

# Statement of intent

For FY21, FY22 and FY23  
Orion New Zealand Limited  
Approved by the Orion board 6 May 2020



Orion

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John Austin  
Bruce Gemmell  
Jason McDonald  
Geoff Vazey

### Group Chief Executive Officer

Rob Jamieson

## Stop press: late changes to this SOI due to the covid-19 pandemic

The Orion board approved a draft of this SOI for consultation with shareholders in February 2020, before the significant impacts of the covid-19 pandemic and New Zealand's responses to it became apparent. Following that consultation, the Orion board has since approved relatively moderate changes to this SOI, including to the performance targets in appendices 1 to 7. The scope of our business, our key roles and our commitment to our community remain unchanged, despite the impacts of covid-19.

The main impacts on our plans and operations in FY21 and beyond are likely to include: lower customer demand due to an economic recession, deferral of some delivery revenues to future years, an inability for us to complete some planned works due to movement restrictions and customer impacts, and an increase in the cost of works due to physical distancing and hygiene requirements.

The full impacts of covid-19 are uncertain as at the date of this SOI.

## A Introduction

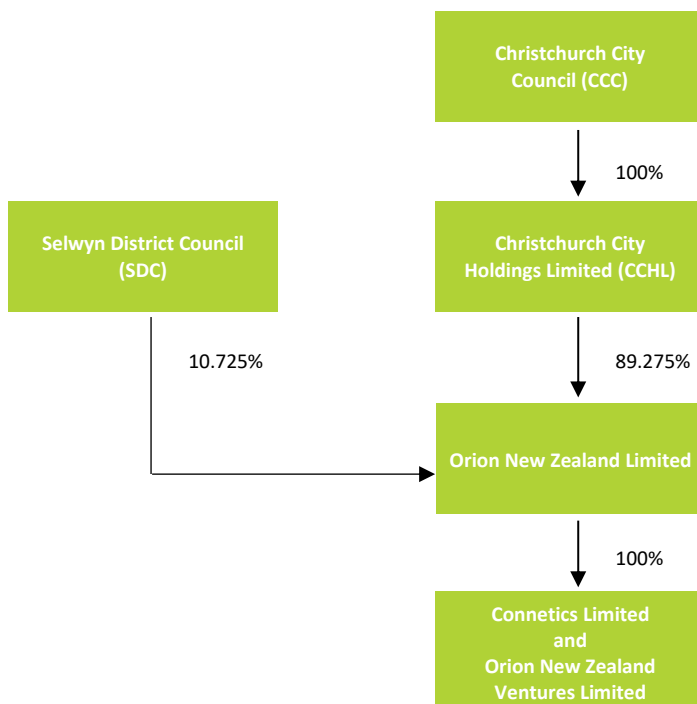
Our customers rely on the electricity we deliver in Christchurch and central Canterbury. Keeping this vital ‘lifelines’ infrastructure operating safely and sustainably is crucial to the wellbeing of our community.

This statement of intent (SOI) sets out Orion New Zealand Limited’s (Orion’s) overall intentions and objectives. This SOI also covers our wholly-owned subsidiary companies: Connetics Limited and Orion New Zealand Ventures Limited<sup>1</sup>.

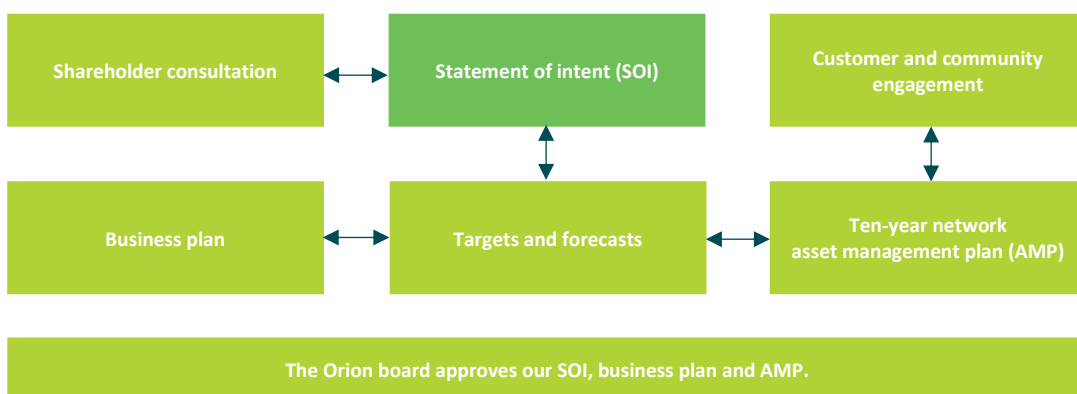
Orion and its subsidiaries are energy companies, pursuant to the Energy Companies Act 1992. This SOI has been prepared in accordance with section 39 of the Act and clause 11 of Orion’s constitution. Pursuant to section 36 of the Act, our principal objective is to operate as a successful business, while having regard to the desirability of ensuring the efficient use of energy.

