Appendix F

2025 AMP Update, Our Proposed Investment Approach at a Glance

Investing in the future of your local electricity network

This includes our proposed investment approach for FY2028-2032, and our 2025 Asset Management Plan Update

Orion

Help shape our plans for safeguarding the reliability and building the resilience of your electricity supply

Share your feedback by 30 May 2025

Welcome to Orion's investment consultation and asset management plan update

Cover: Milton Switching Station at night
Photo: James Munro at itch.co.nz

Last year we signalled our intention to apply for a customised price-quality path for the five-year period from financial year 2028 to 2032. Since then, we've started engaging with our customers, stakeholders and community, and undertaken more detailed analysis of the investments we need to make in this period to continue providing a safe, reliable and resilient energy supply to our growing community.

We have now developed a proposed investment approach for consultation as part of this 2025 Asset Management Plan Update (AMP Update). It outlines why we need a customised price-quality path, its outcomes for customers and its likely costs. We're keen to get your feedback on the proposed approach and invite you to tell us what you think. Your comments will guide us as we develop our customised price-quality path proposal for submission in mid-2026.

In Part 1 we have set out our proposed investment approach for the customised price-quality path period FY28-FY32. In Part 2, our AMP Update builds on the comprehensive Asset Management Plan we published in April 2024.

How to have your say on our proposed investment approach

We are keen to hear what you think about our proposed investment approach in Part 1. You can provide your feedback online, by email and in writing. For details, see page 40 of this document. Please provide your feedback by **30 May 2025**.

There will be more opportunities to have your say in 2025 as we develop our customised price-quality path proposal, and in 2026 when we submit our proposal to the Commerce Commission. Check out: haveyoursay.oriongroup.co.nz/cpp for how to get involved.

Questions to keep in mind

To help us understand your needs and priorities, we have included questions throughout the document that we welcome your feedback on. You can answer some or all of these questions and provide any other feedback you wish to share.

Our updated ten-year Asset Management Plan

Part 2 provides a refresh of our planning outputs, detailing key changes in our thinking and planning since our 2024 Asset Management Plan. It provides the updated ten-year expenditure forecasts, including the five-year customised path period. The forecasts in Part 2 inform our proposed investment approach in Part 1.

Our proposed investment approach

Part 1 contents

Our proposed investment approach at a glance

Orion owns and operates the electricity distribution network across Central Waitaha Canterbury.

90,000
power poles

14,300 km
of lines and cables

8,000 km
network area

228,000
customers

The cost to provide electricity to homes and businesses is paid for by our customers through lines and new connection charges. Our distribution lines charges typically represent around 27 cents in each dollar of your power bill.

The Commerce Commission determines how much revenue we can earn from lines charges through a default price-quality path. However, this will not deliver the revenue we need to maintain the service levels our customers expect.

We can apply for a customised path if the default does not provide sufficient revenue to deliver the safe, reliable and resilient network you rely on. This document outlines our proposed investment approach to address the unique set of challenges and opportunities our business faces.

Challenges and opportunities

- Ramping up our asset renewals
- Increasing our network capacity
- Strengthening network resilience
- Preparing for new technologies
- Improving efficiencies

From the early engagement we've undertaken, you've told us that a reliable and resilient network is a priority, along with affordability.

Our investment approach

Our aim is to strike a careful balance between cost-effective spending and network performance. Under our proposed investment approach, we would increase investment to provide the services our customers rely on by:

- Renewing ageing assets efficiently
- Maintaining critical equipment at current levels
- Efficiently managing network capacity
- Investing in network resilience
- Investing in digital tools and platforms

This would require a total spend of $1.73 billion over the five-year period from FY28 to FY32. This is made up of $1.17 billion of capital expenditure and $568 million of operational expenditure.

What this means for you

The benefits you can expect from the proposed investment approach include sustained levels of safety and reliability, a reduction in the risk of unplanned outages, and increased network capacity to support future growth. Additionally, resilience will improve, and we will support the decarbonisation of our region.

Delivering these benefits will cost you an additional $8.00 (+/- $1.00) a month in distribution lines charges over the five-year customised path period starting 01 April 2027.

How to have your say

We're keen to hear your feedback on our proposed investment approach. Your input will help shape our customised path proposal, to be submitted to the Commerce Commission in mid-2026. We want to know what matters most to you.

The easiest way to let us know your views is via our consultation website: haveyoursay.oriongroup.co.nz/cpp. Here you can learn more and complete a short questionnaire. Please provide your feedback to us by 30 May 2025.

Investing for tomorrow, today
Have your say on the future of our network

Message from the Chair and Chief Executive

Paul Munro
Chair

Nigel Barbour
Group Chief Executive

New Zealand's infrastructure is facing increasing scrutiny as it ages, with a growing population and rising demand putting additional pressure on it. At Orion, we face a unique set of challenges and opportunities, making the need for prudent and efficient investment in our network more critical than ever. We must make decisions in the long-term interest of our customers, as what we do now will shape a positive future for us and for generations to come.

Tēnā rā tātou katoa

It's an exciting time for our region right now, with Ōtautahi Christchurch and Selwyn District continuing to see considerable growth. Looking ahead, our purpose remains the same – to power a cleaner and brighter future with our community.

We are committed to proactive investment, as it is more cost-effective and sustainable in the long term, enabling us to continue making a positive contribution to our region.

As we look to the future, we recognise that electricity will play an important role as the energy source of choice for our community. This means we need to continue to provide a safe, reliable and resilient network, and one that is delivered to you at the lowest possible cost. However, like all infrastructure providers, we are operating in challenging conditions, with the cost of business going up all the time.

The challenges and opportunities ahead are what have led us to progress a customised path application to the Commerce Commission. We need to ramp up our asset renewal programme, increase our network capacity to support our region's growth, and continue to strengthen our network to reduce the risk of major disruptions to the power supply in the event of a natural disaster.

Our journey to get to this point began in the aftermath of the earthquakes, where our primary focus was on restoring the network and supporting the rebuild and recovery. While we were undertaking substantial repairs to the network, there were some elements of our normal work programme that were deferred. That had the effect of keeping prices down post-earthquakes, however it does mean we have to get on with that work now.

With the post-earthquake rebuild of the network largely complete we're now in a new phase of our asset management lifecycle, and it has become clear that the default price-quality path allowance announced in late 2024 is not going to be sufficient for us to deliver the level of service that our community relies on.

For the last 125 years we've been trusted by our community to connect customers with power and keep the lights on. Now with technology evolving at pace, so too are the needs and expectations of our customers and community.

It is critical we're keeping up with these changes – so we are ready to meet these challenges head on. Underinvesting risks reducing reliability and resilience, making it more expensive to manage and maintain the network in the longer term.

Conversely, by increasing expenditure now, we have the opportunity to preserve the quality of our network, keep costs manageable, and maintain the level of service our customers expect. It also means we can continue to integrate the latest technology into our network, improving our efficiency and responsiveness in the process.

We encourage you to read on to find out more about our plans for investing for tomorrow, today, in Central Waitaha Canterbury.

Paul Munro
Chair

Nigel Barbour
Group Chief Executive

1

Overview of our network

8,000+

Square kilometres of network coverage

5,800

Distribution substations

14,300+

Kilometres of lines and cables

228,000+

Total customer connections

52

Zone substations

4,000+

New customer connections a year

90,000+

Orion power poles

Where we fit in the electricity system

New Zealand's energy system comprises different types of businesses working together – including generators, Transpower (the national grid operator), distributors and retailers.

Orion is an electricity distributor. Our job is to distribute power from the national grid through our network to your homes and businesses.

We build, maintain and upgrade the substations, poles, power lines, underground cables and other equipment required to deliver power safely and reliably.

New Zealand's energy system

Orion

Generation	Transmission	Distribution	Distribution	Retailers	Customers
Generators produce electricity from water, wind, sun, coal, gas and geothermal energy.	Transpower transmits extra high voltage electricity across the national grid.	Orion substations take electricity from the national grid and lower the voltage.	Orion distributes the electricity to homes and businesses via power lines and underground cables.	Retailers sell electricity to customers and deal directly with them.	Your home or business.

Our network

From the Rakaia to the Waimakariri, Banks Peninsula to Arthur's Pass, Orion owns and operates the electricity distribution network that provides power to Central Waitaha Canterbury.

Our purpose is to power a cleaner, brighter future with our community.

Our network extends over 8,000 square kilometres and delivers electricity to more than 228,000 homes, and businesses. It has two distinct regions:

- Region A includes the city of Ōtautahi Christchurch and its suburbs and represents around 6% of our physical network area and 83% of our customers.
- Region B includes the rural areas and regional towns in the Banks Peninsula and Selwyn District, around 94% of our network area and 17% of our customers.

We are community-owned and have two key shareholders – Christchurch City Council, through its subsidiary Christchurch City Holdings Ltd, and Selwyn District Council.

Our network areas

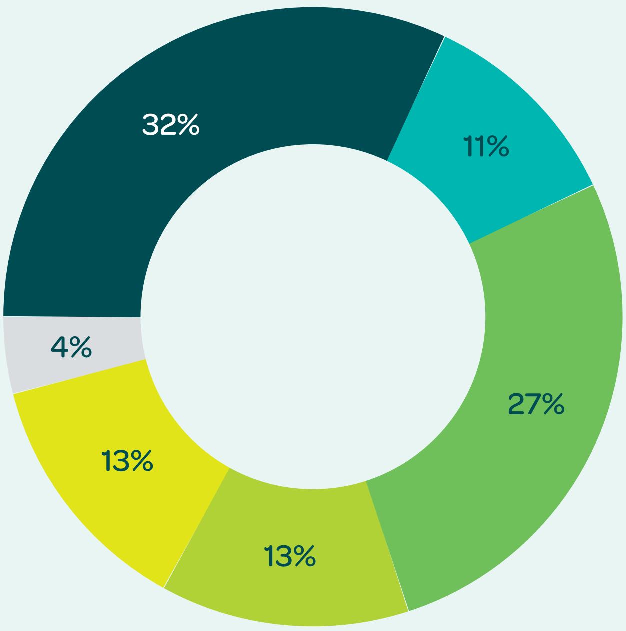
Cost of providing power

We recover the costs of providing our services through the lines charges included in your electricity bill, and through the fees we charge for new customer connections. We continuously invest in our network to support growth and to ensure safety, reliability and resilience.

You may not be familiar with our business name because your energy contract is with your chosen retailer. Your retailer bundles the cost of our line charges (as well as the costs of other businesses in the electricity system) into a single power bill.

Typically, our line charges represent around 27 cents of each dollar of your power bill. Transpower's costs represent around 11 cents, and the remaining 62 cents cover generation, retail, metering and GST charges.

What your power bill covers



32% Generation

This goes towards the cost of generating the electricity you use.

11% Transmission

This cost helps pay for building and maintaining the national grid.

27% Distribution

This cost helps pay for building and maintaining the power lines and cables that transport electricity from the national grid to your house.

13% Retail

This cost goes towards paying for the operating costs borne by the retailer you buy your electricity from.

13% GST

This is the Goods and Services Tax (15% of pre-tax amount, 13% of total amount).

4% General

This cost goes towards the cost of reading and maintaining your meter, energy efficiency programmes and the day-to-day running of the electricity market.

2

Why we're seeking a customised price-quality path

If we stay on the default price-quality path, we won't recover enough revenue to make the investments needed to avoid deteriorating network performance and higher costs in the future.

Like most electricity distributors in New Zealand, Orion is regulated by the Commerce Commission. It regulates 16 electricity distributors that operate as natural monopolies because having multiple providers for the same electricity infrastructure wouldn't be practical.

The Commission determines how much revenue we can earn over a set period from the lines charges our customers pay for our services. It also determines the minimum service quality we must deliver to customers. This is known as a price-quality path.

The Commission can set two types of price-quality path – a default path or a customised path (see definition on page 13 for more information). We are currently on the default path, and we have the option to apply for and propose our own customised path.

The default path Orion was on has been reset and the new default path became effective from 01 April 2025.

However, the maximum revenue we can earn on this default path is simply not enough to provide the safe, reliable and resilient network our customers expect.

We have done a rigorous, bottom-up assessment of the expenditure required to efficiently manage, maintain and operate our network to comply with our safety and quality standards. This assessment shows that our maximum revenue on the default path is materially below what we need to recover to support the required expenditure. If we stay on this path until the period ends in 2030, we will have to delay investments and activities that are needed now.

This delay would place our service quality at risk and this risk would increase over time. For example, you could expect to experience longer and more frequent unplanned power outages, and new customers could wait longer to be connected to the network.

A customised path would mean higher increases in our lines charges over the coming years than on the default path. We are conscious that this will make things more difficult for customers already facing cost of living pressures, but we are convinced that moving to a customised path from 01 April 2027 (financial year 2028) is in our customers' best long-term interests.

Electricity powers so many aspects of life that a reliable supply is critical for households, businesses and the local economy. As the economy decarbonises, it will become even more important in the future. In addition, we cannot delay the required investments forever. If we put them off for another five years, the costs involved will be significantly greater, leading to even higher price increases in the future. This delay is neither prudent nor efficient from a business perspective, and it would result in poorer outcomes for our customers and the Central Waitaha Canterbury region.

What's the difference between default and customised price-quality paths?

Both types of price-quality path constrain the amount of revenue we can recover from our customers and set minimum standards for the service quality we must deliver. This creates incentives for us to manage our network efficiently and discourages us from reducing service quality to increase profits.

The key difference between the two paths is how the total revenue amount is determined. For a default path, the Commission uses a simpler, standardised approach. This amount is calculated based on our past expenditure and to some extent the forward investment proposed in our asset management plan.

For a customised path, the approach is more detailed and business specific. We are required to submit a proposal to the Commission, which includes detailed information about the challenges and opportunities our business faces, and our investment and other spending plans over the period. This proposal is then subject to in-depth audit, verification, stakeholder consultation, and evaluation processes. The Commission will only approve proposed expenditure to be recovered through our lines charges if it is prudent and efficient and in the long-term interests of our customers.

Our expenditure profile

Over the last decade our capital investment has been shaped by the timing and nature of expenditure driven by the earthquake response and recovery, followed by rapid regional growth. After the earthquakes, significant investment was required to restore the network and connect new customers.

In 2013, a customised path enabled this necessary recovery-focused expenditure. However, to manage costs for customers, some long-term asset renewal activities were deferred during this period. Following this recovery period, our region experienced strong growth, and expenditure was directed toward network expansion rather than addressing these renewal works.

Upon returning to the default price path, our expenditure allowances did not reflect our deferred spending, effectively capping it at a level that is insufficient for us to meet the increased level of renewal and growth investment now required.

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Challenges and opportunities

Our analysis and forecasts indicate it would be prudent and efficient to invest more to maintain network performance, enable growth, build resilience and prepare for the future.

In its final decision on the new default price-quality path, the Commerce Commission increased the maximum revenue local electricity distributors like Orion can earn from line charges over the 2025-2030 period. It did this so that distributors can increase their expenditure on maintaining reliability, meeting growing demand and addressing resilience needs.

While this additional revenue will contribute to addressing the key challenges and opportunities we face in the coming years, it is not sufficient for our specific business circumstances. Our own analysis and forecasts indicate that it is in our customers' long-term interests to invest more now to tackle key challenges and benefit from opportunities including:

Challenges:

- Asset renewals – Ramping up our asset renewal programme to ensure we can effectively manage safety risk across the network and maintain reliability.
- Growth – Increasing our network's capacity to support forecast population, demand and economic growth, which is very strong in parts of our region.
- Resilience – Strengthening the network's resilience to natural hazards, particularly earthquakes, to reduce the risk of major disruptions to the power supply during and after these events.

Opportunities:

- Meeting future needs – Preparing for new technologies that support changing customer needs and customer choice.
- Improving efficiency – Taking advantage of innovations and integrating new tools and systems to improve our efficiency.

Proactively managing essential infrastructure

Ageing assets are a key driver for our customised price-quality path. In 2022 we identified that poles along the 11kV line between Duvauchelle and Akaroa were nearing the end of their service life. We upgraded this 6.6 km stretch by refurbishing or replacing 115 poles with minimal impact to the community. This means Banks Peninsula residents can better rely on our service and reduces potential storm-related disruptions.

As in this example, the ageing profile of our portfolio of overhead assets means we need to scale pole renewals across the network to maintain reliability.

Ramping up asset renewals to manage network risk

As with all infrastructure, it is only practical to maintain electricity network assets for so long. As they age, and their condition deteriorates, the cost of maintenance and the risk of failure increases. Asset failure can lead to safety risk, as well as unplanned power outages. Having to replace assets after they fail is more disruptive for customers and more expensive than planned replacement.

For this reason, we aim to renew our ageing assets before this cost and risk gets too high. This proactive approach to renewals underpins the safety and reliability of our services.

Over the coming years, we need to renew a much larger number of assets than we have in past periods.

There are sound reasons for this:

- A large part of our network was built in the 1960s and 1970s. These assets are now nearing the end of their serviceable life and are soon due for renewal.
- After the 2010-2011 Canterbury earthquakes, we reduced routine renewals so we could focus on recovery projects in and around Christchurch where the damage was greatest. This helped us to restore power and repair the network in the Christchurch area sooner and keep costs down for customers at that time. However, this also led to a backlog of renewals in other areas that now needs to be addressed.
- We have recently developed more robust models and processes to understand the current and expected future performance of our assets and the overall health of our network. Our new approach provides more reliable guidance on the optimum age to renew assets to best manage the risk of failure and incur the lowest lifetime cost. We have identified a higher number of assets reaching this optimum age in the coming years than our previous approach had.

Failing to ramp up asset renewals will reduce network reliability, leading to longer and more frequent unplanned outages.

Increasing our ability to support growth

Central Waitaha Canterbury is a popular place to live and run a business, and some parts of the region are experiencing significant and sustained growth.

According to 2023 Census data, the population of Selwyn District grew by 29% in the five years to 2023, compared to average growth of 6.3% nationwide. Christchurch City's population also grew steadily, coupled with changes in planning rules that encourage housing intensification, such as replacing single houses with multi-unit developments.

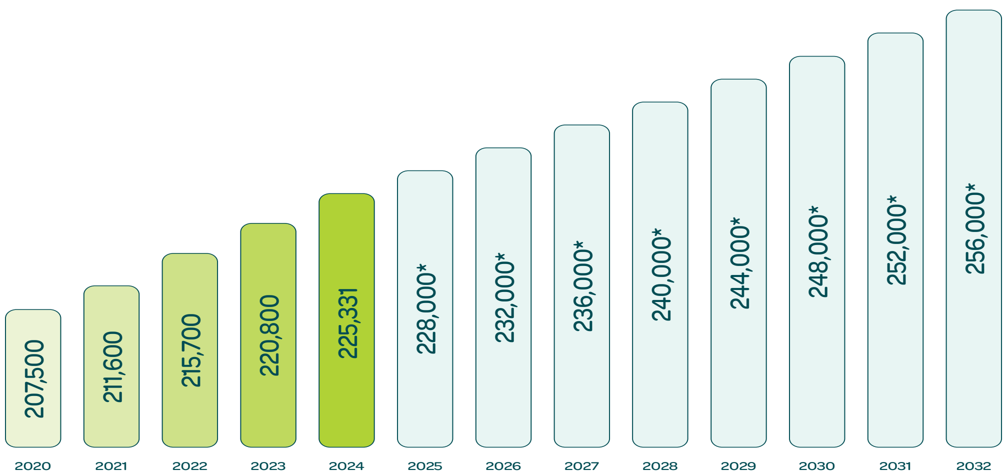
This trend is forecast to continue, putting pressure on our network's capacity to connect new households and businesses and meet increasing levels of peak demand. Our analysis indicates that in the coming years:

- There will be around 6,000 new connections each year. This equals more than 4,000 new customers, once disconnections and connection alterations are factored in.
- Maximum peak demand on the network will increase by 26%, up from the current maximum 675 megawatts to around 870 megawatts by FY34.
- A large part of peak demand growth will be from the residential sector, with some commercial and industrial growth.
- As energy systems decarbonise, electricity will be used as a fuel for more and more applications including electric transport, heating and cooking, etc. This means there will be significant demand growth for electricity on Orion's network.
- As our network expands to accommodate growth, additional investment will be required for ongoing maintenance.

Delaying investment would place our service quality at risk and this risk would increase over time, including more frequent and prolonged outages and delays in new customer connections. Capacity constraints could see access to the network rationalised, hindering regional growth and decarbonisation efforts in Central Waitaha Canterbury. This could limit opportunities for businesses and households to transition to low-carbon technologies, or disincentivise new businesses establishing.

Peak demand is like rush hour on the road, where power usage peaks for a short period. We need to make sure our network has the capacity to accommodate the growth in peak demand.

Net annual growth in connections, past and estimated



*Estimated customer connections

More power for our region

① Norwood GXP

Over 2022 and 2023 we worked with Transpower to increase central Canterbury's power capacity. Our joint investment in a new grid exit point (GXP) and zone substation in Norwood, Selwyn is an asset that will serve customers well into the future. A GXP is a point where our network is connected to Transpower's transmission network. It will support growing electricity demand in one of New Zealand's fastest-growing districts and will be a cornerstone allowing population growth in Rolleston and Lincoln. This type of investment helps ensure the region can efficiently meet the power needs of existing and future customers.

Building network resilience to reduce major outage risk

Orion's network is critical infrastructure: our community depends on electricity and our services – especially during and after major earthquakes, storms and other natural events. However, the risk of damage to the network from these events is high.

Central Waitaha Canterbury is a high seismic risk area. The Alpine Fault also poses a significant threat, even though it's outside our network area. Scientific research indicates there is a 75% probability of an Alpine Fault earthquake occurring in the next 50 years, and a high chance that it will be a magnitude 8 event.

In addition, the risk of damage due to windstorms, floods and wildfire is increasing as climate change increases the frequency and severity of extreme weather events.

To manage these risks, we need to strengthen the network's resilience – so it is less likely to suffer major damage during these events and can be more quickly repaired after them, and you are less likely to face lengthy and widespread power outages.

But building resilience is a costly, ongoing activity. Therefore, we prioritise this work and implement it over time to manage the price impacts on customers. In the coming years, we plan to complete the strengthening of a key set of assets – the 66kV cable sub-transmission network that is critical for powering the city of Christchurch and its suburbs.

During the 2011 earthquake, the network's older cables, circuit routes and construction design proved vulnerable, with some cables damaged beyond economic repair. We rebuilt the damaged section using improved modern lines and cables and more resilient circuit routes and construction design, making it stronger and enabling faster power restoration.

In the coming years, we plan to renew the remaining circuits in this network, so that all parts of Christchurch benefit from this greater resilience. This work is now a priority as continuing to operate and maintain these older cables, that are prone to failure and difficult to repair, presents a risk to power restoration.

New cables and circuits will boost resilience, enable faster power restoration after a significant earthquake, and improve fault management to keep more customers connected. Without strengthening the 66kV network, Christchurch risks prolonged outages for homes and businesses after a significant earthquake.

A journey of resilience

We know that a reliable and resilient network is essential. After the Canterbury earthquakes, our focus was on restoring the network and supporting the region's rebuild. Significant repairs were needed, and we strategically deferred some routine work to prioritise more immediate needs and keep prices down during recovery.

The repairs and upgrades completed post-earthquake have made parts of our network highly reliable and resilient. Rebuilt substations, lines, and cables are designed to withstand future challenges. However, areas where work was deferred now require renewal to ensure ongoing safety and reliability. Proactively getting onto these renewals now means we can continue to have a resilient network.

Preparing to meet future needs

Technology is advancing rapidly, and the needs and expectations of our customers and community are continually evolving. In the coming years, we need to make important investments to keep pace with these changes – so we are ready to meet emerging challenges.

For example, as New Zealand transitions to a low-carbon economy, the way our customers use the network is changing. While the uptake of electric vehicles, solar panels and battery storage is still relatively low, it will increase as purchase costs come down and pressures to meet emissions targets intensify. This means our network will not only deliver electricity to customers, but it will also have to take customer-generated energy back to the grid. We need to invest in preparing the network to manage these two-way energy flows.

Waiting to prepare the network for the mass uptake of electric vehicles, solar panels, and batteries would be inefficient. Managing two-way energy flows is complex but can benefit customers with lower costs and greater flexibility. A well-prepared network that enables cost effective and flexible solutions will support growth, enhance reliability, and potentially reduce the need for expensive new infrastructure through better utilisation of the network. It will take time for new technologies to reach critical scale and it and won't immediately remove the need for continued maintenance, replacement and enhancement of the core network.

As technology evolves and our digital capabilities improve, the risk of cyber-attack increases. These attacks are becoming more frequent and sophisticated and could disrupt our systems, causing outages. Strengthening our cyber defences is essential to ensure reliability, to protect the network, and to safeguard customer data.

Innovating to improve our efficiency

The continued evolution of our digital capacity is needed to efficiently manage our network and enable customer choice in new technology.

We have opportunities to upgrade technologies, systems and tools to better monitor the network, manage assets, inform maintenance programmes, handle outages, and improve customer services. These upgrades will enhance our decisions, services, and increase efficiency over time.

Not keeping pace with new technologies and tools with proven benefits would reduce the network's efficiency and increase maintenance costs. It would also make managing and resolving outages harder and limit our ability to provide timely updates on outages and power usage. Over time, our customers would receive less value for money relative to those distribution businesses that take advantage of these tools.

A question to keep in mind

Do you understand the challenges and opportunities that Orion faces in continuing to provide the safe, reliable and resilient network that you rely on?

For more detail on our proposed investment approach, how it tackles these challenges and opportunities and its benefits for you, see page 26.

Drones get it done

We already use an automated drone to monitor our new substation in rural Selwyn. After successfully completing over 250 trial flights in 2023, we now conduct regular drone inspections of our Norwood site.

Investing more in this kind of technology will increase our efficiency and speed in locating network faults. Drones also enable inspections of assets in hazardous or inaccessible areas, making our team safer, allowing issues to be identified remotely, and helping us restore power quicker.

4

How we're engaging with customers and the community

We are committed to working closely with you, our customers, stakeholders and community, to ensure our investment plan reflects your needs and priorities.

To help shape our proposed investment plan, we initially consulted our community through our ongoing engagement channels. We are now keen to hear from a much wider group of customers and stakeholders. Your views will help us refine the plan and develop our customised path proposal for the Commerce Commission.

Post-COVID inflation has increased the cost of many goods and services, adding to cost-of-living pressures for many. We know that further increases in our lines charges will add to these pressures. Your feedback will help us to strike the right balance between investing to maintain the high quality of services you rely on into the future and the impact of these investments on the affordability of electricity in the coming years.

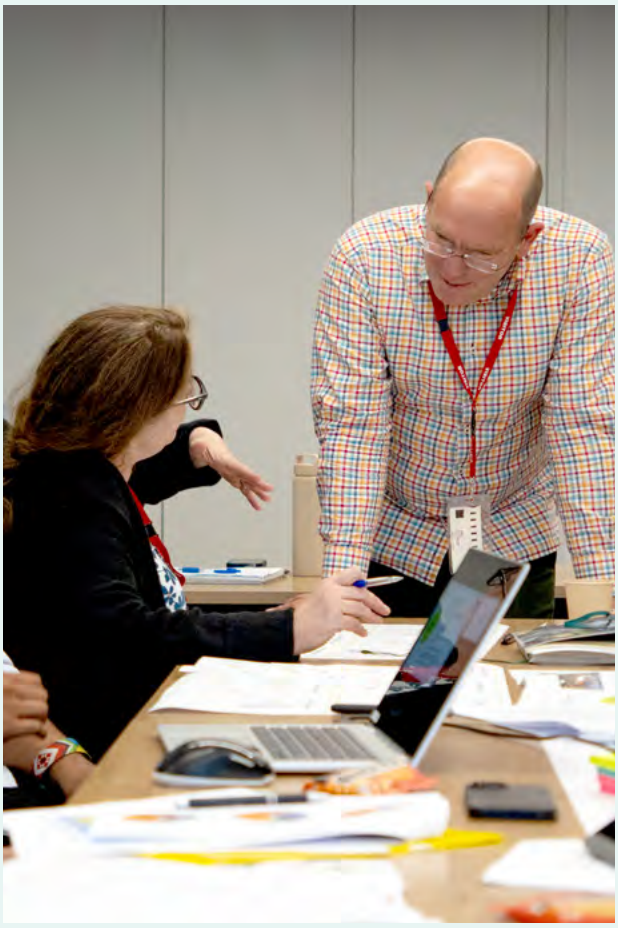
Our engagement to date

As part of our normal business, we engage with customers regularly through several channels. These include our:

- **Customer Advisory Panel,** which brings together community representatives to share insights on customer needs and provide feedback on our business plans, supported by an independent advisor for balanced perspectives.
- **Powerful Conversations workshops,** which we hold with urban and rural customers to explore key topics in depth and improve our understanding of customer perspectives.
- **Customer Perceptions Survey,** which is an annual survey of 800-1,000 residential and business customers that seeks their views about what matters most, and where we should focus our investment.
- **Communications channels,** including our Community Update newsletter, which reaches around 110,000 households, and our website.

We used these channels to share our early thinking on our plans for the coming years and to seek our customers' views. For example, at the October and November 2024 Customer Advisory Panel meetings, we discussed why we plan to apply for a customised path and listened to panel members' responses.

In our most recent Powerful Conversations workshops, we engaged with around 80 customers from urban, rural, and Banks Peninsula communities. We explained our investment drivers and sought participants' views on which areas were their top priority.



Engaging with our customers

We work hard to understand the needs and expectations of our customers. Being close to our customers helps us make informed asset management and investment decisions that benefit the people who rely on our network.

Orion's Customer Advisory Panel plays a vital role in this process. The Panel brings together community representatives, business leaders, and non-government organisations, providing a valuable forum to engage with a broad cross-section of our customers.

With a customer advocacy focus, the Panel offers valuable insights that help us align our plans with the expectations of those we serve.

What we've heard so far

Through this initial engagement, we heard that our customers' main priorities are maintaining the reliability of our network and building its resilience, but affordability is also important. In short, you want electricity that is available when you need it, at an affordable price.

For example, our Customer Advisory Panel told us that the safety, reliability and resilience of the network are vital both now and in the future. However, price increases are a key concern, especially for our community's more vulnerable members.

In our workshops, participants initially said that reliability and resilience were their top priorities. However, as we discussed asset management, including our renewals programme, and its role in our network operations, they developed a deeper understanding of how our key investment areas are interconnected. For example, they recognised that expanding and upgrading our network capacity to support growing demand is also important to maintain the reliability of supply.

In our 2024 annual perceptions survey, respondents indicated their top priorities were minimising power outages and restoring power quickly after disruptions. More than 80% were satisfied with the current level of reliability, and overall customer satisfaction with our services was high. Looking forward, respondents were keen to see the network ready for the future, us taking advantage of new technologies, improving efficiency and remaining reliable.

Next steps in our engagement

We will continue to engage with customers, stakeholders and our community over the next 12 months. As the next step, we want to hear your views on our proposed investments, their outcomes for customers and impact on bills, and whether we have the balance right.

Your feedback will help us refine our investment approach and develop a draft customised path proposal that reflects our customers' values and priorities. We'll share this draft proposal and seek further feedback later this year.

We'll also continue to meet with our Customer Advisory Panel and host Powerful Conversations. This will enable us to test and deepen our understanding of your feedback and explore different options for responding to it in our customised path proposal.

Once we've considered all the feedback we receive on our draft proposal, we'll make our final decisions and prepare our final proposal to submit to the Commerce Commission in mid-2026.

Your feedback will help ensure our customised price-quality path proposal reflects what matters most to you. For information on how to have your say, see page 40.

Engagement pathway

Phase 1 – Early engagement *(August 2024 to March 2025)*

Customers engaged on key investment drivers: safety, reliability, resilience, growth and efficiency

- Convened our Customer Advisory Panel and held three sessions focusing on our business, and investment approach
- Held Powerful Conversations focus groups discussing our investment drivers
- Surveyed 1,000 customers to understand what is important to them
- Asked rural customers at local A&P shows about reliability

Phase 2 – Consultation *(April to June 2025)*

We're here

Consultation to guide the development of our customised path proposal

- Share our investment approach and gather customers' views on whether we have the right balance between the services they expect and the price they would pay
- Hold sessions with our Customer Advisory Panel and Powerful Conversations workshops on our investment approach and key issues like reliability, resilience, growth and the future
- Conduct a customer pulse survey to collect broader feedback on our investment approach

Phase 3 – Consultation *(September 2025 to January 2026)*

Consultation to gather feedback and refine our draft customised path proposal

- Share our draft proposal for customer feedback
- Hold a session with our Customer Advisory Panel to discuss the draft proposal
- Conduct a Customer Perceptions Survey to collect broader feedback on the draft proposal

Phase 4 – Refining our proposal *(February to June 2026)*

- Incorporate feedback into the final proposal.
- Review feedback and explain how it has been included in the draft proposal, or why it hasn't.

Phase 5 – Regulatory review *(July to December 2026)*

- We'll submit our customised path proposal to the Commerce Commission, which will consult customers and make a final decision by late 2026

Next steps in the regulatory process

To apply for a customised price path, we must submit a detailed proposal to the Commerce Commission. This proposal undergoes rigorous auditing, verification, and evaluation to ensure our investment plans are justified and align with customers' long-term interests.

A key part of this evaluation is independent verification. In 2025, an independent expert, approved by the Commerce Commission, will audit our data, analysis, assumptions, and investment plans to confirm they are reasonable. Their findings will guide the ongoing development of our proposal.

We will submit the final customised path proposal to the Commerce Commission in mid-2026. The Commission will thoroughly assess the proposal against regulatory rules and requirements and ask for feedback. The Commission will then determine our revenue allowance, and the customised price path will take effect on 01 April 2027 (FY28).

Questions to keep in mind

What is most important to you?

- ☐ Having a safe and reliable electricity network with fewer unplanned outages.
- ☐ Having enough spare capacity in the network to accommodate some growth in demand for electricity.
- ☐ Having an electricity network that is resilient to natural or unplanned disasters such as an earthquake or severe weather.
- ☐ Having an electricity network that can accommodate new technologies.
- ☐ The amount you pay for the lines charges component of your power bill.

How to have your say

The easiest way for you to let us know your views is via our Have Your Say consultation website at: haveyoursay.oriongroup.co.nz/cpp. You can also sign up there for email updates about this process.

If you'd prefer to send us an email, write to haveyoursay@oriongroup.co.nz, or you can send a letter to us at: The Orion Group, 565 Wairakei Road, Burnside, Christchurch 8053.

If you want to talk to someone about our investment approach, email haveyoursay@oriongroup.co.nz to make a time for you to share your feedback with us personally.

Please provide your feedback by 30 May 2025.

5

Our proposed investment approach

Our proposed approach represents our view of the investments and activities required to deliver a safe, reliable and resilient network that meets our customers' expectations and our community's needs, both now and in the future.

Our approach reflects the challenges and opportunities our business faces (see pages 14-19) and ensures we can meet our safety and quality standards, as well as other regulatory obligations.

We believe our proposed expenditure is consistent with the efficient costs that a prudent electricity distributor in our particular circumstances would incur.

In developing the approach, we considered two other options – one involving relatively less investment and the other relatively more (see pages 34-37). We chose the proposed approach because it best balances our customers' priorities, particularly maintaining the reliability of your electricity supply and the affordability of your power bills.


JEL742

Overview of proposed expenditure

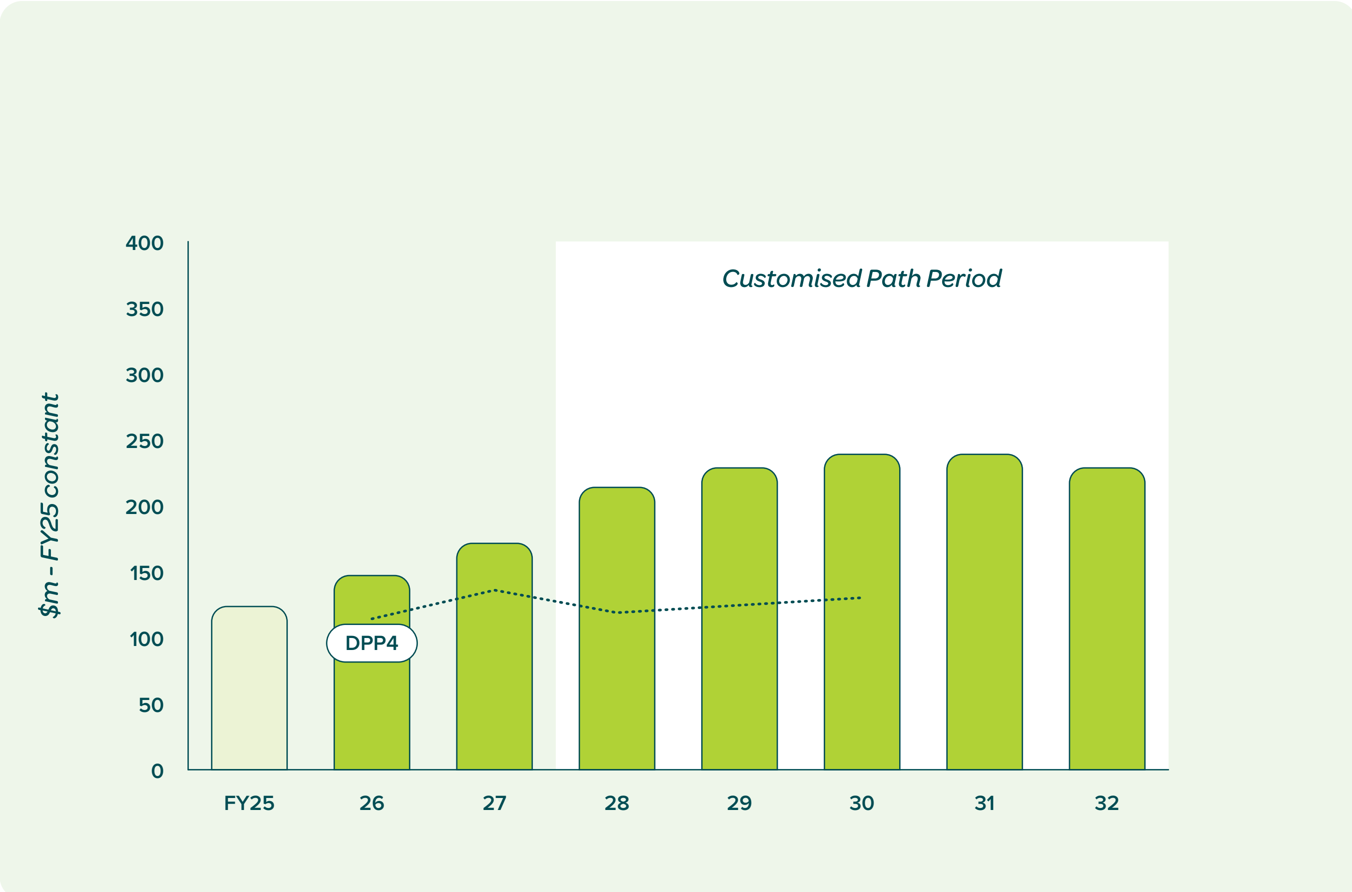
In total, we plan to spend approximately $1.73 billion over the five years from 01 April 2027 to 31 March 2032.

This is our proposed customised price-quality path period, and we refer to it as financial years 2028 to 2032 (FY28-FY32). When we talk about this expenditure, it is in constant FY25 dollars, or today's dollars (i.e. it is not adjusted for forecast inflation). Using constant dollars is important for maintaining the accuracy and comparability of expenditure over time.

Most of the proposed spending is capital expenditure (67%), which is the long-term investments we plan to make in our physical assets. The rest is operating expenditure (33%), which is our day-to-day expenditure to run the network and support the delivery of our services.

Proposed capital expenditure

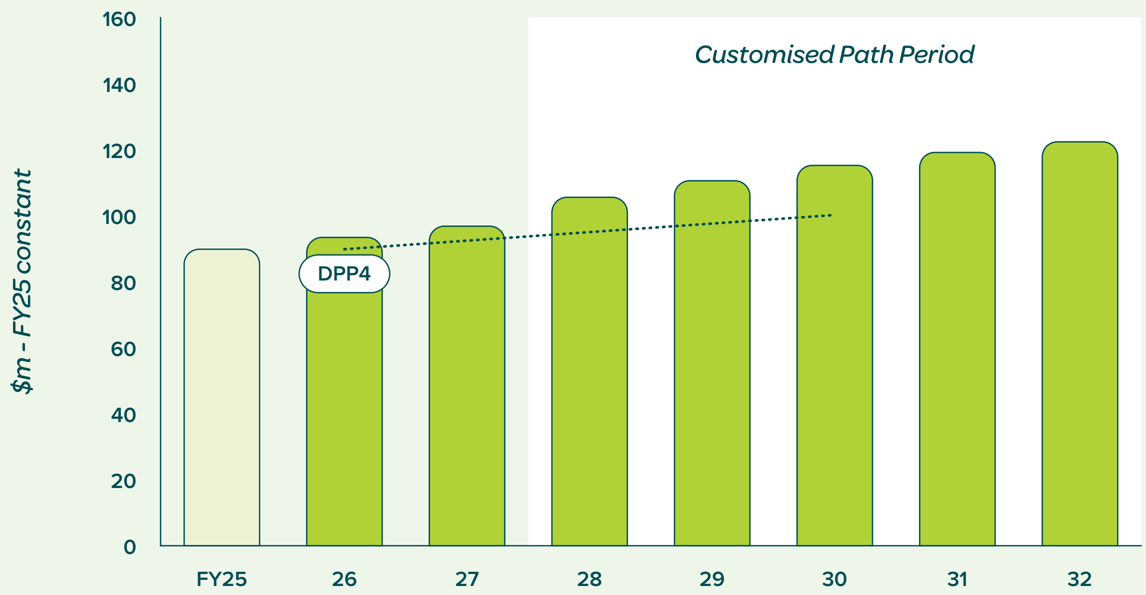
Our proposed capital expenditure (capex) for the customised path period is $1.17 billion.



