponsorship of the Marlborough Lines Stadium, a facility which is utilised by all sections of our community on a daily basis.

Environment



Reduce Your Electricity Account

In recent years substantial gains have been made in the efficiency of lighting. Compact fluorescents and LEDs are much more efficient than the old incandescent bulbs.

Did you know that a compact fluorescent lamp only uses approximately 20% of the electricity of an incandescent lamp to produce the same light output. And if a compact fluorescent is "warm white" the colour of the light is virtually the same as that from an incandescent.

Accordingly changing all your lighting to compact fluorescents can reduce your lighting costs by approximately 80%. Although compact fluorescents are more expensive than incandescent bulbs their life should be at least double that of an incandescent.

LEDs are even more efficient than compact fluorescents and can have a life in the vicinity of 50,000 hours although the cost of LEDs are typically more than a compact fluorescent.

For any problems with your electricity supply, call our 24 hour fault line:

(03) 577 7007



We Value Your Feedback

Our annual customer satisfaction survey was undertaken by an independent group last year. The survey results help us gauge how we are performing in relation to meeting customer requirements and identify any areas where we could do better.

The results showed that 89% of customers are either satisfied or very satisfied with Marlborough Lines' performance, which compares with 88% for the previous year.

Thank you to those who participated in the survey and the feedback provided. The information we have gathered will be used to help us improve our future performance.

We have an ongoing commitment to improvement and always like to hear from electricity consumers directly.