We review and update our SOI annually, in consultation with our shareholders. This SOI covers FY21, FY22 and FY23.<sup>2</sup>

Our group structure is as follows:



The following diagram shows how this SOI sits within our governance framework:



<sup>1</sup> Orion New Zealand Ventures Limited is a legacy non-trading subsidiary and is not material to the group.

<sup>2</sup> Financial years are denoted with the ‘FY’ prefix. For example, FY21 represents the year ended 31 March 2021.

## B Our scope, key roles and objectives

### The scope of our business

The principal scope of our business is to deliver electricity to and for our customers and our community in Christchurch and central Canterbury. Connetics provides contracting services to Orion and to external customers.

### Our key roles

We have an important role in meeting our community's aspirations for a 'liveable' region – with strong, connected communities, a healthy environment and a prosperous economy.

In support of our community's aspirations, our key roles are to:

- connect our customers with New Zealand's, largely renewable electricity generation – mostly hydro, geothermal and wind
- ensure that our electricity delivery service matches our customers' and our community's expectations for network capacity, safety, resilience and reliability – prudently, efficiently, sustainably and consistent with good industry practice
- ensure that our electricity delivery service enables the efficient connection of distributed electricity generation
- use reasonable endeavours to ensure that Transpower's transmission services are provided cost-effectively to our region – consistent with good industry practice
- provide commercial services that are ancillary to our electricity distribution service – this includes Connetics providing contracting services to its external customers
- act in the long-term interests of our customers, our community and our shareholders.

Delivering on our key roles enables local individuals and businesses to invest for growth, confident that their electricity will go on and stay on when they 'flick the switch'.

### Our commitment to our community

We serve and are ultimately owned by the people of Christchurch and central Canterbury. We will aim to consistently act in the long-term interests of our community, apply our resources appropriately to achieve that and fairly report how we plan to do so and in turn how well we do.

We believe that achieving an appropriate risk-adjusted return on capital invested is in our shareholders', our customers' and our community's long-term interests. Our ultimate council shareholders use our dividends in the manner specified in their respective plans and budgets. We will aim to provide our shareholders with appropriate long-term returns on their investment and achieve our performance targets as set out in this SOI.

### Our resilience and reliability

As a key 'lifelines utility', we need to be ready if high impact, low probability (HILP) events occur and for the long-term impacts of climate change. We will aim to ensure that our plans and practices are prudent, robust and fit-for-purpose.

### Our commitment to economic, social and environmental sustainability

We will aim to sustainably manage the economic, environmental and social effects of our business to achieve strong connected communities, a healthy environment and a prosperous economy. We will aim to be a leader in asset lifecycle practices and waste reduction. We will aim to set and meet our carbon reduction targets and be prepared for potential climate change impacts in our region. We will aim to support our community to meet our region's emissions targets, including by supporting our customers to convert from fossil fuels to electricity. We will also aim to seek community partnerships to make a measurable difference to sustainability outcomes in our region and beyond.

We are a member of the Climate Leaders Coalition, whose members commit to tackling climate change and reducing carbon emissions in New Zealand. We are also a member of The Aotearoa Circle, a partnership of public and private sector leaders who are committed to the pursuit of sustainable prosperity and reversing the decline of New Zealand's natural resources. In 2019, we achieved Certified Emissions Measurement and Reduction Scheme (CEMARS) for the measurement of our carbon emissions.