This graph illustrates how the proposed increase in capital expenditure from FY25 through to the 2028–2032 customised path period is in excess of the default path allowance. Disclosure Schedule 11a in Appendix B details the forecasted capex.

Proposed operating expenditure

Our proposed operating expenditure (opex) for the customised path period is $568 million.



This graph illustrates how the proposed increase in operating expenditure from FY25 through to the 2028-2032 customised path period is in excess of the default path allowance. Disclosure Schedule 11b in Appendix B details the forecasted opex.

Proposed capex investment areas

Our proposed capex expenditure is focussed on four key areas:

Renewing assets to effectively manage network risk and maintain reliability. Most of our proposed capex is to manage the risk that assets in poor condition will fail, resulting in safety risks and unplanned outages. These investments are fundamental to maintaining our safety and reliability standards and reducing the risk of more frequent and longer unplanned outages due to equipment failure.

Expanding and upgrading the network to support growth and prepare to meet future needs. Most of this proposed spend is to ensure we can connect new customers and meet increasing electricity demand. Some will also support industries to decarbonise and prepare the network for increasing uptake of electric vehicles, rooftop solar and other distributed energy.

Strengthening the network to increase resilience. The majority of this proposed spend is to strengthen a key set of assets – the 66kV cable sub-transmission network in Christchurch. This investment is necessary to reduce the risk of major, prolonged outages due to a significant earthquake.

Renewing and upgrading non-network assets to support new technologies and improve efficiency. This proposed capex is for technologies and systems that will enable customer choice, improve the overall efficiency and effectiveness of our business operations, and support safety and compliance.

The need for increased investment in these key areas is driving most of the increase in our total proposed expenditure relative to recent years. Our proposed expenditure in each area is summarised below.

Key capex investments and the outcomes for customers

Proposed capex	What we'll invest in	Why we're investing	What this means for you
Renew network assets to effectively manage network risk and maintain reliability.			
$720m - 740m	Overhead structures – increasing replacement or renewal of power poles and cross arms, and overhead conductors.	Assets are nearing the end of their serviceable life.	Reduced risk of unplanned outages due to asset failure. Reliability levels maintained. Safety levels maintained. Improved network resilience.
	Overhead structures – painting steel structures.	Steel structures are ageing, painting extends their serviceable life.	
	Underground cables – replacement of the remaining 66kV oil-filled cables on our sub-transmission network. Increasing replacement of distribution and LV cables including streetlighting.	Following a significant earthquake, older oil-filled cables are prone to multiple faults leading to prolonged outages.	
	Zone substations – increasing replacement or refurbishment of transformers and switchgear.	Extend the life of existing transformers and renewal of ageing switchgear.	
	Distribution switchgear – increasing replacement of switchgear.	Assets are nearing the end of their serviceable life.	
	Secondary systems – increasing replacement or renewal of protection systems.	Assets are nearing the end of their serviceable life, and the availability of spares is becoming limited.	

Proposed capex	What we'll invest in	Why we're investing	What this means for you
Expand and upgrade the network to support growth and prepare to meet future needs.			
Major projects $85m - 105m	Four new 66kV underground circuits between zone substations – Belfast to Waimakariri, Marshland to McFaddens, Milton to Hoon Hay, and Lancaster to Milton.	Over time, population and demand growth will constrain the capacity of the network or trigger the need to enhance reliability.	A stronger network that can recover quicker after a disruptive event. New customers can readily connect to the network. HV Security of Supply standard met. Reduced risk of unplanned outages for existing customers from capacity constraints. Network reinforced to support new technologies and enable customer choice.
	New 66kV switchgear at Hoon Hay zone substation		
	Major reinforcement of the 11kV network at Hawthornden zone substation.		
	Two new 66kV overhead circuits connecting Norwood – Highfield – Rolleston, and Norwood – Greendale – Hororata – Darfield (Creyke).		
	Two new zone substations at Lincoln and Darfield (Creyke).		
	Upgrade zone substation at Rolleston.		
	Major reinforcement of our 11kV network in the Rolleston industrial area.		
Renew and upgrade non-network assets to support new technologies and improve efficiency.			
$50m - 55m	Upgrading, replacing and introducing key digital tools and platforms that support network operations, asset management, and data collection.	Several systems supporting core business functions are currently outdated and require upgrade or replacement. In some cases, new solutions will provide automation and functionalities that existing systems lack.	Delivery of improved services with more efficient investment. Enhanced ability to respond to events on the network.
	Increasing the scope and amount of data we collect and applying it to our decision-making and operations automation.	A more detailed view of our network coupled with advanced analytics will identify, and in time predict, emerging asset issues, constraints and congestion.	Delivery of improved services with more efficient investment. Enhanced ability to respond to events on the network.
	Strengthening our cyber security capabilities.	Boost protection against the increasing frequency and sophistication of cyber-attacks.	Reduced risk of unplanned outages due to cyber-attacks. Greater protection of customer data.
	Systems and platforms that support new technologies, including managing two-way electricity flows, and automation of real time operation of the electricity network.	Continued improvement of digital capability is needed to facilitate customer choice.	Network has the capacity to support new technologies. Supports cost effective and flexible solutions to meeting future growth.

Increasing resilience and supporting growth

66kV Bromley to Milton cable

One of our key priorities is strengthening our network to ensure it stays safe, reliable and resilient. We're doing this to ensure we're better prepared for something like the magnitude 8 earthquake on the Alpine Fault that's predicted to occur in the next 50 years.

An essential part of this involves replacing ageing oil-filled underground power cables that are critical in powering Christchurch City. In 2023 we completed part of this work between Bromley and Milton, and we're now working from Milton to Halswell. The new cable uses the latest technology and is sized to accommodate future growth.

Proposed opex investment areas

Our proposed opex is in the following areas:

- **Maintaining our network assets to keep them in optimal working condition.** This includes proactive maintenance, such as routine inspection and repairs, and reactive maintenance. including repair of faults and emergency repairs.
- **Managing vegetation around our assets.** This involves trimming trees and other vegetation around our assets to reduce safety hazards and outages.
- **Supporting our network and business operations.** This includes opex on activities related to managing the network and running our business, such as digital systems, our control centre, customer services, and corporate services.

Our proposed expenditure in each area is summarised below.

Key opex activities and the outcomes for customers

Proposed opex	What we'll invest in	Why	What this means for customers
Maintaining our network assets to keep them in optimal working condition.			
$100m - 120m	Increasing and improving our maintenance, inspection, condition assessment, servicing and testing activities.	A comprehensive understanding of network conditions enables efficient asset management and informed decision-making.	Continued safety and integrity of assets. Reduced risk of unplanned outages due to asset failure. Reliability levels maintained. Safety levels maintained.
Managing vegetation around network assets.			
$40m–45m	Expanding our vegetation management programme in line with the requirements of the updated Tree Regulations.	Without regular monitoring and management, vegetation can impact the overhead network leading to unplanned outages, damage, injuries and fire.	Reduced risk of unplanned outages due to vegetation. Reliability levels maintained. Safety levels maintained.
Supporting our network and business operations.			
$60m–70m	Licensing and support costs for key digital tools and platforms.	Digital tools and platforms support most of our business processes. Licensing and support agreements ensure that the currency, performance, availability, and security of our systems align with the operational requirements of the business.	The maintenance of applications and digital platform systems is crucial for their optimal performance and support of business operations.

Questions to keep in mind

- To ensure a safe, reliable and resilient network, Orion has developed a proposed investment approach to address current challenges and future opportunities. Do you support this proposed approach?
- Do you believe Orion's proposed investment approach achieves the right balance between maintaining network reliability, reducing risk, and affordability?

6

Alternative investment approaches we considered

Our proposed investment approach strikes a careful trade-off between risk, reliability, resilience, and affordability. To arrive at this, we explored three options for investing – a balanced approach, as well as a more limited approach and an accelerated approach.

Over the page, we compare the balanced approach with the limited and accelerated options, which we did not select. While all investment approaches are prudent and efficient, they each involve different trade-offs between price and quality.

Investment approaches

	Alternative 1 Limited investment	**Proposed option** Balanced investment	**Alternative 2** Accelerated investment
Summary	Under a limited approach, we would reduce investment to minimise price rises. Asset renewals and upgrades would continue at the current pace, causing a growing backlog of maintenance and a higher risk of asset failures. Over time, this would reduce safety, network reliability, resilience, capacity, and efficiency.	Under this balanced approach, we would increase investment to keep the network safe, reliable and resilient. This would involve more asset renewals and upgrades, and improving resilience, capacity, and efficiency while maintaining current safety and reliability standards.	Under the accelerated approach, we would increase investment to create a highly reliable and resilient network by speeding up asset renewals, maintenance, and future demand planning. We would also prepare the network for new technologies with advanced digital tools and platforms.
Risk	Under a limited approach we take on a higher level of risk.	Under this approach we balance risk, reliability and affordability.	Under an accelerated approach we benefit from a lower level of risk.
Investment priorities	• Reactive renewal of ageing equipment • A maintenance backlog develops • Limited investment in network capacity • No additional investment in network resilience • Limited investment in digital tools and platforms	• Renew ageing assets efficiently based on calculated assessment • Critical equipment is maintained at current levels • Network capacity is managed efficiently • Additional investment in network resilience • Additional investment in digital tools and platforms	• Renew equipment before it causes issues • All equipment is maintained more frequently • Network capacity is enhanced • Accelerated investment in network resilience • Accelerated investment in digital tools and platforms
Customer outcomes	• Lower short-term price rises • Higher risk of unplanned outages due to asset failure • Safety, reliability and resilience decrease over time • Network capacity cannot support growth • Inability to leverage new technologies • Compromised ability to support decarbonisation • Risk of higher long-term costs due to deferred maintenance	• Short-term price rises • Reduced risk of unplanned outages due to asset failure • Safety and reliability maintained • Network capacity can support managed growth • Improved network resilience • Ability to support managed decarbonisation • Future smaller price rises may occur	• Higher short-term price rises • Lower risk of unplanned outages, even after disruptive events • Improved reliability and resilience • Accelerated network expansion to prepare for any growth • Early adoption of new tools and technologies • Network fully supports decarbonisation • Future price rises are likely to be low
% of required spend	Limited investment allows us to deliver 74% of the forecasted investment required.	Balanced investment allows us to deliver 100% of the forecasted investment required.	Accelerated investment allows us to deliver 117% of the forecasted investment required.
Total spend over 5-year customised price-quality path period	$1.28 billion	$1.73 billion	$2.02 billion
Average residential line charge increase per month above the default path increase.	$2.00 (+/-$1.50)	$8.00 (+/-$1.00)	$13.50 (+/-$2.50)

Why the balanced approach is our proposed option

As detailed in Section 4, our regular customer surveys and early engagement on this investment approach have shown that our customers want us to prioritise reliability and resilience, support growth, and keep prices down, and this has informed our decision making.

Alternative 1: The limited approach
This reactive approach to asset management would lead to declining network performance, increased outages, slower repairs, and limited capacity for growth or technological improvements.

Customers have made it clear they want us to maintain current levels of reliability and resilience, so this option is not the right way forward. Although it would result in lower short-term price increases, this approach falls short of delivering the level of service our customers expect. Under this approach, price rises in the medium to long term are likely to be higher.

Alternative 2: The accelerated approach
An investment option focused on renewing assets and acquiring new technologies to create a highly resilient, cost-effective network, minimising supply risks even during major disasters like a magnitude 8 Alpine Fault earthquake.

While this approach would accommodate regional growth, customer feedback shows that over-preparing or aiming to be ahead of the market is undesirable if it means significant price increases. With technology changing so fast, there is also a risk of investing in solutions that quickly become outdated or incompatible with future advancements. Under this approach, short-term price rises would be high. As such, this approach was not pursued, as it does not align with our customers' affordability priorities.

Our proposed option: The balanced approach
Our recommended investment option strikes a careful balance between cost-effective spending and network performance.

It would enable us to renew and maintain equipment, address key risks to network resilience, and support regional growth and the adoption of new technologies to enable customer choice and improve efficiency. This approach ensures safety, reliability, and resilience while aligning with customer and network needs in a prudent and efficient way.

We're confident we can efficiently deliver the investment in this approach. Reducing the level of investment, as in the limited approach, could result in inefficient outcomes. For instance, reactive maintenance is more costly than proactive maintenance. Additionally, adjusting the workforce in response to reduced investment would also be inefficient. This is because it could necessitate remobilisation when future investment is required to address safety and reliability issues associated with a declining network.

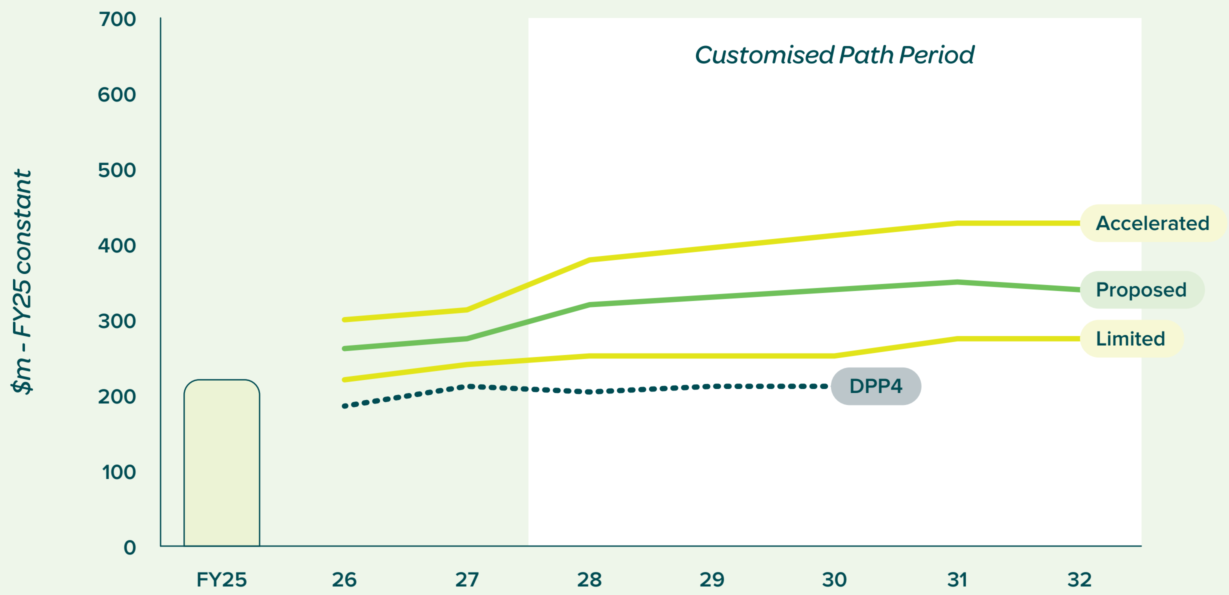
Questions to keep in mind

- Are there aspects of the alternative investment options that you would like Orion to consider further?
- What is the one thing you believe Orion needs to focus on?

How the approaches compare

The graph below compares the revenue from the three investment approaches to the default price-quality path, based on the default path reset effective 01 April 2025.

How the investment approaches compare



In summary, our proposed investment approach involves:

- Balancing increased investment to maintain a safe, reliable, and resilient network while keeping costs within reasonable limits
- Increasing the renewal of ageing assets and maintaining critical equipment
- Efficiently managing network capacity to support predicted growth
- Investing prudently in systems and tools to enable customer choice and improve efficiency

7

How our proposed approach would impact your bill

We know cost is at the top of everyone's minds in these challenging times, but we've also seen the consequences of underinvestment in infrastructure.

The proposed forecast is estimated to cost $1.73 billion.

Being on a customised path from FY28 would see an estimated increase in distribution lines charges on the average residential power bill of between $7.00 and $9.00 per month for each year of the customised price path. This is in addition to the recent Commerce Commission default path decision for Orion which resulted in an increase in distribution lines charges of around $16 per month on the average residential power bill from 01 April 2025.

The customised price-quality path we're proposing will ensure we balance maintaining a safe, reliable and resilient network with investing for tomorrow.

8

Tell us what you think

Your input is essential to help us shape a customised path proposal that meets your needs.

We want to ensure you have a say in:

- How our plans might affect the lines charge on your power bill.
- The benefits and trade-offs involved in our proposed investment approach.

The Commerce Commission will also be interested in understanding your perspectives.

How to have your say

The easiest way for you to let us know your views is via our Have Your Say consultation website at: haveyoursay.oriongroup.co.nz/cpp. You can also sign up there for email updates about this process.

If you'd prefer to send us an email, write to haveyoursay@oriongroup.co.nz, or you can send a letter to us at: The Orion Group, 565 Wairakei Road, Burnside, Christchurch 8053.

If you want to talk to someone about our investment approach, email haveyoursay@oriongroup.co.nz to make a time to share your feedback with us personally.

Please provide your feedback by 30 May 2025.

Our questions for you

To help us understand your needs and priorities, we have included questions throughout this document that we welcome your feedback on. You can answer some or all of these questions and provide any other feedback you wish to share.

Section 3 – Challenges and opportunities

- Do you understand the challenges and opportunities that Orion faces in continuing to provide the safe, reliable and resilient network that you rely on?

Section 4 – How we're engaging with customers

- What is important to you?
- Having a safe and reliable electricity network with fewer unplanned outages.
- Having enough spare capacity in the network to accommodate some growth in demand for electricity.
- Having an electricity network that is resilient to natural or other disasters such as an earthquake or severe weather.
- Having an electricity network that can accommodate new technologies.
- The amount you pay for the lines charges component of your power bill.

Section 5 – Our proposed investment plan

- To ensure a safe, reliable and resilient network, Orion has developed a proposed investment plan to address current challenges and future opportunities. Do you support this proposed plan?
- Do you believe Orion's proposed investment plan achieves the right balance between maintaining network reliability, reducing risk, and ensuring affordability?

Section 6 – Alternative investment options we considered

- Are there aspects of the alternative investment options that you would like Orion to consider further?
- What is the one thing you believe Orion needs to focus on?

Please let us know what you think by completing our online questionnaire at: haveyoursay.oriongroup.co.nz/cpp.

Our updated 10-year asset management plan

Part 2 contents

Introduction

This section of our 2025 Asset Management Plan Update (AMP Update) provides a refresh of our planning outputs for the next decade. It details key changes in our thinking and planning since our 2024 Asset Management Plan (AMP 2024) was published in March 2024.

AMP 2024 reflected our views on network need and our customers' future energy needs, informed by our strategies, business objectives, practices and projects. AMP 2024 remains the reference point for information on our asset management system, strategies, objectives, practices and processes.

Since disclosing AMP 2024 our forecasting for the next ten years has evolved. In this AMP Update, we describe the material changes to the overlapping period (nine years) between the respective AMP 2024 and AMP 2025 periods for asset management practices, and expenditure in the key expenditure categories of network development, asset lifecycle management and non-network operational expenditure as well specific commentary on information disclosure requirements related to quality, connection and innovation. Detailed schedules of expenditure, asset condition, forecast capacity and demand, and forecast interruptions and duration (quality) are provided in the Appendices to this AMP Update.

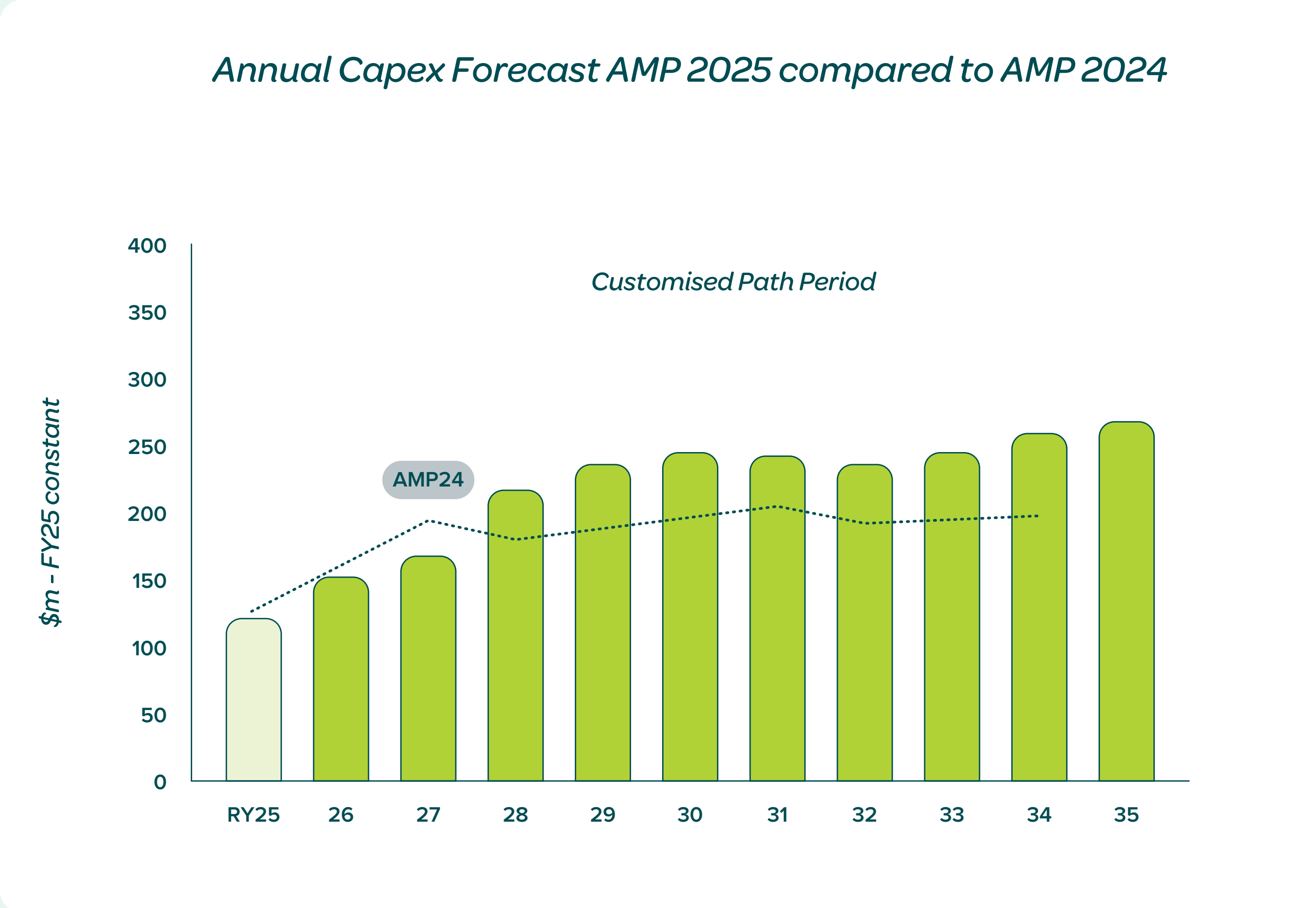
Regulatory requirements

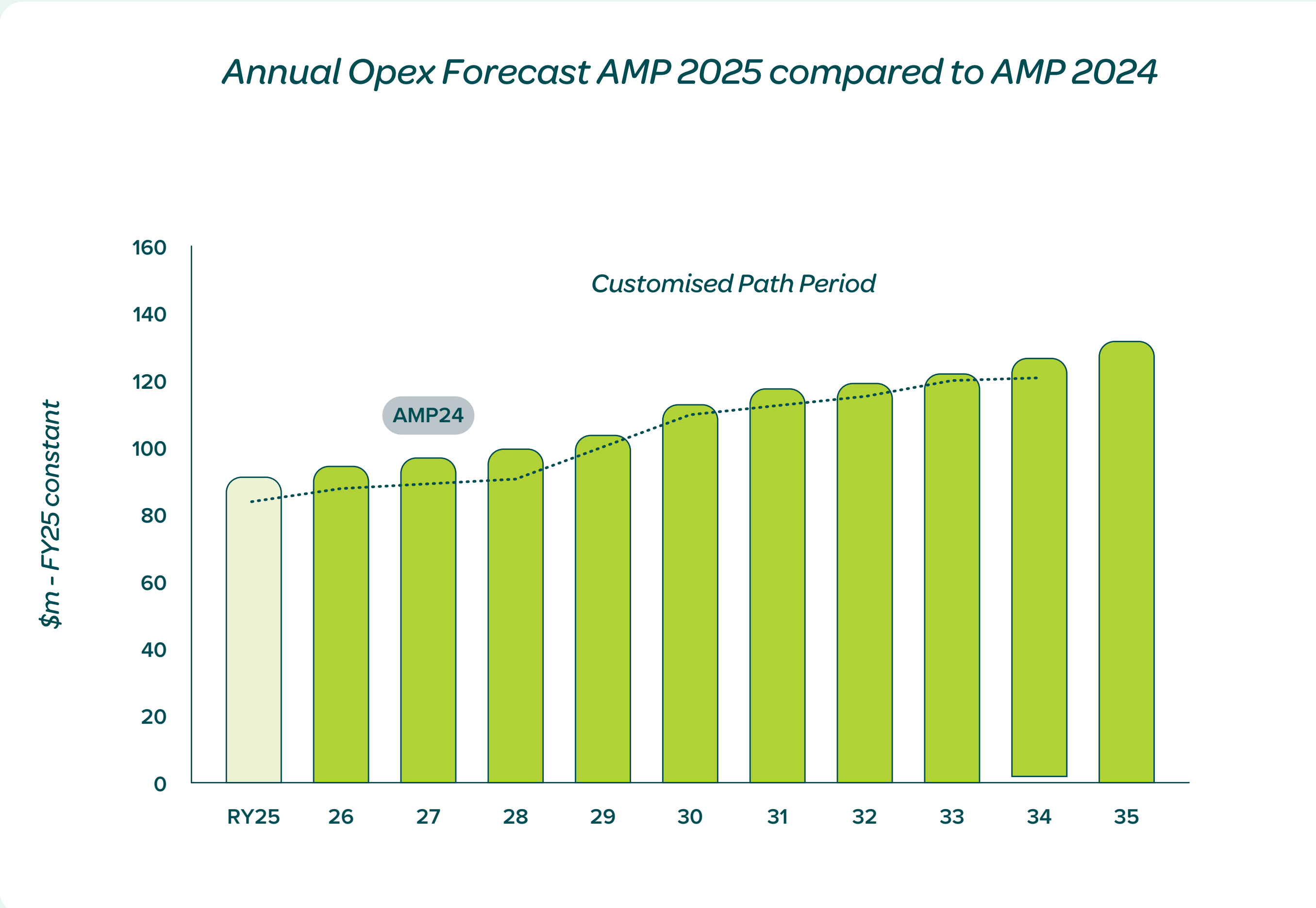
Providing this update on our forecasted expenditure meets the Commerce Commission's Information Disclosure requirements, which require us to disclose our asset management plan annually either by way of a full plan or as an update in years where this is allowed. This year we are able to issue an update, and we have chosen to do that.

Total capital (capex) and operational (opex) expenditure

There is a material change in total capital and operational expenditure across the 10 years of the AMP Update as compared to AMP 2024. The material change centres around our Capex forecast with our Opex forecast remaining broadly similar to AMP24

We are preparing a customised price-quality path (CPP) application for the material change that occurs in the five years FY28-FY32 and we refer you back to Part 1 of this AMP Update for details on this proposed investment plan.


Annual Capex Forecast AMP 2025 compared to AMP 2024
Customised Path Period
AMP24
$m - FY25 constant
400
350
300
250
200
150
100
50
0
RY25
26
27
28
29
30
31
32
33
34
35


Annual Opex Forecast AMP 2025 compared to AMP 2024
Customised Path Period
AMP24
$m - FY25 constant
160
140
120
100
80
60
40
20
0
RY25
26
27
28
29
30
31
32
33
34
35

Managing our assets

Asset management practices

Our asset management practices continue to evolve with a strong focus on powering a cleaner and brighter future with our community. Below we summarise some of the main areas of focus, with further details in the remainder of this AMP Update.

- Processes and systems
- Organisational accountabilities
- Risk management framework
- Operational response
- Flexibility and innovation

Processes and systems

In 2024, we launched a programme of work known as integrated asset management or IAM. This connects all the different people and technologies involved in our asset management process. Our current systems and processes are non-integrated involving a number of platforms including those reaching end of life, and are not well placed to support modern processes and evolving information disclosure requirements. We have selected Maximo (MAS) for our asset management platform and Esri (ArcGIS) for our geographic information system which provides location information about our assets.

The key asset management processes involved are:

- Maintenance
- Emergency work
- Customer initiated work
- Capital work
- Procure-to-pay
- Vegetation management

This will provide simple, automated tools that create better visibility of our assets and work pipeline in order to extend operational performance of the business. Instituting this new programme will also allow us to retire a number of legacy and end of life systems.

Organisational accountabilities

How our organisation is structured affects how our customers experience our service and deliverability. Alignment of our organisational structure with the new processes and asset management systems we are implementing will ensure we achieve better outcomes for customers and improve operational excellence.

We have made material changes in two areas of our organisational structure. Firstly, we have increased resourcing in our connections team with a new customer solutions team. This team will better support customers with technical and commercial decision making for more complex connection or upgrade requirements. This includes technical integration of these connections to our existing infrastructure and their impacts on network development, and customer assistance with progression through the process to application approval. Secondly, we have reviewed our business model and capability requirements for procurement and delivery of our AMP work programme. Bringing them closer together to improve project management and procurement to ensure our service delivery partners get the right work at the right time, and work gets done cost effectively.

Risk management framework

During 2024, we reviewed our risk management framework and refreshed our guidelines for risk escalation. Taking account of our changes in processes, systems and organisational accountabilities, we have developed a new risk framework. This expands our approach away from a single view of risk to a set of risk appetite statements.

This means rather than applying a conservative risk appetite to all types of activities at Orion we will move to a more nuanced approach to assessment of existing and emerging risks. Moving forward this will support our asset management strategy and asset management practices through detailed risk assessments including on network infrastructure by types of equipment.

Operational response

During 2024, we completed a rollout of Coordinated Incident Management System training. We are now better prepared as we move into 2025 to address emergency events in a more structured and efficient way. This training supports our workers in responding to critical incidents involving multiple agencies. The training:

- Strengthens our understanding of roles and responsibilities during critical incidents,
- Increases our preparedness to respond, and
- Ensures coordination and a common language and techniques between responding agencies.

The training has already been used in responding to the 2024 Port Hills fires, civil defence exercise Pandora and an asset safety event.

Flexibility and innovation

Orion relies on hot water flexibility as a key tool to manage our network, reducing network wide peaks by approximately 20%, and avoiding $19.5m in additional network investment annually. This capability has been enabled through ongoing enhancements to our load management systems.

Modern smart meters are increasingly being deployed across the Orion network. These meters are equipped with technology that enables other parties, including retailers, to also control hot water, which creates the opportunity for new offerings to be developed for their customers. We estimate that by this coming winter, retailers could be managing 40-50MW of hot water load on our network – a significant portion of our peak demand that illustrates the scale and importance of coordinating flexibility.

We believe customers should be able to maximise the value of their flexible resources, including hot water, and have choice over how their resources are managed. In support of this vision, we've been collaborating with retailers to enable approximately 8,500 households to participate in shared hot water flexibility trials across our network. These trials have focussed on testing how this technology functions, quantifying the potential value available to customers, and developing coordinated operational approaches that ensure we maintain network security – while enabling customer choice.

Recognising that industry-wide consistency benefits all stakeholders, we've played a significant role in the development of a common Load Management Protocol, as part of an Electricity Networks Aotearoa (ENA) project team. This groundbreaking, collaborative approach establishes the foundation for integrating flexible resources across the electricity system in a coordinated way that maximises consumer value.

For more information about flexibility and innovation at Orion visit our innovation page of our website, www.oriongroup.co.nz/assets/Your-energy-future/Orion-Innovation-Strategy-FY25-update.pdf.

Our use of new technology needs to evolve to enable the full potential of demand side participation. Alongside projects such as Lincoln Flex, we are building the platforms to enable demand side participation through targeted initiatives such as,

- Enhancement of existing systems such as supervisory control and data acquisition (SCADA), and our control distribution management (PowerOn) platforms to improve system control, automation and coordination. Enhancement of these systems will enable us to coordinate more devices and manage increasing complexity ensuring security of supply and optimisation of the system through demand management which can help keep costs down and safety up in the long term.
  - SCADA is a control system architecture that allows an electricity distributor to remotely supervise and control equipment out in the network. An example is remotely providing information about the status of voltages and remote device open/close.
  - PowerOn enables automated distribution management such as automatic power restoration following unplanned events and outages that gets power back on more quickly for customers.
  - Next steps include:
    - Development of a live low voltage operating model for use by network controllers for management of areas of the network with increased distributed energy resources uptake (two-way flows of electricity), and improve operational safety for our service providers working on the network.
    - Active network management (DERMs) for enhanced visibility and control of distributed energy resources to enable real-time and forecast powerflows. This means we can manage load across the network and understand the state of load at any time.
    - Switching advisor which optimises isolation plans for planned work to ensure as many customers as possible retain supply while work proceeds.
    - Using smart meter data to overlay in the above systems, inform and improve efficiency of our asset management and operational decisions.

Asset Lifecycle Management

Our approach to lifecycle management of our electricity network assets seeks to ensure we deliver a safe, secure, and reliable electricity service to the communities of central Canterbury, today and in the future.

As part of our 'business-as-usual' asset lifecycle management processes we have developed updated investment plans for the 10-year AMP period. These plans reflect updated asset information and changes to our forecasting approaches that reflect our ongoing improvements to our asset management practices.

Asset lifecycle management capex

Orion continues to progressively improve its approach to managing its existing electricity network assets throughout their lifecycle. Over time and as these assets age their condition and performance deteriorates, increasing the risk of asset failure. As we improve our condition monitoring, asset information, and analytical capability, we have identified a growing need to address this risk.

To deliver a safe, secure, and reliable service into the future requires that we proactively invest in managing our assets over their full lifecycle. A key driver of this is the need to mitigate failure risks posed by ageing or poor-condition assets on our network. From a renewals capital expenditure perspective, this typically involves refurbishment of poor condition assets or proactive replacement of assets before end-of-life failure.

To effectively manage risk on our network, we ensure our investment plans prioritise those assets that pose the greatest risk. This is driven by strong needs identification, underpinned by good practice analysis using robust asset information. To ensure this, we have made a number of improvements to our asset lifecycle forecasting approaches, including:

- Updated and refined asset management intervention strategies
- Improved analytical techniques and modelling including adoption of replacement expenditure models (Repex) and survivorship modelling
- Refreshed and expanded the asset information used to support our analysis
- Refined our costing methodology by introducing new cost building blocks, which better account for total install costs
- Refreshed our individual unit rates, including improved definition of their scope
- Used external specialists to review and test our modelling.

Leveraging the above improvements, the detailed planning and analysis we have undertaken to support our 2025 AMP investment plans shows a need to lift investment in some of our asset classes.

Forecast asset lifecycle capex

During the AMP period we propose to invest approximately $1.4 billion on asset lifecycle management Capex. This reflects an uplift compared with our 2024 AMP forecasts. Key drivers for this include the following:

- Renewals Capex accounts for the majority of asset lifecycle management Capex. We will increase renewals by ramping up investment over the planning period to address needs across our main asset classes including increased proactive renewal of crossarms and an expanded program to manage our steel towers.
- Reliability, Safety and Environment (RSE): has decreased compared with our 2024 AMP. This is primarily due to a recategorisation of projects to better reflect main expenditure drivers
- Asset relocations Capex includes the portion of the cost that Orion covers to relocate assets following third-party requests, which vary over time and are somewhat beyond Orion's direct control. Our forecast for the AMP period is down on our 2024 AMP forecast.

Network opex

We have included network Opex within our overall asset lifecycle management category. The related network Opex forecast includes our field maintenance activities and expenditure related to vegetation management. This is consistent with information disclosure categories.

Since our 2024 AMP, we have improved our approach to forecasting network Opex. We have adopted a 'base-step-trend' approach to forecast recurring expenditure including preventive and corrective maintenance, and vegetation management. This approach is broadly consistent with the default path methodology and aligned with those used by many utilities and economic regulators.

During the 2025 AMP period we propose to spend approximately $443m on network Opex. This reflects a reduction compared with our 2024 AMP forecasts. Key drivers for this include the following:

- Maintenance (Routine & Corrective Inspection and Asset Replacement & Renewal): our overall forecast for the AMP period is below our 2024 AMP forecast.

We expect to leverage our system and process improvements, including from the implementation of a new integrated asset management system, and refine our inspections and condition monitoring regimes. This will support improved analytics supporting our wider asset management approach. We expect to identify and address an increased number of defects through these improvements.

- Service Interruptions and Emergencies (SIE): our overall forecast for the AMP period is broadly similar to our 2024 AMP forecast. While we expect to see an uplift in cost pressures due to increased weather events (including higher windspeeds and more frequent storms), we expect this to be partially offset by our increased renewal expenditure and the resulting improvement in overall asset condition.
- Vegetation management: our overall forecast for the AMP period is below our 2024 AMP forecast. We plan to implement improved analysis using more sophisticated inspections (potentially through the use of LiDAR and satellite imagery) to further improve our identification and prioritisation of vegetation work. This includes ensuring we are in full compliance with the updated Tree Regulations.

Planning our network

Network development

The network development projects outlined below are broadly consistent with those in the 2024 Plan. However, changes to major and minor projects based on revised planning inputs, such as customer-driven work, have driven updates to our expenditure forecasts. These updates reflect adjustments in the timing and scope of the required investments.

Since the 2024 Plan, we have also enhanced our:

- Costing methodology by introducing cost building blocks, which better account for uncertainties in semi-detailed projects planned further out in the horizon.
- Understanding of existing constraints in the 11kV and LV network.
- Clarity around potential future challenges driven by technology-induced demand.

As a result, we have increased our investment to address these issues while enabling electrification and maintaining reliability.

Along with these updates, we have added a new project to support the Ryans Road industrial development. This is part of the Government Fast Track project list.

We also note that several projects are excluded from this AMP Update, due to the level of uncertainty surrounding their timing or scope, and the table describing Potential Reopener projects in the following section provides further information on these projects. These will continue to be monitored and reassessed as new information becomes available and may become candidates for regulatory reopeners.

Uncertainty and prudency

In this section we discuss our approach to managing uncertainty and prudency within the economic regulation framework and in the long term interests of consumers. Specifically;

- Deferral during DPP3 was necessary given a tight economic environment including high inflation not envisaged during the setting of DPP3 allowances
- The need to consider reprioristisation of investment as we move from DPP3 into DPP4 and in the context of our intention to apply for a CPP which will begin part way through DPP4
- The use of, or consideration of reopeners during the early years of DPP4.

Deferral during DPP3

Given the rise in costs following the pandemic, some lifecycle work during DPP3 has been deferred to align with allowable spending. For example, refurbishment projects such as transformer maintenance and tower painting were paused over the last couple of years. In the overhead network, the volume of work had to be scaled back.

Within the substation space, replacements for ageing enclosures, switchgear, and LV panels were also deferred to later years. Our replacement programmes focused on addressing assets that have been identified as high risk e.g., proactive replacement of poor condition poles and defective switchgear.

Reprioritisation moving forward

In the context of a strong need for uplift in renewals, high and continuing population growth, electrification of heat and transport, and cost escalation across the sector, our 10-year investment plan continues to flex to best respond to network lifecycle risks, community growth expectations and ensuring that our asset management and supporting systems evolve to manage the complexity and enhanced service opportunities associated with new technologies.

We are mindful of the energy trilemma, balancing customer affordability with a need to support a sustainable energy future through a reliable and resilient electricity supply. The future also includes uncertainty related to the pace of electrification and the impact of climate and technological change. The culmination of these factors translates into an ongoing need to reprioritise our 10-year investment plan.

When new drivers for investment become apparent within the planning period we will investigate whether a reprioritisation of our plan can be achieved ahead of seeking any reopener of our regulatory allowance. This helps to address affordability for customers and ensures a challenge of our plan which may contain projects or programmes where the driver for investment has changed/reduced, thereby enabling possible deferral. Reprioritisation can be complex but in general we consider three types of prioritised capital investment as outlined in the table below.

