



Report to Entrust

The Energy Solutions Programme

Financial Year 2024/25

## 1 Purpose

This report highlights the achievements against the Energy Solutions Programme for the 2024/25 financial year (FY24/25).

## 2 Executive Summary

In FY24/25 Vector expended \$11.1M in the Energy Solutions Programme, which is below the Base Amount of \$12.5M required to meet Vector's minimum expenditure commitment set out in clauses 4.2 of the New Deed Recording Essential Operating Requirements (NDREOR). Additionally, when the FY24/25 expenditure is considered along with the prior four years of expenditure, Vector did not meet its minimum expenditure commitment set out in clauses 4.4. Consequently, Vector will seek Entrust approval to waive the expenditure obligation for FY24/25 and forecasts to expend the \$1.4M shortfall in FY25/26.

Investment was made in undergrounding overhead lines in nine urban locations, the most being through commencement of the large-scale undergrounding project in Beachlands. Vector's ability to develop projects of this scale brings significant efficiencies to the undergrounding programme and enables Vector to optimise the programme investment.

A consenting delay prevented work commencing on a significant resilience project planned for FY24/25. This delay caused the \$1.4M shortfall in investment made in the Energy Solutions Programme during FY24/25.

Both Chorus and Auckland Transport continued their positive engagement in all undergrounding projects. Vector expects this support will continue in future years.

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

All projects were delivered without a lost time injury.

## 3 Background

The NDREOR with Entrust obliges Vector to make annual expenditure through the Energy Solutions Programme to deliver overhead improvement projects (i.e. undergrounding conversion), safety or resilience projects and/or new solutions as alternatives to overhead lines.

The minimum Energy Solutions Programme expenditure required in FY25 to meet the NDREOR commitment is \$12.5M. The Energy Solutions Programme Base Amount was increased from \$10.5M to \$12.5M through the DREOR amendments made in June 2024.

Under clause 4.4 of the NDREOR there is also deemed compliance available to Vector if the average expenditure incurred by Vector for FY25 and the four preceding financial years is equal to or greater than \$12.5M. For FY25 this averaging provision does not assist Vector because, despite the target being lower in the preceding four years (\$10.5M), the provision takes account of the average expenditure only and not the average target.

#### 4 Energy Solutions Programme Investment

Expenditure of \$11.1M was made in the Energy Solutions Programme in FY25, comprising \$11.5M of expenditure on undergrounding projects offset by \$0.4M of resident contributions for resident initiated undergrounding projects.

The FY25 Programme included the initial stage of a \$4.5M network resilience project to underground a section of 33kV subtransmission line along the Maraetai coast. The project was planned to be delivered across FY25 (\$2M) and FY26 (\$2.5M). Consenting difficulties have delayed this project and consequentially caused the expenditure shortfall in the FY25 Energy Solutions Programme compared to the \$12.5M commitment. This project is expected to be delivered in FY26 and FY27.

Vector's average expenditure in FY25 and the preceding four financial years is shown below;

Financial Year	Required Energy Solutions Programme Expenditure	Actual Expenditure
2020/21	\$10.5M	\$11.6M
2021/22	\$10.5M	\$9.3M
2022/23	\$10.5M	\$11.6M
2023/24	\$10.5M	\$10.6M
2024/25	\$12.5M	\$11.1M
<b>5 year total</b>	<b>\$54.5M</b>	<b>\$54.2M</b>
<b>5 year Average Expenditure</b>	<b>\$10.9M</b>	<b>\$10.8M</b>

As Vector did not achieve the required Energy Solutions Programme Investment (\$12.5M) expenditure in FY25, nor did it exceed the five year average (\$10.9M), therefore Vector has fallen short of its commitment under clauses 4.2 and 4.4 of the NDREOR. Notwithstanding, Vector expects to spend the \$1.4M expenditure shortfall in FY26.

With the Base Amount Index applied, the Base Amount for 2025/26 financial year (FY25/26) escalates to \$12.80M and, in accordance with clause 4.7(b)(ii) of the NDREOR, Vector requests Entrust's confirmation on this proposed amount. Further, Vector is targeting an FY25/26 expenditure of \$14.2M to recover the FY24/25 expenditure shortfall.

## 5. Achievements in 2024/25

Vector focussed the FY24/25 Energy Solutions Programme on urban undergrounding projects, together with a resilience focused rural subtransmission undergrounding project aimed at improved supply reliability to Maraetai and Waiheke.

Vector made undergrounding investments in;

- St Heliers
- Beachlands
- 33 Portland Road ROW (Remuera)
- Lawrence Street (Herne Bay)
- Campbell Road, (Maraetai)
- Newell Street (Pt. Chevalier)
- Melford Street (St. Marys Bay)
- Hauraki Road (Waiheke)
- Peacock Street (Glendowie)

Through these projects Vector invested \$11.473M in undergrounding and received \$384k in contributions from residents in Portland Road, Lawrence Street and Campbell Road for 2023/24 projects, and from Melford Street and Peacock Street for 2024/25 projects.

Projects aimed to improve the resilience of supply to Maraetai and to Waiheke have been deferred through delays securing consents. The projects involve undergrounding 33kV subtransmission and 11kV distribution circuits along Maraetai Coast Road and were planned to have investments spread over FY24/25 and FY25/26. These two undergrounding projects will now be constructed through FY25/26 and FY26/27.

Through Chorus' drive to convert residential properties from copper services to fibre, and because of the opportunity undergrounding provides Chorus to make these conversions, Chorus participated in all the FY24/25 undergrounding projects. Chorus' participation enhances undergrounding projects as it allows removal of all poles.

Auckland Transport have continued their valuable support for the undergrounding programme as well. Their support, through investment in new streetlight stands and streetlight lanterns, is necessary to replace the old streetlight brackets and lanterns that are hosted on Vector poles. Auckland Transport have however signalled a reducing budget for their investment in future years. This may be largely mitigated

through reuse of the relatively new lanterns installed through their LED retrofit programme.

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

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

The following photos depict the “before” and “after” images of some of the undergrounding works completed or progressed through the year:



**Lawrence Street, Herne Bay**





**Lawrence Street, Herne Bay**



**Campbell Road, Maraetai**





**Campbell Road, Maraetai**



**Newell Street, Pt. Chevalier**





**Newell Street, Pt. Chevalier**



**Melford Street, St. Marys Bay**





**Melford Street, St. Marys Bay**





**Melford Street, St. Marys Bay**



**Hauraki Road/Queens Drive, Waiheke**





**Hauraki Road/Queens Drive, Waiheke**



**Beachlands (in progress)**





**Beachlands (in progress)**



## 6. Residents' Initiated Undergrounding Projects

Three residents initiated undergrounding projects from 2023/24 were completed in FY24/25. Two new projects, in Melford Street and in Peacock Street, were initiated in FY24/25 and have been developed using the new contribution model.

Residents' enquiries seeking undergrounding in their street remains high. Conversion of this interest through to resident's-initiated projects involving contributions however seems to be dropping. It is not clear whether it is the current economic climate, or it is the increase in residents' contributions that has driven this drop. Notwithstanding there still seems to be enough support to develop one or two projects per year using this model.

A handwritten signature in black ink, appearing to read 'Peter Ryan', with a stylized flourish at the end.

**Peter Ryan**

Chief Operating Officer, Electricity, Gas & Fibre