We will aim to develop and cost options to reduce and/or offset our carbon and resource footprints.



## **Our people**

Our people enable us to achieve our objectives, so we will strive to ensure our people are motivated, engaged and highly capable. We need to be adaptable and ready for the challenges ahead in a continually changing context, including the continuous enrolment of our people in our initiatives.

Our learning and development framework will focus on leadership, ownership of personal development and teamwork. We will invest in our employer brand and seek to promote our industry as an employer of choice. We will aim to take a lead in developing people capability in our industry.

We will continue to support wellbeing initiatives that are led by our people including mental and physical wellbeing. We will continue to engage our people in fostering an inclusive environment where we all value and embrace diversity.

We will aim for consistency, fairness and alignment with our business objectives for our employee remuneration. We will regularly compare employee remuneration against relevant market data. In general, we will aim to meet the market in setting employee remuneration, subject to employee performance.

## **Our health and safety**

Health and safety, including wellbeing, is everyone's responsibility. We are committed to having safe worksites and network infrastructure for our employees, contractors, visitors, customers and the public. We will aim to take a risk-based approach to health and safety practices – with a prime focus to prevent serious harm. We will aim to have robust health and safety management systems, that we constantly monitor and review in search of continual improvement.

We will comply with Government agency requirements and guidelines in response to the covid-19 pandemic. We will also take a risk-based and good industry practice approach to our work sites and work practices while there is a significant risk of virus transmission, which is likely to last until there is widespread uptake of an effective vaccine and/or treatment. If there is a case of virus transmission, we will take all reasonably practicable steps to quickly test and protect people in accordance with Government requirements and guidelines. We will also support people's mental wellbeing.

## **New technologies**

New technologies and innovations are an increasing focus for our industry. These innovations will lead to more choice for customers, changing customer needs and opportunities for further efficiencies and business growth. Current discussion especially centres on electric vehicles (EVs), photovoltaics (PV), battery storage systems and energy management systems, but there will be many more new technologies and innovations. We will aim to assess and adopt emerging technologies and innovations as appropriate to our business; and assess and respond to emerging technologies and innovations that may affect and/or be adopted by our customers.

## **Our costs**

We will aim to seek innovative ways to be efficient and effective. For example, we signal the long-term economic costs of providing our network delivery service to our customers in our network delivery prices. These signals aim to incentivise our customers to reduce their load at peak times, which in turn reduces the need for us to invest in expensive network capacity to meet peak loads that occur for relatively short periods. We will aim to carefully plan our network capital and operating expenditures and we will competitively tender our substantive network works and procurement.

## **Our electricity distribution and transmission prices**

Our electricity distribution charges make up around a quarter of a typical household and commercial power bill in our region. We will aim to ensure that our network prices reflect our prudent and efficient costs. Full economic cost recovery retains our incentive to continue to invest in our network and our service, in the long-term interests of our customers, our community and our shareholders. We will aim to comply with the network delivery revenue limits that the Commerce Commission sets for us and we will have due regard to the Electricity Authority's pricing principles guidelines. We will pass on Transpower's charges for electricity transmission to our customers.

## **Our risk management**

We will aim to identify, assess and manage our key risks, consistent with good industry practice and the international risk management standard ISO 31000: 2018. We have more information about our key risks, and our risk management processes and plans, in our ten-year network AMP.

## **Our compliance with relevant legislation**

We will continue our comprehensive legislative compliance programmes and we will aim to meet our obligations under relevant legislation and regulations.

## C Our governance

### The board

The company's shareholders appoint the directors to govern and direct the company's activities. The board is the overall and final body responsible for the proper direction and control of the company's activities and decision-making. The board's responsibilities include the overall objectives, strategy, stewardship, performance and reporting of the company.

### Statement of intent (SOI)

In accordance with section 39 of the Energy Companies Act 1992 and the company's constitution, the board submits a draft SOI to the company's shareholders in February each year. After due consultation with the shareholders and after considering their comments, the board approves the final SOI and delivers it to the shareholders. A copy is also placed on our website.