Investment category	Description	Investment programme (guide only)
Customer response	Expenditure in this category is largely reactive to customer requests and cannot be deferred if we are to connect new customers in a timely manner, relocate assets (e.g. for road works) and ensure sufficient capacity (N security) in the upstream network to connect new customers	• New connections • Asset Relocations • Growth investment related to N security capacity, e.g. LV network
Risk management	This expenditure is related to risks that have been identified as above our risk appetite and will require resolution. There may be some discretion available to defer this expenditure but generally speaking it is preferable to address known risks as soon as possible. In the case of safety it is a requirement in legislation to take 'all reasonable practical steps' to address a safety risk. Risks include safety, compliance, resilience and environment, etc.	• Safety related asset renewals • Growth investment related to N-1 or N-2 security in areas without back-feed capability • Non-network risk related initiatives (e.g. asset management software solution (AMSS) to support risk assessment) • High risk resiliency improvement initiatives (e.g. critical resilience related asset renewals/spares) • Reliability investment related to regulatory compliance
Performance/ service optimisation	Investment in this category is related to network and service performance optimisation and is generally supported via cost benefit analysis. This category has the greatest opportunity for deferral through a reprioritisation process. While it is not preferrable to defer this investment category from a target performance perspective it may be appropriate to do so if new drivers for investment for competing projects include customer or risk associated attributes described in the higher importance categories above.	• Asset renewals to optimise reliability performance • Network configuration reliability improvement beyond compliance • Growth investment related to N-1 or N-2 security in areas of back-feed capability • Lower-level resiliency investment (e.g. small community asset hardening) • Non-network systems support related to investment optimisation

Reopeners

Consideration of the role of regulatory revenue allowance reopener mechanisms to address uncertainty in a changing landscape, across the 10 years of the AMP forecast, is necessary in conjunction with consideration of deferral and reprioritisation. Reopeners are an available mechanism to address investment needs that arise or change during the regulatory period, and we will look to use reopeners within the 10 year investment period where this makes sense and the investment meets the eligibility criteria.

In setting our 10 year asset management investment plan, we have considered the level of uncertainty attached to some investment activities across the period and have removed these from the forecast where a reopener (e.g. contingent project reopener) may be a more appropriate approach. In addition to uncertainty related reopeners, the DPP4 allowance is insufficient to support delivery of all our planned capital work and therefore we are considering whether a 'foreseeable large project reopener' application will be required in FY26 and FY27 prior to the proposed CPP period starting in FY28.

These projects are discussed in the table below.

Reopener projects (contingent CPP and foreseeable large DPP)

Project	Estimated cost range	Trigger	Explanation
Shands Rd zone substation 66kV line connection	>$5m - <$15m	Medium to high industrial growth in the Hornby vacant industrial land area, plus decarbonisation of process heat.	Industrial demand uptake is difficult to forecast as customer demand varies from light load warehousing through to intensive industrial load. Our forecast currently shows the capacity being breached outside the 10-year period, but it is probable that a combination of new customers and existing customers decarbonising process heat will accelerate this need.
New substation in Templeton	>$10m - <$20m	Large step change in load due to decarbonisation and expansion of prison facilities.	The 11kV distribution network capacity is limited in this area, as it is supplied by a remote substation. Any large increase in load will therefore trigger the need for a new point-of-supply for the distribution network.
New substation in Southbridge	>$10m - <$20m	Residential growth in Leeston and Southbridge is higher than our demand forecast.	Our demand forecasting is based on council and Stats NZ population projections. However, growth has historically been above these estimates.
New substation in Rolleston industrial zone	>$10m - <$20m	Medium to high industrial growth in the Rolleston vacant industrial land area, plus decarbonisation of process heat at a large dairy factory.	Industrial demand uptake is difficult to forecast as customer demand varies from light load warehousing through to intensive industrial load. Our forecast currently shows the capacity being breached outside the 10-year period, but it is probable that a combination of new customers and existing customers decarbonising process heat will accelerate this need. Rezoning of rural land to industrial is also occurring, and this is not specifically accounted for in our demand forecast.
33kV to 66kV Springston to Motukarara overhead subtransmission conversion and 66kV to 33kV Motukarara substation interface	>$10m - <$20m	New large generation and load is proposed for a spaceport (Tāwhaki) at Birdlings Flat	The capacity of the 33kV overhead network to Motukarara and Banks Peninsula is sufficient in the medium term to support the forecast demand growth, but this does not capture large point load developments such as the proposed spaceport.
New capacity to Lyttelton	>$5m - <$15m	Lyttelton Port Company plan to expand their facilities to support additional refrigerated containers as well as shore-to-ship electrification for tugboats, ferry services and cruise ships	The 11kV distribution supply to the township of Lyttelton as well as the port is limited due to supply topology and location, as well as the capacity of the overhead lines and single cable through the tunnel. The existing network can support the underlying forecast load growth in the medium term but is forecast to mildly breach the security limit at the end of the 10-year period. Customer specific point load growth is not accounted for in the current forecast.

Customised price-quality path

The network development plan discussed above was updated and restructured with the intention of preparing for a CPP to commence in 2027.

If we are following the default path, certain projects would need to be deferred. The impacts of such deferral include the potential for:

- Reduced reliability or slower capacity expansion
- Exposing customers to longer outages
- Inhibiting our network from fully restoring load during peak load times
- An increase in planned outages due to insufficient alternate supplies
- A reduction in security margin, and hence supply reliability throughout the network.

These impacts may dampen economic growth in the region if we are unable to support new commercial and medium-sized industrial customers without substantially compromising existing customers. Further discussion on our prioritisation rationale is provided in Planning our network.

Connections expenditure

Our base forecast is driven by our best estimate of the number and cost of 'standard' connections over the ten-year period covered by the 2024 Plan. We have updated those forecasts to reflect latest StatsNZ population growth estimates in our region and latest cost per connection forecasts. We considered that customer owned technology may help reduce loads and therefore connections on the network. However, we anticipate a low uptake of off-grid over the AMP period and new connections to our network will be required at the levels we have forecast. Our future forecast is aligned to the average connection expenditure we have witnessed over the last five years.

In 2024, we significantly reduced our forecast for both the number of business customers converting from polluting fuels to electricity and the speed with which they will undertake the conversion. This reflects ongoing conversations with customers that use coal or diesel and the removal of government grants to assist business conversion to non-polluting fuel sources.

Our estimate of contributions from connecting customers has also been adjusted to reflect new contribution rates introduced on 01 April 2025.

Non-network expenditure

There has not been a material change to the overall level of non-network opex from AMP24 to AMP25. This includes no material change for information and communications technology (ICT) expenditure.

The slight opex uplift over the AMP forecast period reflects a need for our workforce capacity and capability to grow to deliver the proposed investment outlined in our revised capital expenditure forecast.

The AMP25 forecast includes a capex estimate for the construction of an extension of the corporate office building. This extension is required as our existing building (built for the business 12 years ago) has reached capacity and will not accommodate the staff required to support the proposed ongoing investment in the network. This additional cost has been forecast to take place across the three years from FY27 to FY29.

Quality of supply

There are currently no material changes to the quality of supply forecast. This may evolve as we progress work on the CPP application referred to in Part 1 and reconsider any impacts on quality particularly for planned work.

New connections

In accordance with the requirements of Clause 2.6.5(c) and Attachment A Clause 17.5 of information disclosure, there have been no material changes to how Orion assess the impact that new demand, generation or storage capacity will have on our network. There have also been no material changes to how we assess and manage the risk to our network from uncertainty regarding new demand, generation or storage capacity.

Innovation

In accordance with the requirements of Clause 17.6 and 17.7 of information disclosure, Orion's updated innovation strategy and innovation practices can be found on our website: www.oriongroup.co.nz/assets/Your-energy-future/Orion-Innovation-Strategy-FY25-update.pdf

Appendix A: Explanatory Notes

Company name: Orion NZ Ltd

For year ended: 31 March 2026

Schedule 14a Mandatory explanatory notes on forecast information

Box 1: Comment on the difference between nominal and constant price capital expenditure forecasts

In this AMP:

- In the main body of the AMP, unless otherwise stated, we have expressed all dollars in FY25 constant terms
- In the Report on Forecast Capital Expenditure (Schedule 11a of Appendix A: Disclosure Schedules) we have shown expenditure forecasts in nominal dollar terms and in constant FY25 dollar terms.

In escalating constant FY25 dollar forecast figures, to nominal dollars we have adopted the same approach used by the Commerce Commission in the EDB DPP4 Final Determination released 20 November 2024 (Input cost inflators model_EDB DPP4 final determination-20 November 2024.xlxs).

Based on the Commerce Commission approach, the inflators used are set out in Table Appendix F1.

Table Appendix F1 - Inflators used in our capital expenditure forecasts

	FY26	FY27	FY28	FY29	FY30	FY31	FY32	FY33	FY34	FY35
Constant FY25$ to Nominal $	1.031	1.060	1.089	1.119	1.149	1.180	1.213	1.246	1.280	1.315

Appendix A: Explanatory Notes

Company name: Orion NZ Ltd

For year ended: 31 March 2026

Schedule 14a Mandatory explanatory notes on forecast information

Box 1: Comment on the difference between nominal and constant price capital expenditure forecasts

In this AMP:

- In the main body of the AMP, unless otherwise stated, we have expressed all dollars in FY25 constant terms
- In the Report on Forecast Capital Expenditure (Schedule 11a of Appendix A: Disclosure Schedules) we have shown expenditure forecasts in nominal dollar terms and in constant FY25 dollar terms.

In escalating constant FY25 dollar forecast figures, to nominal dollars we have adopted the same approach used by the Commerce Commission in the EDB DPP4 Final Determination released 20 November 2024 (Input cost inflators model_EDB DPP4 final determination-20 November 2024.xlxs).

Based on the Commerce Commission approach, the inflators used are set out in Table Appendix F1.

Table Appendix F1 - Inflators used in our capital expenditure forecasts

	FY26	FY27	FY28	FY29	FY30	FY31	FY32	FY33	FY34	FY35
Constant FY25$ to Nominal $	1.031	1.060	1.089	1.119	1.149	1.180	1.213	1.246	1.280	1.315

Box 2: Comment on the difference between nominal and constant price operational expenditure forecasts

In this AMP:

- In the main body of the AMP, unless otherwise stated, we have expressed all dollars in FY25 constant terms
- In the Report on Forecast Operating Expenditure (Schedule 11b of Appendix A: Disclosure Schedules) we have shown expenditure forecasts in nominal dollar terms and in constant dollar terms.

In escalating constant FY25 dollar forecast figures, to nominal dollars we have adopted the same approach used by the Commerce Commission in the EDB DPP4 Final Determination released 20 November 2024 (Input cost inflators model_EDB DPP4 final determination-20 November 2024.xlxs).

Based on the Commerce Commission approach, the inflators used are set out in Table Appendix F2.

Table Appendix F2 - Inflators used in our operating expenditure forecasts

	FY26	FY27	FY28	FY29	FY30	FY31	FY32	FY33	FY34	FY35
Constant FY25$ to Nominal $	1.032	1.058	1.084	1.111	1.139	1.168	1.197	1.227	1.258	1.290

Appendix A: Explanatory Notes

Schedule 15 Voluntary Explanatory Notes

1. This schedule enables an EDB to provide, should it wish to-
   1.1. additional explanatory comment to reports prepared in accordance with clauses 2.3.1, 2.4.21, 2.4.22, 2.5.1, 2.5.2, and 2.6.6;
   1.2. information on any substantial changes to information disclosed in relation to a prior disclosure year, as a result of final wash-ups.
2. Information in this schedule is not part of the audited disclosure information, and so is not subject to the assurance requirements specified in section 2.8.
3. Provide additional explanatory comment in the box following.

Box 1: Voluntary explanatory comment on disclosed information

Conditional Exemption – Schedule 11b

The Commerce Commission (Commission) has granted Orion a conditional exemption from publicly disclosing 'non-network solutions provided by a related party or third party' and related information in this FY25 AMP disclosure.

Specifically, Orion has been exempted from publicly disclosing the opex subcategories of 'system operations and network support' and 'non-network solutions provided by a related party or third party' in cells I15 to K15, I17 to K17, I28 to K28, I30 to K30, I49 to K49, I51 to K51 of Schedule 11b, as required by clause 2.6.6(1)(b) of the ID Determination. Orion will, however, provide this information as a Commission-only disclosure.

Orion sought this exemption on the basis that the forecast is commercially sensitive, since it:

- is a payment to one provider for one site;
- would reveal commercially sensitive information;
- would breach confidentiality with the provider; and
- would inappropriately signal price to the market.

Appendix B:
Disclosure Schedules

Schedule 11a Report on forecast capital expenditure

			Current Year CY	CY+1	CY+2	CY+3	CY+4	CY+5	CY+6	CY+7	CY+8	CY+9	CY+10
7													
8													
9		**11a(i): Expenditure on Assets Forecast**	**$000 (in nominal dollars)**										
10		Consumer connection	36,675	36,525	39,701	40,108	39,927	41,859	43,521	44,272	46,028	46,812	48,811
11		System growth	26,989	37,779	25,800	42,445	48,102	48,152	52,101	44,639	54,115	57,879	68,767
12		Asset replacement and renewal	30,953	64,934	97,911	135,671	151,933	177,361	175,751	183,073	197,460	215,755	225,115
13		Asset relocations	5,611	3,685	3,790	3,893	3,998	4,106	4,218	4,334	4,452	4,573	4,698
14		Reliability, safety and environment:											
15		Quality of supply	-	1,659	1,333	4,653	5,987	2,657	2,798	2,946	2,833	2,911	2,990
16		Legislative and regulatory	-	309	318	327	336	345	354	364	374	384	394
17		Other reliability, safety and environment	10,088	8,978	7,708	1,874	806	827	850	873	897	921	947
18		**Total reliability, safety and environment**	10,088	10,946	9,360	6,854	7,128	3,829	4,003	4,183	4,104	4,216	4,331
19		**Expenditure on network assets**	110,315	153,869	176,560	228,971	251,088	275,307	279,594	280,500	306,158	329,235	351,723
20		**Expenditure on non-network assets**	14,400	22,040	12,908	22,813	19,259	11,735	17,834	14,596	11,619	19,179	12,501
21		**Expenditure on assets**	124,715	175,909	189,468	251,784	270,347	287,042	297,428	295,096	317,777	348,414	364,224
22													
23	*plus*	Cost of financing	839	954	1,700	3,310	3,230	5,053	4,048	4,992	5,422	3,551	6,613
24	*less*	Value of capital contributions	9,344	10,552	10,853	11,149	11,450	11,760	12,081	12,410	12,749	13,097	13,455
25	*plus*	Value of vested assets											
26													
27		**Capital expenditure forecast**	116,210	166,311	180,316	243,945	262,128	280,336	289,395	287,677	310,450	338,868	357,382
28													
29		Assets commissioned	136,371	143,996	149,732	245,887	227,809	301,630	257,216	281,057	355,136	262,394	465,983
30			*Current Year CY*	*CY+1*	*CY+2*	*CY+3*	*CY+4*	*CY+5*	*CY+6*	*CY+7*	*CY+8*	*CY+9*	*CY+10*
31													
32			**$000 (in constant prices)**										
33		Consumer connection	36,675	35,424	37,439	36,818	35,689	36,429	36,869	36,509	36,949	36,580	37,127
34		System growth	26,989	36,641	24,330	38,963	42,995	41,906	44,138	36,811	43,440	45,227	52,307
35		Asset replacement and renewal	30,953	62,977	92,332	124,543	135,805	154,355	148,890	150,971	158,508	168,592	171,232
36		Asset relocations	5,611	3,574	3,574	3,574	3,574	3,574	3,574	3,574	3,574	3,574	3,574
37		Reliability, safety and environment:											
38		Quality of supply	-	1,609	1,257	4,272	5,351	2,312	2,371	2,429	2,274	2,274	2,274
39		Legislative and regulatory	-	300	300	300	300	300	300	300	300	300	300
40		Other reliability, safety and environment	10,088	8,708	7,269	1,720	720	720	720	720	720	720	720
41		**Total reliability, safety and environment**	10,088	10,617	8,826	6,292	6,371	3,332	3,391	3,449	3,294	3,294	3,294
42		**Expenditure on network assets**	110,315	149,232	166,501	210,189	224,434	239,597	236,861	231,314	245,765	257,266	267,535
43		Expenditure on non-network assets	14,400	21,376	12,172	20,941	17,215	10,213	15,108	12,036	9,327	14,986	9,509
44		**Expenditure on assets**	124,715	170,607	178,673	231,131	241,649	249,810	251,970	243,351	255,091	272,252	277,043
45													
46		**Subcomponents of expenditure on assets (where known)**											
48		Energy efficiency and demand side management, reduction of energy losses											
49		Overhead to underground conversion											
50		Research and development											
52													

Schedule 11a Report on forecast capital expenditure

	Current Year CY	CY+1	CY+2	CY+3	CY+4	CY+5	CY+6	CY+7	CY+8	CY+9	CY+10
Difference between nominal and constant price forecasts	**$000**										
Consumer connection	-	1,101	2,262	3,290	4,238	5,430	6,652	7,763	9,080	10,233	11,683
System growth	-	1,139	1,470	3,482	5,106	6,246	7,963	7,827	10,675	12,652	16,460
Asset replacement and renewal	-	1,957	5,579	11,129	16,128	23,006	26,861	32,102	38,952	47,163	53,883
Asset relocations	-	111	216	319	424	533	645	760	878	1,000	1,125
Reliability, safety and environment:											
Quality of supply	-	50	76	382	636	345	428	517	559	636	716
Legislative and regulatory	-	9	18	27	36	45	54	64	74	84	94
Other reliability, safety and environment	-	271	439	154	86	107	130	153	177	201	227
Total reliability, safety and environment	-	330	533	562	757	497	612	733	810	922	1,037
Expenditure on network assets	-	4,637	10,060	18,782	26,654	35,710	42,732	49,185	60,394	71,969	84,188
Expenditure on non-network assets	-	664	736	1,872	2,044	1,522	2,726	2,560	2,292	4,193	2,992
Expenditure on assets	-	5,302	10,795	20,653	28,698	37,232	45,458	51,745	62,686	76,162	87,180

Commentary on options and considerations made in the assessment of forecast expenditure

EDBs may provide explanatory comment on the options they have considered (including scenarios used) in assessing forecast expenditure on assets for the current disclosure year and a 10 year planning period in Schedule 15

11a(ii): Consumer Connection

	Current Year CY	CY+1	CY+2	CY+3	CY+4	CY+5
*Consumer types defined by EDB**	**$000 (in constant prices)**					
General	36,675	35,424	37,439	36,818	35,689	36,429
**include additional rows if needed*						
Consumer connection expenditure	36,675	35,424	37,439	36,818	35,689	36,429
less Capital contributions funding consumer connection	5,984	7,138	7,138	7,138	7,138	7,138
Consumer connection less capital contributions	30,691	28,285	30,301	29,680	28,551	29,291

11a(iii): System Growth

	Current Year CY	CY+1	CY+2	CY+3	CY+4	CY+5
Subtransmission	859	13,150	2,162	2,007	10,778	19,463
Zone substations	20,081	3,341	5,067	18,936	13,102	3,878
Distribution and LV lines	353	300	300	600	1,700	600
Distribution and LV cables	2,755	19,850	16,801	17,421	17,416	17,965
Distribution substations and transformers	858	-	-	-	-	-
Distribution switchgear	290	-	-	-	-	-
Other network assets	1,793	-	-	-	-	-
System growth expenditure	26,989	36,641	24,330	38,963	42,995	41,906
less Capital contributions funding system growth						
System growth less capital contributions	26,989	36,641	24,330	38,963	42,995	41,906

Schedule 11a Report on forecast capital expenditure

			Current Year CY	CY+1	CY+2	CY+3	CY+4	CY+5
97								
98								
99	**11a(iv): Asset Replacement and Renewal**		**$000 (in constant prices)**					
100		Subtransmission	959	7,863	14,368	26,490	27,505	36,641
101		Zone substations	6,730	7,484	15,400	21,966	22,475	25,258
102		Distribution and LV lines	12,542	18,906	25,430	30,103	33,199	35,544
103		Distribution and LV cables	-	3,126	5,560	7,447	9,343	11,010
104		Distribution substations and transformers	2,178	4,161	5,535	7,413	8,213	8,219
105		Distribution switchgear	6,459	14,176	17,044	20,171	22,165	23,686
106		Other network assets	2,084	7,261	8,995	10,952	12,905	13,997
107		**Asset replacement and renewal expenditure**	30,953	62,977	92,332	124,543	135,805	154,355
108	*less*	Capital contributions funding asset replacement and renewal						
109		**Asset replacement and renewal less capital contributions**	30,953	62,977	92,332	124,543	135,805	154,355
110								

			Current Year CY	CY+1	CY+2	CY+3	CY+4	CY+5
111								
112								
113	**11a(v): Asset Relocations**							
114		*Project or programme**	**$000 (in constant prices)**					
115		Red Zone works		2,000	2,000	2,000	2,000	2,000
116								
117								
118								
119								
120		**include additional rows if needed*						
121		All other project or programmes - asset relocations	5,611	1,574	1,574	1,574	1,574	1,574
122		**Asset relocations expenditure**	5,611	3,574	3,574	3,574	3,574	3,574
123	*less*	Capital contributions funding asset relocations	3,360	3,096	3,096	3,096	3,096	3,096
124		**Asset relocations less capital contributions**	2,251	478	478	478	478	478
125								

			Current Year CY	CY+1	CY+2	CY+3	CY+4	CY+5
126								
127								
128	**11a(vi): Quality of Supply**							
129		*Project or programme**	**$000 (in constant prices)**					
130								
131								
132								
133								
134								
135		**include additional rows if needed*						
136		All other projects or programmes - quality of supply	-	1,609	1,257	4,272	5,351	2,312
137		**Quality of supply expenditure**	-	1,609	1,257	4,272	5,351	2,312
138	*less*	Capital contributions funding quality of supply						
139		**Quality of supply less capital contributions**	-	1,609	1,257	4,272	5,351	2,312
140								

Schedule 11a Report on forecast capital expenditure

Row			Current Year CY	CY+1	CY+2	CY+3	CY+4	CY+5
141								
142								
143	**11a(vii): Legislative and Regulatory**							
144		*Project or programme**	**$000 (in constant prices)**					
145								
146								
147								
148								
149								
150		**include additional rows if needed*						
151		All other projects or programmes - legislative and regulatory		300	300	300	300	300
152		**Legislative and regulatory expenditure**	-	300	300	300	300	300
153	*less*	Capital contributions funding legislative and regulatory						
154		**Legislative and regulatory less capital contributions**	-	300	300	300	300	300
155								
156			*Current Year CY*	*CY+1*	*CY+2*	*CY+3*	*CY+4*	*CY+5*
157	**11a(viii): Other Reliability, Safety and Environment**							
158		*Project or programme**	**$000 (in constant prices)**					
159								
160								
161								
162								
163								
164		**include additional rows if needed*						
165		All other projects or programmes - other reliability, safety and environment	10,088	8,708	7,269	1,720	720	720
166		**Other reliability, safety and environment expenditure**	10,088	8,708	7,269	1,720	720	720
167	*less*	Capital contributions funding other reliability, safety and environment						
168		**Other reliability, safety and environment less capital contributions**	10,088	8,708	7,269	1,720	720	720
169								
170			*Current Year CY*	*CY+1*	*CY+2*	*CY+3*	*CY+4*	*CY+5*
171								
172	**11a(ix): Non-Network Assets**							
173	**Routine expenditure**							
174		*Project or programme**	**$000 (in constant prices)**					
175		Vehicles	1,250	3,171	905	1,540	952	1,270
176		Corporate properties	400	1,455	255	1,255	1,255	405
177		Tools and equipment	350	630	705	590	590	590
		Enterprise platforms Lifecycle	1,200	1,414	1,014	3,228	1,014	764
		Data Intelligence and AI	580	270	300	311	321	333
		IAM (Maximo + ArcGIS) - lifecycle	-	-	2,676	2,449	2,919	1,846
		Telephony and communications	210	-	-	100	280	730
178		Infrastructure Lifecycle (Server, Client , Network)	620	1,466	1,571	2,428	1,387	1,752
179		Operational Technology	160	3,154	3,231	3,841	3,096	2,423
180		**include additional rows if needed*						
181		All other projects or programmes - routine expenditure						
182		**Routine expenditure**	4,770	11,561	10,657	15,741	11,815	10,113
183	**Atypical expenditure**							
184		*Project or programme**						
185		Fuel Storage facility	-	-	-	-	600	-
186		Building Expansion	-	-	500	5,000	4,500	-
187		IAM (Maximo + ArcGIS)	9,400	8,655	-	-	-	-
188		Telephony and communications Upgrade	-	1,160	1,015	-	-	-
189		Operational Technology - DERMs	230	-	-	200	300	100
190		**include additional rows if needed*						
191		All other projects or programmes - atypical expenditure						
192		**Atypical expenditure**	9,630	9,815	1,515	5,200	5,400	100
193								
194	**Expenditure on non-network assets**		14,400	21,376	12,172	20,941	17,215	10,213

Schedule 11b Report on forecast operational expenditure

			Current Year CY	CY+1	CY+2	CY+3	CY+4	CY+5	CY+6	CY+7	CY+8	CY+9	CY+10
7			Current Year CY	CY+1	CY+2	CY+3	CY+4	CY+5	CY+6	CY+7	CY+8	CY+9	CY+10
8													
9	**Operational Expenditure Forecast**		**$000 (in nominal dollars)**										
10	Service interruptions and emergencies		13,070	13,689	14,772	15,336	15,946	16,582	17,239	17,921	18,631	19,369	20,136
11	Vegetation management		5,149	5,906	6,558	7,878	9,273	10,166	11,096	11,470	11,857	12,257	12,672
12	Routine and corrective maintenance and inspection		12,927	15,618	18,350	19,555	20,286	23,325	24,167	25,039	25,945	26,883	27,857
13	Asset replacement and renewal		1,572	1,645	1,711	1,776	1,847	1,921	1,997	2,076	2,158	2,243	2,332
14	**Network Opex**		32,719	36,860	41,391	44,546	47,353	51,994	54,498	56,506	58,590	60,753	62,997
15	System operations and network support					25,877	27,754	29,135	30,539	32,267	34,130	36,072	38,047
16	Business support		38,480	43,094	39,814	43,211	46,457	49,191	53,393	56,366	59,893	63,381	66,936
17	Non-network solutions provided by a related party or third party	*Not Required before DY2025*				-	-	-	-	-	-	-	-
18	**Non-network opex**		59,269	63,617	61,335	69,088	74,211	78,325	83,931	88,634	94,023	99,454	104,983
19	**Operational expenditure**		91,988	100,477	102,726	113,634	121,564	130,319	138,430	145,140	152,614	160,207	167,980
20			Current Year CY	CY+1	CY+2	CY+3	CY+4	CY+5	CY+6	CY+7	CY+8	CY+9	CY+10
21													
22			**$000 (in constant prices)**										
23	Service interruptions and emergencies		13,070	13,262	13,956	14,153	14,352	14,554	14,760	14,968	15,179	15,393	15,610
24	Vegetation management		5,149	5,722	6,196	7,270	8,346	8,923	9,501	9,580	9,660	9,741	9,823
25	Routine and corrective maintenance and inspection		12,927	15,131	17,337	18,046	18,258	20,473	20,692	20,913	21,137	21,365	21,596
26	Asset replacement and renewal		1,572	1,594	1,616	1,639	1,662	1,686	1,709	1,734	1,758	1,783	1,808
27	**Network Opex**		32,719	35,708	39,105	41,108	42,619	45,636	46,662	47,194	47,734	48,281	48,837
28	System operations and network support					23,880	24,979	25,572	26,147	26,950	27,806	28,668	29,495
29	Business support		38,480	41,748	37,615	39,876	41,813	43,176	45,715	47,077	48,795	50,371	51,891
30	Non-network solutions provided by a related party or third party	*Not Required before DY2025*				-	-	-	-	-	-	-	-
31	**Non-network opex**		59,269	61,630	57,947	63,756	66,792	68,749	71,862	74,027	76,602	79,038	81,386
32	**Operational expenditure**		91,988	97,339	97,052	104,865	109,410	114,385	118,524	121,220	124,335	127,320	130,223
33	**Subcomponents of operational expenditure (where known)**												
34													
35	Energy efficiency and demand side management, reduction of energy losses												
36	Direct billing*												
37	Research and Development												
38	Insurance		3,477	3,764	4,074	4,409	4,770	5,159	5,581	6,036	6,526	7,056	7,621
39	** Direct billing expenditure by suppliers that direct bill the majority of their consumers*												
40													
41			Current Year CY	CY+1	CY+2	CY+3	CY+4	CY+5	CY+6	CY+7	CY+8	CY+9	CY+10
42													
43	**Difference between nominal and real forecasts**		**$000**										
44	Service interruptions and emergencies		-	428	816	1,184	1,594	2,027	2,479	2,954	3,452	3,976	4,526
45	Vegetation management		-	184	362	608	927	1,243	1,596	1,890	2,197	2,516	2,848
46	Routine and corrective maintenance and inspection		-	488	1,014	1,509	2,028	2,852	3,475	4,127	4,807	5,519	6,262
47	Asset replacement and renewal		-	51	94	137	185	235	287	342	400	461	524
48	**Network Opex**		-	1,151	2,286	3,438	4,734	6,357	7,837	9,312	10,856	12,471	14,160
49	System operations and network support					1,997	2,775	3,562	4,391	5,318	6,324	7,405	8,552
50	Business support		-	1,346	2,199	3,335	4,645	6,014	7,678	9,289	11,098	13,011	15,045
51	Non-network solutions provided by a related party or third party	*Not Required before DY2025*				-	-	-	-	-	-	-	-
52	**Non-network opex**		-	1,987	3,388	5,332	7,419	9,577	12,069	14,607	17,422	20,416	23,598
53	**Operational expenditure**		-	3,138	5,674	8,770	12,153	15,934	19,906	23,920	28,278	32,887	37,758

Schedule 11c : Cybersecurity Expenditure Forecast Provided directly to the Commerce Commission

Schedule 12a Report on asset condition

	Voltage	Asset category	Asset class	Units	Asset condition at start of planning period (percentage of units by grade)							
7												
8					H1	H2	H3	H4	H5	Grade unknown	Data accuracy (1–4)	% of asset forecast to be replaced in next 5 years
9												
10	All	Overhead Line	Concrete poles / steel structure	No.	0.85%	0.40%	2.94%	6.55%	89.27%		4	1.52%
11	All	Overhead Line	Wood poles	No.	1.89%	3.32%	11.88%	18.35%	64.56%		4	7.02%
12	All	Overhead Line	Other pole types	No.	-	-	-	-	-		N/A	-
13	HV	Subtransmission Line	Subtransmission OH up to 66kV conductor	km	1.82%	0.57%	3.04%	4.80%	89.78%		3	1.31%
14	HV	Subtransmission Line	Subtransmission OH 110kV+ conductor	km	-	-	-	-	-		N/A	-
15	HV	Subtransmission Cable	Subtransmission UG up to 66kV (XLPE)	km	0.04%	0.12%	1.98%	8.78%	89.09%		3	0.50%
16	HV	Subtransmission Cable	Subtransmission UG up to 66kV (Oil pressurised)	km	9.43%	18.25%	52.64%	17.55%	2.14%		3	13.14%
17	HV	Subtransmission Cable	Subtransmission UG up to 66kV (Gas pressurised)	km	-	-	-	-	-		N/A	-
18	HV	Subtransmission Cable	Subtransmission UG up to 66kV (PILC)	km	2.71%	6.72%	39.69%	37.21%	13.66%		3	11.41%
19	HV	Subtransmission Cable	Subtransmission UG 110kV+ (XLPE)	km	-	-	-	-	-		N/A	-
20	HV	Subtransmission Cable	Subtransmission UG 110kV+ (Oil pressurised)	km	-	-	-	-	-		N/A	-
21	HV	Subtransmission Cable	Subtransmission UG 110kV+ (Gas Pressurised)	km	-	-	-	-	-		N/A	-
22	HV	Subtransmission Cable	Subtransmission UG 110kV+ (PILC)	km	-	-	-	-	-		N/A	-
23	HV	Subtransmission Cable	Subtransmission submarine cable	km	-	-	-	-	-		N/A	-
24	HV	Zone substation Buildings	Zone substations up to 66kV	No.	9.41%	-	3.53%	3.53%	83.53%		3	4.71%
25	HV	Zone substation Buildings	Zone substations 110kV+	No.	-	-	-	-	-		N/A	-
26	HV	Zone substation switchgear	22/33kV CB (Indoor)	No.	-	-	-	-	100.00%		3	-
27	HV	Zone substation switchgear	22/33kV CB (Outdoor)	No.	7.69%	23.08%	53.85%	11.54%	3.85%		3	23.08%
28	HV	Zone substation switchgear	33kV Switch (Ground Mounted)	No.	-	-	-	-	-		N/A	-
29	HV	Zone substation switchgear	33kV Switch (Pole Mounted)	No.	-	-	32.58%	3.00%	64.42%		3	1.87%
30	HV	Zone substation switchgear	33kV RMU	No.	-	-	-	-	-		N/A	-
31	HV	Zone substation switchgear	50/66/110kV CB (Indoor)	No.	-	-	-	-	-		N/A	-
32	HV	Zone substation switchgear	50/66/110kV CB (Outdoor)	No.	-	4.69%	0.78%	1.56%	92.97%		3	-
33	HV	Zone substation switchgear	3.3/6.6/11/22kV CB (ground mounted)	No.	-	18.06%	4.72%	3.61%	73.61%		3	14.17%
34	HV	Zone substation switchgear	3.3/6.6/11/22kV CB (pole mounted)	No.	-	-	-	-	-		N/A	-

Schedule 12a Report on asset condition

					Asset condition at start of planning period (percentage of units by grade)							
36												
37	Voltage	Asset category	Asset class	Units	H1	H2	H3	H4	H5	Grade unknown	Data accuracy (1–4)	% of asset forecast to be replaced in next 5 years
38												
39	HV	Zone Substation Transformer	Zone Substation Transformers	No.	-	3.53%	12.94%	43.53%	40.00%		3	12.94%
40	HV	Distribution Line	Distribution OH Open Wire Conductor	km	0.03%	0.07%	0.62%	2.36%	96.93%		3	0.94%
41	HV	Distribution Line	Distribution OH Aerial Cable Conductor	km	-	-	-	-	-		N/A	-
42	HV	Distribution Line	SWER conductor	km	0.55%	1.16%	6.45%	12.67%	79.16%		3	3.58%
43	HV	Distribution Cable	Distribution UG XLPE or PVC	km	0.13%	0.26%	1.49%	4.76%	93.36%		3	0.28%
44	HV	Distribution Cable	Distribution UG PILC	km	0.85%	1.73%	8.24%	14.79%	74.39%		3	1.59%
45	HV	Distribution Cable	Distribution Submarine Cable	km	-	-	-	-	-		N/A	-
46	HV	Distribution switchgear	3.3/6.6/11/22kV CB (pole mounted) - reclosers and sectionalisers	No.	1.00%	2.00%	8.21%	11.79%	77.00%		3	4.98%
47	HV	Distribution switchgear	3.3/6.6/11/22kV CB (Indoor)	No.	5.13%	10.16%	33.53%	24.13%	27.05%		3	13.40%
48	HV	Distribution switchgear	3.3/6.6/11/22kV Switches and fuses (pole mounted)	No.	1.47%	2.96%	12.96%	22.44%	60.18%		3	4.07%
49	HV	Distribution switchgear	3.3/6.6/11/22kV Switch (ground mounted) - except RMU	No.	0.85%	1.95%	10.95%	14.84%	71.41%		3	3.77%
50	HV	Distribution switchgear	3.3/6.6/11/22kV RMU	No.	0.25%	0.51%	2.24%	4.07%	92.93%		3	0.82%
51	HV	Distribution Transformer	Pole Mounted Transformer	No.	1.67%	3.25%	13.16%	15.51%	66.42%		3	4.53%
52	HV	Distribution Transformer	Ground Mounted Transformer	No.	1.47%	2.88%	11.78%	14.08%	69.80%		3	3.67%
53	HV	Distribution Transformer	Voltage regulators	No.	32.20%	18.83%	28.56%	16.56%	3.85%		3	26.63%
54	HV	Distribution Substations	Ground Mounted Substation Housing	No.	0.43%	0.97%	5.76%	10.85%	81.99%		3	2.13%
55	LV	LV Line	LV OH Conductor	km	0.22%	0.53%	3.56%	7.40%	88.29%		3	1.46%
56	LV	LV Cable	LV UG Cable	km	0.02%	0.04%	0.40%	2.19%	97.35%		3	0.07%
57	LV	LV Streetlighting	LV OH/UG Streetlight circuit	km	0.58%	1.35%	7.97%	14.37%	75.74%		3	3.34%
58	LV	Connections	OH/UG consumer service connections	No.			5.00%	85.00%	10.00%		1	-
59	All	Protection	Protection relays (electromechanical, solid state and numeric)	No.	11.20%	5.54%	23.28%	32.20%	27.78%		3	14.68%
60	All	SCADA and communications	SCADA and communications equipment operating as a single system	Lot	14.69%	9.07%	64.32%	10.80%	1.14%		3	27.13%
61	All	Capacitor Banks	Capacitors including controls	No.	34.29%	25.32%	38.56%	1.82%	-		3	33.14%
62	All	Load Control	Centralised plant	Lot	13.04%	-	45.65%	26.09%	15.22%		3	10.87%
63	All	Load Control	Relays	No.	-	-	-	-	-	100.00%	1	-
64	All	Civils	Cable Tunnels	km	-	-	-	-	-		N/A	-

Schedule 12b Report on forecast capacity

7 **12b(i) System Growth - Zone Substations**

8	*Existing Zone Substations*	Current peak load (MVA)	Current peak load period	Installed operating capacity (MVA)	Current security of supply classification (type)	Current constraint type	Current available capacity (MVA)	Peak load period +5 yrs	Available capacity +5 yrs (MVA)	Security of supply classification +5 yrs (type)	Peak load period +10 yrs	Min. available capacity +10 yrs (MVA)	Max. available capacity +10 yrs (MVA)	Security of supply classification +10 yrs (type)	Forecast constraint type	Year of any forecast constraint	Constraint primary cause	Constraint solution type	Constraint solution progress	Temporary constraint solution remaining lifespan	Explanation
9	ADDINGTON #1	18	Winter	37.4	N-1	No constraint	19	Winter	17	N-1	Winter	12	18	N-1	No constraint	none	Not applicable	Not applicable	Not applicable	Not applicable	
10	ADDINGTON #2	22	Winter	30.0	N-1	No constraint	8	Winter	6	N-1	Winter	(0)	6	N-1	Capacity	10+	Zone substation transformer	Network upgrade	Solution confirmed	Not applicable	Power transformers are to be replaced due to asset lifecycle drivers with Orion's standard sizes so capacity will be gained
11	ANNAT	4	Summer	8.0	N-1 switched	No constraint	4	Summer	4	N-1 switched	Summer	3	4	N-1 switched	No constraint	none	Not applicable	Not applicable	Not applicable	Not applicable	
12	ARMAGH	20	Winter	38.8	N-1	No constraint	18	Winter	15	N-1	Winter	9	16	N-1	No constraint	none	Not applicable	Not applicable	Not applicable	Not applicable	
13	BANKSIDE	4	Summer	9.4	N-1 switched	No constraint	6	Summer	5	N-1 switched	Summer	4	5	N-1 switched	No constraint	none	Not applicable	Not applicable	Not applicable	Not applicable	
14	BARNETT PARK	10	Winter	15.0	N-1 switched	No constraint	5	Winter	5	N-1 switched	Winter	3	5	N-1 switched	No constraint	none	Not applicable	Not applicable	Not applicable	Not applicable	
15	BELFAST	6	Winter	15.0	N-1 switched	No constraint	9	Winter	8	N-1 switched	Winter	37	39	N-1	No constraint	none	Not applicable	Not applicable	Not applicable	Not applicable	
16	BROMLEY	39	Winter	47.6	N-1	No constraint	9	Winter	3	N-1	Winter	(8)	5	N-1	Security	9	Zone substation transformer	Undecided	No active planning	Not applicable	
17	BROOKSIDE	8	Summer	10.0	N-1 switched	No constraint	2	Summer	1	N-1 switched	Summer	(2)	1	N-1 switched	Capacity	8	Zone substation transformer	Undecided	No active planning	Not applicable	Likely to be solved by load transfer through multiple load shifts. Tied in with Leeston and surrounds growth contingent project
18	DALLINGTON	28	Winter	38.8	N-1 switched	Security	11	Winter	10	N-1 switched	Winter	4	10	N-1	No constraint	none	Subtransmission circuit	Network upgrade	Planning stage	Not applicable	New subtransmission project will restore full N-1 in FY34
19	DARFIELD	5	Summer	9.6	N-1 switched	No constraint	4	Summer	2	N-1 switched	Summer	(4)	0	N-1 switched	Capacity	8	Zone substation transformer	Divert load to alternative substation	Planning stage	Not applicable	New replacement larger capacity substation to be built to replace existing
20	DIAMOND HARBOUR	3	Winter	8.7	N-1 switched	No constraint	6	Winter	6	N-1 switched	Winter	4	5	N-1 switched	No constraint	none	Not applicable	Not applicable	Not applicable	Not applicable	
21	DUNSANDEL	20	Summer	23.8	N-1	No constraint	4	Summer	1	N-1	Summer	(13)	1	N-1	Capacity	8	Zone substation transformer	Undecided	No active planning	Not applicable	Large industrial customer driving load growth so we'll work with them for any signficant changes
22	DUVAUCHELLE	5	Summer	8.3	N-1	No constraint	4	Summer	4	N-1	Summer	2	3	N-1	No constraint	none	Not applicable	Not applicable	Not applicable	Not applicable	
23	FENDALTON	36	Winter	42.0	N-1	No constraint	6	Winter	4	N-1	Winter	(5)	5	N-1	Security	10+	Zone substation transformer	Divert load to alternative substation	No active planning	Not applicable	
24	GREENDALE	6	Summer	10.0	N-1 switched	No constraint	4	Summer	3	N-1 switched	Summer	1	3	N-1 switched	Capacity	10+	Zone substation transformer	Divert load to alternative substation	Planning stage	Not applicable	Load to be diverted to future Norwood substation transformer
25	HALSWELL	21	Winter	23.8	N-1	No constraint	3	Winter	0	N-1	Winter	17	24	N-1	No constraint	none	Not applicable	Not applicable	Not applicable	Not applicable	
26	HAWTHORNDEN	34	Winter	38.8	N-1	No constraint	5	Winter	(5)	N-1	Winter	(25)	(11)	N-1	Capacity	3	Zone substation transformer	Divert load to alternative substation	Planning stage	Not applicable	New substation is planned to resolve this constraint
27	HEATHCOTE	29	Winter	38.8	N-1	No constraint	9	Winter	6	N-1	Winter	(11)	4	N-1	Capacity	10+	Zone substation transformer	Undecided	No active planning	Not applicable	
28	HIGHFIELD	9	Summer	10.0	N-1 switched	No constraint	1	Summer	0	N-1 switched	Summer	(2)	0	N-1 switched	Capacity	6	Zone substation transformer	Divert load to alternative substation	Planning stage	Not applicable	Load to be diverted to future Norwood substation transformer and future Creyke Rd substation
29	HILLS RD	7	Summer	9.9	N-1 switched	No constraint	3	Summer	2	N-1 switched	Summer	(1)	2	N-1 switched	Capacity	10+	Zone substation transformer	Divert load to alternative substation	Planning stage	Not applicable	Contingent project to construct new substation to enable Hills Rd substation offload
30	HOON HAY	32	Winter	38.8	N-1	No constraint	6	Winter	5	N-1	Winter	(4)	4	N-1	No constraint	10+	Zone substation transformer	Undecided	No active planning	Not applicable	
31	HORNBY	14	Winter	22.8	N-1	No constraint	9	Winter	7	N-1	Winter	3	7	N-1	No constraint	none	Not applicable	Not applicable	Not applicable	Not applicable	
32	HORORATA	8	Summer	9.6	N-1 switched	No constraint	1	Summer	1	N-1 switched	Summer	(1)	1	N-1 switched	Capacity	9	Zone substation transformer	Divert load to alternative substation	No active planning	Not applicable	Offload to Bankside and/or new Creyke substation

Schedule 12b Report on forecast capacity

33	ILAM	9	Winter	11.8	N-1	No constraint	3	Winter	3	N-1	Winter	1	3	N-1	No constraint	none	Not applicable	Not applicable	Not applicable	Not applicable	
34	KILLINCHY	9	Summer	10.0	N-1 switched	No constraint	1	Summer	(0)	N-1	Summer	(3)	(0)	N-1 switched	Capacity	4	Zone substation transformer	Divert load to alternative substation	Planning stage	Not applicable	Load transfer to Dunsandel
35	KIMBERLEY	15	Summer	23.8	N-1	No constraint	9	Summer	7	N-1	Summer	3	8	N-1	No constraint	none	Not applicable	Not applicable	Not applicable	Not applicable	
36	LANCASTER	23	Winter	47.6	N-1 switched	No constraint	24	Winter	20	N-1 switched	Winter	11	21	N-1 switched	No constraint	none	Not applicable	Not applicable	Not applicable	Not applicable	
37	LARCOMB	21	Winter	23.8	N-1	No constraint	2	Winter	(6)	N-1	Winter	(22)	(8)	N-1	Security	1	Zone substation transformer	Divert load to alternative substation	Solution confirmed	Not applicable	Load transfer to Rolleston and Springston
38	LINCOLN	10	Winter	11.1	N-1	No constraint	1	Winter	(3)	N-1	Winter	(10)	(7)	N-1	Capacity	2	Zone substation transformer	Divert load to alternative substation	Planning stage	Not applicable	Load transfer to new Collins substation
39	LITTLE RIVER	1	Winter	2.8	N	No constraint	2	Winter	2	N	Winter	2	2	N	No constraint	none	Not applicable	Not applicable	Not applicable	Not applicable	
40	MCFADDENS	35	Winter	38.8	N-1	No constraint	4	Winter	(0)	N-1	Winter	(7)	1	N-1	Security	4	Zone substation transformer	Divert load to alternative substation	Planning stage	Not applicable	Load transfer to Belfast
41	MIDDLETON	28	Winter	45.7	N-1	No constraint	17	Winter	9	N-1	Winter	(2)	12	N-1	No constraint	none	Not applicable	Not applicable	Not applicable	Not applicable	
42	MILTON	37	Winter	42.0	N-1	No constraint	5	Winter	1	N-1	Winter	(9)	2	N-1	No constraint	8	Zone substation transformer	Divert load to alternative substation	Planning stage	Not applicable	Load transfer to Addington and Lancaster
43	MOFFETT ST	17	Winter	22.8	N-1	No constraint	6	Winter	4	N-1	Winter	(2)	4	N-1	No constraint	10+	Zone substation transformer	Divert load to alternative substation	No active planning	Not applicable	Load transfer to neighbouring zone substations
44	MOTUKARARA	3	Summer	8.0	N-1	No constraint	5	Summer	4	N-1	Summer	3	4	N-1	No constraint	none	Not applicable	Not applicable	Not applicable	Not applicable	
45	OXFORD-TUAM	21	Winter	38.8	N-1	No constraint	18	Winter	15	N-1	Winter	10	16	N-1	No constraint	none	Not applicable	Not applicable	Not applicable	Not applicable	
46	PAPANUI	38	Winter	50.4	N-1	No constraint	13	Winter	9	N-1	Winter	(1)	11	N-1	No constraint	10+	Zone substation transformer	Divert load to alternative substation	No active planning	Not applicable	Load transfer to Belfast
47	PREBBLETON	8	Winter	15.0	N-1 switched	No constraint	7	Winter	6	N-1 switched	Winter	10	14	N-1	No constraint	none	Not applicable	Not applicable	Not applicable	Not applicable	
48	RAWHITI	33	Winter	38.8	N-1 switched	Security	6	Winter	7	N-1 switched	Winter	1	7	N-1	No constraint	none	Not applicable	Not applicable	Not applicable	Not applicable	
49	ROLLESTON	13	Winter	9.8	N-1	Capacity	(3)	Winter	(6)	N-1	Winter	(11)	(5)	N-1	Security	1	Zone substation transformer	Divert load to alternative substation	Implementation stage	Not applicable	Load transfer to new Rolleston substation
50	SHANDS RD	16	Winter	22.9	N-1	No constraint	7	Winter	5	N-1	Winter	1	5	N-1	No constraint	none	Not applicable	Not applicable	Not applicable	Not applicable	
51	SOCKBURN	25	Winter	36.5	N-1	No constraint	12	Winter	7	N-1	Winter	(1)	9	N-1	No constraint	10+	Zone substation transformer	Divert load to alternative substation	Planning stage	Not applicable	Load transfer to Middleton
52	SPRINGSTON	11	Winter	23.8	N-1 switched	No constraint	13	Winter	11	N-1	Winter	6	11	N-1	Security	none	Not applicable	Not applicable	Not applicable	Not applicable	
53	TE PIRITA	9	Summer	10.0	N-1 switched	No constraint	1	Summer	0	N-1 switched	Summer	(2)	0	N-1 switched	No constraint	6	Zone substation transformer	Divert load to alternative substation	Planning stage	Not applicable	Load transfer to Bankside
54	WAIMAKARIRI	21	Winter	47.6	N-1 switched	Security	27	Winter	26	N-1 switched	Winter	19	26	N-1 switched	Security	1	Subtransmission circuit	Divert load to alternative substation	Not applicable	Not applicable	Does not meet security of supply standard but can be quickly restored via 66kV switching
55	WEEDONS	15	Winter	23.8	N-1	No constraint	9	Winter	8	N-1	Winter	(0)	7	N-1	No constraint	10+	Zone substation transformer	Divert load to alternative substation	No active planning	Not applicable	Load transfer to new Rolleston substation

Schedule 12c Report on forecast network demand

			Current Year CY	CY+1	CY+2	CY+3	CY+4	CY+5
7		**12c(i): Consumer Connections**						
8		*Number of ICPs connected during year by consumer type*	**Number of connections**					
9			*Current Year CY*	*CY+1*	*CY+2*	*CY+3*	*CY+4*	*CY+5*
10								
11		*Consumer types defined by EDB**						
12		Residential	5,750	5,260	5,397	5,403	5,399	5,429
13		Non-residential	690	677	679	688	699	707
14								
15								
16								
17		**Connections total**	6,440	5,937	6,076	6,091	6,098	6,136
18		**include additional rows if needed*						
19								
20								
21								
22		**Distributed generation**	*Current Year CY*	*CY+1*	*CY+2*	*CY+3*	*CY+4*	*CY+5*
23		Number of connections made in year	1,667	1,843	1,924	1,999	2,071	2,169
24		Capacity of distributed generation installed in year (MVA)	14	12	123	233	14	15
25		**12c(ii) System Demand**						
26			*Current Year CY*	*CY+1*	*CY+2*	*CY+3*	*CY+4*	*CY+5*
27		**Maximum coincident system demand (MW)**						
28		GXP demand	677	695	715	733	752	772
29	*plus*	Distributed generation output at HV and above	-	-	-	-	-	-
30		**Maximum coincident system demand**	677	695	715	733	752	772
31	*less*	Net transfers to (from) other EDBs at HV and above	0	0	0	0	0	0
32		**Demand on system for supply to consumers' connection points**	677	695	715	733	752	772
33		**Electricity volumes carried (GWh)**						
34		Electricity supplied from GXPs	3,729	3,774	3,819	3,865	3,912	3,958
35	*less*	Electricity exports to GXPs	0	0	0	0	0	0
36	*plus*	Electricity supplied from distributed generation	38	41	46	52	57	63
37	*less*	Net electricity supplied to (from) other EDBs	0	0	0	0	0	0
38		**Electricity entering system for supply to ICPs**	3,767	3,814	3,865	3,917	3,969	4,021
39	*less*	Total energy delivered to ICPs	3,616	3,662	3,711	3,760	3,810	3,862
40		**Losses**	151	153	155	157	159	159
41								
42		**Load factor**	63%	63%	62%	61%	60%	59%
43		**Loss ratio**	4.0%	4.0%	4.0%	4.0%	4.0%	3.9%

12d Report on forecast interruptions and duration

		Current Year CY	CY+1	CY+2	CY+3	CY+4	CY+5
8							
9							
10	**SAIDI**						
11	Class B (planned interruptions on the network)	13.2	17.1	17.1	17.1	17.1	17.1
12	Class C (unplanned interruptions on the network)	66.5	63.1	63.1	63.1	63.1	63.1
13	**SAIFI**						
14	Class B (planned interruptions on the network)	0.02	0.06	0.06	0.06	0.06	0.06
15	Class C (unplanned interruptions on the network)	0.84	0.80	0.80	0.80	0.80	0.80

Appendix C:
Certificate for Year- beginning disclosures

Schedule 17 Certification for Year-beginning Disclosures

Clause 2.9.1

We, Paul Munro and Mike Sang, being directors of Orion New Zealand Limited certify that, having made all reasonable enquiry, to the best of our knowledge:

a. the following attached information of Orion New Zealand Limited prepared for the purposes of clauses 2.4.1, 2.6.1, 2.6.3, 2.6.6 and 2.7.2 of the Electricity Distribution Information Disclosure Determination 2012 in all material respects complies with that determination.

b. The prospective financial or non-financial information included in the attached information has been measured on a basis consistent with regulatory requirements or recognised industry standards.

c. The forecasts in Schedules 11a, 11b, 11c, 12a, 12b, 12c and 12d are based on objective and reasonable assumptions which both align with Orion New Zealand Limited's corporate vision and strategy and are documented in retained records.

	27 March 2025
Director	**Date**
	27 March 2025
Director	**Date**

Orion

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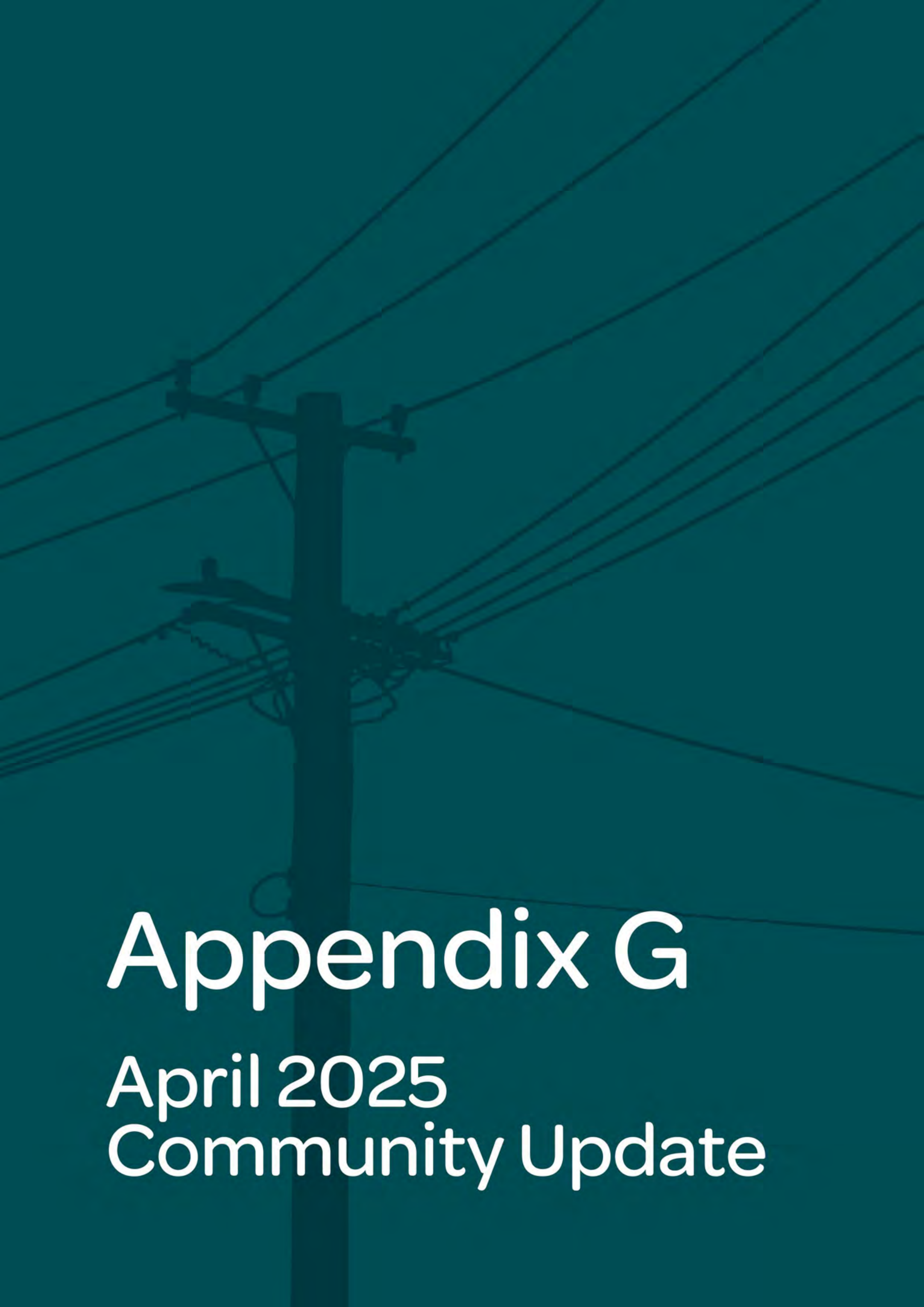


Appendix G

April 2025 Community Update

04

April ’25

In this issue:

Orion

Community Update

Café des Artistes, Colombo Street

INVESTMENT:

Investing in the *future of your local electricity network*

From that first cup of coffee, to checking emails and unwinding in front of Netflix, electricity powers every part of our day. As we move towards a more sustainable future, electricity will be the energy source of choice — making it more important than ever to invest in a reliable, resilient network that meets our growing needs.

To continue delivering a safe and reliable power supply, we must invest in our network today to prepare for tomorrow. This means renewing ageing infrastructure, expanding capacity (including via smart virtual infrastructure), strengthening resilience, and adopting new technologies to improve efficiency. The steps we take now will shape a positive future for generations to come.

Last year we signalled our intention to apply to the Commerce Commission for a customised price-quality path for the five-year period from financial year 2028 to 2032. This would allow us to increase investment in the network, ensuring it remains strong and future ready.

Since then, we’ve been actively engaging with customers, stakeholders, and communities. Through detailed analysis and planning, we’ve developed a proposed investment approach that outlines the investment needed to maintain and improve our network, ensuring we continue to meet our customers’ needs and expectations.

Now, we want to hear from you. Your feedback will help shape our proposal before we submit it to the Commerce Commission in mid-2026. Read on to find out how we’re powering a cleaner, brighter future with our community and how you can have your say.

FUTURE FOCUS:

What we do now *will shape a positive future*

The topic of power prices has had a lot of airtime recently, especially following the decision by the Commerce Commission to allow electricity distribution businesses to increase lines charges. This decision supports necessary investment to improve networks and meet growing customer demands.

At Orion, much of our network was built in the 1960s and 1970s, meaning critical infrastructure, such as power poles, now requires renewal. At the same time, our region is growing, and we must expand our network capacity (including via smart virtual infrastructure), to accommodate more homes and businesses. We also need to strengthen resilience against earthquakes and extreme weather events, prepare for emerging technologies, and drive efficiencies.

That's why we're applying for a customised price-quality path — or CPP. A customised path would allow Orion to make targeted investments to maintain network reliability and support future demand growth. It ensures we can continue delivering a high-quality service while keeping pace with the increasing demands of our community.

Staying on the default path would mean we won't recover enough revenue to make the investments needed. As a result, we would have to delay essential upgrades, increasing the risk of more frequent and prolonged power outages — something none of us want. Deferring investment also means facing even higher prices in the future and a network that struggles to meet customers' evolving needs.

For the last 125 years you've trusted us to keep the lights on. That's now expanded into keeping devices charged, the Wi-Fi connected, and many more ways we power our community. We cannot afford to delay these critical investments. By acting now, we ensure a reliable, future-proofed network that will benefit both current and future generations. Together, we can create a cleaner, brighter future for Central Waitaha Canterbury.

Nigel Barbour
The Orion Group Chief Executive

The difference between default and customised price-quality paths

Both types of price-quality path constrain the amount of revenue we can recover from our customers and set minimum standards for the service quality we must deliver. This creates incentives for us to manage our network efficiently and discourages us from reducing service quality to increase profits.

The key difference between the two paths is how the total revenue amount is determined. For a default path, the Commission uses a simpler, standardised approach. This amount is calculated based on our past expenditure and to some extent the forward investment proposed in our asset management plan.

For a customised path, the approach is more detailed and business specific. We are required to submit a proposal to the Commission, which includes detailed information about the challenges and opportunities our business faces, and our investment and other spending plans over the period. This proposal is then subject to in-depth audit, verification, stakeholder consultation, and evaluation processes. The Commission will only approve proposed expenditure to be recovered through our lines charges if it is prudent and efficient and in the long-term interests of our customers.

INFRASTRUCTURE:

Our network

From the Rakaia to the Waimakariri, Banks Peninsula to Arthur's Pass, Orion owns and operates the electricity distribution network that provides power to Central Waitaha Canterbury. Our network extends over 8,000 square kilometres, delivers electricity to more than 228,000 homes and businesses, and connects around 4,000 new customers every year.

As an electricity distributor, we distribute power from the national grid through our network to homes and businesses.

We build, maintain and upgrade the substations, poles, lines, underground cables and other equipment required to deliver power safely and reliably.

Managing such a vast and complex network — spanning urban centres, rural communities, and remote locations — is a big job, requiring careful planning, continuous improvement, and a dedicated team to ensure everything runs smoothly. That's why it's important we keep pace with the evolving demands of our network and needs of our customers.

8,000+
Square kilometres of network coverage

5,800
Distribution substations

14,300+
Kilometres of lines and cables

228,000+
Total customer connections

52
Zone substations

4,000+
New customer connections a year

90,000+
Orion power poles

ASSET MANAGEMENT PLAN:

Our *proposed* investment approach

Our 2025 Asset Management Plan (AMP) Update lays out the proposed investment approach for our customised price-quality path application. Each year we publish an AMP that details how we plan to manage our assets. The 2025 AMP Update comprises two sections:

- Part 1 — outlines our proposed investment approach for the customised path period.
- Part 2 — provides updated forecasts, and highlights any material changes since our 2024 AMP.

Ramping up our asset renewals | Increasing our network capacity | Strengthening network resilience | Preparing for new technologies | Improving efficiencies

Challenges and opportunities

As we look ahead, our investment approach is shaped by the unique challenges and opportunities we face at Orion, making the need for prudent and efficient investment in our network more critical than ever. We must make decisions in the long-term interest of our customers, as what we do now will shape a positive future.

Challenges

Asset renewals — Amping up our asset renewal programme to ensure we can effectively manage safety risk across the network and maintain reliability.

Growth — Increasing our network's capacity to support forecast population, demand and economic growth, which is very strong in parts of our region.

Resilience — Strengthening the network's resilience to natural hazards, particularly earthquakes, to reduce the risk of major disruptions to the power supply during and after these events.

Opportunities

Meeting future needs — Preparing for new technologies that support changing customer needs and customer choice.

Improving efficiency — Taking advantage of innovations and integrating new tools and systems to improve our efficiency.

About our proposed approach

Our proposed approach represents our view of the investments and activities required to deliver a safe, reliable and resilient network that meets our customers' needs, now and for the future.

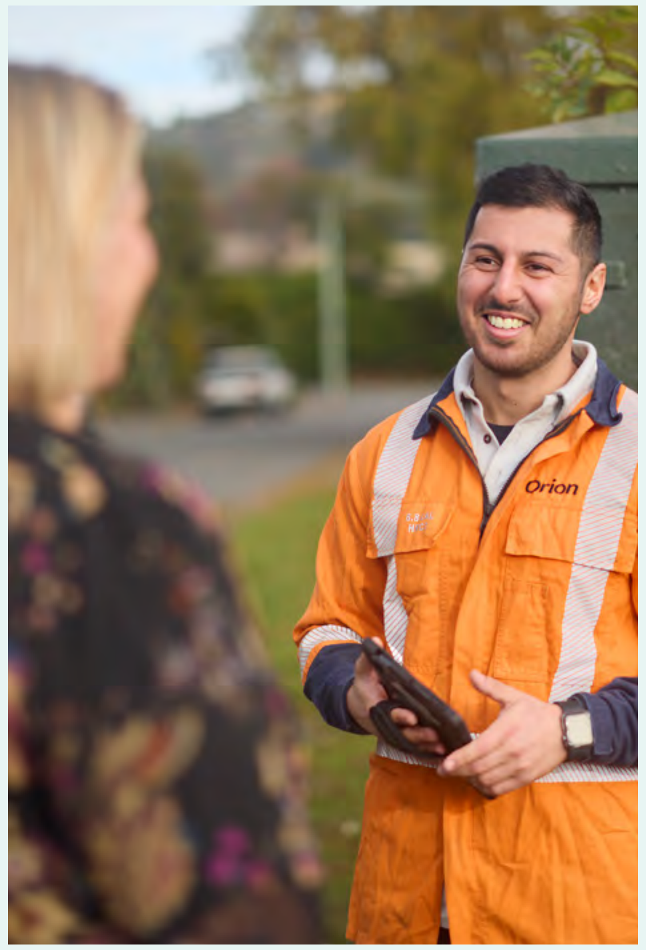
In total we plan to spend approximately $1.73 billion over the five years from 01 April 2027 to 31 March 2032. Most of the proposed spending is capital expenditure (67%), which is the long-term investments we plan to make in our physical assets. The rest is operating expenditure (33%), which is our day-to-day expenditure to run the network and support the delivery of our services.

Focus of our proposed capex investment

- Renewing assets to effectively manage network risk and maintain reliability.
- Expanding and upgrading the network to support growth and prepare to meet future needs.
- Strengthening the network to increase resilience.
- Renewing and upgrading non-network assets to support new technologies and improve efficiency.

Focus of our proposed opex investment

- Maintaining our network assets to keep them in optimal working condition.
- Managing vegetation around our assets.
- Supporting our network and business operations.



READY TO RESPOND:

Keeping the lights *on*

You've probably seen our Orion trucks with their distinctive orange reflector stripe around town and country. But have you ever wondered what the people driving them are doing?

Our Network Operators are out every day, working hard to keep your power supply safe, reliable and resilient. Whether they're maintaining power lines, responding to outages, or upgrading the network to meet future needs, their efforts help keep homes warm, businesses running, and essential services operating smoothly.

To better serve our community, we're proposing to invest more in our network — renewing ageing infrastructure, increasing capacity, and improving resilience. A well-maintained network makes it easier and safer for our operators to do their jobs. When equipment is upgraded and systems are smarter, our teams can prevent issues before they happen, reduce faults, and restore power faster when outages occur. This means fewer emergency callouts in severe conditions, less time spent on reactive repairs, and more focus on keeping the network running smoothly.

So next time you see one of our team in the field, know that they're working for you — keeping the power on across our region. And if you ever experience an issue with your power supply, our Customer Support team is available 24/7 at 0800 363 9898 — we're here to help.

What we've heard so far

At Orion, we're committed to listening to our customers and shaping our plans based on what matters most to you. Through regular engagement with our customers—including our customer advisory panel, community workshops, surveys and even the newsletter you're reading now—we've shared our early thinking on future investments and gathered valuable insights.

We've learned that network reliability, resilience, and affordability is a priority for customers. The customer advisory panel emphasised safety and reliability, while noting concerns about price increases, especially for vulnerable members of the community. Community workshops revealed that participants value reliability and resilience but also recognise the need to expand and upgrade network capacity to support demand.

Our 2024 annual perceptions survey showed over 80% satisfaction with current reliability and highlighted the importance of minimising outages and quick restoration. Respondents also want us to leverage new technologies for efficiency and future readiness.

How to have your say

We want to hear from you. Your feedback will help shape our customised path proposal, which we'll submit to the Commerce Commission in mid-2026. Let us know what matters most to you as we plan the future of your electricity network.

The easiest way for you to share your views is through our Have Your Say consultation website at: **www.haveyoursay.oriongroup.co.nz/cpp**

You can also sign up there for email updates to stay informed.

If you'd prefer to send us an email, write to: haveyoursay@oriongroup.co.nz, or you can send a letter to us at:

The Orion Group, 565 Wairakei Road,
Burnside, Christchurch 8053.

If you want to talk to someone about our investment approach, email: haveyoursay@oriongroup.co.nz to make a time to share your feedback with us personally. Please provide your feedback by 30 May 2025.

Your feedback is important as we finalise our investment approach—thank you for being part of the conversation!

What this means for you

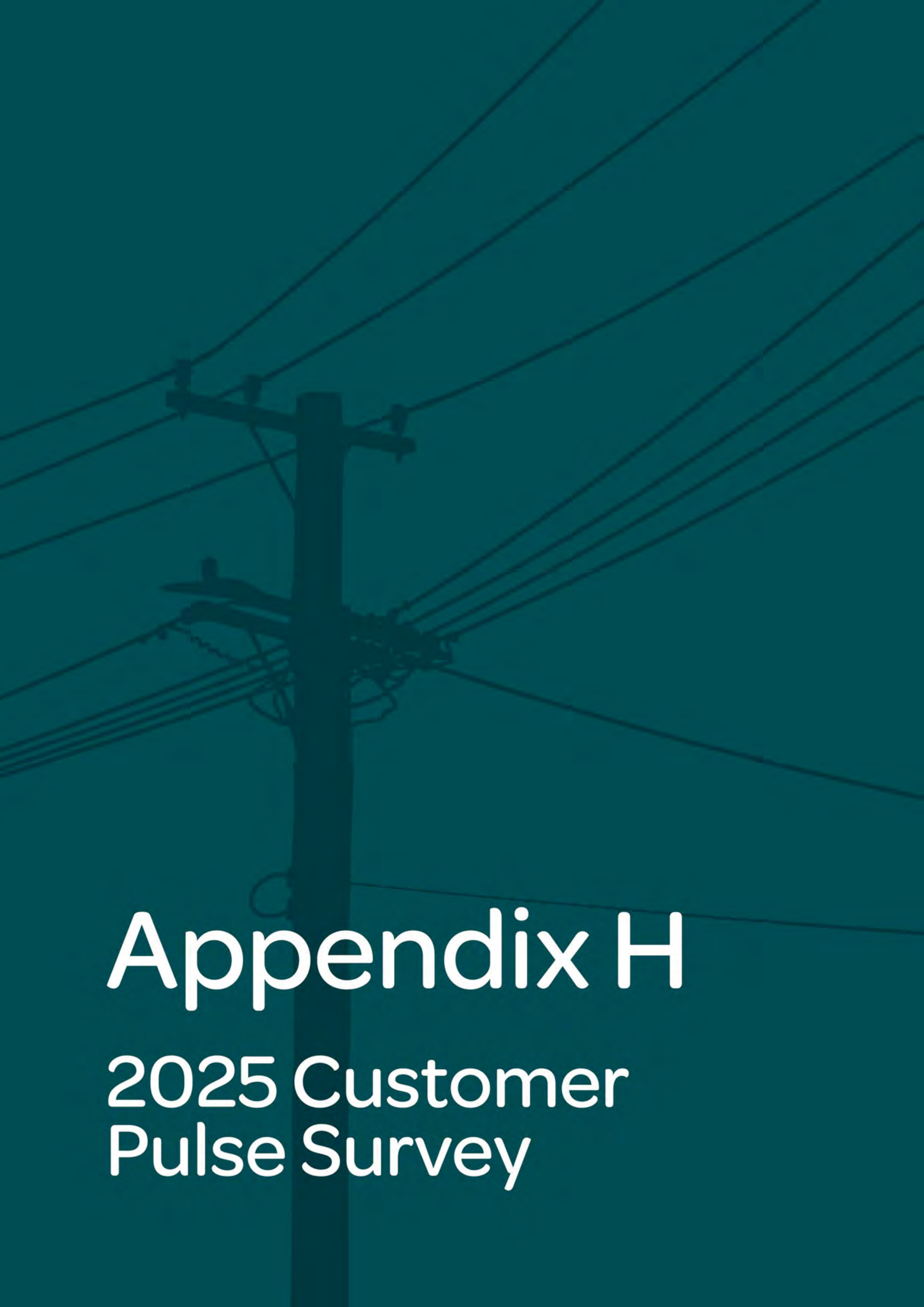
Our proposed investment approach carefully balances risk, reliability, resilience, and affordability to ensure a strong and future-ready electricity network. To determine the best path forward we explored three investment approaches:

- A more limited approach (lower investment, higher risk)
- A balanced approach (our proposed approach)
- An accelerated approach (faster and more investment, higher short-term costs)

We believe the proposed approach best balances our customers' priorities, particularly maintaining the reliability of your electricity supply and the affordability of your power bills. You can find out more about the investment approaches we considered in our 2025 AMP Update.

Delivering the proposed investment will add an additional $8.00 (+/- $1.00) a month to your distribution lines charges over the five-year customised path period starting 01 April 2027.

This is in addition to the recent Commerce Commission default path decision for Orion which will see an increase in distribution lines charges of around $16 per month on the average residential power bill from 01 April 2025.



Appendix H

2025 Customer Pulse Survey

2025

CUSTOMER PUSE

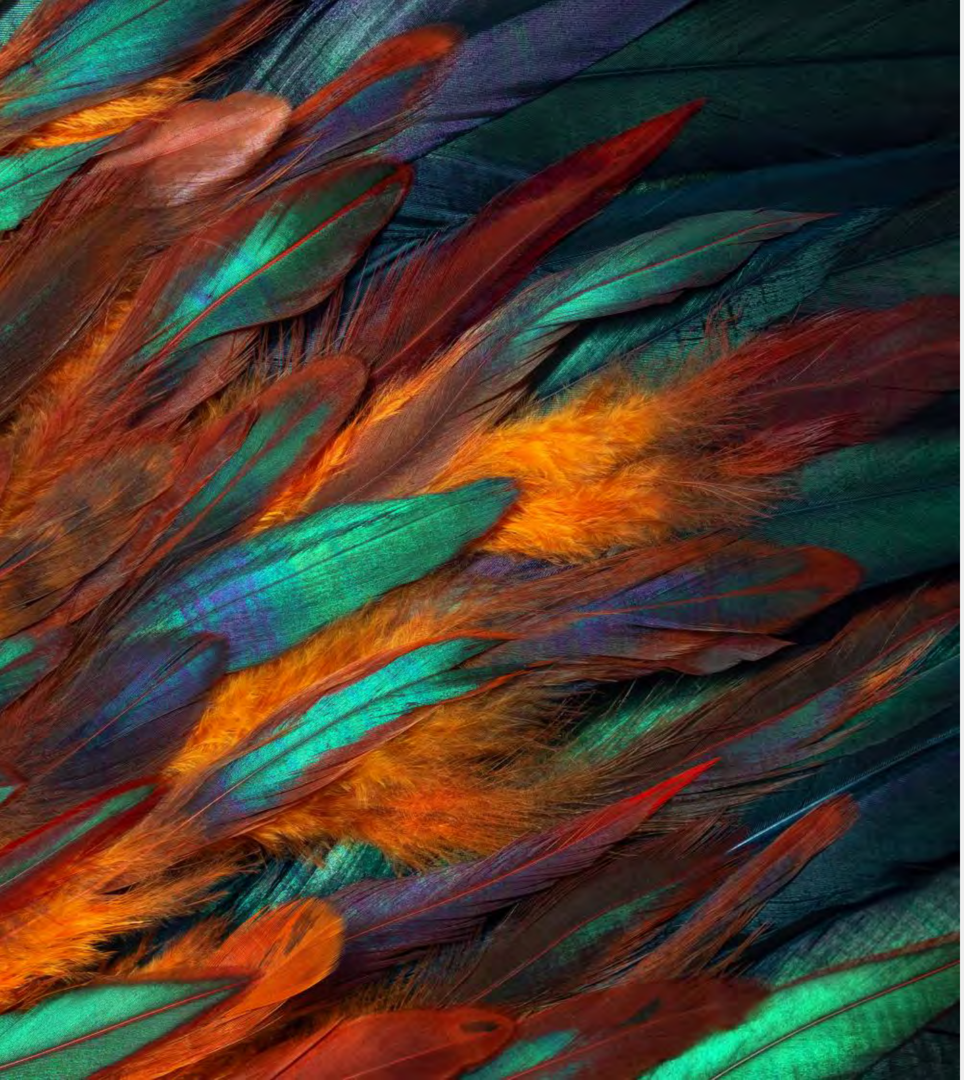
ORION

Orion

CUSTOMER PULSE 2025

truwind

RESEARCH FIRST



Research Design

This Customer Pulse survey was conducted to obtain feedback on the customised price-quality path proposal (CPP) investment approaches being considered by Orion.

This is designed to deliver a clear understanding of customer perspectives on Orion’s proposed investment strategies

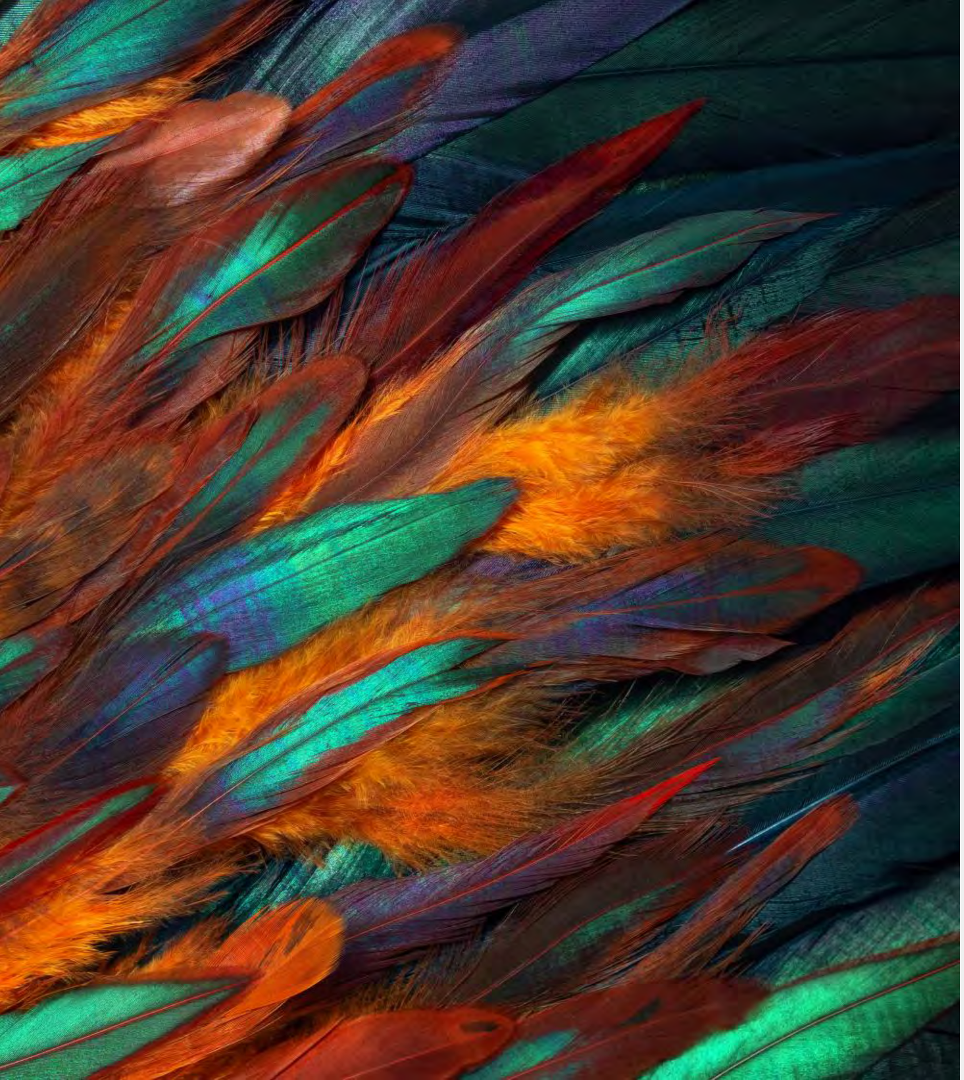
METHOD

An online survey was conducted focusing on assessing customer sentiment towards the CPP investment approaches being considered by Orion. Interviews were collected between 17th April and 7th May but were suspended due to heavy rainfall, flooding and a state of emergency that came into play in Christchurch and Banks Peninsula from 1st – 5th May.

This was supplemented with 36 face-to-face interviews in the harder to reach Banks Peninsula area on Wednesday 21st May.

LIMITATIONS

The majority of fieldwork was completed prior to the state of emergency in Banks Peninsula. However, the face-to-face interviews may be impacted by the recency effect – the state of emergency cut of roads and access rather than wide spread power outages so mindsets and perspectives at the time of interviewing may not reflect how they felt prior to the flooding.



Sample profile

The survey was answered by a mix of business and residential customers across Canterbury as follows:

	Residential customers	Business customers	TOTAL
Christchurch City including Lyttelton	303	19	322
Urban Selwyn (Lincoln, Prebbleton, Rolleston)	58	3	61
Rural Selwyn	57	18	75
Banks Peninsula excl Lyttelton *(Akaroa, Little River, Governors Bay, Diamond Harbour)*	36	9	45
TOTAL	454	49	**503**

In addition, 13% (N=63) of respondents claim to have struggled to pay their electricity bill three times or more in the last year, and 17% (N=83) have someone in their household dependent on the electricity supply for health or wellbeing reasons.