### Board operation

The board is committed to best practice governance, as is appropriate for a community-owned lifelines utility. The board's operation is subject to the company's constitution and the board charter. The charter sets out how the board and directors shall undertake their responsibilities.

The board chair leads the board and its relationship with shareholders and other major stakeholders. The chair maintains a close professional relationship with the company's CEO, and through the CEO, the senior leadership team (SLT).

New directors undertake an induction process to familiarise them with matters related to the company.

### Conflicts of interest policy and Matatika – our code of ethics

These two documents require all directors and employees to:

- act with integrity, honesty, transparency, openness, in good faith and in the long-term interests of our community;
- comply with the law, apply good judgment and proactively identify, disclose and manage conflicts of interest;
- promptly disclose or report any significant potential or perceived conflict or wrongdoing;

The company maintains an interests register that is reviewed at the start of every scheduled board meeting.

### Policies

The board reviews the company's key policies at regular intervals.

### Board performance and review

The board regularly reviews its performance and the performance of the CEO. The reviews aim to identify opportunities and set plans for performance development and improvement.

### Board meetings and committees

The board meets approximately ten times per year. Additional meetings are convened as and when required. The board's annual work programme is set by the board before the start of each calendar year. The board receives formal agenda papers and regular reports, generally a week in advance of meetings. Senior managers are regularly involved in board discussions. Directors also have other opportunities to obtain information and may seek independent expert advice.

The board delegates some responsibilities and tasks to board committees, but the board retains the ultimate responsibility and accountability for any committee's actions or inactions. Subject to any conflict issues, all directors receive agenda papers for committee meetings and all directors may attend committee meetings. The board's two standing committees are:

- the audit committee liaises with the company's independent external auditor and independent internal auditor, and reviews the effectiveness of internal controls and financial and regulatory information used and issued by the board;
- the remuneration committee reviews the company's remuneration policies and practices and reviews and sets the remuneration of the company's CEO and SLT respectively.

### Liability insurance and indemnity

The company arranges comprehensive liability insurance policies for the company, directors and officers within the limits and requirements as set out in the Companies Act 1993 and the company's constitution. The company also indemnifies directors and employees within the limits and requirements set out in the Act.

### **Loans to directors or employees**

The group does not make loans to directors or employees.

### **Legislative compliance**

The board receives regular updates and representations from management on legislative compliance. Areas of relevant law include industry-specific regulation, health and safety, corporate, taxation, financial reporting, commercial, environmental, human resources and privacy. Compliance manuals and training are made available to all employees and the company engages independent experts for advice on some issues.

### **Auditor**

Audit New Zealand on behalf of the Auditor-General is the auditor of the company.

## **D Our capital structure and our dividends**

We will aim to manage our capital structure so that we have sufficient financial flexibility to respond to and recover from future catastrophic events. Cost-effective insurance for underground cables and overhead lines (or a significant drop in network revenues following a catastrophic event) is not available. We will aim to ensure that we retain at least a strong capacity to pay our debts when they fall due – this implies retaining an implicit Standard and Poor’s credit rating of at least A-minus.

We forecast that we will aim to retain prudent financial flexibility, even if another catastrophic event similar to the 2011 earthquake occurs.

We will pay dividends to our shareholders after taking into account our current and forecast financial position and performance, our current and forecast investment and funding requirements and the solvency test pursuant to section 53 of the Companies Act 1993. We will review our long-term dividend policy during FY21.

Our forecast dividends for FY21, FY22 and FY23 are close to the maximum that we forecast we can pay as fully-imputed dividends. We will pay our ordinary imputed dividends in two equal instalments:

- in September 2020 and December 2020 for FY21;
- in June 2021 and December 2021 for FY22; and
- in June 2022 and December 2022 for FY23.

## **E Acquisitions and divestments**

We will only consider acquiring securities in a company or organisation, or a divesting part of an existing business, where it is consistent with our objectives. When we consider a transaction to be significant, we will consult with our shareholders with as much lead-time as is commercially practicable in the prevailing circumstances.

Major transactions as defined by the Companies Act 1993, will be subject to shareholders' approval by special resolution. Where we decide to incorporate or subscribe for shares in subsidiaries to undertake our commercial activities, we will aim to ensure effective management.