Subgroup analysis has been undertaken across these groups and are reported in this report where relevant.

SUMMARY

Key findings:

1 The majority of customers are satisfied with the existing power supply

9 in 10 customers are satisfied with the current reliability.

Given this high level of satisfaction, the majority of customers, especially in Christchurch city, are happy with the status quo and are therefore less willing to pay more for greater investment and benefits down the track. They would prefer to see the network upgraded 'as needed' rather than to plan for future growth.

2 Businesses and those in more rural areas are less satisfied

Banks Peninsula customers are less satisfied, but also less concerned (or less engaged?). They place less importance on having a reliable power supply, and are less likely to find the investment priorities important, especially the ones focused on growth and innovation.

Those in **rural Selwyn** are a little less satisfied, but more inclined to pay more, sooner, to ensure a more reliable and resilient network.

Businesses are more price sensitive, but also a little more willing to pay more to reduce unplanned outages and have a more reliable supply.

3 Most will accept paying 'a little' more to increase network reliability

Option B, with a price increase of $7-$9 per month has the most support – increased investment but with a similar number & frequency of planned outages as now.

However, those with medical reliance on power, or those who struggle to pay their bills, would prefer the more conservative $1-$3 /monthly rise and limited investment in the network.

The majority want smooth, steady price increases over time, but businesses and those in rural Selwyn are more open to paying more up-front now, with smaller increases in later years.

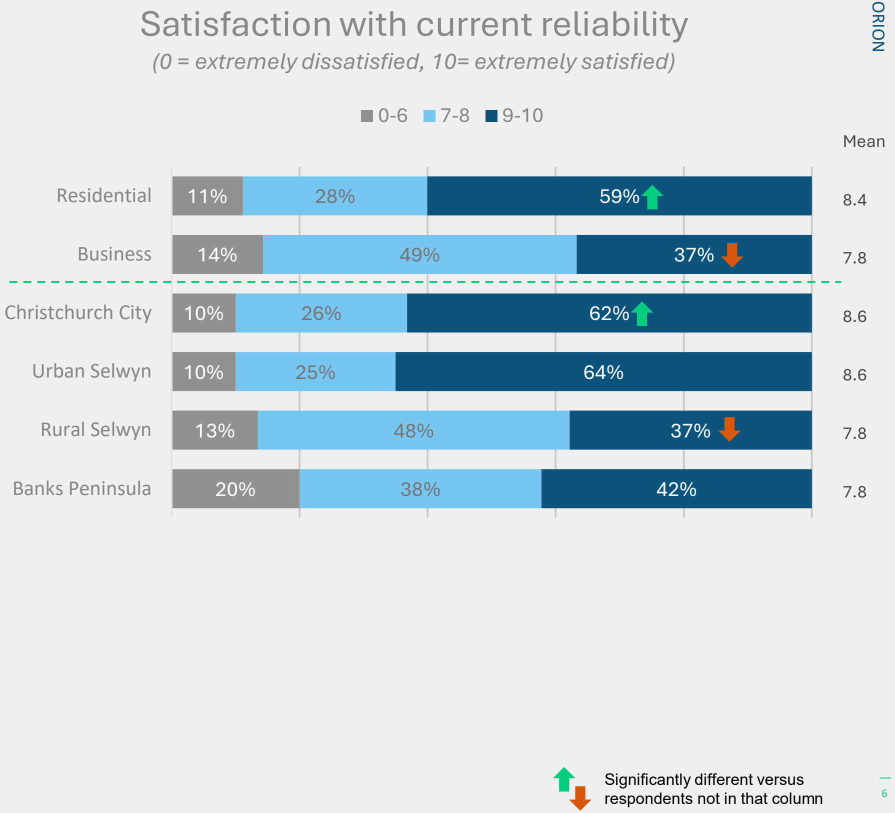
SECTION ONE

Existing experience & priorities

SATISFACTION WITH CURRENT RELIABILITY

It is those in rural areas and businesses who are less satisfied with power reliability

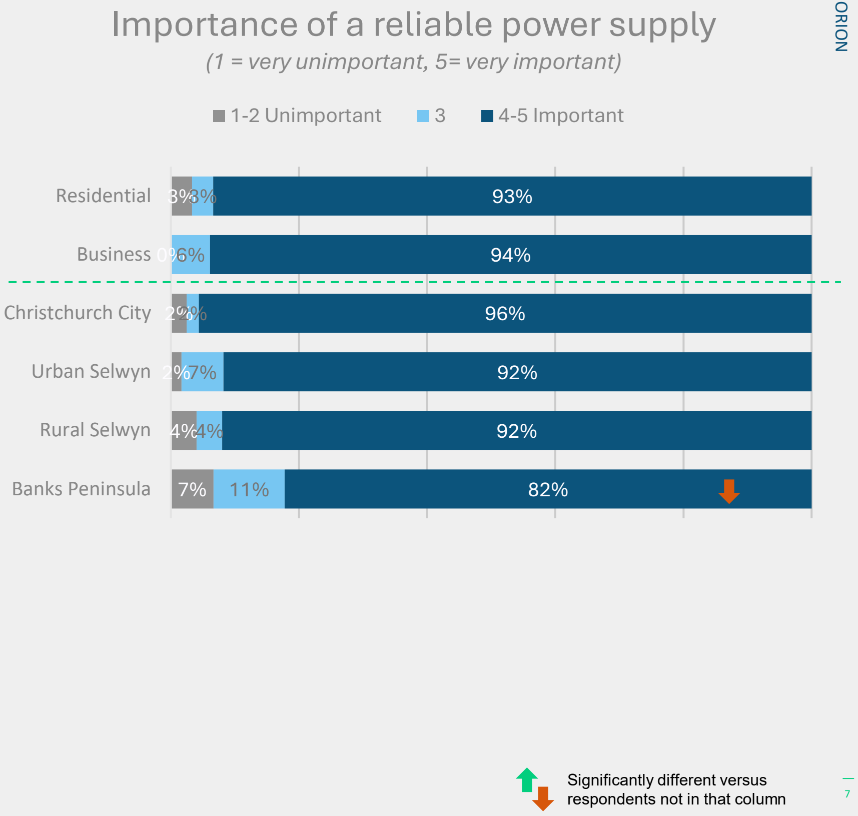
Q7: Thinking about unplanned power outages over the last few years, how satisfied are you with the reliability of your power supply?



IMPORTANCE OF A RELIABLE POWER SUPPLY

But Banks Peninsula customers also place lower importance on a reliable power supply than those in other areas

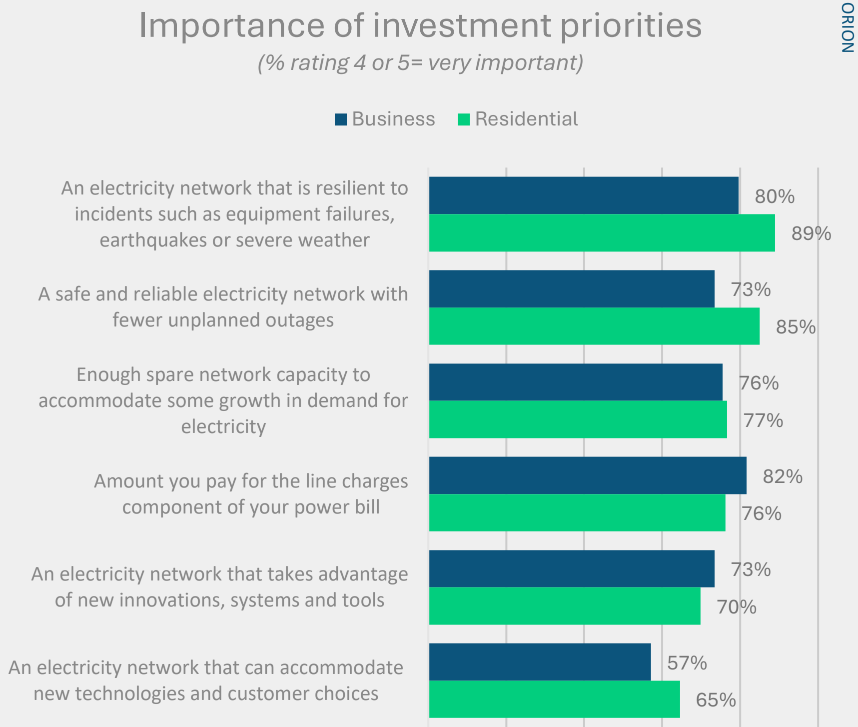
Q8: Thinking about how you use power, how important is a reliable power supply to you?



TESTING INVESTMENT PRIORITIES

Residential customers place more importance on resilience and reliability of the network; Businesses are more price sensitive but want resilience too

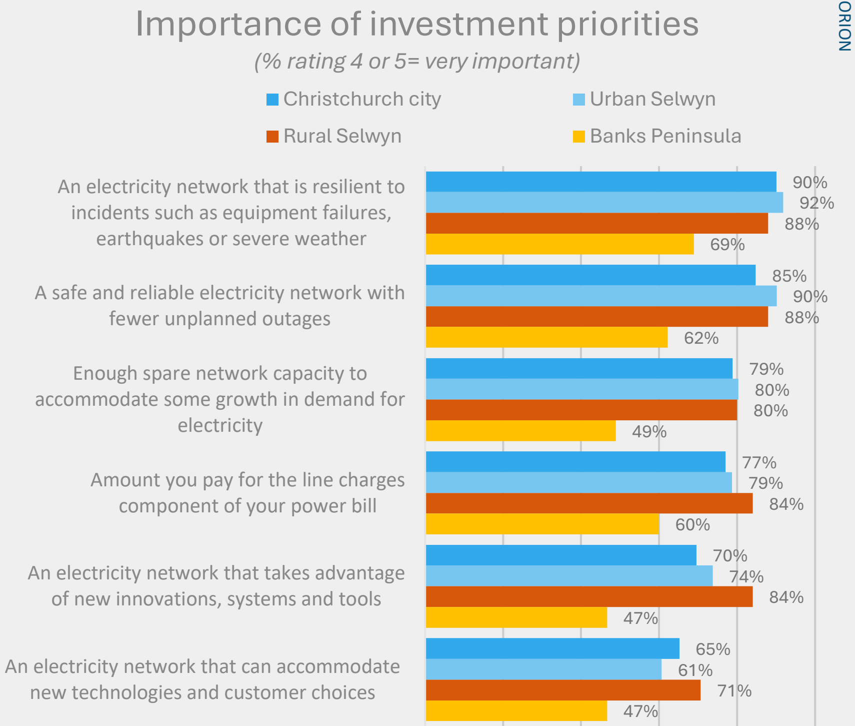
Q13: Using a scale from one to five, where one is very unimportant and five is very important, how important are each of the following to you?



TESTING INVESTMENT PRIORITIES

Those in Banks Peninsula are much less likely to find the investment priorities important, especially the ones focused on growth and innovation

Q13: Using a scale from one to five, where one is very unimportant and five is very important, how important are each of the following to you?



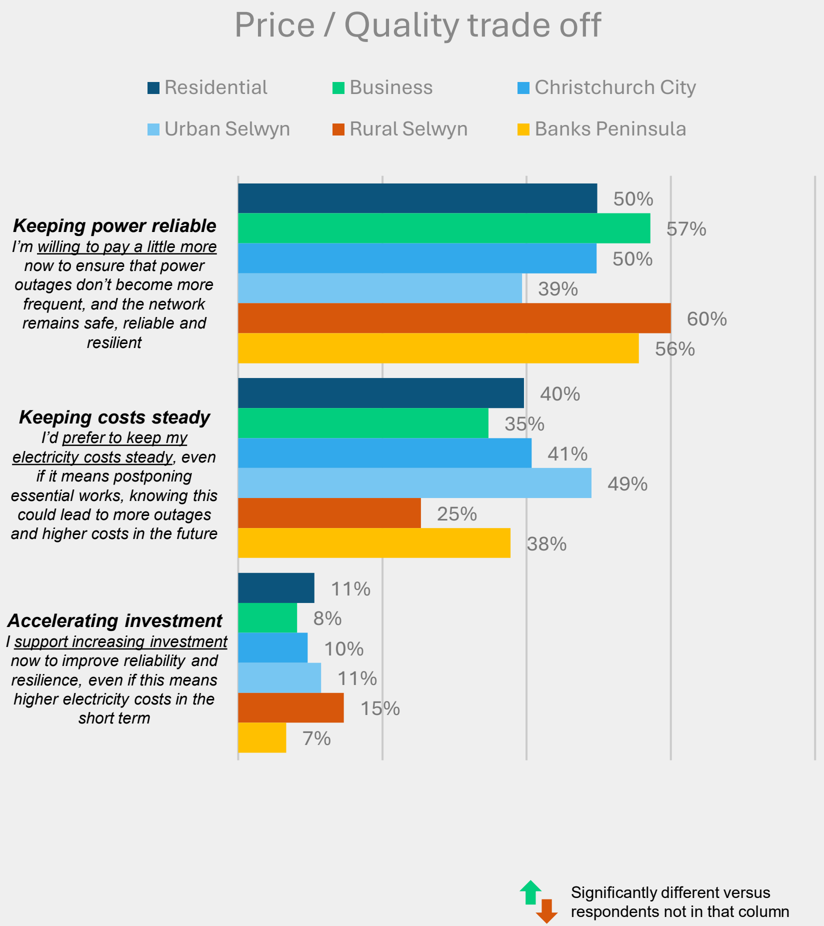
SECTION TWO

Testing preferences

PRICE / QUALITY TRADE OFF

On balance, most customers are willing to pay a bit more now, rather than keeping costs stable, to get a more reliable network

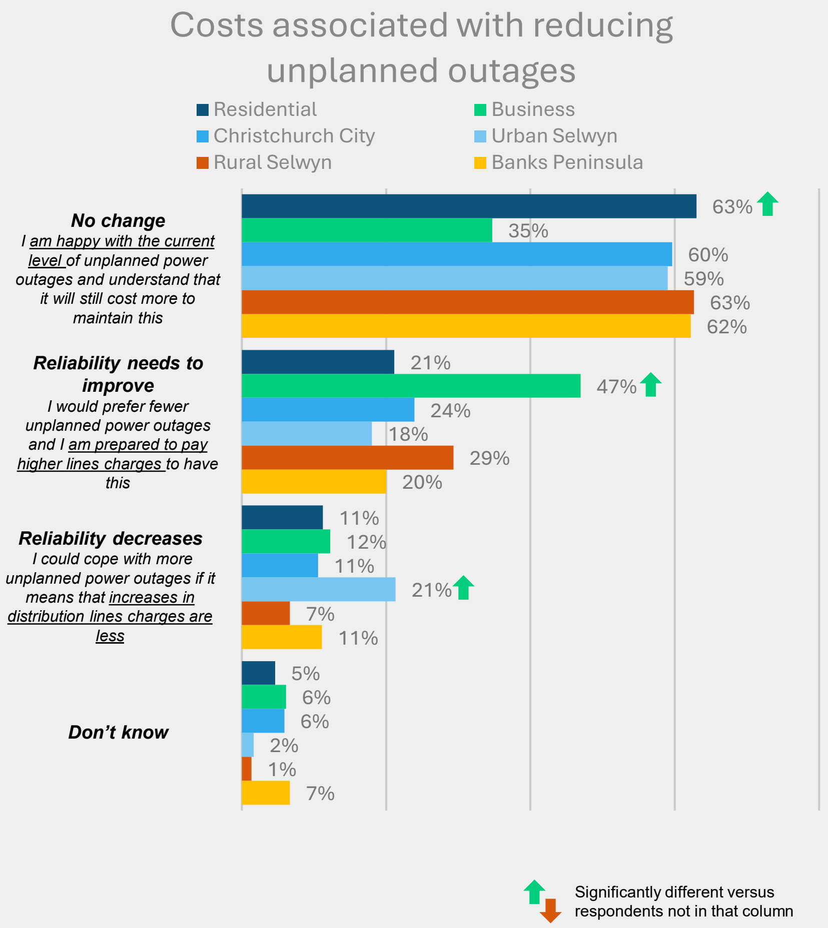
Q9. When thinking about your power supply and the service Orion provides, which of the following is most important to you?



WILLINGNESS TO PAY

Most customers are happy with the current level of unplanned outages and don't wish to pay more to reduce the outages; Businesses would pay more for fewer unplanned outages

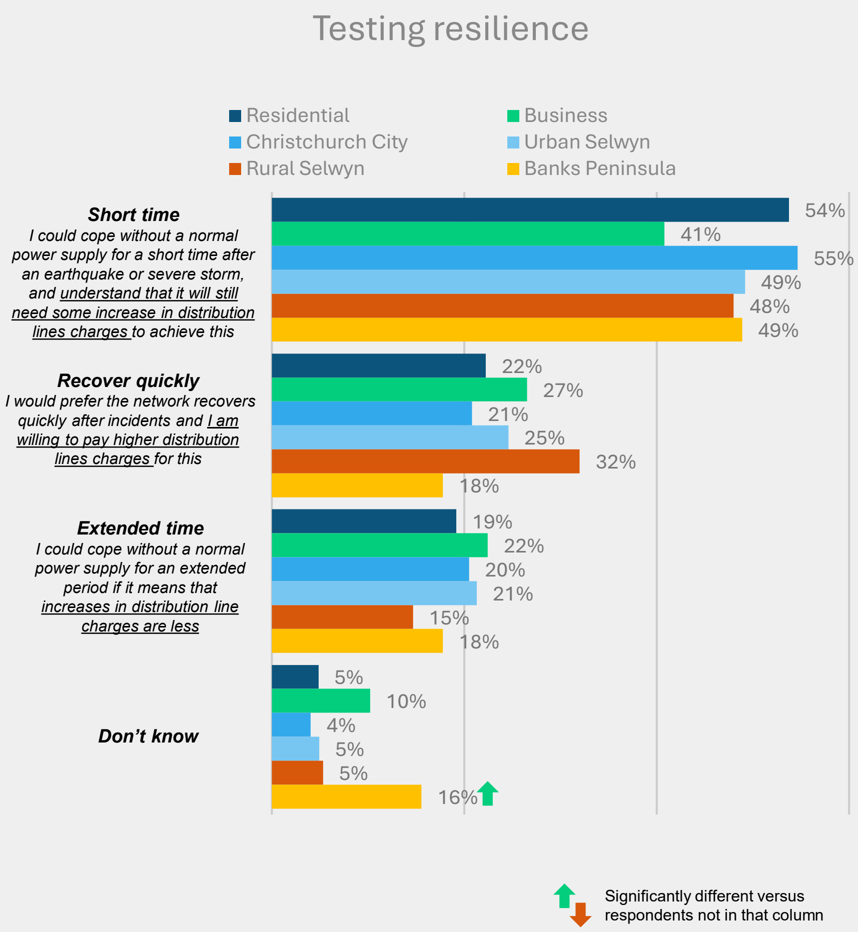
Q10. Orion's investment approach impacts the frequency and duration of unplanned power outages. Which of these best describes how you feel about unplanned power outages and the costs associated with reducing them?



TESTING RESILIENCE

Around half of customers can only cope without power for a short time. Similar proportions (1 in 5) would be willing to pay more for faster recovery ,or pay less but be without power for longer

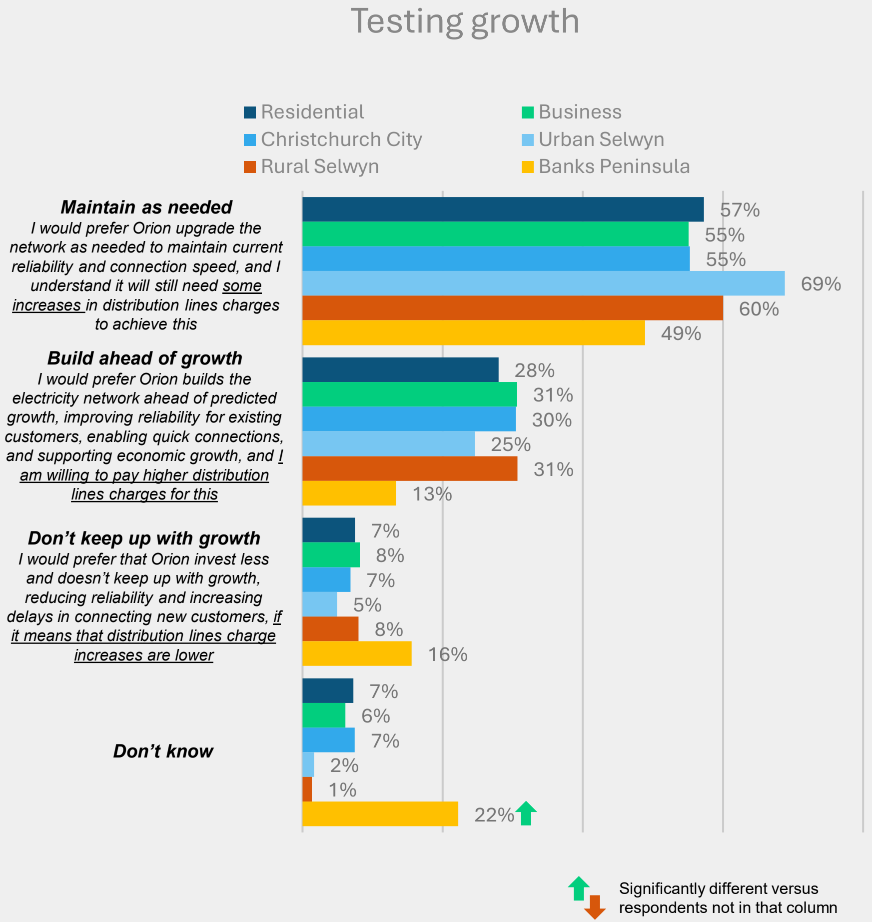
Q11. A resilient network restores power more quickly after disruptions, including major events such as earthquakes or storms. Orion proposes investing to strengthen the electricity network. Which of these best describes your preference?

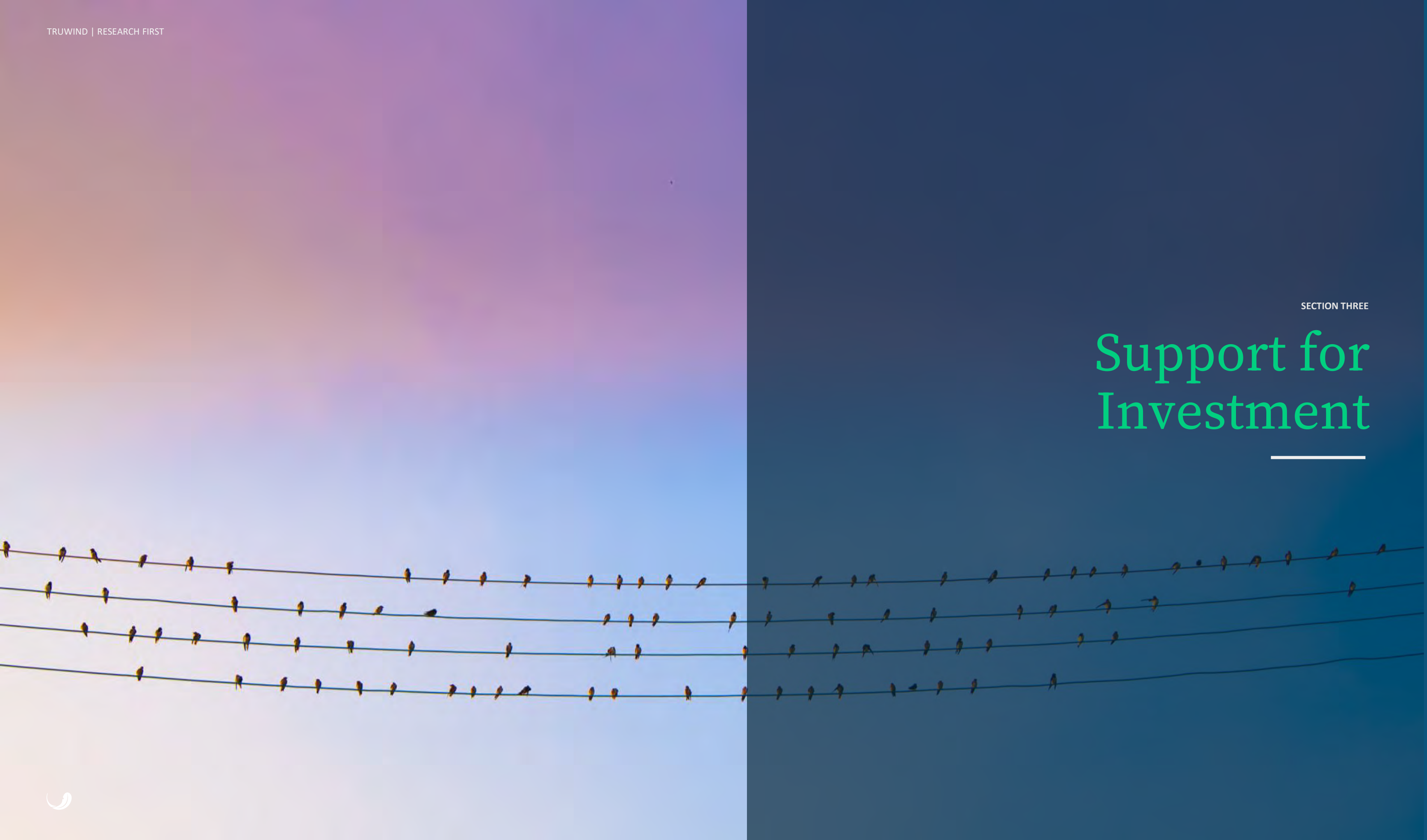


TESTING GROWTH

Nearly 1 in 3 would prefer Orion to build ahead of growth and will pay for this; Although the majority would still want the network upgraded as needed with only some lines rises

Q12. To support growth, Orion proposes investing in continuing to connect new customers and meeting the rising demand for electricity. Which of these best describes your preference?





SECTION THREE

Support for Investment

Testing support for investment. Respondents were shown the following information and asked if they supported or opposed it.

Orion is planning additional investment in its electricity network to maintain a safe, reliable and resilient power supply. This investment will result in an increase in the distribution lines charges component of your power bill. Orion wants to hear your views on some different investment approaches. These range in cost from an additional $2 - $14 a month, on average, and each delivers different benefits to the customer.
The following three screens will each show a different investment option, and we would like to understand how strongly, or not, you support each option.

OPTION A
Orion would limit investment to minimise short-term price increases by renewing assets (e.g. poles, lines, cables) at the current pace. This would lead to a growing maintenance backlog, increasing the risk of failures over time. As a result, unplanned outages may become more frequent and longer.
Under this approach, distribution prices for a typical household would increase by an average of $1-$3 per month

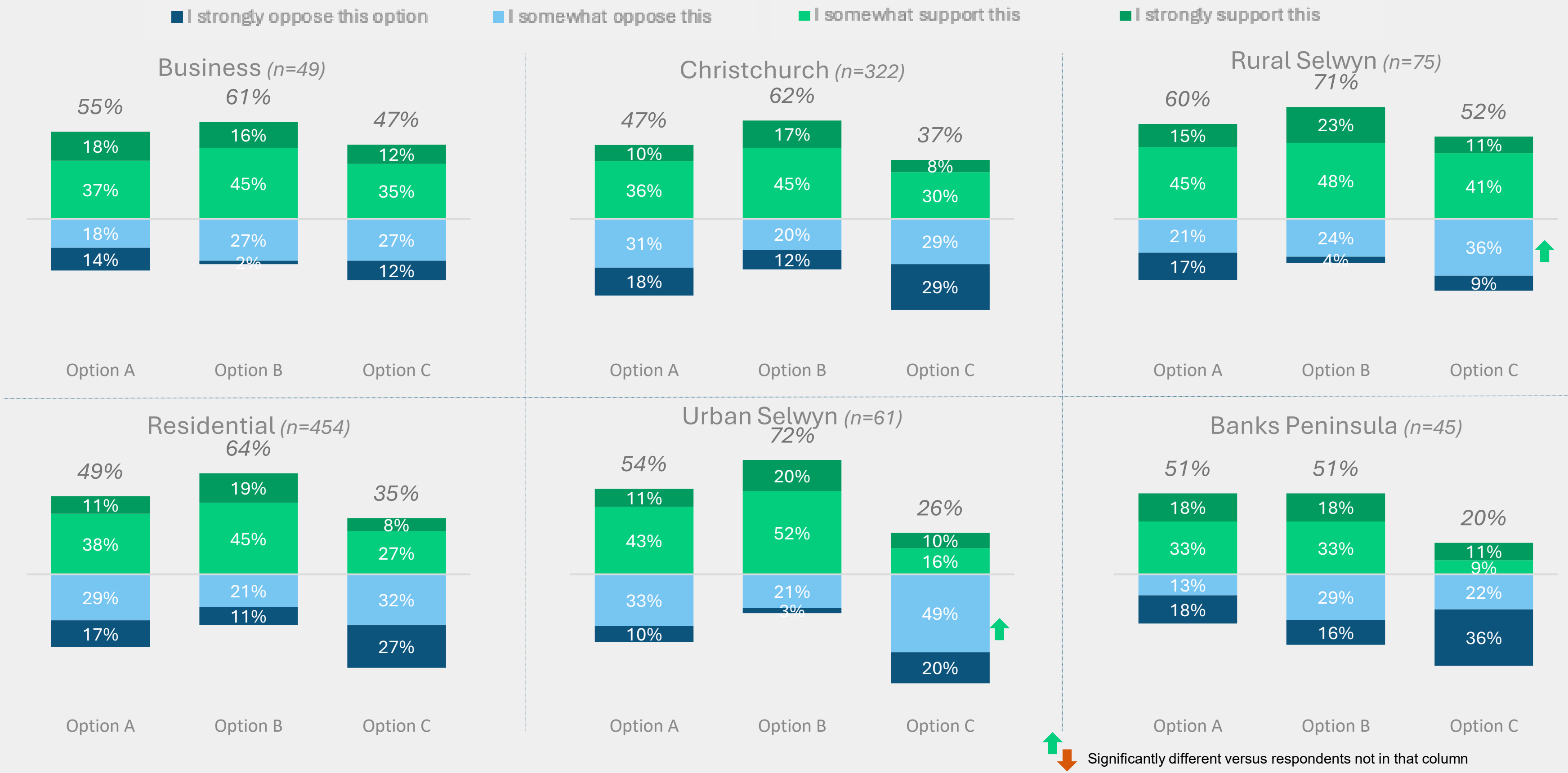
OPTION B
Orion would increase investment to renew and upgrade more assets, ensuring the network remains safe, reliable, and resilient. The frequency and duration of unplanned outages would remain the same as they are now.
Under this approach, distribution prices for a typical household would increase by an average of $7-$9 per month.

Option B would cost more than Option A.

OPTION C
Orion would accelerate investment to increase maintenance, enhance resilience, and prepare for future technologies. This would reduce unplanned outages and improve capacity, reliability, and efficiency.
Under this approach, distribution prices for a typical household would increase by an average of $12-$14 per month.

Option C would cost more than Options 1 and 2.

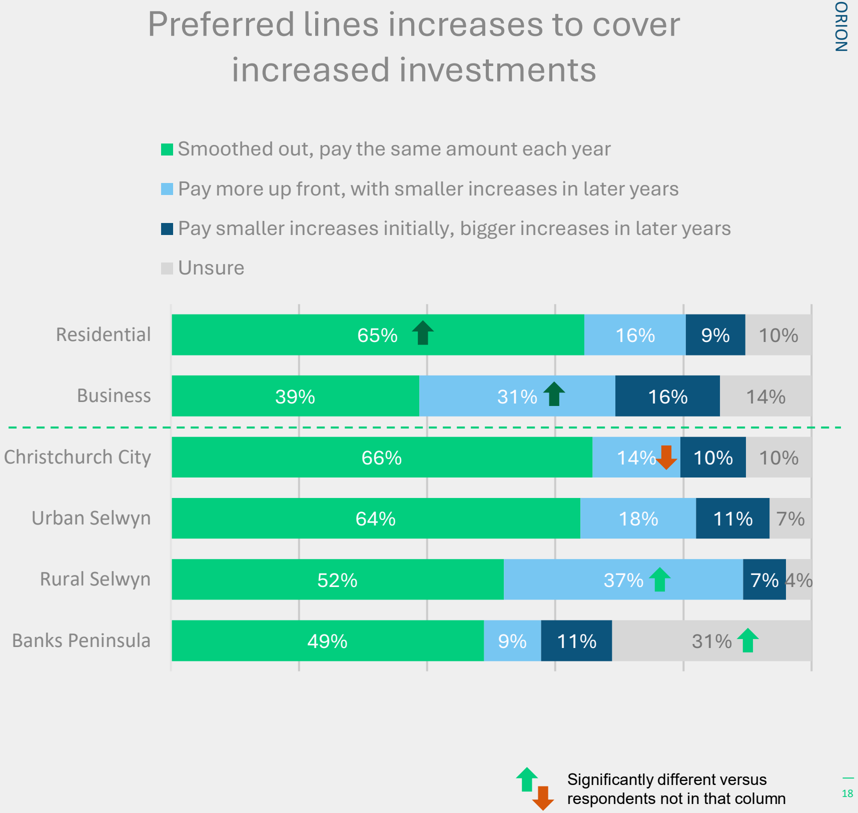
On balance, most are more supportive of option B, accepting a price increase of $7-$9 per month



SUPPORT FOR INVESTMENT

The majority of customers would prefer price increases to be spread out, paying the same increase each year

Q15 To cover the cost of increased investment to maintain a safe, reliable and resilient power supply, the distribution lines charges would have to increase. How would you prefer the increases to occur?



IN CONCLUSION

Recommendations

1

Many customers are happy with their existing power supply and network – especially those in Christchurch city.

With a preference for upgrading the network 'as needed', any price rises will need to be **carefully communicated and explained.**

2

However, businesses and some more rural customers could be ripe for **getting on board earlier**.

While they can be price sensitive, they are also more willing to pay *more* now to get the benefit of improved reliability in the future.

3

Overall, **option B, or the Balanced investment approach is most preferred by your customers**.

This would see improved reliability which is important to customers, without facing significant price increases.

Smaller at-risk groups (those in financial hardship or with medical dependency on the supply) may need a **tailored customer service approach** throughout this CPP process.

APPENDIX

STRUGGLE TO PAY BILLS (N=63)

Customers who have struggled to pay power bills in the past are:

- less satisfied with reliability of the current power supply
- But willing to pay for it to be more reliable
- Would rather Orion didn't keep up with growth
- And support Option A, the lowest price point increase

Q3 In how many months, over the last twelve months, has it been a struggle to pay your Electricity Bill (if at all)?

	Those that struggled to pay power bill at least 3 times in last year N=63	Residential N=454
Satisfaction with reliability of power supply		
% 9-10	37%	59%
% 7-8	40%	28%
% 1-6	24%	11%
Importance of reliable supply		
% 4-5 important	95%	93%
Price quality trade off		
Keep power reliable	41%	50%
Keep costs steady	54%	40%
Accelerate investment	5%	11%
Willingness to pay		
No change	44%	63%
Reliability to improve (& will pay more)	35%	21%
Reliability decreases (to pay less)	16%	11%
Testing resilience		
Short time	49%	54%
Recover quickly	25%	22%
Extended time	21%	19%
Testing growth		
Maintain as needed	46%	57%
Build ahead of growth	27%	28%
Don't keep up with growth	21%	7%
Testing support for investment		
Support option A	60%	49%
Support option B	49%	64%
Support option C	35%	35%
Preferred increases		
Smoothed out	54%	65%
More up front	22%	16%
More in later years	16%	9%

SOMEONE DEPENDENT ON ELECTRICITY (N=83)

Customers reliant on electricity for medical reasons are:

- More likely to want reliability to improve (& be willing to pay for it)
- Want Orion to build ahead of growth
- Support Option A, the lowest price point increase

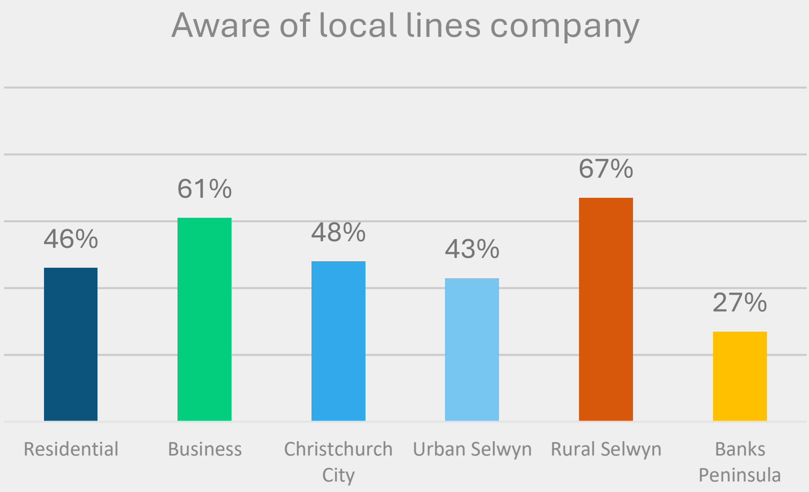
	Someone in household dependent on electricity for medical/ health reasons N=83	Residential N=454
Satisfaction with reliability of power supply		
% 9-10	52%	59%
% 7-8	34%	28%
% 1-6	13%	11%
Importance of reliable supply		
% 4-5 important	88%	93%
Price quality trade off		
Keep power reliable	45%	50%
Keep costs steady	43%	40%
Accelerate investment	12%	11%
Willingness to pay		
No change	47%	63%
Reliability to improve (& will pay more)	37%	21%
Reliability decreases (to pay less)	12%	11%
Testing resilience		
Short time	52%	54%
Recover quickly	25%	22%
Extended time	18%	19%
Testing growth		
Maintain as needed	47%	57%
Build ahead of growth	40%	28%
Don’t keep up with growth	7%	7%
Testing support for investment		
Support option A	64%	49%
Support option B	59%	64%
Support option C	40%	35%
Preferred increases		
Smoothed out	43%	65%
More up front	34%	16%
More in later years	16%	9%

Q3 In how many months, over the last twelve months, has it been a struggle to pay your Electricity Bill (if at all)?

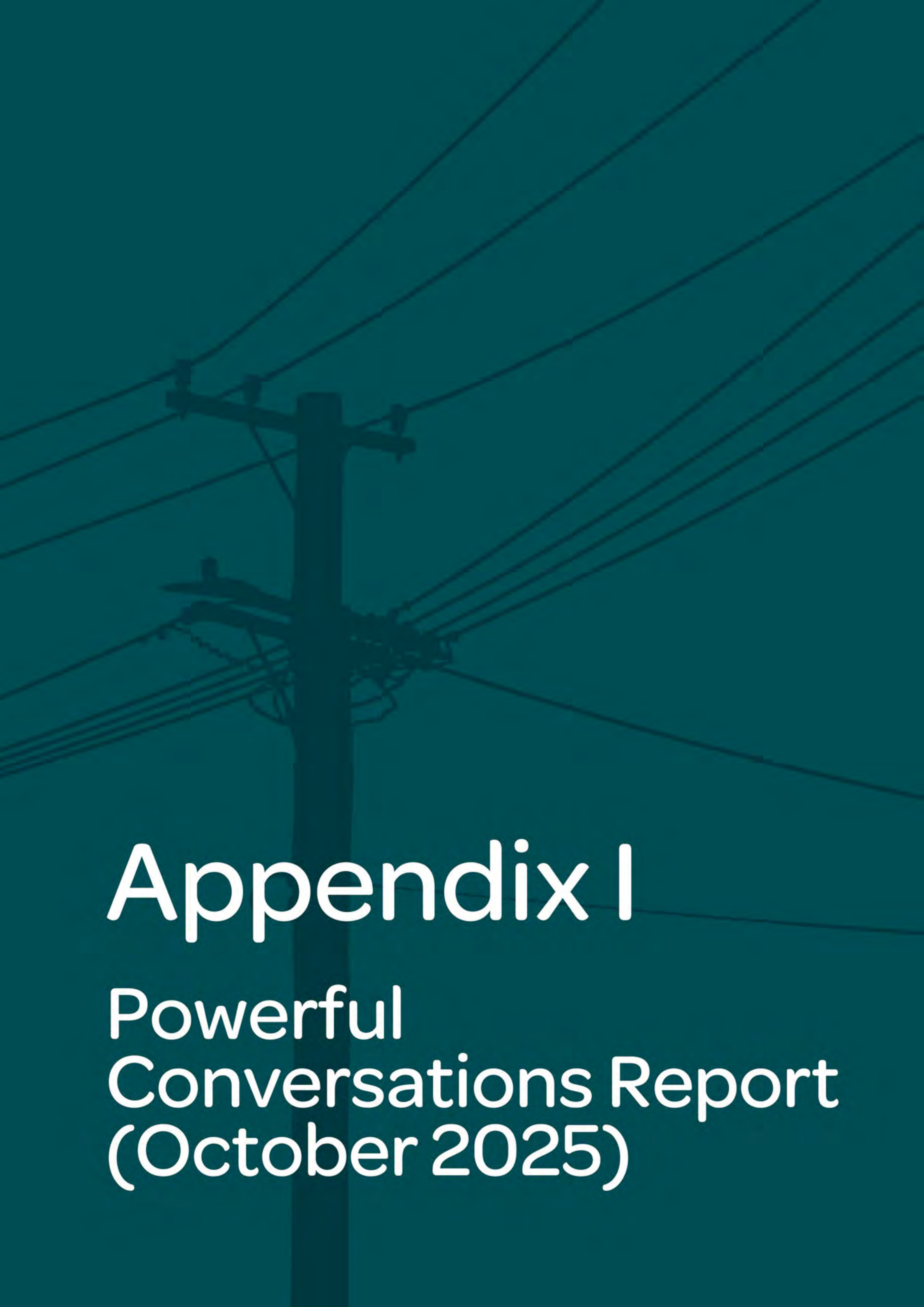
BRAND AWARENESS

Residential customers and those in urban areas are more likely to correctly identify Orion as their Lines company

Q5. Do you know the name of your local electricity LINES company?
Q6. What is it?