Board control of any subsidiary is exercised by our directors and management.

## **F Our relationships with our shareholders and with the wider CCC/SDC group**

We will support the CCC’s and SDC’s community outcome objectives, as expressed in their respective long-term plans – which we summarise as:

- active, healthy, informed and connected communities;
- a vibrant, prosperous, accessible and sustainable region;
- climate change leadership;
- informed and proactive approaches to natural hazard risks.

We will aim to actively support wider group entity initiatives to seek/develop opportunities to stimulate collaboration, share resources and identify where group approaches will achieve more than individual entity approaches, including:

- kaitiakitanga<sup>3</sup>
- governance
- sustainability
- carbon emission reduction and offset strategies
- net carbon targets
- emerging technologies and innovation
- expertise
- debt financing.

We will aim to collaborate with the wider CCC/SDC group to explore opportunities and develop new business opportunities as appropriate.

Local authorities sometimes ask us to undertake projects that are inconsistent with our normal commercial objectives. We will seek to recover the full cost of these projects from the local authorities who request them. It is difficult to forecast the extent of these transactions over the next three years. Our council shareholders have agreed that it is their responsibility to determine the priorities for discretionary undergrounding projects and to pay for such work on an agreed basis.

No material intercompany transactions are forecast to take place with our shareholders, or the wider CCC/SDC group, during the three years covered by this SOI, except the payment of dividends, services provided or received on an arms length commercial basis and services received that are covered by local authority rates.

We will aim to operate on a 'no surprises' basis with shareholders in respect of significant matters, to the extent possible in the context of commercial sensitivity and confidentiality obligations.

If a shareholder decides to sell shares in Orion, we will co-operate and work with that shareholder and its advisors, subject to our obligations at law.

## G How we will report to our shareholders

We will submit our draft SOI to our shareholders for consultation annually, as required under the Energy Companies Act 1992 and the company's constitution. Where appropriate, we will submit a revised SOI to our shareholders. Our performance targets are in the appendices of this SOI.

We will deliver our annual report to our shareholders on or before 30 June each year. Our annual report will include:

- our audited financial statements;
- our performance relative to the targets we set in our SOI;
- information consistent with the recommendations of the Task Force on Climate-related Financial Disclosures<sup>4</sup>
- how we otherwise contribute to our community's aspirations
- other information to enable an informed assessment of the group's governance, performance and financial position.

We will deliver half-year reports to our shareholders that will contain unaudited information similar in content to our annual report and will comply with financial reporting standard NZ IAS 34 – Interim Financial Reporting. We will provide regular updates to our shareholders on our performance, which may include updates on financial, strategic, risk and operational issues.

Our accounting policies will comply with applicable NZ IFRS standards and interpretations and will be consistent with the accounting policies adopted by the CCC group. We have applied the same accounting policies when preparing our financial forecasts in this SOI that we applied for our audited financial statements for the year ended 31 March 2019. Our actual accounting policies may change as a result of changes to NZ IFRS standards and interpretations.

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<sup>3</sup> Kaitiakitanga: guardianship, stewardship, trusteeship.

<sup>4</sup> See <https://www.fsb-tcf.org/> for more information.



## Appendix 1 Our financial targets

|                                    |     | FY21 | FY22 | FY23 |
|------------------------------------|-----|------|------|------|
| Electricity delivery revenue       | \$m | 226  | 225  | 230  |
| Profit after tax                   | \$m | 27.0 | 25.1 | 26.4 |
| Fully imputed dividends            | \$m | 30.0 | 31.0 | 32.0 |
| Profit after tax to average equity | %   | 4.1  | 3.8  | 4.0  |
| Debt to debt plus equity           | %   | 34   | 36   | 40   |
| Equity to total assets             | %   | 54   | 53   | 50   |

The NZ IFRS definitions for the above terms are:

|                         |   |
|-------------------------|---|
| <i>Profit after tax</i> | As defined under NZ IAS1.                             |
| <i>Debt</i>             | Net interest bearing debt.                            |
| <i>Equity</i>           | Shareholders' equity, including accumulated reserves. |
| <i>Total assets</i>     | The carrying value of all assets.                     |

Our financial targets above are for the consolidated group and are in nominal terms (they include forecast inflation/escalation).