	Residential	Business	Christchurch City	Urban Selwyn	Rural Selwyn	Banks Peninsula
% who correctly identify Orion	**54%**	27%	**52%**	**54%**	44%	**50%**
% of total sample	25%	16%	25%	23%	29%	13%



Appendix I

Powerful Conversations Report (October 2025)

Orion

Powerful Conversations: Investment Priorities

Research Report
October 2025

THE CURIOSITY COMPANY

Table of Contents

Background

The future of electricity in Canterbury is changing. Rapid population and demand growth, new technologies, and rising expectations around reliability and resilience are reshaping how people and businesses use and depend on power.

To ensure Orion can maintain the safe, reliable, and resilient network their customers rely on, they intend to submit a customised price-quality path (CPP) application to the Commerce Commission to enable additional investment in the distribution electricity network.

To ensure the customer voice is part of the investment decision-making process, Orion sought to understand what is important to customers and their priorities for future investment. Orion worked with the Curiosity Company to complete this research to collect feedback on:

- Reactions to the proposed investment
- How the community ranks the importance of the investment recommendations identified by Orion, and
- What would the counterfactual mean if the investments in the network do not happen?

This document presents the findings of this research and the community engagement.

Research Design

The research and community engagement that The Curiosity Company conducted with Orion were based on community charettes. This method provides a collaborative workshop setting grounded in Human-Centred Design (HCD) principles.

Two charettes were held on 20th and 21st August. The first targeted an urban/metro audience and the second targeted a rural audience (i.e., residential, farmers, growers). Each charette targeted 30 participants (see next page). Within these charettes, participants were divided into smaller groups based on shared lifestyle characteristics, motivations or attitudes. Working within these smaller groups, these participants rotated through a series of stations, each presenting different investment options. This movement encourages cross-pollination of ideas, as participants were exposed to diverse perspectives from other customers and industry experts. Throughout the workshop, participants completed a series of interactive exercises to capture their input and to progressively build their understanding of the topics being discussed.

Charrettes were chosen for this consultation because the design enables researchers to:

- Work with multiple stakeholders
- Deal with complex problems
- Engage a range of different stakeholders simultaneously
- Ensure all participants contribute to the outcomes, and
- Deliver outcomes where there is limited time to engage.

Participant Profile

As noted, the two charettes were designed to ensure the engagement included urban and rural customers. Within each charette, participants were recruited to represent a diverse range of views:

X 29 Christchurch / urban participants	X 30 Rolleston / /rural participants
X5 18-30's	X6 25-40 rural
X6 30-60's	X6 40+ rural
X6 60+	X6 Dairy farmers
X6 ecologically committed	X6 ecologically committed
X6 vulnerable customers	X6 Other farmers/lifestyle blocks

Participants were asked a series of questions during the recruitment interview to determine which cohort they represented. Essentially, they self-identified which cohort they were placed in. Participants were not aware which cohort they were placed in.

Executive Summary

Key Findings
Recommendations

SUMMARY

What is Important to Customers?

1 Reactions to the proposed investment options.

- There is a begrudging acceptance of price increases.
- Participants are willing to pay more (between $3 and $8 per month more) but for their total power bill.
- There is considerable trust in Orion's expertise. This means customers are happy to defer to Orion for technical decisions – while also wanting transparency and clarity from Orion abut the decisions it makes.

2 What is important to customers?

- Customers expect uninterrupted power as the standard. Outages are seen as unacceptable in a 'first-world' country.
- There is low awareness of alternative options within electricity, like load-shifting or off-peak usage. Few customers actively manage their power consumption.
- Levels of preparedness for longer-term outages vary. Rural customers are more likely to have backup power options (such as generators) while urban customers are much less prepared.
- There is some frustration among customers that perceived past behaviours and investments have not kept the network in an optimum state..

SUMMARY

What is Important to Customers?

3 Ranking investment priorities

- Reliability and Resilience are top priorities across all groups.
- Reliability is the top priority for urban customers, who rarely experience outages. Resilience matters more to rural customers, who face more frequent disruptions and value quick resolution
- Innovation and being prepared for the future are also supported, but with some caution. Customers want Orion to proceed with care, through trial and learning, and not to overcommit to the 'latest thing'.
- Equity and fairness are recurring themes with customers wanting vulnerable groups to be protected and for older suburbs not to be left behind.
- Investment in growth is also supported, if it is balanced and does not unfairly burden current users.

Positioning the need for investment: Communication principles.

1 Lead with reliability and resilience

- Frame investment communications around maintaining and improving the reliability of the network for all.
- Highlight how the investments in resilience will help all communities recover faster from major disruptions.
- Investment in other areas needs to be placed in the context of supporting reliability. For instance, how investment in future preparedness ensures that the additional demand on the network will not impact the reliability of supply.

Positioning the need for investment: Communication principles.

2 Communicate with clarity & empathy

- Use plain language and real-life examples to explain the CPP and investment rationale. It is important not to overestimate customers' knowledge (or interest).
- Address equity concerns directly, demonstrating how vulnerable households will be supported.
- Be transparent about total bill impacts and not just Orion's portion.

3 Position Orion as a trusted steward

- Emphasise Orion's role in managing demand, not just infrastructure investment, to enable growth.
- Remember that customers see this as a quotidian problem rather than a technical one. Shift the narrative from technical solutions to customer values and outcomes.
- Build trust by continuing to listen to the community's priorities and showing that their input shapes decisions.

Positioning the need for investment: Communication principles.

4 Balance innovation with prudence

- Trial new technologies before over-committing to them and communicate learnings and costs with the community.
- Frame innovation as building flexibility in supporting reliability, not as chasing the latest trends.
- Build adaptable systems that can flex with ever-evolving technology; avoid locking into one pathway too early.

Positioning the need for investment: Communication principles.

5 Communication is about education

- Develop a phased engagement plan using workshops, physical newsletters, and digital content. Focus on building an understanding of a complex system rather than on simply sharing information.
- Focus on building understanding, not just gathering feedback.
- Clarify trade-offs and the complexity of the electricity network in accessible ways.

SECTION ONE

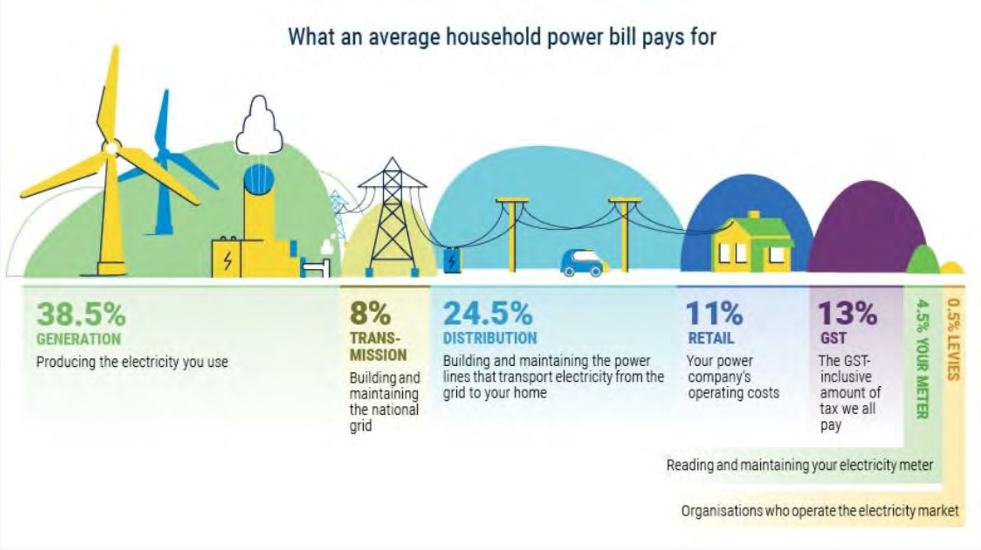
Scene-Setting

The electricity sector is **not** well understood.

As with previous iterations of this customer research, most customers do not understand how the electricity system in New Zealand works or Orion's role in it.

And after a full evening of discussion, participants eventually understood that further investment in the sector would require their financial contributions – whether it was via increased power bills, higher rates, or more taxes – they realised they would pay for it in some way or another.

Understanding the New Zealand electricity system is challenging for participants, and because the power provision in Canterbury is relatively good, few were motivated to engage further.



Electricity is a Low-Engagement Sector.

1. Customers are not deeply engaged with the electricity sector, and many do not want to be. This means any communication strategy Orion implements must be targeted, practical, and low-effort.

2. What matters most to customers is:
   - Timely, useful communication during outages and disruptions.
   - Plain language; avoid using jargon, and make no assumptions
   - Clear explanation of investment impacts, especially on total bills
   - Customers are not looking for more content, but more efficient systems, e.g. outage maps, text alerts, simple updates

3. Take a strategic focus.
   - Do not overinvest in engagement for engagement's sake; customers see Orion as the experts in their field.
   - Focus on delivering clarity, reducing frustration and building on the trust already present

The use of direct engagement, particularly charettes, mitigates some of the low engagement/complex communication issues. In any communication, it is important not to overestimate customers' knowledge and to avoid using jargon and technical terminology.

Education and communication are needed to help customers understand the electricity sector.

- Importantly, most customers have little interest in becoming more engaged. With many other things to concern them, they were generally confused about why they were being asked investment priority questions, as they saw that as Orion's expertise and role.
- Due to the reliability of the current network, many participants, particularly those in urban environments, cannot visualise what better power means.

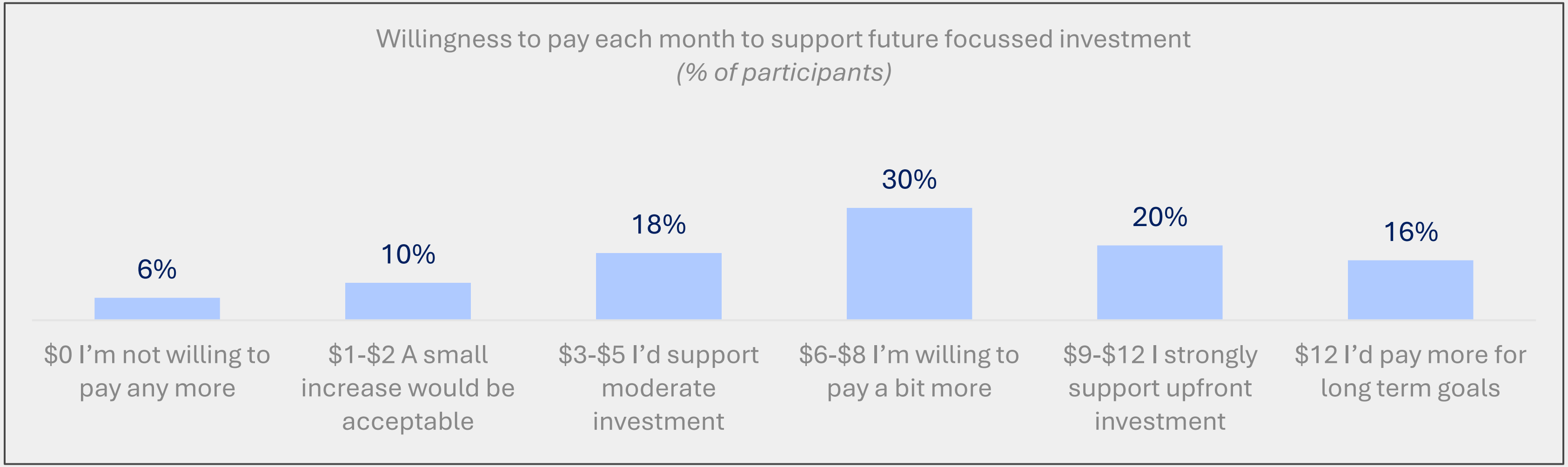
"I'm happy with how it is right now, if it's not improving, why am I paying [more]?, I don't know how power could even get better."
Urban, young.

- Throughout the discussion, participants asked for direct communication from Orion, via email or text, to inform out about outages or the progress of repairs. There is little to no understanding that Orion does not have a direct relationship with the consumer
- With an unplanned outage, they want the power back as quickly as possible, but cannot state a specific time window, as they understand the length of time will be impacted by the cause of the outage. What they do ask for is clear communication about when the electricity will be restored (or is expected to be).
- Participants were also keen to know more about where to go for information when they have issues with or questions about their power supply.

SECTION TWO

Reactions to Increased Investment

Most did not want to pay any more than inflationary rises on their power bill, often already being under financial strain.



- When pushed, many customers are willing to pay 'a little more' for future investment, **somewhere between $3 and $8 per month**, with little difference between the groups.
- However, those who were willing to pay more were generally not considering that it was just for the lines component of the network, and that other components could also increase their costs. So, an acceptance of paying 'more' was for their entire power bill, not just for Orion's distribution network.

Customers are concerned about vulnerable communities, wanting equity to be considered with any price changes.

- Customers felt investment was worth it if those in need were cared for and not compromised.

- The dividing line isn't about investment itself, but about who pays and how the burden is shared, where for some even marginal increases can lead to deprivation.

- Customers encourage Orion to explore tiered or community-based contribution models, engage with policy makers on sustainable energy for new developments and commercial projects, and demonstrate how cost-sharing safeguards vulnerable households. **(See later section)**

The Counterfactual

The counterfactual: There was an expectation that customers shouldn’t have to live without power.

- Reliability was framed as a first world baseline: outages are simply unacceptable.

“We’re supposed to be a first-world country. Power cuts like this aren’t first-world.” Urban Customer.

- Rural customers, many of whom have back-up generators, were also somewhat cynical/ resentful about needing to use them.

“Just because we have it doesn’t mean we should have to use it’.” Rural customer.

- Very few mentioned having ‘free power’, ‘load shifting’ or utilising off-peak power – reiterating the low engagement and mental headspace given to thinking about their power supply.

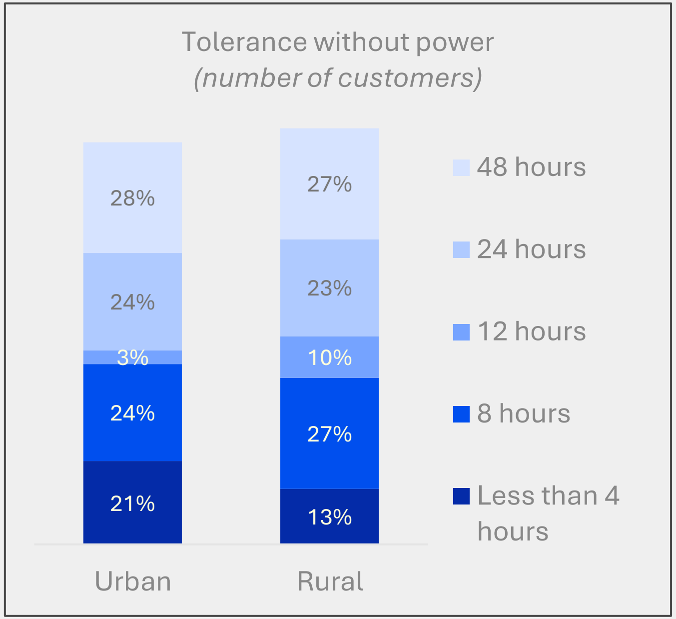
- There was some indication of more intention to review and switch via Uswitch or Powerswitch, but this wasn’t discussed in detail.

The ability to manage without power depends on the time of day, the season, and customers' access to alternatives.

- Daytime outages during work hours were generally seen as more manageable than evening or weekend disruptions.
- Participants noted that individual outages differ significantly from community-wide events, where shops, fuel stations, and essential services also lose power, creating compounding challenges for food, water, and fuel access.

Greater ability to manage without power	Less ability to manage without power
• Rural customers • Older customers • Those who lived through earthquakes	• Businesses • Vulnerable customers • Parents

- While there is 'some' preparedness for outages, given the reliability of supply to date, many have become more blasé about it, and emergency kits, etc., are likely outdated.
- Clear and regularly updated communications about the outage status are requested by all.



There are two customer mindsets that Orion needs to address: Frustration and Trust.

Frustration and scepticism

- High levels of frustration that previous cost increases have not already addressed many of these issues, especially among those who lived through earthquakes.
- Also, a feeling that 'maintenance' is Orion's job, so they shouldn't be charging customers more for that.

"It blows my mind because it's essential so I feel like government should take over this responsibility instead of falling on us." Urban Customer.

- Noting that some felt double-charged and confused about how bills are structured. This was expressed as frustration with Orion's monopoly role.

"Why am I paying for the hire of the lines? My retailer already pays you." Rural Customer.

Trusting Orion as the experts

- There's an implied trust that the network will function reliably, but also a desire for transparent communication, especially regarding costs and decision-making for future investments
- They trust Orion more than retailers, but still need more transparency, i.e. need to know Orion is on-the-job and fixing things – especially for the uncontrollable, and they want 'planned' outages to be managed
- They trust Orion to have the expertise to make the right decisions and take the necessary action to ensure a reliable power network.

"Orion is the expert in this area, and I trust them to make the best decisions. They know far more than we do about what is necessary, what is possible and future trends/opportunities." Urban, 18- 30-year-old customer.

Alternatives were discussed, but often without consensus. This reflects the different levels of understanding about the electricity sector.

The discussion around alternative solutions highlighted the **trade-offs** between different approaches:

- Could **solar generation** be more effective than upgrading the centralised network?
  - One participant mentioned installing a complete off-grid solar system with 10 batteries for approximately $10,000. But solar alone isn't sufficient for resilience, as peak demand occurs during winter evenings when solar generation is minimal
  - Customers wanted guarantees that it will pay itself back, as everyone wants the ability to sell it back
- **Battery** technology remains expensive, making widespread adoption challenging
- **Underground cables** are more resilient to storms but can be damaged in earthquakes, while **overhead lines** are easier to repair after earthquakes but are vulnerable to storms
- **Centralised** versus distributed generation approaches have different cost and reliability implications
- Wary of technology becoming obsolete fast
- Alternatives to lithium? Is nuclear an option?
- Can businesses or wealthier households pay a higher burden of the cost?
- Can new builds be legislated to include sustainable technology like solar panels or batteries?
- They want reliable energy solutions that won’t change from one government to the next

Understanding the investment model and exploring alternatives.

Many participants expressed limited understanding of the electricity network and the regulatory framework underpinning Orion's investment decisions, including the role of the Commerce Commission.

Community reflections:

- Participants found making decisions on investment challenging; they felt they did not have the technical expertise to do this.
- If they are being asked to contribute to the decisions being made, there is a need for greater clarity about the pros and cons of the alternatives being presented.
- There was a suggestion that investment should focus on community-based energy solutions to enable them to play a larger role in the future. Participants felt that this would help support equity and sustainability.
- Ideas emerged around sharing energy across households or communities and ensuring environmentally responsible choices are prioritised.

"I don't understand why you are asking me. Orion is the expert; this is what they do, it's their job."
Rural customer.

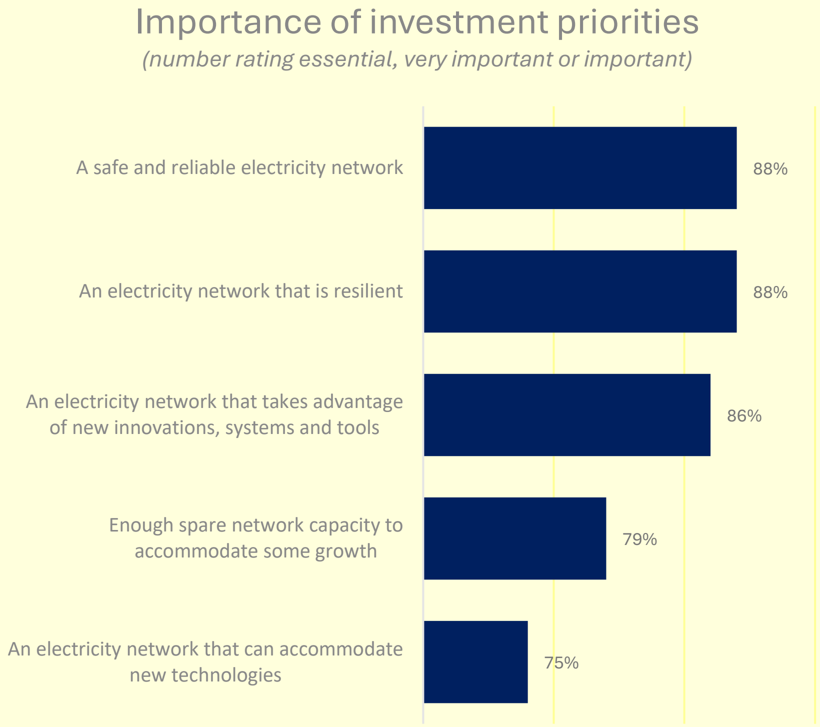
"What's the point of having all this power if we don't have Mother Earth?." Urban customer.

SECTION THREE

The investment priorities

TESTING INVESTMENT PRIORITIES

Understanding network investment is challenging & prioritising the investment drivers is hard – but **reliability** is expected, and **resilience** is anticipated.



But ultimately, reliability is the key service metric.

- Customers want power when they want it and predominantly experience this.
- They expect Orion to do whatever is required to make sure that continues to happen.

"Whatever they are doing now seems to be working – we have very few outages. So, we just need them to keep doing what it takes to maintain this situation." Urban Customer.

- Delivering reliability removes the concerns around some of the other elements, such as resilience.

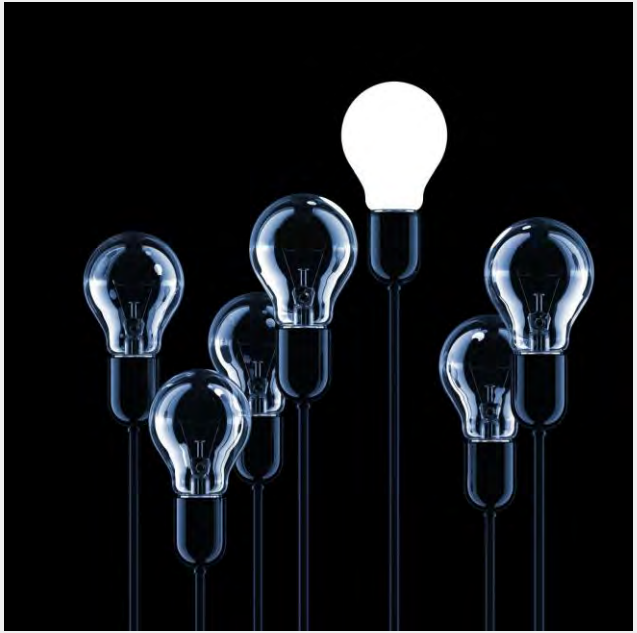
"If it does not go off, we don't need to worry about how quickly it comes back on." Rural Customer.

"If it does not go off, we don't need to ring customer service or use the website to find out about outages, and you don't need to worry about how you communicate with us or what you say." Urban Customer.

- Participants state that Orion can build support for increased costs if it links the higher investment to visible reliability gains or family-friendly benefits. For example, participants express the need for value for money, but they also want to see fairness in how costs are shared. Reward schemes or time-based incentives resonated.

The conversation around resilience reveals tension between wanting improved resilience and uncertainty about value for money.

- Participants grapple with determining appropriate investment levels for resilience improvements, often comparing it to insurance premiums.
  > "It is difficult, because we have not experienced it, so it is like we are paying now to cover the 'what ifs?'. I suppose it is the same as any insurance; you never know if you are going to need it." Urban Customer.
- For metro customers, the challenge lies in quantifying benefits for rare events that may never occur in their lifetime.
  > *"I cannot remember the last time we had an outage, so it is difficult to discuss what we need in terms of getting the power back on."* 18-30 Urban Customer.
- Most participants express willingness to pay modest increases for meaningful resilience improvements, though they struggle to quantify this.
- When reframed in the context of a significant event (earthquake, storm event, flooding), there was a greater understanding of the need to invest in resilience to ensure electricity is restored as quickly as possible, particularly among participants who had experienced such an event.
  > *"I remember the earthquakes and the stories after the flooding. That is when you realise how important it is to get power back as quickly as possible. That is when you appreciate the investments that have been made."* Rural Customer.



There is a technology and innovation tension – a desire for it to be a focus, but taking a prudent, considered approach.

- Customers are open to Orion trialling pilot projects, for example, non-network solutions, but they want transparency about learnings and costs.

  "If we need to bring in new technology to improve or maintain where we are, that is fine. But we do not want investment for investment's sake, just so we can say we have the latest gadget." Rural Customer.

- "Fail fast" is acceptable but only if Orion communicates what was learned and how it saves money later.

  "Technology is changing so fast that we do not want to invest everything now, in a technology that might be superseded in two or three years. Orion has to think about that when making investment decisions." Urban Customer.

- Participants want Orion to frame technology transformation as "building flexibility into the system", as this will resonate more with customers than putting all the focus on specific technology adoption.

  "Investment in technology is only good if it provides benefits to us, the customers. I think Orion has to talk in those terms, the benefits, not the investment in new technology. What is the investment in that technology going to do for us?." Rural Customer.

So what should Orion focus on now?

When asked what Orion should focus on now, the three key themes already discussed were reiterated:

- Reliability
- Resilience
- Future-focussed (to support reliability by managing demand on the network to minimise the impact of growth in demand.)

"Basically, I just want electricity when I want it – so to me, reliability is the most important thing. However, we know things do happen, whether it is a flood, or a car crash, etc, and when that happens, I want my power back on as quickly as possible, and I need Orion to do what it takes to make that happen, without going over the top. If there are new technologies out there that will help with either of those things, regardless of growth in population, or demand, or weather events, then that should also be considered." Rural Customer .

And, what should Orion focus on in the future?

Customers want to see a range of areas for Orion to focus on in the future:

- Renewable and sustainable solutions
- Price and cost
- Reliability and resilience
- Technology and innovation

“We need to look to solutions that are more sustainable, maybe solar and batteries, that can benefit the whole community. This will likely involve investing in technology but could also help keep costs under control. Focus more on local solutions.” Urban Customer.

So what does responsible investment look like?

Discussions about responsible investment generally focused around:

- **Maintenance:** Continue to offer the same (or better) reliable service as now.

  "The reliability of the service we have now is very good. It should never fall below the current standard set." Urban Customer.

- **Preparedness:** The most responsible thing Orion can do is ensure resilience in the face of disasters.

  "Being prepared for a natural disaster… that we are as best prepared." Rural Customer.

- **Affordability for all:** Responsibility means recognising that even small cost increases affect households, and provision needs to be made for those who cannot pay.

  "Everybody here would be prepared to pay a little bit, but what does that look like for everyday families?" Rural Customer.

- **Innovation:** Customers expect Orion to innovate and learn from other countries.

  "It'd be great to see Orion looking worldwide at what other countries are doing, solar, wind farms, things we don't see here." Urban Customer.

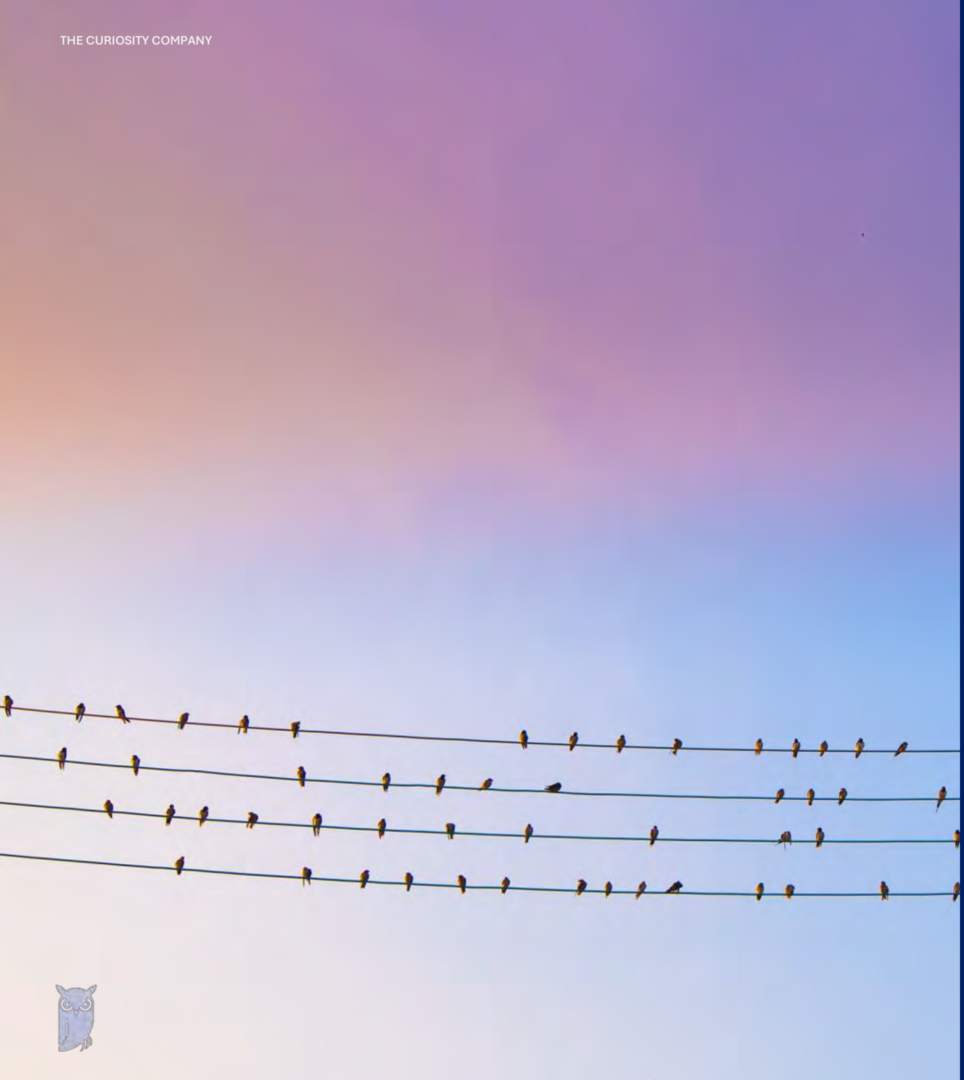
However, there are common tensions that Orion needs to balance

- **Planet vs people:** Some prioritised sustainability even if costly, others prioritised affordability over green outcomes
- **Old vs new communities:** Resentment that older suburbs are left with outdated infrastructure while new growth areas get the investment that the longstanding areas are paying for.

  "Growth is fabulous, but the old suburbs kept you going for 50 years. Now they're left with old stuff." Rural Customer.

SECTION FOUR

The detailed discussions



1. Reliability

A reliable power supply means not having to think about it.

"Reliability means that you have a power source at all times to be able to do what you need to do within your household and for work." Urban customer.

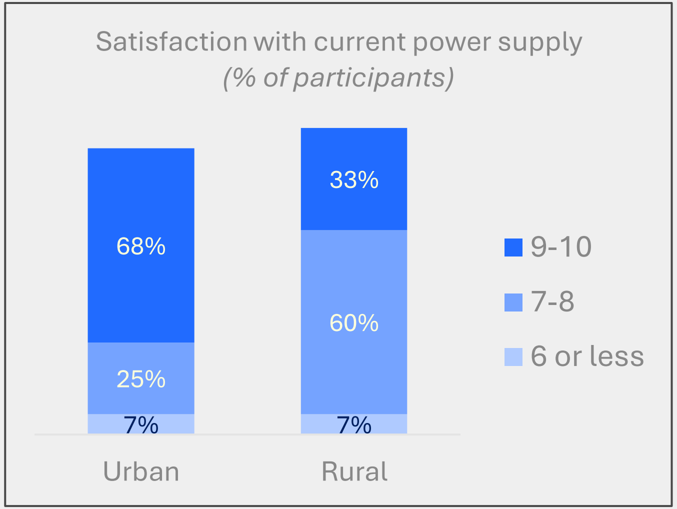
"Reliable power isn't just about how long the power is on for, it's also what the uptime is, [and the] predictability of it, so knowing when something's going to go." And "If it is going to go down for planned maintenance, being very clearly in those windows so that it doesn't slip outside that." Rural customers.

It also means having reliable, consistent billings and communications.

Most customers have experienced a very reliable power supply to date, especially in urban settings.

- Some rural customers were affected by up to 2-weeks of power outage back in 2013 so are a little less forgiving.
- But as a result, they are much more prepared with many having since invested in backup generators

In addition to current satisfaction levels, almost everyone said that a reliable power supply was important, very important or essential.



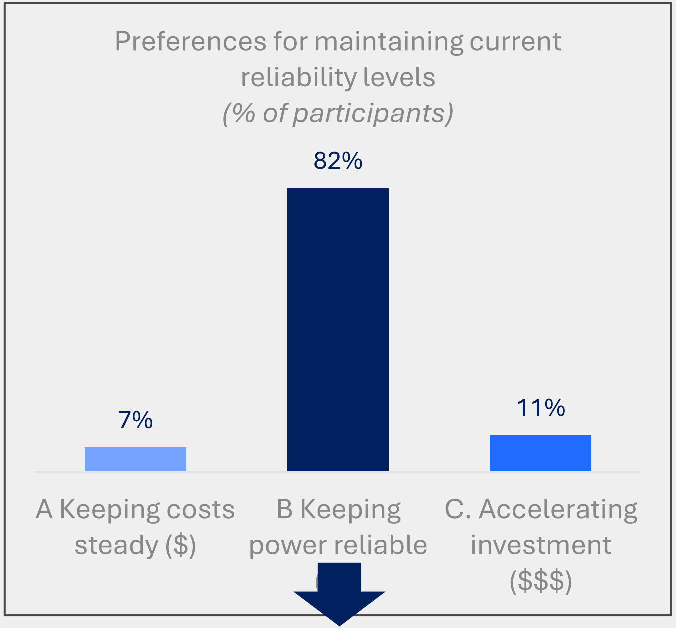
A score of 9-10 on this question indicates participants are extremely or very satisfied; 7-8, satisfied; and 6 or less, somewhat or very dissatisfied.

Most are willing to pay ‘a little bit more’ to maintain existing reliability levels, albeit with some tensions.

“If services improve, and we can see the benefits of the investments, I would be willing to pay a little more. But I do not want to pay more if the service just remains the same.” Urban customer.

Conversations with customers focused on:

- New vs older suburbs – with those in older suburbs feeling frustrated that they aren’t getting the same quality infrastructure and service.
- Maintaining Reliability: participants struggled to understand what ‘better service’ from Orion looks like and were therefore concerned about price increases for the same level of service.
- Investing in non-network solutions: rural customers discussed a preference for investing in their own systems.
- Maintenance costs: both rural and urban customers felt strongly that maintenance should be ‘the bare minimum for what we are paying for’ and covered in existing costs, rather than putting prices up.
- Efficiency: participants questioned the efficiency of current spending and sought transparency about where money goes.



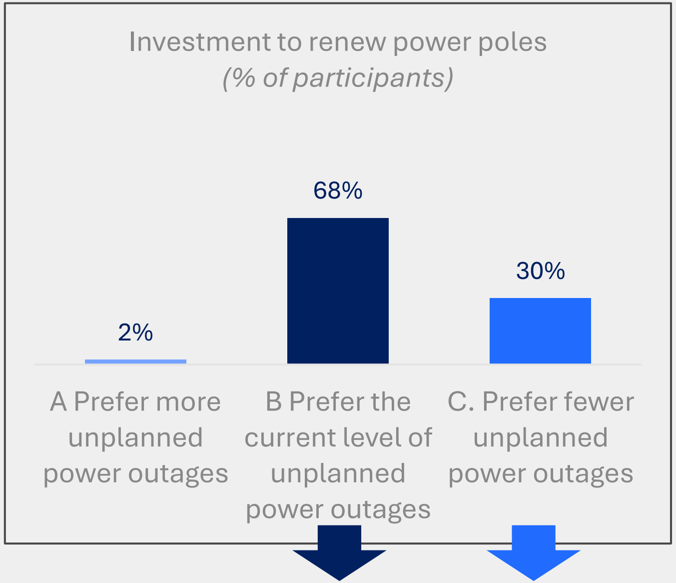
I’m willing to pay a little more now to ensure that power outages don’t become more frequent, and the network remains safe, reliable and resilient

There was a lively debate about investing in renewing power poles.

“As someone who lives in a rural area, I am interested in doing whatever can be done to make the poles more resilient, particularly to high winds and storms. If that means we need to increase investment then it needs to happen.” Rural customer

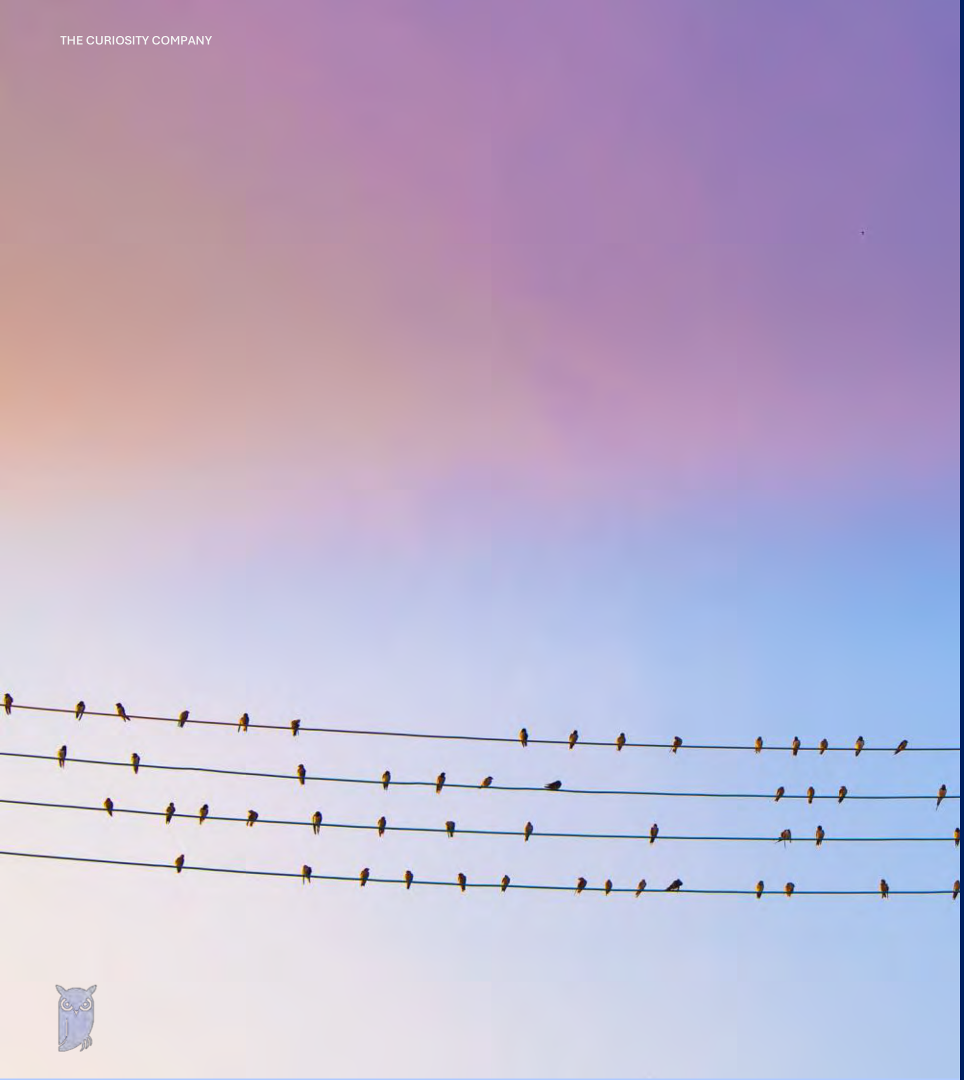
“Being in the city, strengthening the poles will not really benefit me. I do not want to pay more for something that will only benefit a few. Sorry, those living on the Peninsula (Banks)!” Urban customer

- Price-quality trade-off: most customers did not want any change to the level of unplanned outages, and understood it would cost more to maintain reliability at current levels.
- Around 50% of participants were prepared to pay more to invest in power pole replacement and reduce the number of unplanned outages. These were more likely to be rural customers, who are likely to be served by an overhead network.
- Affordability: a small number of customers were sitting somewhere between B and C, preferring fewer outages and understanding the cost implications of this.
- Undergrounding: some customers were keen for Orion to get more cables underground to avoid having to maintain and renew poles entirely.
- Decreased reliability: very few customers would prefer more unplanned outages.



... is maintained due to poles failing and understand that it will still cost more to maintain this

... due to poles failing, and I am prepared to pay higher lines charges to have this



2. Resilience

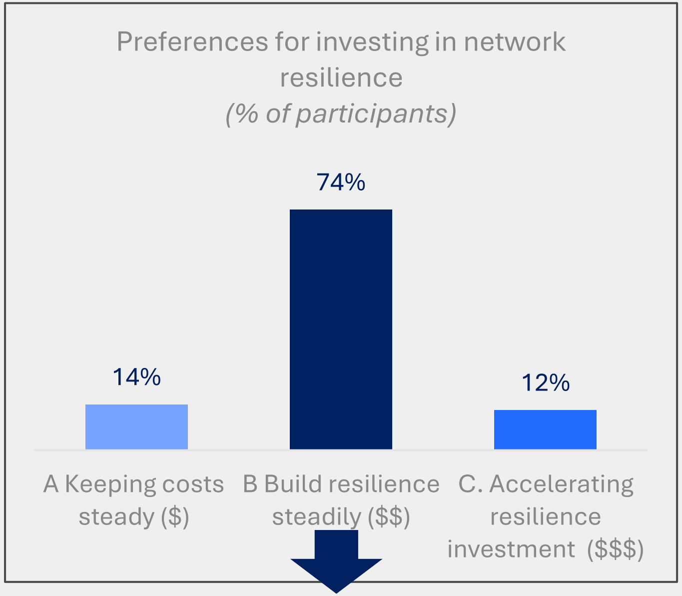
Most are willing to pay ‘a little bit more’ to ensure the network becomes more resilient to recover faster after major events.

“I think I could manage a day without electricity, but so much of my everyday life is reliant on electricity, even flushing the loo!. If I have to invest a little bit to ensure that we can get electricity back quicker, then I suppose we have to .” Rural customer

Almost everyone said that quickly restoring electricity after a major event was important, very important, or essential.
A small number of rural customers felt that resilience was not important because they already had backup systems in place.

Conversations with customers focused on:

- The importance of resilience: urban customers were more willing to invest in resilience, especially younger customers, who were less likely to have backup power supplies. Older urban customers can remember the impacts of no electricity after the Christchurch earthquakes.
- Business Resilience: rural participants emphasise the importance of prioritising business connections, particularly dairy farms with thousands of cows requiring power for milking operations.
- Affordability: there was a ‘heart and mind’ feeling for some participants, with the ‘heart’ wanting to be able to invest money to support resilience, but the ‘mind’ being concerned about costs and power price rises.
- Affordability: some participants, particularly those on fixed incomes, expressed reluctance to invest in resilience due to the additional costs.

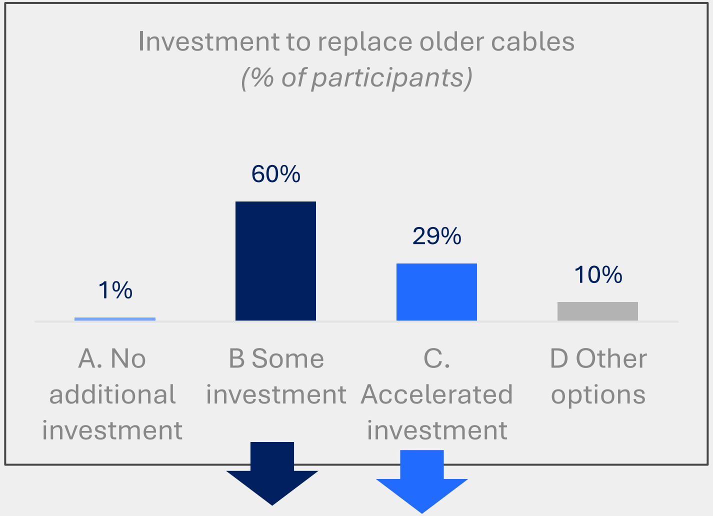


I’m willing to pay a bit more now to ensure that the network becomes more resilient over time. Building resilience will mean the network can better cope with disruptive events meaning a lower risk of unplanned outages after disruptive events.

Investing to replace older cables also tends towards ‘some’ rather than ‘accelerated’ – often dependent on the actual dollar amount.

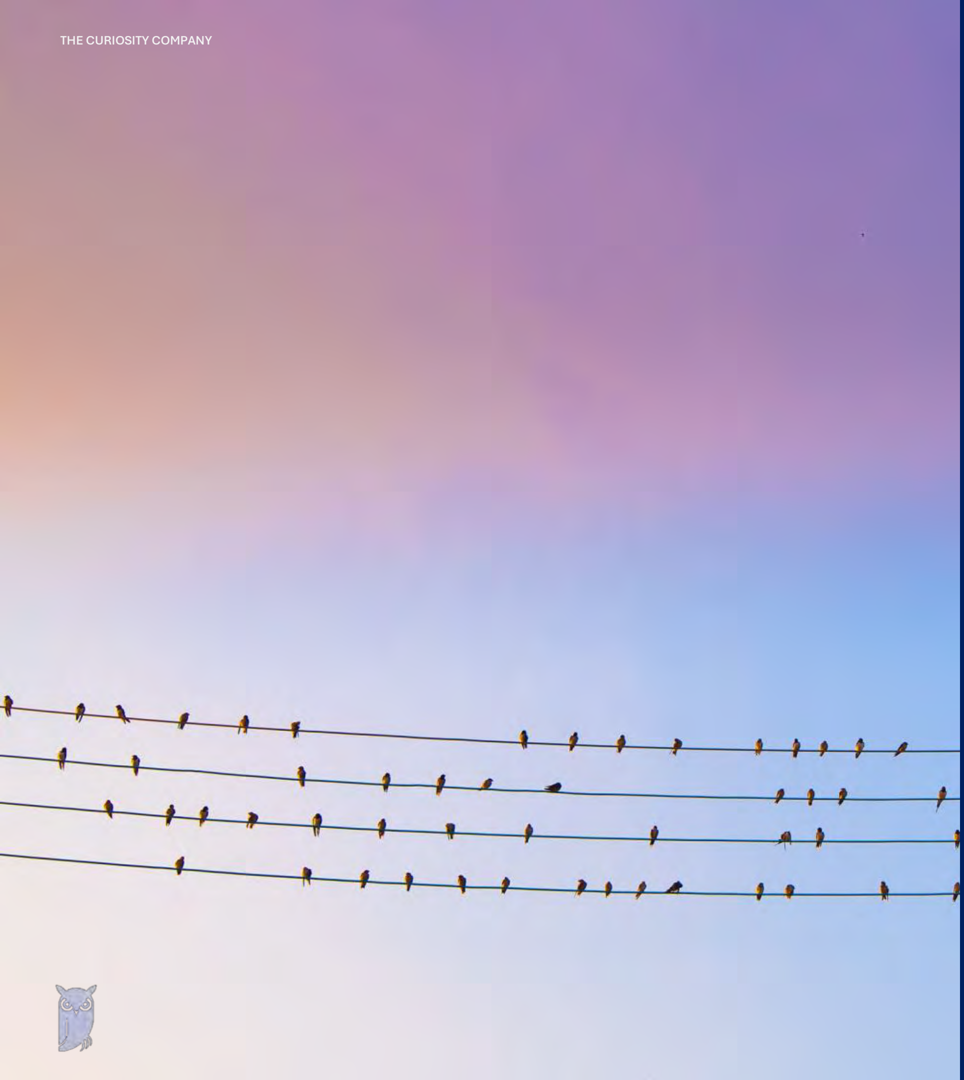
“Having lived through the experience of the Christchurch earthquakes, I think we need to put some investment towards replacing the cables, but I don’t see another major quake happening any time soon, so we probably do not need to rush it.” Urban customer

- The majority (60%) wanted some investment to replace older cables if line charges were less (& could cope without power for an extended time)
- 29% were prepared to pay higher lines charges to invest in cable replacement to recover quicker after an earthquake event. These were primarily urban customers
- Some rural customers preferred some investment or accelerated investment, depending on what the costs of these options would be.
- Some participants wanted Orion to consider alternative power options or underground solutions; others felt that the replacement of the older cables should be standard maintenance rather than customer-funded improvements.
- Very few participants wanted to see no additional investment in replacing older power cables.



Power out for an extended time ($)
I could cope without a normal power supply for an extended period if it meant lower distribution line charges.
This extended outage period could be 2-3 months.

Recover very quickly ($$$).
Prefer the network to recover quickly after a disruptive event, and I am willing to pay higher distribution line charges for this. Recovering more quickly could still mean outages lasting 10-14 days.



3. Growth

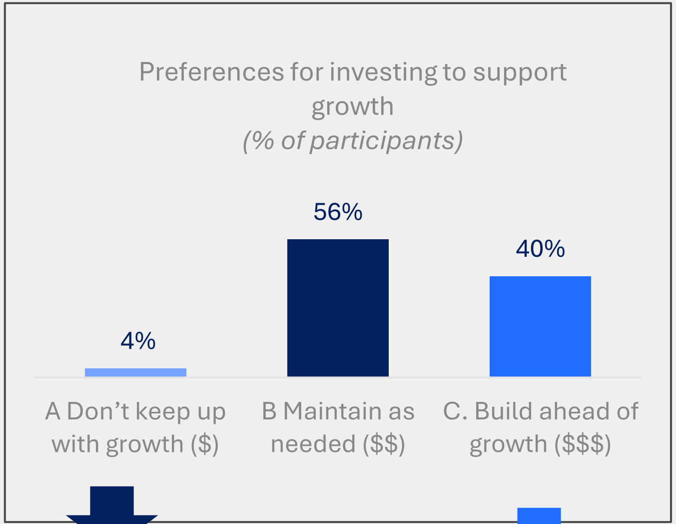
Many identified a mix of ‘build ahead’ and ‘maintain’ as preferable to invest enough to not fall behind, while being financially prudent.

“I think it’s got to be a blend of the first and the second. Otherwise, the people who are here now are paying for everything that the people five years down the road are going to get.” Rural Customer

Participants across all groups consistently described electricity as essential for modern life. They understood that maintaining reliability or future-proofing would entail higher costs.

Conversations with customers focused on:

- Maintaining reliability: most participants were unwilling to accept a degraded service to save money, although they did want to avoid excessive, premature, or “gold-plated” investments to accommodate growth.
- Investing for growth: there was a split between participants; some wanted to see a ‘maintain as needed’ approach to keep costs down; others wanted to take a ‘build ahead of growth’ approach and were willing to pay higher line charges for this.



I would prefer Orion invest less and doesn’t keep up with growth, … if it means that distribution lines charge increases are lower.

I would prefer Orion builds the network ahead of predicted growth, … and I am willing to pay higher lines charges for this.

A strong sense of fairness and equity emerged again when talking about planning for future growth.

“It does not seem fair that the people who already live here are having to pay more electricity charges to support all the new people coming into those new subdivisions. I understand they are going to put more pressure on the network, but why do I have to pay for it – they should be charged a higher rate, or the developers should have to pay.” Rural Customer

- Equitable investment: both rural and urban participants argued for equitable investments to avoid burdening existing customers with the costs of growth from infill housing or population increases. Special concern was shown for vulnerable populations, for example, those on fixed incomes or with medical dependencies.

- Fairness: participants questioned who should be responsible for paying for upgrades needed as a result of growth: the current user base, new subdivision developers, new residents or all residents through general rates. While a ‘user pays’ option was discussed, most participants expressed scepticism about it, as it would disproportionately affect more vulnerable groups.

“If we move to a ‘user-pay’ approach, those who need electricity for medical issues, like dialysis, or oxygen, will be penalised – that is not fair.” Urban Customer

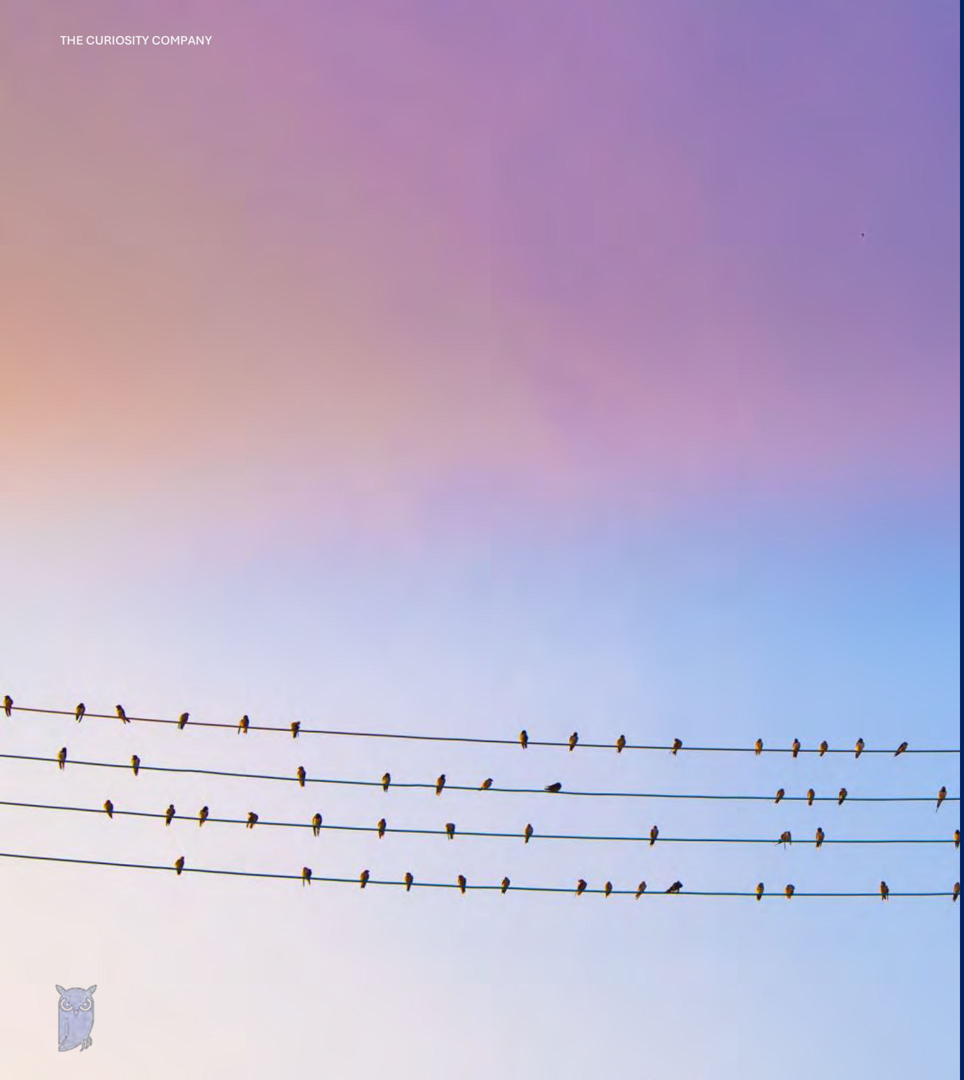
Most participants preferred that Orion proactively invest in the low-voltage network to accommodate population and demand growth, given its direct impact on customer experience.

There was broad interest in solar, storage, and alternative (non-network) solutions to accommodate growth, provided that price and process barriers weren't present.

- Some participants, particularly younger or "ecologically committed" groups, were interested in alternative investment (solar, batteries, local generation). This was driven by a desire to reduce power bills and enhance resilience during outages.

"If you had a battery at your house, you could charge the battery in the middle of the night when power's cheap and run your house off that during the day … But isn't that very expensive? I've heard the battery system is very expensive." Urban Customer

- Some proposed interest-free loans or schemes to promote adoption and pointed out the mismatch between what's generated and how easily it could be used or stored at home.



4. Future needs

Customers expect Orion to focus future readiness around reliability, well-being, resilience and growth-proofing.

Nearly everyone felt it was important for Orion to **be prepared for the future**.

Conversation with customers focused on:

- Paying it forward: urban customers approached future readiness through the lens of safety, family and community wellbeing, and intergenerational responsibility

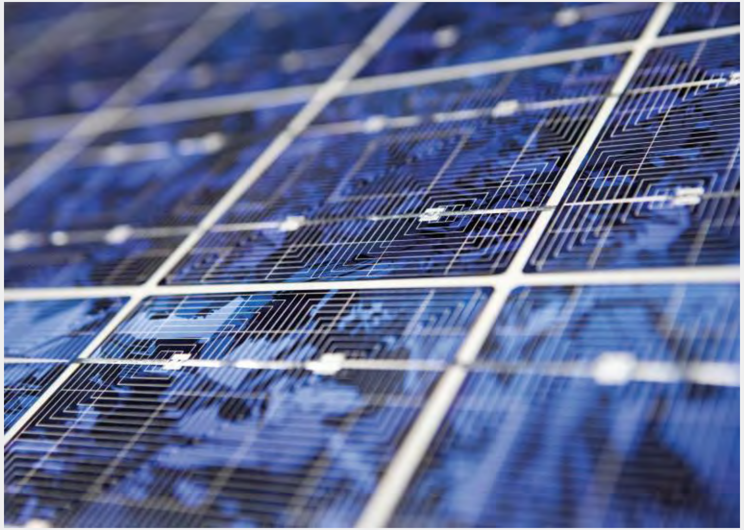
"If I'm giving you money today, then you best be taking care of my babies tomorrow" Urban customer.

- Ensuring the future of reliability: future readiness was about ensuring a network reliable in emergencies, that supports those with medical needs, and supports our lifestyles' dependence on devices and technology.
- Growth: rural customers linked future readiness to population growth, new housing, and more power-intensive lifestyles.

Technology should be positioned as a means to ensure future readiness, and not the starting point.

"It's not just about the technology, it's about how we use it. Don't build a new lane [on the highway] if we can change when/how people travel." Urban customer.

- Participants saw technology investment as worthwhile only when it delivered tangible benefits, such as enhancing reliability, improving resilience, or enabling growth, rather than being pursued for its own sake. In other words, the front-of-mind focus was on the benefits, not on the technology itself.
- A few rural customers connected future readiness to creating a system that allowed for more renewable generation of power.
- Customers placed higher value on communications and planning that emphasise Orion's role in protecting what matters most.



"Technology is all well and good, but it changes so quickly. How do we know what we invest in now will still be valuable or relevant in five years' time?" Rural customer.

There is an appetite for Orion to enable local generation and solar proliferation by shaping tariffs, incentives, & partnerships.

Customers wanted environmentally friendly solutions that keep households safe, affordable, and less dependent on large, more fragile systems, while meeting future needs.

Conversations with customers included:

- Sustainability for future needs: participants agreed that sustainability should encompass enabling two-way energy systems, hydrogen options, battery storage, and EV charging.
- Responsibility and accountability: customers asked Orion to collaborate with planners and property developers on new subdivisions to ensure they are ‘electricity future-proofed’, with solar panels, batteries, and smart design, removing the burden from current residents.

“Work alongside builders so that whole suburbs are built ready for this. And take the pressure off the network.” Rural Customer.

- Community-based solutions: there was strong support among customers for local generation and storage options, such as community solar or wind farms, rather than relying solely on individual installations.

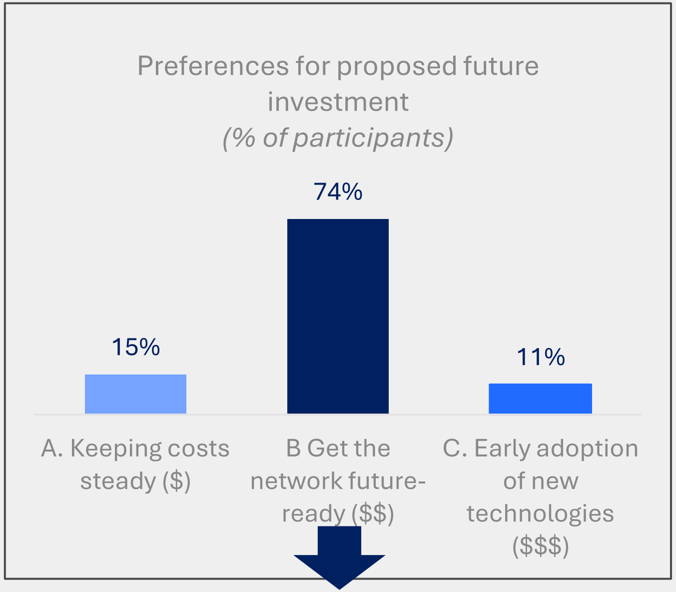
“Why can’t we have solar panels and a battery that services the community? Why do we have to rely on individuals to pay for it?” Urban Customer.

- Capability to deliver: participants emphasised that investment in workforce skills was critical for Orion to be able to meet future community demands.
- Global learning: customers wanted Orion to partner internationally to adopt best practices and avoid common pitfalls, keeping pace with global progress without ‘reinventing the wheel’.

“Let’s make sure we learn from what is working for others around the world. They will be ahead of us, so we can avoid some of their mistakes and focus on what really works.” Rural Customer.

The majority of customers want Orion to get the network future-ready, and are prepared to pay 'a little' more for it.

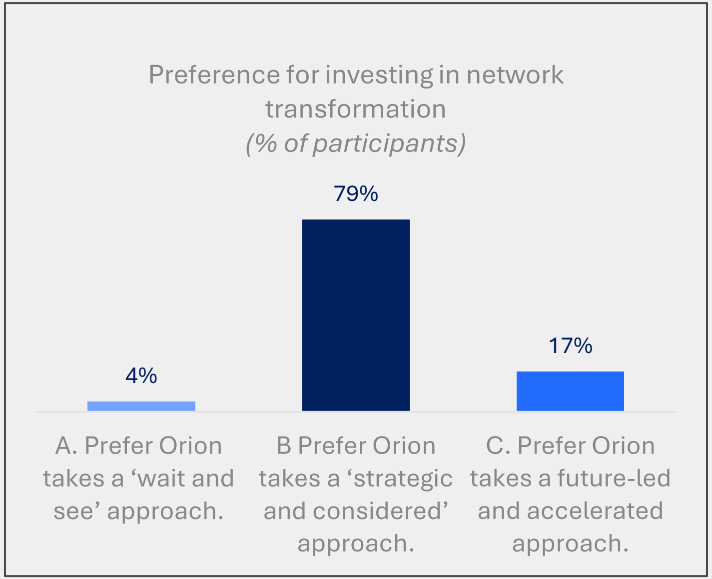
- Customers recognise investment is necessary, but do not want Orion to overcommit or gamble on uncertain technologies.
  "Better to progress steadily. Who knows if electric cars will even be the main thing in 10 years?" Urban customer.
- Recognising the user has to pay, they want prudent and efficient investment with some future-focused upgrade investment, but not at the risk of affordability. They would often like to go further, but can't justify it financially, personally.
- 'Keeping costs steady' was preferred by those who prioritised affordability.
  "Even a few dollars more could put families like mine into poverty." Urban Customer.
- Getting the network future-ready was preferred by 74% of customers.
- Early adoption of new technologies was preferred by a small number of participants who felt that Orion did not deal with the rebuilding of post-earthquake infrastructure well.
  "The only thing with the slow and steady is you're never really going to get ahead." Rural Customer.



I'm willing to pay a little more now if it enables the network to get ready for the future.

Network transformation was framed as creating an adaptable, flexible system that responds to technological and community needs.

- Those participants who prioritised affordability opted for the ‘wait-and-see’ approach, due to the lower costs to customers. (option A)
- Most participants preferred a “strategic and considered” approach (option B). They interpreted this to mean trialling pilot projects, building in flexibility, and avoiding overcommitment to a single pathway.
- Some participants (17%) preferred **accelerated network transformation** (option C), citing urgency around climate action and the risk of lagging behind. These participants were usually those with more resources who would have liked Orion to do more post-earthquake.



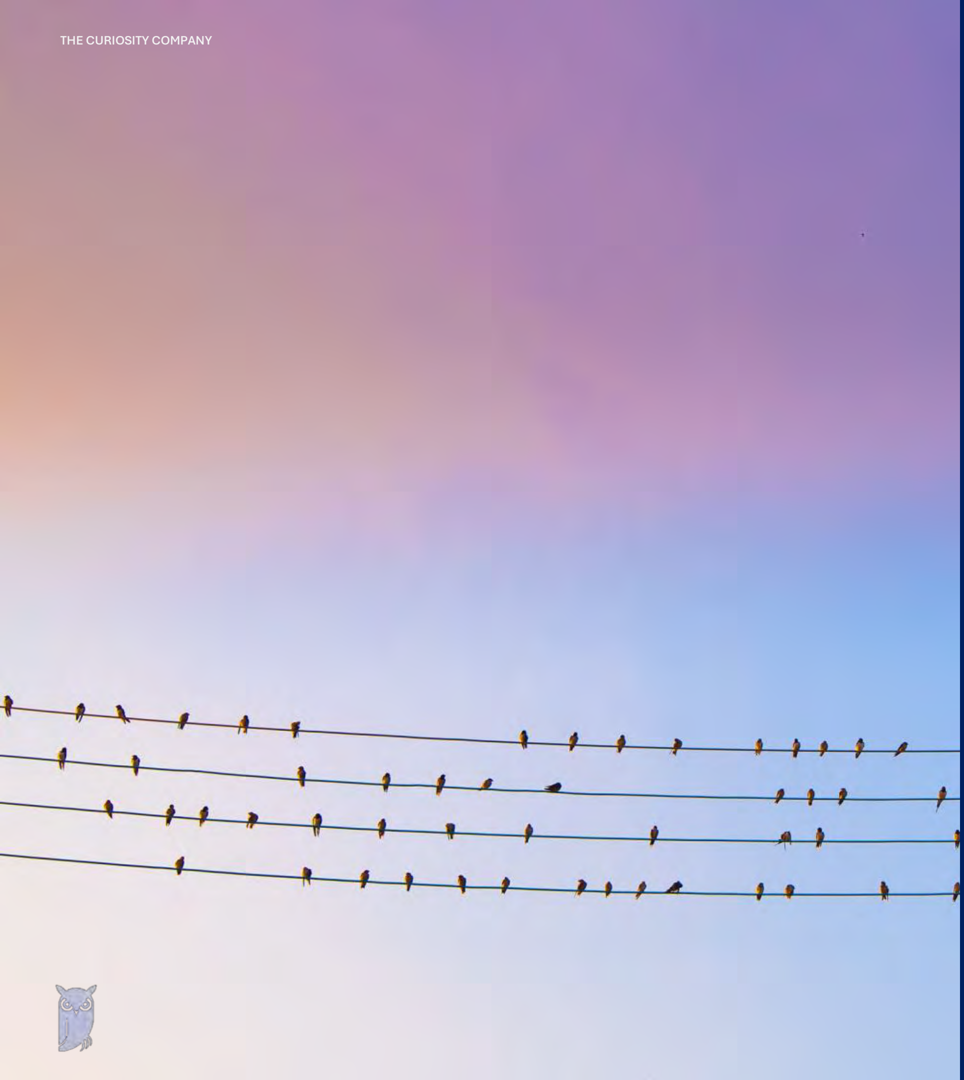
But there is a balance to be reached.

- Customers wanted Orion to strike a balance between moving too slowly (risking being left behind) and moving too quickly (wasting money on unproven technology).

"Reactive is too late. But investing big before we know the tech is right is risky too." Urban customer

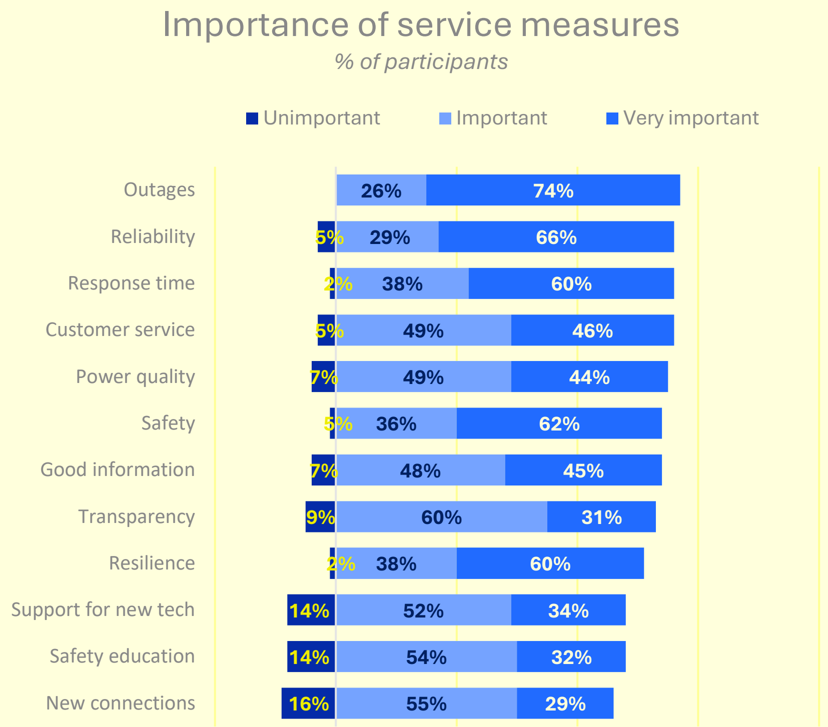
- Participants stressed that technology is evolving quickly and Orion should avoid locking into one pathway too soon and instead build flexibility into the system.

"The problem with investing in technology is its speed of change. In a few years, there might be a totally new solution, and if we have invested heavily in existing technology, we will be left behind again. Orion has to be measured in what they invest in right now." Urban customer



5. Service measures

Several service measures were important to customers. Outages and reliability were the most important. Urban customers place slightly higher emphasis on response time, with rural customers placing higher emphasis on transparency and customer service.



Key service measures discussed focused on keeping the power on, but also on being responsive when it’s not.

1. Reliability and power quality are paramount

As mentioned, customers consistently prioritise a stable, uninterrupted power supply, highlighting the critical role electricity plays in daily life and business operations.

“Even though we have some backup options, I don’t want to have to use it. We need a strong, consistent power supply for the (dairy) farm, and the most efficient way to get that is via the network. Reliability is critical for most businesses, not just ours.” Rural Customer.

2. Clear, timely communication is crucial, especially during outages

Effective communication is vital when issues arise, with residents valuing transparency and realistic expectations about restoration times.

"We understand things do go wrong, but when they go wrong, tell us what's wrong and tell us how quickly it's going to get resolved. And at least we can go to plan B.” Rural Customer.

3. Accessible & transparent customer service

Customer service quality can be a "make or break" factor, with a strong desire for helpful, knowledgeable, and easily accessible support.

"Clarity and transparency around that information… I want someone who can talk to me and talk me through it well enough for me to understand.“ Urban Customer.

SECTION FIVE

Appendix
Trade-off tables

1. RELIABILITY.

Orion's proposed investment in the electricity network would maintain current reliability levels - you could expect on average the same frequency and duration of unplanned outages that you experience now. Which of these situations best describes how you feel about unplanned power outages and the costs associated with maintaining current reliability levels.

A	B	C	D
Keeping costs steady ($) I'd prefer to keep my electricity costs steady, even if it means postponing essential works, knowing this could lead to more outages and higher costs in the future.	**Keeping power reliable ($)** I'm willing to pay a little more now to ensure that power outages don't become more frequent, and the network remains safe, reliable and resilient.	**Accelerating investment ($$$)** I support increasing investment now to improve reliability and resilience, even if this means higher electricity costs in the short term.	Another option – tell us what this is.

Tick the option that best describes how you feel

Thinking about this investment to renew power poles, would you:

A	B	C	D
Prefer more unplanned power outages due to poles failing if it means that increases in distribution lines charges are less.	Prefer the current level of unplanned power outages is maintained due to poles failing and understand that it will still cost more to maintain this.	Prefer fewer unplanned power outages due to poles failing, and I am prepared to pay higher lines charges to have this	Another option – tell us what this is.

Tick the option that best describes how you feel

RESILIENCE (1).

What does having a resilient power supply mean to you?

Orion's proposed investment would improve the resilience of the network meaning the network will be able to recover quicker after a disruption like an earthquake, severe storm or other major event. This means you could expect fewer or shorter outages after a disruptive event. Which of these situations best describes how you feel about resilience and unplanned power outages and the costs associated with enhancing resilience.

A	B	C	D
Keeping costs steady ($) I'd prefer to keep my electricity costs steady, even if it means delaying works that would make the network more resilient. This option would result in a gradual decline in network resilience, increasing the risk of longer and more frequent unplanned outages after storms, earthquakes, or other major events.	**Build resilience steadily ($$)** I'm willing to pay a bit more now to ensure that the network becomes more resilient over time. Building resilience will mean the network can better cope with disruptive events meaning a lower risk of unplanned outages after disruptive events.	**Accelerating resilience investment ($$$)** I support increasing investment now to strengthen the network's resilience quicker, even if this means higher electricity costs in the short term. This option would accelerate investment which will mean a much lower risk of unplanned outages, even after disruptive events.	Another option – tell us what this is.

Tick the option that best describes how you feel

2. RESILIENCE (2).

Imagine Christchurch and the surrounding area experiences a significant earthquake on the Alpine Fault. The Orion network performs well, but there are multiple faults on older oil-filled cables. Where possible, power is rerouted where there are ring circuits, but there are still large numbers of homes and businesses that we can't restore power to quickly.

How important is it for your home or business that the power supply is restored quickly after a significant disruption, like an earthquake?

Very Unimportant	Unimportant	Unsure	Important	Very important	Essential

Thinking about this investment to replace older cables to increase the resilience of the electricity network, which option would you prefer:]

A	B	C	D
No additional investment in resilience – power out for an extended time ($) I could cope without a normal power supply for an extended period if it means that increases in distribution line charges are less. This extended period of outages could be 2-3 months.	**Some investment to improve resilience - recover quicker ($$)** I could cope without a normal power supply for a short time after an earthquake or severe storm and understand that it will still need some increase in distribution lines charges to achieve this. This shorter period of outages could still be 3-4 weeks.	**Accelerated investment in resilience – recover very quickly ($$$)** I would prefer the network recovers quickly after a disruptive event such as an earthquake, and I am willing to pay higher distribution lines charges for this. Recovering quicker could still mean outages for 10-14 days.	Another option – tell us what this is.

Tick the option that best describes how you feel

3. GROWTH (1).

What does making sure the electricity network has enough capacity for growth mean to you?

Orion's proposed investment in the electricity network would increase our ability to support growth. Which of these situations best describes how you feel about investing in to accommodate population growth and growth in demand for electricity.

A	B	C	D
Don't keep up with growth ($) I would prefer that Orion invest less and doesn't keep up with growth, reducing reliability and increasing delays in connecting new customers, if it means that distribution lines charge increases are lower.	**Maintain as needed ($$)** I would prefer Orion upgrade the network as needed to maintain current reliability and connection speed, and I understand it will still need some increases in distribution lines charges to achieve this.	**Build ahead of growth ($$$)** I would prefer Orion builds the electricity network ahead of predicted growth, improving reliability for existing customers, enabling quick connections, and supporting economic growth, and I am willing to pay higher distribution lines charges for this.	Another option – tell us what this is.

If you don't support increased investment in the electricity network to accommodate population growth and rising electricity demand, what trade-offs are you willing to accept?

GROWTH (2).

Imagine a chilly winter evening where yourself and your neighbours are all at home, around 6pm. Your heat pump is on keep you warm, devices are charging, you are cooking dinner, and EV's are charging. An All Blacks test match is playing, and family are coming over to watch. How important is it that the power supply does not flicker or go out?

Very Unimportant	Unimportant	Unsure	Important	Very important	Essential

Tick the option that best describes how you feel

Thinking about this investment in the low voltage network, would you:

A	***B***	***C***	***D***
Prefer Orion invests to proactively reinforce the low voltage network to accommodate population growth and growth in electricity demand.	Prefer Orion invests less and reactively fixes problems on the low voltage network once they occur, acknowledging that this may mean an increase in voltage drops and outages.	I'm not sure.	Another option – tell us what this is.

Tick the option that best describes how you feel

4. PREPARING TO MEET FUTURE NEEDS (1).

Orion's proposed investment would enable the network to meet future needs. Which of these situations best describes how you feel about this:

A	B	C	D
Keeping costs steady ($) I'd prefer to keep my electricity costs steady, even if it means that the network is not future-fit. This option would mean that we may not be able to support new technologies and how customers want to generate, use and store power. We will also limit our ability to support regional decarbonisation.	**Get the network future-ready ($$)** I'm willing to pay a little more now if enables the network to get ready for the future. This would ensure the network can: • Handle the widespread use of new technologies like solar panels, electric vehicles (EVs), and batteries. • Reliably deliver electricity to homes and businesses, and also take excess electricity generated by customers back into the grid. • Support smarter, more flexible solutions that make better use of the existing network and reduce the need for costly new infrastructure. • Support managed decarbonisation.	**Early adoption of new technologies ($$$)** I'd support faster investment now to make sure the network is fully ready for the future.	Another option – tell us what this is.

Tick the option that best describes how you feel

PREPARING TO MEET FUTURE NEEDS (2).

Getting the network ready for new technologies means investing in network transformation. This involves modernising and digitising the electricity network to be smarter, to accommodate two-way power flows, and to allow customers choice in how they generate, use and store electricity. Would you:

A	B	C	D
Prefer Orion takes a 'wait and see' approach. This means we only transform the network when it's absolutely necessary. This could mean delays, constraints or outages as more people install solar, batteries, EV's and smart controls. This would impact both new and existing customers. It could also mean the network won't be able to support new technologies and this could limit the decarbonisation of our region.	**Prefer Orion takes a 'strategic and considered' approach.** This means we gradually transform the network in a targeted and timely way based on trends, forecasts and community needs. We focus on transforming the network when and where it is most likely to be needed – not too early and not too late. We run trials and pilot project to learn quickly and adapt fast. We transform the network in a balanced way so that we can adapt if technology or uptake changes. This approach would support the managed decarbonisation of our region.	**Prefer Orion takes a future-led and accelerated approach.** This means we would invest to ensure the network is fully transformed before the demand for new technologies takes off. We would be leading edge and ready for anything the future throws at us. Require higher upfront cost. This approach would fully support the decarbonisation of our region.	Another option – tell us what this is.

Tick the option that best describes how you feel

5. SERVICE MEASURES(1).

Service measures are how we check if we're doing a good job for you, like keeping the power on, fixing problems quickly, and keeping you informed. When you think about good service from your power company, what are the first things that come to mind.

How would you know if Orion was doing a great job — what would you see, feel, or experience?

Orion wants to understand what aspects of their service is most important to you. Please tell us how important the following performance measures are to you:

Performance measure	Explanation	Unimportant	Important	Very important	Don't know
Reliability	Fewer and shorter unplanned outages *"I want the power to stay on when I need it"*				
Power quality	Stable voltage – no flicking lights or appliance issues *"I want my appliances to work property all the time"*				
Customer service	Efficient and helpful responses to faults or questions *"I want to get the right answers quickly."*				
New connections	Timeliness of new connections for an average home or business *"I want my power connected without unnecessary delays when I move, build, or start something new."*				
Good information	Easy access to information about outages and projects on the network. *"I want to find clear and accurate information quickly and easily".*				

SERVICE MEASURES(2).

Support for new technologies	Enabling solar, batteries, EV etc at home or work *"I want to be able to use new technology without barriers."*				
Transparency	Providing clear information about plans, projects and investment *"I want to understand what's happening and why."*				
Outages	Getting clear, timely, and accurate information before, during, and after planned outages (e.g. for maintenance or upgrades). *"I want to know when my power will be off, how long for, and what's happening, with updates if things change."*				
Safety	Keeping people, property, and communities safe from electrical harm *"I want to feel safe around power lines, poles, and other network equipment."*				
Response time	How quickly outages are fixed. *"I want faults resolved as soon as possible."*				
Safety education	Clear and timely safety information to keep people safe around electricity. *"I want to understand the risks and know how to stay safe around electricity."*				
Resilience	Getting the power restored quickly after a disruption. *"When the power goes out, I want it back on quickly."*				

RESPONSIBLE INVESTMENT (1).

Exercise 1: Based on everything we have talked about tonight, what are the three things you think Orion should focus on now?

1.

2.

3.

And what should Orion focus on in the future?

1.

2.

3.

Exercise 2: Orion is planning ahead to make sure our electricity network stays safe, reliable, resilient and ready for the future> This means investing more now. How much would you be comfortable paying each month on average (through your lines charges) to support this future focussed investment?

\$0	\$1-\$2	\$3-\$5	\$6-\$8	\$9-\$12	\$12
I'm not willing to pay any more	A small increase would be acceptable	I'd support moderate investment	I'm willing to pay a bit more	I strongly support upfront investment	I'd pay more for long term goals
1	2	3	4	5	6

Tick the option that best describes how you feel

RESPONSIBLE INVESTMENT (2).