Our key assumptions for our financial targets are:

- our future electricity distribution revenues will be within the limits that the Commerce Commission has set for us;
- our transmission charges from Transpower will be 'passed through' to customers;
- our future opex and capex will be in line with our approved network AMP, effective from 1 April 2020;
- we have included our assessment of future covid-19 pandemic impacts as at the date of this SOI;
- no future major investments/divestments;
- no future natural disasters, material adverse events or materially adverse decisions by regulatory agencies;
- no future asset revaluations.

## Appendix 2 Our network reliability targets

|   | Targets | Industry weighted average FY19 |
|---|---------|--------------------------------|
| Approximate customer connections as at 31 March 2020          | 207,500 |                                |
| Duration of supply interruptions per customer (SAIDI) below:  |         |                                |
| • planned   | 40      |                                |
| • unplanned   | 85      |                                |
| • total SAIDI   | 125     | 177                            |
| Frequency of supply interruptions per customer (SAIFI) below: |         |                                |
| • planned   | 0.15    |                                |
| • unplanned   | 1.00    |                                |
| • total SAIFI   | 1.10    | 1.80                           |

### Notes

- SAIDI and SAIFI are standard industry measures for network reliability:
  - SAIDI refers to our system average duration: the minutes of supply interruptions per customer
  - SAIFI refers to our system average frequency: the number of supply interruptions per customer
  - both measures exclude interruptions that are caused by electricity generators or Transpower, are caused by our low voltage (400V) network or last for less than one minute.
- The Commerce Commission sets performance limits for our network reliability as part of the Commerce Act (Part 4) price-quality control regime. Our annual targets above are consistent with our performance limits for FY21 to FY25.
- The Commission assesses our actual network reliability against our limits each year after 'normalising' for the impacts of major events by 'capping' the measured impact of each major event. We will report our annual performance against our network reliability limits, after normalising for 'major events' using the Commerce Commission's methodology.

## Appendix 3 Our network development targets

### 1. Upgrade our sub-transmission supply to Hawthornden zone substation

Target date: 31 March 2021

The purpose of this project is to interconnect Hawthornden with our higher capacity 66kV circuits between the Islington GXP and our Papanui zone substation and to retire the existing 66kV radial feed from the Islington GXP. This project will enhance our supply resilience and our operational flexibility at Hawthornden and Ilam zone substations.

### 2. Undertake a trial of new 11kV fault indication equipment on our underground cable network

Target date: 31 March 2021

In this trial, our aim is to learn whether this relatively new technology can cost-effectively enhance our ability respond to and restore power following faults on our underground cable network.

### 3. Upgrade our 11kV underground network in the Springston and Lincoln areas

Target date: 31 March 2021

These projects are necessary to support continuing customer demand growth in these areas.

### 4. Build and commission a new zone substation at Belfast and interconnect it with our existing 66kV sub-transmission network and a new switching station to be built and commissioned at Marshland

Target date: 31 March 2022

This is a two-year project to support significant customer and demand growth in the north and north-east of Christchurch. We also forecast a follow-on project to interconnect Belfast with our McFaddens zone substation by 31 March 2023.

## Appendix 4 Our sustainability targets

### 1. Set reduction targets for Orion's operational carbon emissions, including our plans and timeframes to achieve them

Target date: 31 March 2021

Our annual (scope 1 and 2)<sup>5</sup> emissions are approximately 14,000 tonnes of CO<sub>2</sub> equivalent, with approximately 95% due to (scope 2) electrical losses on our electricity distribution network<sup>6</sup>; and 3% due to (scope 1) petrol and diesel use in our vehicle fleet and our standby electricity generators.

We also have approximately 7,500 tonnes of CO<sub>2</sub> equivalent emissions due to (scope 3) embodied carbon in the new assets that we add to our network each year.

Our scope 2 and 3 emissions are largely outside of our control and are intractable in the short to medium term.

Building on what we learn during FY21 from our process to set reduction targets for Orion, we expect to set reduction targets for Connetics during FY22. We are also investigating long-term carbon offset options in conjunction with the wider CCC/SDC group.