Exercise 3: Tell us what is most important to you. Using a scale from one to six, where one is very unimportant and six is essential, how important are each of the following to you?

	Very Unimportant	Unimportant	Unsure	Important	Very Important	Essential
Having an electricity network that is resilient to natural or other disasters such as an earthquake or severe weather	1	2	3	4	5	6
Having an electricity network that can accommodate new technologies and customer choices such as electric vehicles, solar power and batteries.	1	2	3	4	5	6
Having a safe and reliable electricity network with fewer unplanned outages.	1	2	3	4	5	6
Having enough spare capacity in the network to accommodate some growth in demand for electricity.	1	2	3	4	5	6
Having an electricity network that takes advantage of new innovations, systems and tools to improve efficiency.	1	2	3	4	5	6

RESPONSIBLE INVESTMENT (3).

[Exercise 4: Thinking about what's most important to you, tell us what your priorities for investment are:]

Rank the investment areas from one (lowest priority) to five (highest priority)

Having a safe and reliable electricity network with fewer unplanned outages.	
Having an electricity network that is resilient to natural or other disasters such as an earthquake or severe weather.	
Having enough spare capacity in the network to accommodate some growth in demand for electricity.	
Having an electricity network that can accommodate new technologies and customer choices such as electric vehicles, solar power and batteries.	
Having an electricity network that takes advantage of new innovations, systems and tools to improve efficiency.	
The amount you pay for the line charges component of your power bill.	

2025

POWERFUL CONVERSATIONS

ORION

Orion

Powerful Conversations
Investment Priorities
October 2025

THE CURIOSITY COMPANY

Appendix J

Powerful Conversations Report, Business Interviews (September 2025)

Orion

POWERFUL CONVERSATIONS
BUSINESS FEEDBACK
SEPTEMBER 2025

Report

THE CURIOSITY COMPANY

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EXECUTIVE SUMMARY

Key takeouts

1. Business strongly endorses investment in reliability and resilience (alongside growth capacity to reinforce reliability).

2. They need clearer, more timely, more accurate communication, before, during and after outages.

3. They will support reasonable price increases if the logic is transparent and the benefits are evident.

4. Failure to invest appropriately will lead to:
   - Lack of competitiveness for Canterbury businesses,
   - Financial losses, and
   - Erosion of trust and business support to Orion.

SUMMARY

1 Reliability & Growth

Business customers were clear and consistent that a reliable power supply is non-negotiable. Reliability is the foundation.

Outages create immediate safety, financial and reputational risks: Minutes matter in health, hours ruin product, even ‘flickers’ damage trust.

“If a line goes off mid-run, that’s tonnes of meat wasted, and big financial implications.” Primary Production.

“Safety depends on Reliability – safety for the patients, for the public and for our staff.” Health Care.

If the grid goes off for more than an hour, we are in tricky territory.” Essential Services.

Orion implications: Maintain and future-proof core network reliability.

2 Resilience

Business customers were clear and consistent that a resilient power supply is a top priority. The focus for resilience must be on speed, anticipation, continuous learning, and post-event clarity.

“When the back-up runs out, nothing works.” Community Social Anchor.

“We have generators, but they only last so long, so we need to know how long we might need to run them for, to work out when to use them and when to switch them off.” Primary Production.

“Resilience preparedness is when the customer does notice there was a problem.” Industry.

Orion implications: Businesses need visible preparation to respond to disruption events; provide earlier warnings when possible.

SUMMARY

3 Pricing Predictability

There is tolerance for modest, well-signalled price increases when explicitly tied to reliability/resilience.

Sudden and large price movements are difficult to manage and will flow through to customers or community services. Having advance knowledge and incremental change instead enables businesses to plan and budget for the increases.

“A steady climb, we can plan around. A sudden hike is when it hurts” Entertainment.

“Every extra dollar we spend on electricity is a dollar not spent on patient care” Health.

“We’ll pay more for reliability, resilience and capacity…5-10% is acceptable if it is clearly tied to stability and growth” Digital Economy.

Orion implications: Where possible, align price increases with budget cycles. Give a clear rationale linking the price increase to sector-specific outcomes.

4 Practical & Proven New Technologies

There is openness to innovation, so long as it is practical, tried and tested, and clearly delivers beneficial customer outcomes.

There was no appetite for investing in a “new shiny thing” that is not proven. They would prefer that the money be allocated to reliability and resilience.

Business customers do see the benefits of investing in technology that reduces the peak strain and costs (two-way flows, battery storage, thermal, waste-heat, etc.) without investing in expensive infrastructure.

“Innovation is good when it is practical…just don’t go overboard” Industry.

“Support practical sector innovations like thermal storage and bio-fuel backups.” Retail.

Orion implications: Pilot new technology, share the learnings, scale development and pace investment just ahead of need.

SUMMARY

Outside of the investment priority discussion, business customers also raised changes to communication and collaboration as opportunities for Orion.

Effective Communication

Business customers value the current outage communication from Orion, but would like earlier alerts and more precise, accurate information about the estimated length of the outage.

With that information, they can make better operational decisions (Staffing, batch timing, safeguarding vulnerable people).

“Even a heads up when capacity is close to limits helps us plan” Health.

“Don’t say soon – if it is six hours, it is six hours – just tell us.” Industry.

“We just need to know what is happening, so that we can manage losses as best we can” Retail.

Orion implications: Standardise a communications protocol, early alerts, specific time-focused updates, and post-event wrap-ups.

Collaborative Approach

Business customers want the opportunity to plan with Orion early, to work collaboratively to develop demand-smoothing partnerships, and to have visibility into where/why investment lands (especially regarding perceived rural versus urban equity).

“Plan capacity with us before problems arrive.” Industry.

“Don’t let Selwyn fall behind while the city gets all the investment.” Primary Production.

“Treat schools like community partners – equity matters.” Education

Orion implications: Continue to work closely and visibly with business customers. Run sector forums and share investment maps.

7 Biggest concerns re electricity & business

This risk analysis table serves as a roadmap of potential risks and their potential impacts.

According to the customers we interviewed, Orion's biggest exposure is to supply capacity and reliability. These sit in the red, high-impact end of the matrix and need immediate, funded mitigation.

The second key exposure is operational resilience, which falls within the orange/amber range of the matrix and should be the next priority for funded mitigation (see Appendix 4 for more details).

While all sectors identified these risks, the impact of extended outages did differ:

RISK MATRIX

Essential Services & Social Anchors:
Outages put patient and resident safety at risk, especially where life-supporting equipment relies on power.

Industry, Primary Production:
The main concern for these businesses is financial loss, including spoiled stock, wasted products, and cancelled operations.

Infrastructure and Digital Backbone:
Outages cause public safety risks:
- While acknowledging the durability of cell towers, a major disaster could cause the loss of emergency call capability and cellular coverage.
- Waste and water services risk contamination and sewerage failures if outages last too long.

"Lagging behind" raises fears of losing competitiveness.

Implications for Orion

1. Prioritise investment in reliability and resilience.

2. Signal price increases early and link it to business benefit/outcomes.

3. Take a balanced, transparent investment stance.

4. Modernise communications.

5. Develop collaborative relationship smoothing partnerships.

INVESTMENT PRIORITIES DETAILED DISCUSSIONS

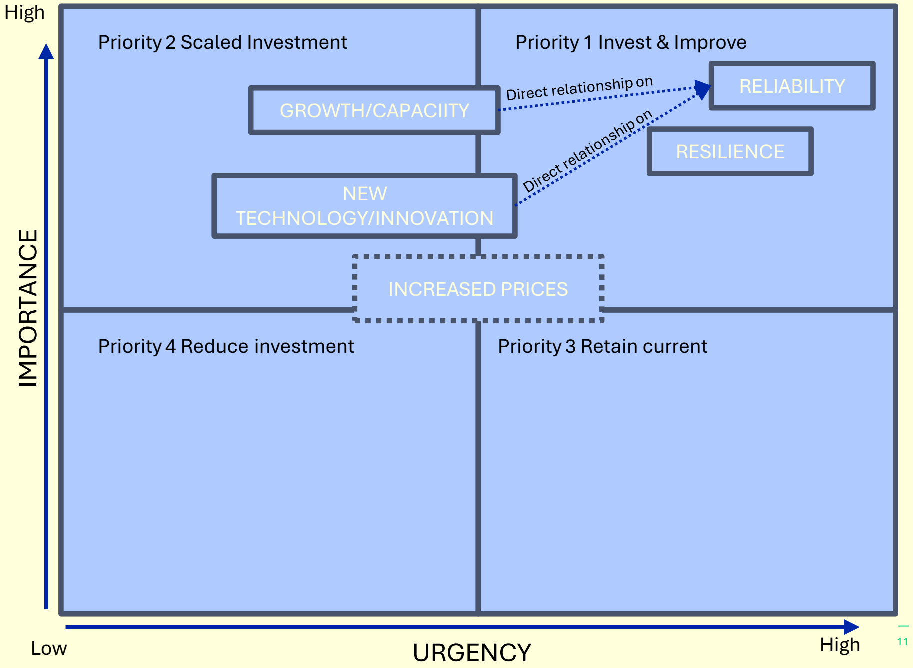
TESTING INVESTMENT PRIORITIES

Understanding network investment is challenging; prioritising the investment drivers is hard – but **reliability** is non-negotiable, and **resilience** is vital

Business customers have a clear view on the hierarchy of investment priorities and also understand the interrelationship of some of the priorities (i.e. preparing for growth will help protect reliability, as will investment in the right technologies, and, if the network is very reliable, there is less need to invest in resilience, etc.). That being said, overall, their priority was as follows:

1. Reliability
2. Resilience
3. Preparing for growth/capacity (as a way of decreasing the risks to reliability)
4. Scaled investment in technologies/future readiness (as a way of reducing the pressure on the network, so protecting reliability)
5. Pricing predictability

Improved communication and collaboration were also raised



1. Reliability
2. Resilience

Reliability and resilience safeguard not only operations but also wellbeing and safety, and the trust that engenders

Across all business sectors, the message was consistent:

- Power outages carry financial, human, and reputational costs.
- A reliable and resilient network protects the organisational flow and financial implications, but it also safeguards the trust that clients put in the businesses and organisations to keep them safe, productive, and connected.

While not expecting zero disruption, business customers did expect:

- A reliable and resilient network
- Anticipation of and early warnings before the disruption occurred
- Accurate and timely updates during outages
- Post event updates that demonstrate improvement and input into future planning.

“A stable and reliable network is good for everyone – it keeps production flowing, reduces financial loss, keeps our customers happy, and keeps our staff employed. All good things.” Industry.

“It's about keeping our families safe; giving them confidence that they can trust us to do what we say, give them warmth and food, a safe environment to be in. That is worth a lot, but we don’t have the funds to pay large increases in our electricity bill to secure it.” Health and Aged Care.

“It would be good if Orion could organise some sort of debrief, maybe once a year or so, to tell us what they have learnt from outage activities over the previous twelve months and how that has informed future planning” Essential Services.

Ultimately, **reliability** is the key service metric

- Reliability was viewed as essential to enabling businesses and organisations to operate safely and productively. Most business customers rarely think about the reliability of the power supply until an outage occurs, and when these occur, the consequences can be immediate and far-reaching.
- For health and aged care providers – reliability protects life. Backup systems can only support equipment for a short-time:

  "If the grid goes off for any length of time, we have issues with maintaining equipment and drug storage, to name just two."

- Processing and manufacturing businesses linked reliability directly to economic performance. Power outages means lost product, wasted fuel, and downtime that can take days to recover from.

  "Every hour on the backup systems is money burning. Plus, we write off the product and pay people for not working. It can have a significant implication for us."

- Digital and data operators framed reliability as reputational protection. Even a flicker can undermine customer confidence as their systems are expected to operate seamlessly and continuously.

  "We look after the digital assets of global businesses, and they expect and pay for a premium service. A single glitch can cause them to panic and question our credibility, even when the problem is not technically ours. So, we need to work with Orion to do whatever it takes to maintain a strong, stable supply 24/7, seven days a week, fifty-two weeks a year."

- Education, community and social services organisations said reliability underpins wellbeing. Power outages can halt teaching, close kitchens, and disrupt routines that keep people safe.

  "It's not just learning that stops. The heaters go cold, the kitchen shuts, security systems drop – and safety with it. It's the look on the kids' faces that stays with you; they come in cold, no breakfast, no warmth…that's the real cost."

Supported by **resilience** when power outages inevitably occur

Business customers evaluate successful resilience as more than just the speed of electricity restoration. In addition to the speed of power restoration and preparedness, they also look at how Orion operates under pressure and the accuracy of the update communication.

- For health and aged care, the limited backup systems they have in place will only provide cover for a short period, and so they need electricity to be restored as soon as possible.

  "Once the backup runs out, nothing works, including the door access in some places, leaving our staff in a vulnerable position and patients able to leave the premises, without our knowledge. We really need electricity restored within an hour."

- For the processing and manufacturing, their backup systems are rarely sufficient to run all the processes and services required. They can run selective services for a fixed period. Some customers claimed they could run essential services for several weeks, others said they could cope for one week to ten days. However, using diesel fuel to run these backup systems is expensive and dirty.

  "If the outage is unplanned, some of our facilities (distribution centres) can operate for up to two weeks; however, in our stores, if the outage lasts for several hours, we will lose thousands in wasted product. Legally, we cannot sell food if the freezers have been off for a certain time. That time varies based on the size and type of freezer, but averages 4 hours. Forward planning is all-important to us."

- Education and community services frame the impact of outages in human terms, considering the effect on safety and wellbeing.

  "Ideally, we would say we need the power back in 30 minutes. If doors become unlocked, we have to assign someone to them to prevent patients from getting out, which means we have one less person to help the patients. Plus,a lot of our equipment needs battery support, which only lasts for an hour or so. One hour would be our comfortable maximum."

- Clear communication about the parameters of the outage, with regular updates, is essential to help businesses plan to minimise the losses it causes.

  "We understand that there will be outages; it is inevitable. But this is where communication becomes all important – it needs to be accurate, clear, and we need to be updated about any changes as the incident progresses."

3. Growth

Growth is often discussed as an integral part of Reliability

For business customers, preparing the network for growth and ensuring it has the capacity to handle increasing demand helps Orion deliver a reliable network.

- For digital and technology companies, having a network that has the capacity to provide an uninterrupted service was critical to their competitive position. They also required network capacity to adopt new technologies and innovations that increasingly place heavy demands on the network.

  “We operate globally, and we have to be able to adopt the latest innovations to remain competitive. Failure to provide a network that enables us to do that means we are letting Christchurch & Canterbury be left behind.”

- For the processing, manufacturing, primary production and retail sectors, there is some resistance to investing in developing capacity on the network to cater for new developments. However, with development happening, they are accepting of the need for increased capacity so long as it is linked to strengthening reliability.

  “I don’t like the idea of investing for the developers to benefit, but when you understand that the extra demand, not just of the houses, but also electric vehicles, businesses that might develop, more schools, etc., then we need to invest in capacity so that we still have a reliable and resilient network and as we have said, that is all-important.”

- Health, aged care and social services are focused on whatever needs to happen to keep the power running. If that requires investment in getting the network ready to handle increased demand, that should happen – but not at the expense of investment in reliability and resilience.

  “Within reason, we understand the need for investment in capacity to ensure the power is there as and when we need it.”

4. Investment in New Technologies

Scaled investment in proven new technology and innovation is important to support reliability and resilience

- Business customers regard Orion's role as requiring considered, steady, reasonable leadership, guiding the region towards decarbonisation.

- Orion should support investment in innovation and new technology to assist with that goal, but not at the expense of investment in reliability and resilience.

  "Innovation is good, but reliability is the line that cannot move." Essential Services.
  "Don't innovate unless it is about keeping the lights on. Let's not innovate at the expense of that." Industrial & Primary Production.

- Investing in new technologies was perceived to be a way to strengthen the network, improving reliability, resilience, efficiency and affordability.

- However, any investment should be on practical, proven technologies (whether domestic or internationally proven), not experimental approaches that introduce elements of risk.

  "We're supportive of decarbonisation, but if it doubles line charges, that is not responsible. I guess also that if Orion under-invests and we have outages that leave the business lagging behind the competition, that is not responsible either. It has to be about balance." Essential Services.

Investment in new technology needs to be paced to be **just ahead** of demand

- While most business customers trusted Orion to plan ahead sensibly, they wanted reassurance from Orion that investment in new technology would be pragmatic, low risk and align with demand.

- Responsible adoption of new technologies was deemed so that expansion stays just ahead of need, preventing network constraints without adding unnecessary costs.

  "Innovation is important, but it has to be proven and practical." Industry & Primary Production.

  "The pace of technological development is such that what is market-leading now could be obsolete in three years. We have to scale our investment to move with that rapid change, not become a victim of it." Infrastructure & Digital Backbone.

- Across the sectors, business customers described future readiness as:
  - Progress that protects reliability
  - Innovation that improves the efficiency of and processes for resilience
  - Innovation and new technologies that are proven before scaling
  - Efficient investment that is paced just ahead of demand

The counterfactual

The counterfactual: Business customers were very aware of the risks of under investment in the network

All interviewees felt that a reliable and stable power network was non-negotiable in a developed country and discussed several risks of under-investment:

1. **Critical service disruption and public safety risks.**

Underinvestment in reliability and resilience directly threatens essential public services, with potentially severe consequences for safety and well-being. Business customers emphasise that even brief interruptions can create immediate vulnerabilities in critical systems, be that in health, infrastructure or industry.

"Reliability and great resilience processes, when needed, are critical for our lifeline role. Even brief interruptions put our three-tier protection system at risk, potentially affecting emergency services and cellular coverage across the region."

2. Regulatory non-compliance and public health hazards

Without adequate investment in power reliability, regulated industries face compliance failures that could lead to serious public health consequences, e.g., directly impacting the water quality.

"Reliability, or lack of it, directly impacts public health, through our ability to pump fresh water and manage sewerage systems...which means power supply reliability is non-negotiable for compliance and new water quality rules."

The counterfactual: business customers were very aware of the risks of under-investment in the network

3. Economic losses and business viability threats

Business customers from all sectors discussed how insufficient investment results in significant financial impacts, including substantial revenue losses, product waste, and increased operational costs when forced to rely on backup systems.

"Retail operations face significant food waste costs during outages, with two-hour interruptions potentially costing tens of thousands of dollars." Retail.

4. Disproportionate impact on vulnerable communities (including rural areas)

Business customers noted that underinvestment has inequitable consequences, with vulnerable community members bearing the heaviest burden when power supplies are compromised, as they have fewer alternatives and resources to manage during an outage.

"Equity is important in power supply; investment decisions should consider the vulnerable populations, rather than focusing solely on high-paying customers." Essential Services.

5. Regional competitiveness and future growth limitations

Failure to invest adequately in grid capacity and future readiness threatens the region's economic development potential, particularly emerging digital and technology businesses that need robust power infrastructure.

"We (Christchurch) need preparation for the next wave of digital demand, including AI and cloud computing requirements. If Orion lags in capacity expansion, businesses will not be able to keep up with technological advancements." Digital.

REACTION TO PRICE INCREASES

Modest price increases are acceptable when business customers consider the implications of not investing

Most business customers described a tolerable increase range of **5% to 10%,** provided communication was clear, and the benefits were visible. However, there was some variation by sector:

- For Essential Services, a **1% to 2%** increase was acceptable *"Every extra dollar on our lines bill is a dollar that cannot go to patient care and treatment. This is a difficult trade-off between needing to know the power is on and will stay on and being able to put as much of our budget to patients as possible."*

- Community Social Anchor customers were reluctant to accept electricity price increases, as any increase will affect the services they can provide. However, they also understood the need to invest in the network and so felt they could manage increases in the range of **4%-5%.** *"It is a double-edged sword; we want our clients to have power and to have a swift recovery when it goes off. But we don't want to pay for developments just for the city. We have to see the benefits for our community, to support the services we can offer."*

- Industrial and Primary Production were also cautious as increased electricity costs would inevitably be passed onto consumers in food and product prices, effectively making the community pay twice. But reliable power is important to them, so they opted for increases of **5-8%**. *"Any more than that, and it will go straight onto the weekly shop, and that is the last place you want to put pressure right now."*

- Digital Backbone business customers are willing to take on larger increases, up to **10%**, provided they can see that the investment is going to drive capacity and stability to enable them to remain competitive in a global market. *"Within reason, we will pay for reliability and capacity. Our customers care about uptime more than they do our charges."*

Clear communication about price increases, tied to improvements to reliability and resilience, make them more palatable

- Planning for electricity price increases is critical to business operations. All business customers want advance notice, some feel they would benefit from understanding the context, and all want evidence that the price increases are tied to improving network reliability.

  *“Its about predictability. A steady climb we can plan around. A sudden hike hurts.” Industry * Primary Production.*

- Transparency emerged as another consideration in investment discussions. There is a perceived gap in investment equity, with more funding believed to go to city areas with rural communities left behind.

- Willingness to support price increases was closely tied to perceived fairness. This is not about equal spending (business customers acknowledge that growth requires new infrastructure) but about reassurance that every part of the network area remains Orion’s focus.

  “To me, it is about equity. Don’t just invest where the biggest businesses are; remember communities like ours. If we go dark, it’s not just inconvenient. It’s kids missing meals, families losing trust, vulnerable people being left cold.” Essential Services.

  “Being in Selwyn, you sometimes wonder if Christchurch gets priority. I’d like to feel confident that investment out here isn’t second. We’re part of the backbone too.” Industry & Primary Production.

- For those concerned about investment inequity, communication about where and why investment occurs would help close the perceived fairness gap.

  “Be upfront in your communications about the things you have considered and the trade-offs you’ve made, and why.” Essential Services.

APPENDIX

APPENDIX 1
CONSULTATION CONTEXT

Background

The future of electricity in Canterbury is changing. Rapid population growth and new technologies mean both an increase in demand and rising expectations around reliability and resilience. How people and businesses use and depend on power is being reshaped.

To ensure Orion can maintain a safe, reliable and resilient network a customised price-quality path (CPP) application will be submitted to the Commerce Commission. This will enable additional investment in the electricity distribution network.

To ensure the customer voice is part of the investment decision-making process, Orion sought to understand what is important to business customers in terms of future investment priorities.

This document presents findings from fifteen in-depth interviews with businesses and organisations. This consultation is part of Orion's wider customised price path engagement programme and complements a series of Powerful Conversations (community workshops) held in August 2025 by adding a business and organisational customer lens.

Together, the business interviews and community workshops provide a view of what matters to Orion's customers, from household and community priorities to the operational requirements of businesses and industries.

Consultation Design

Between late September and early October 2025, 15 individual in-depth interviews were conducted with commercial, industrial, and community organisations within Orion's network region.

What we asked

Semi-structured interviews were conducted to understand:

- How organisations perceive Orion and its current performance.
- Organisations' investment priorities in relation to the electricity distribution network, focusing on reliability, resilience, growth and meeting future needs.
- Willingness to support additional investment through power bills.
- What they see as the risks if this additional investment does not proceed, and the impact it would have on their business.

Participant Selection

A comprehensive list of organisations was created in collaboration with Orion. This was essential to ensure the diverse nature of non-residential customers across the network area could be represented in the consultation.

From this list, potential participants were contacted and invited to take part in an interview. In some cases, participants were confirmed directly; in others, referrals were made to colleagues deemed more appropriate. Some organisations declined the invitation to participate.

Participant Profile

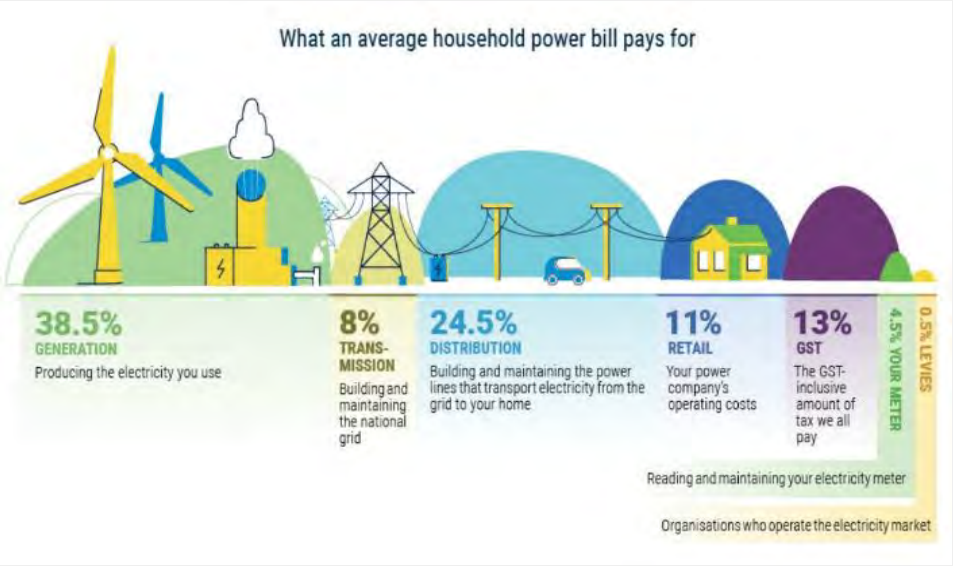
The target of 15 organisations ensured a diverse range of participants were interviewed. Those engaged included both public and private organisations across urban, semi-rural, and rural Canterbury.

The table below details the diversity of the organisations and roles participating. We report only by sector and role. Anonymity encourages candid feedback, protects sensitive information and reflects the standards and ethics of the industry body (ESOMAR and Research Association of New Zealand).

Sector	# Interviews	Example Organisations	Typical Roles Engaged
Essential Services	5	Hospitals, Aged Care, Schools, Tertiary Educations	Chief Executive, Facilities Manager, Principal Operations Lead
Industry & Primary Production	3	Meat & Seafood Processors, Grocery Supply Chain	General Manager, Operations Manager, Plant Manager
Infrastructure & Digital Backbone	4	Broadband, datacentre, wastewater & Services	Infrastructure Manager, Network/Asset Manager, Technical Director
Community Social Anchors	3	Rural Services, Entertainment & Community support	Executive Director, Venue Manager, Programme Lead

APPENDIX 2
SCENE SETTING

The electricity sector is well understood



- Business customers demonstrated a strong understanding of New Zealand's electricity sector and Orion's role within it. The interviewed organisations rely on a dependable power supply to deliver essential services, maintain production, and ensure digital continuity. Most therefore showed interest in, and had a clear grasp of Orion's position in the wider energy system and their own responsibilities.

"Orion is responsible for getting the power from the national grid into a format that they can deliver to our business premises and homes." Retail.

- Overall, business customers were pragmatic, well-informed, and solutions-oriented.

"We just need to work together to plan for the future in a way that works for all." Industry.

- They identified the shared pressures of maintaining reliability and resilience amid rising energy demand, accelerated growth and the need to future-ready the network.

"With increased electrification and growing demand, we all must take some responsibility for managing how we use it and where we can help reduce the peaks" Essential Services.

Perceptions of Orion

- Business customers describe Orion as more than a power supplier. Orion is perceived positively, as a trusted partner, and as a critical backbone for the region's operational and economic continuity.

"Orion is one of the good ones. They do engage with us, they try to work with us when they can, and they consult with us. Without them and the service they provide, this region would not be as strong as it is." Industry.

- Orion's key characteristics were described as:
    - Reliable
    - Professional
    - Responsive
    - Demonstrating strong technical ability
- Overall, Orion was perceived as a pragmatic, steady, and trusted electricity distributor. It is also seen as proactive in navigating mounting challenges

"As you can tell from the fact that they are doing this work, they are looking ahead and trying to prepare the region for the future, including key stakeholders in that process, which is great." Digital.

- Those who had experienced outages or infrastructure work noted that communications had improved in recent years.

"I think when there is a planned outage, Orion is much better at informing us ahead of time, and where they can, they will work with us to minimise the impact of the outage on us, which is great." Social Anchor.

- However, several business customers observed that as the region continues to grow, pressures on the network were becoming more visible.

"You can see how quickly the region is growing, and more and more EVs and heat pumps...the fires and weather, and you can just feel something could very easily snap." Rural Services.

- Those who had recently completed new connections or upgrades commented that lead times had lengthened.

"I'm not criticising, but we had to wait what seemed like months to get our new connection. It was probably three or four, but in the past that would have been sorted in days." Industry.

Perceived Challenges that Orion faces

Business customers recognise that Orion faces challenges in delivering to their needs:

- Rapid growth and demand on the network (seen in longer lead times for connections)
- Rising electrification
- Increased risk from weather events and natural disasters (requiring more urgency and need for preparedness)

These are often framed as shared challenges rather than criticism of Orion:

"They moved as fast as they could to prioritise our restoration…they always try to work with us." Health & Community Care.

Businesses re-emphasised the desire for Orion to plan ahead as best they can and to work collaboratively: signal constraints as soon as possible and be transparent and clear about the trade-offs in play.

"Plan capacity with us before the problem arises." Industry & Production.

"Be upfront about the trade-offs you have made and why you chose to do that" Social Anchors.

The future of Canterbury's electricity **cannot be delivered by Orion alone**

- Business customers acknowledged that as demand grows, so does the pressure for expensive new infrastructure or investment in alternative electricity sources. Business customers saw this as an opportunity for smarter, more collaborative approaches. They identified two areas that could help with reliability, capacity, affordability and growth:
    - Partnership, and
    - Education

Partnership

- Working with business, councils and communities to identify local solutions such as coordinating upgrades, shifting and/or sharing demand, leveraging local generation and/or storage.
- Collaboration was seen as a practical way reduce network strain, manage costs, delay expensive upgrades and build collective buy-in to the situation.

"I'd expect them to plan with us, not around us, but that should be the way with all big customers." Industry and Primary Production

"Surely there are things we can do together to create stability and reliability for everyone." Digital.

Education

- Business customers believe that education and collaboration could provide Orion with practical tools to manage growth, reduce load pressure and help build the future with the community.

"If we can work together on smoothing demand or sharing generation, everyone benefits. That's where the future is. Local innovation and community programmes are where it is as" Essential Services.

Spontaneous discussion about trade-offs

Overall, business customers consistently prioritised reliability and resilience over cost, accepting modest, well-signaled increases when clearly linked to these outcomes.

They cautioned against investing in unproven “shiny new gadgets” that risk reliability, and asked Orion to pace investment just ahead of demand, avoiding under-build, ‘gold-plating’, and investing in technology that quickly becomes obsolete.

Some feedback was sector specific:

- Health and community organisations are less willing to trade investment in electricity against investment in patient care.

“Two to three per cent...anymore and we take budget from patient care.” Health.

- Hospitality and entertainment see the benefit of increased reliability and capacity. However, they are also aware of passing on the increasing costs to customers and damaging their business.

“3-6 per cent if it is clearly tied to reliability and resilience, and we have notice of the increase.” Entertainment.

- Digital, Retail, Industry and Primary Production traded off potential losses (financially and competitively) against the potential increases.

“Up to 10% if it secures uptime/capacity and a stable supply. Without it, we cannot compete with companies in other NZ cities or globally”. Digital.

Environmental drivers impacting electricity investment priority decisions

In addition to the considerations directly related to electricity price increases and network investment decisions, business customers were keen to highlight the broader economic environment that influences these decisions.

- **Economic Pressures:** business customers are operating under increasingly tight budgets, supply constraints and fluctuating demand. Even minor changes in prices or outages can disrupt operations and supply chains.

"Working within ever-tighter budgets and a greater need to justify every additional cent spent, we need to think carefully about the benefits of that additional spend." Health.

- **Post-earthquake experiences:** for those business customers who experienced the Christchurch earthquakes, they felt that the experience changed how Canterbury considers risk. This experience means that reliability and resilience are essential to keeping businesses and communities safe, and to fuel a rapid recovery post a major event.

"Christchurch has lived through several disasters, and we know how important power is, but that is also why we have contingencies ourselves, because we know even the best networks can fail. We are prepared." Rural Services.

- **Interconnected systems amplify disruption:** Business customers identified that Christchurch's essential services, including electricity supply, operate within a highly interdependent network. Hospitals rely on digital connectivity, processors depend on water and transport, broadband underpins all sectors, but electricity is at the core of the efficient delivery of all.

"In this modern world, we are all inter-linked. We all need broadband and cell phones to operate, so we need all organisations to always have a robust electricity network for everyone" Entertainment.

APPENDIX 3
ORGANISATION PREPAREDNESS

Reliability and resilience as shared responsibilities

- While business customers are clear that Orion's network performance is critical, they also recognise the need for their organisations to prepare for potential disruptions in order to manage both safety and economic consequences. Orion must deliver a safe, reliable network, and organisations should have contingencies in place to maintain some continuity during outages.
- However, they do not believe that individual organisation contingencies are an acceptable substitute for sustained investment in network reliability.
  - Health and aged-care providers discussed generator protocols and life-preserving systems, such as batteries to support equipment over a short outage. *"Generally, because of the backup power and generators, we can get by, but then when it goes wrong, it really goes wrong…one of our doors in a locked unit was not on the backup, so patients could get out. Although we have contingencies in place an outage still affects a significant part of our operations." Essential Services.*
  - Processing and industrial customers have backup systems in place, but most claimed they would not run all the systems and would only cover for a limited period. *"We have diesel gensets, big ones that will hold the plant if they have to. They will go for days without fuel, but we don't want to burn fuel like that; it's noisy, it's dirty, and it costs a fortune… we can't cover everything; offices and secondary processes will be dropped, so we can keep the chain and hygiene systems live. We have to make trade-offs". Industry and Primary Production.*
  - Smaller businesses, community organisations, and social/rural services remain the most vulnerable, with little or no contingency capacity and a heavy reliance on Orion's network. All funding goes into service provision. *"We are just a smaller site, and so if Orion's off, that's it. We have no magic fix." Rural Services.*

Practical, proven new technologies are being explored in **future-planning**

- Driven by cost control, efficiency and the need for a reliable, consistent electricity supply, business customers across all sectors reported actively pursuing practical new technologies to support the network supply.
- Initiatives included solar and battery trials, adoption of natural refrigerants, energy monitoring, and upgrades to more efficient technologies.
- Business customers were pragmatic, if wary of new technologies. They were clear that solutions must demonstrate reliability and ROI in practice. Projects that introduced additional cost, risk, or complexity were quickly abandoned.
- Sector specific priorities for future planning varied:
  - Health and aged care focused on efficiency upgrades and exploring cleaner fuels and technologies but cited cost and safety as barriers to the broader adoption of new technologies. *“Decarbonisation is a requirement for us, and we are changing our backup power sources and making them cleaner. We need to look at upgrading the ways of heating the campuses, that is one of our largest draws on the network.” Education.*
  - Processing and grocery sectors trialled renewable energy and refrigerant changes to reduce costs and improve resilience, though these efforts were not intended for full self-sufficiency. *“We are moving to natural refrigerants, which are better for the client and more efficient. We are also trialling thermal storage in a couple of stores, where we freeze large banks of ice overnight and then use them to ride through peak loads or short disruptions… We have put solar on several store roofs, and we are trialling batteries at a couple of sites. None of these will run a supermarket for a long time, but all will help reduce peak loads and keep us going for a while.”*
  - Data and digital providers prioritised uninterrupted reliability above all else and showed limited interest in non-network solutions. *“If Orion can help us integrate demand response without risking uptime, we are interested. But we cannot and will not gamble SLA on experimental things.” Digital.*
  - Community and education organisations acknowledged more sustainable new technologies, but highlighted affordability as a significant constraint. *“We have had to shelve projects recently because the budget just would not stretch. We want to move to EVs, but the costs are tough when you are trying to keep things affordable.” Education.*

APPENDIX 4
RISK ANALYSIS-
DETAIL

Risk Analysis Detailed Explanation

Risk 1: Power supply reliability failures

Consequence: **Extreme** - Multiple participants operate critical infrastructure, where power failures pose severe public safety risks. The telecommunications participant manages emergency services, including 111 calls and cellular coverage, whilst water services participants handle freshwater pumping and sewerage systems that directly impact public health. Educational institutions face safety concerns for students, and community organisations cannot maintain essential services for vulnerable populations during outages.

Likelihood: **Possible** - Whilst Orion maintains grid infrastructure well, the possibility of unplanned outages is acknowledged, so all participants have developed backup systems and contingency plans. The telecommunications participant specifically mentions that even brief interruptions put their three-tier protection system at risk.

Overall Risk Level: **Extreme -** The combination of extreme consequences affecting public safety and emergency services, with a possible likelihood of occurrence, creates an extreme risk scenario that requires immediate attention and robust mitigation strategies.

Risk 2: Inadequate investment in Grid resilience

Consequence: **Major** - Insufficient investment in resilience infrastructure forces organisations to rely heavily on backup systems, increasing operational costs and failure points. The data centre participant notes that grid instability requires expensive diesel backup systems, whilst water services need multiple feeders to maintain operations.

Likelihood: **Likely -** Several participants express concern about current resilience levels and emphasise the need for increased investment in this area. The consistent ranking of resilience as a top priority across all sectors indicates that current systems may not meet operational requirements.

Overall Risk Level: **High -** Major operational and financial consequences combined with the likely occurrence of resilience gaps create a high-risk situation requiring strategic investment planning and immediate attention to grid stability improvements.

Risk 3: Communication breakdown during outages.

Consequence: *Moderate* - Poor communication during planned or unplanned outages creates operational inefficiencies and prevents organisations from implementing appropriate backup measures. The entertainment sector highlights that last-minute notifications create significant operational challenges, particularly during event seasons.

Likelihood: *Likely* - Multiple participants report current communication issues, including a lack of precision in fault updates and inadequate advance notice for planned maintenance. The water services participant notes frustration with losing dedicated relationship management.

Overall Risk Level: **High Moderate -** consequences affecting multiple sectors, combined with the likely occurrence of communication failures, create a high-risk situation that undermines trust and operational effectiveness across Orion's customer base.

Risk Analysis Detailed Explanation

Risk 4: Unaffordable cost increases for community services

Consequence: Major - Community organisations serving vulnerable populations have extremely limited tolerance for cost increases (1-2% maximum). Any significant investment costs passed to these organisations directly affects their ability to provide essential services to those most in need, creating social equity issues.

Likelihood: Possible - Investment requirements for reliability and resilience improvements may necessitate cost increases that exceed community organisations' capacity to pay. The significant variation in cost tolerance across sectors creates potential for inequitable impact distribution.

Overall Risk Level: High - Major social consequences affecting vulnerable populations combined with possible likelihood of unaffordable cost increases creates a high-risk scenario requiring careful consideration of investment cost allocation and community impact.

Risk 5: Capacity constraints limiting economic growth

Consequence: Major - Insufficient grid capacity could prevent businesses from expanding or adopting new technologies. The data centre participant warns that lagging behind in capacity expansion could limit Christchurch's competitiveness in the digital economy, whilst retail operations need capacity for EV charging and automation upgrades.

Likelihood: Possible - Growing demand from digital services, EV adoption, and business automation creates increasing pressure on grid capacity. The data centre participant specifically mentions preparation needed for AI and cloud computing requirements.

Overall Risk Level: High - Major economic consequences affecting regional competitiveness combined with possible likelihood of capacity constraints creates a high-risk situation requiring proactive capacity planning and strategic investment in growth infrastructure.

Risk 6: Food safety risks during power outages

Consequence: Major - Retail operations face significant food waste costs and potential food safety issues during power interruptions. Two-hour outages can cost tens of thousands of dollars in spoiled products, whilst longer outages create public health risks from compromised refrigeration systems.

Likelihood: Possible - Unplanned outages occur with sufficient frequency that retail operations have developed specific protocols for managing food safety during power interruptions. The participant notes that even brief interruptions can trigger costly waste.

Overall Risk Level: High - Major financial and public health consequences combined with possible likelihood of power interruptions affecting food safety creates a high-risk scenario requiring robust backup systems and rapid restoration capabilities.

Risk Analysis Detailed Explanation

Risk 7: Educational service disruption

Consequence: Moderate - Power outages during critical periods, such as exams, create educational disruption that cannot be easily rescheduled. The education participant notes that outages disproportionately affect vulnerable students who depend on school facilities for basic needs like heating and hot meals.

Likelihood: Possible - Unplanned outages can occur at any time, including during critical educational periods. The participant specifically requests advance notice during exam periods when activities cannot be rescheduled.

Overall Risk Level: Moderate - Moderate educational and social consequences, combined with the possible likelihood for disruption during critical periods, create a moderate risk that requires careful planning and communication protocols for educational facilities.

Risk 8: Innovation partnership failures

Consequence: Minor - Failed innovation partnerships or focus on experimental rather than practical technology could waste resources and delay beneficial improvements. Several participants emphasise interest in proven technologies rather than experimental approaches.

Likelihood: Unlikely - Participants show strong interest in practical innovation partnerships and have specific ideas for collaboration. The retail sector has already successfully trialled energy-saving initiatives, indicating good potential for successful partnerships.

Overall Risk Level: Low Minor - the potential consequences of partnership failures, combined with their unlikely occurrence given strong participant interest, create a low-risk scenario that can be managed through careful partner selection and a focus on proven technologies.

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