### 2. Report on our climate-related risk exposures

Target date: 31 December 2020

As an electricity lifelines utility, we need to understand and be prepared for potential future climate change impacts. We will start to follow the Task Force for Climate-related Disclosure guidelines during 2020 and we will aim to continually improve our disclosures in the years beyond that.

### 3. Support initiatives that help our community's long-term sustainability

Target date: 31 March 2021

We believe in partnering with our community for impact, to improve sustainability and resilience. We will partner with a number of community-based organisations with the aim to improve how effectively they use electricity in their buildings. By doing so, we hope to improve the liveability of buildings, reduce costs for electricity users, reduce carbon emissions and potentially develop new ways to manage peak loads on our network.

### 4. Investigate how to bring our network resource consumption footprint into our business decisions

Target date: 31 March 2021

Building on our work to understand our whole-of-life resource impacts, we wish to bring consideration of these impacts into our business processes. We will develop:

- key sustainability measures (for example: plastic waste, carbon emissions and labour conditions) for our assets and processes;
- systems to record and track these measures against our assets and processes.

### 5. Keep our annual SF<sub>6</sub> gas losses below 0.8% per year

Target date: 31 March 2021

Our agreement with the Ministry for the Environment requires us to keep our SF<sub>6</sub> losses below 1% each year, as this gas is recognised as a significant greenhouse gas. We continue to remove legacy 11kV switchgear that uses SF<sub>6</sub>, and we also continue to search for safe, reliable and cost-efficient alternatives to SF<sub>6</sub> as an interruption medium for our 66kV switchgear.

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<sup>5</sup> The Greenhouse Gas Protocol classifies emissions into three scopes:

- scope 1: direct emissions from owned or controlled sources;
- scope 2: specified indirect emissions, including electrical losses;
- scope 3: other indirect emissions, including upstream and downstream emissions.

<sup>6</sup> Around 4% of electricity is lost as electricity passes through our electricity distribution network, due to resistive/heating effects.

## Appendix 5 Our new technologies targets

### 1. Build a data warehouse and implement data marts

Target date: 31 March 2021

Our aim for this project is to be more efficient with our data so that we can provide more and better services to our customers. We will aim to centralise data from a range of our operational, asset management and financial systems. We want to create new opportunities for analytics, sophisticated reporting and information 'dashboards' for our decision makers.

### 2. Automate the enabling/disabling of our network auto-reclose functions

Target date: 30 September 2021

Our aim for this project is to automatically enable/disable our auto-reclosers by network segment in response to this changing data during fire seasons, and by doing so we can:

- reduce fire risk in network segments where authorities assess the fire risk as high to extreme; and also
- reduce supply interruptions by permitting the continued use of our auto-reclosers in network segments where authorities assess the fire risk as not high to extreme.

Auto-reclosers enable segments of our overhead lines to be automatically re-livened following certain types of fault. If the fault source is no longer on the overhead line (for example: a tree branch), the re-livened power stays on for that segment. If the fault source is still present on the line, the auto-recloser 'trips' again and we despatch our work crews to resolve the supply interruption on-site. If the trip is an earth fault (as opposed to a phase-to-phase fault), sparks could occur.

We now use near real time data that is now available from NIWA and FENZ that shows fire risk levels for specific locations in our region, but our system is not yet fully automated and integrated with our 24-hour network control systems.

### 3. Install a new digital voice radio network on Banks Peninsula

Target date: 30 September 2021

Our primary aim for this project is to improve the safety of our operational people and contractors who work on Banks Peninsula, especially when they work in the more remote parts of that area. We also expect to improve the efficiency, effectiveness of our teams and reduce length of some supply interruptions there too.

Our current analogue voice radio network has limited range and has significant coverage 'black spots' around the many hills and gullies of the peninsula. These shortcomings can hinder the safety of our people, our service and our operational efficiency/effectiveness. In 2019, we successfully trialled a new type of digital radio equipment for Banks Peninsula. In the trial, we demonstrated that we can upgrade our voice radio network to achieve almost total high-quality digital coverage for the whole peninsula.

Our new radio network will be the first of its type for New Zealand and our trial has gained attention from several large voice radio user organisations throughout New Zealand. We will in due course also look to deploy this technology in the Darfield to Arthur's Pass area to achieve similar benefits.

### 4. Increase the real time 'visibility' of the state of our low voltage network

Target date: 30 June 2021

We have embarked on a significant upgrade of our advanced distribution management system (ADMS), which has been focused on our high voltage network – 11kV, 33kV and 66kV.

Our aim with this project is to develop our ability to also monitor and centrally operate (switch) our low voltage network (400V), in real time. Low voltage networks around the world have typically been built without this capability because power flows have overwhelmingly been one-way – from large centralised electricity generators to consumers.

Low voltage networks will increasingly need to support new and more complex two-way power flows, as customers increasingly adopt innovative technologies such as electric vehicles, home storage batteries, energy management systems and solar PV.



## Appendix 6 Our health and safety targets

### 1. Fewer than four events that did or could have resulted in serious injury to our employees or our contractors

Target date: 31 March 2021

This target covers Orion and Connetics. A serious event is defined in section 25 of the Health and Safety at Work Act 2015. We are focused on continuous improvement of our safety management systems, especially preventing serious events.

### 2. No event that did or could have resulted in serious injury to members of the public

Target date: 31 March 2021

This target excludes car versus pole accidents.

### 3. Improve how we manage our critical health and safety risks

Target date: 31 March 2021

In FY20, we reviewed our methods to identify, assess and treat our top ten health and safety risks.

In FY21, we will aim to assess the effectiveness of our risk treatments to ensure we are taking all reasonably practicable<sup>7</sup> steps to ensure the health and safety of our employees, contractors, visitors, customers and the public in relation to our critical risks.

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<sup>7</sup> Consistent with the Health and Safety at Work Act definition, we define 'reasonably practicable' as: what can reasonably be done, weighing up all relevant matters, including:

- the potential consequences, their likelihood and ways to treat them
- the costs to improve our risk exposure, including whether the costs to do so are grossly disproportionate.

## Appendix 7 Our people targets

### 1. Continue to develop our future capability via our Orion development programmes

Target date: 31 March 2021

Our technical development programme continues to successfully develop and place talented and motivated people into key positions in our business. Trainees receive formal training and work experience in our business, with a view to placing them in areas where we forecast current or future skill shortages and/or succession opportunities. Trainees usually complete the programme in four to five years.

Our work experience and graduate development programmes provide opportunities for secondary and tertiary students to experience life in the workplace as well as gain knowledge of our industry. These streams are new for us and we will aim to continually evolve them as we explore and trial new opportunities.

As at 31 December 2019, five employees were in our technical stream, one student was in our work experience stream and four were in our graduate stream.

### 2. Ensure that Connetics has sustainable industry competence via its apprentice and electrical training schemes

Target date: 31 March 2021

Electricity distribution networks are complex, increasingly so given technology change, so having relevant employee competence is vital for Orion, Connetics and the wider industry. As at 31 December 2019, Connetics employed 29 apprentices and 16 other employees in training to gain an industry qualification.

### 3. Complete the first major phase of our people leadership programme

Target date: 31 December 2020

Our aim for this programme is to equip our leaders so they can lead our initiatives with intent and velocity. This programme is tailored to our context and our objectives and on what we are seeking to achieve with our work principles from a leadership perspective. We expect around 55 people will participate in the first phase during 2020.

### 4. Complete the first major phase of our diversity and inclusion programme

Target date: 31 March 2021

Our aim for this programme is to ensure that our work principles become a reality through our behaviours, including our leadership. Our approach includes three pathways: engage the hearts and minds of our people so they adopt more inclusive behaviours, target our systemic barriers to diversity and inclusion and develop key partnerships throughout our community to increase our attraction of people from diverse groups over time.

### 5. Support the wellbeing of employees

Target date: Ongoing

This target covers Orion and Connetics employees. Each company aims to have physical and mental wellbeing support programmes that are appropriate to their contexts. An important component is employee engagement on design and improvement. Another important component is that each employee is primarily responsible for their wellbeing, however we will aim to support that wellbeing in reasonably practicable and creative ways.