

Year in review

March 2024





MacKenzie Hunter
Apprentice Electrician

Our role in the industry



Onno Mulder
Chief Executive



Andrew Barlass
Board Chair

EA Networks is a locally owned network infrastructure business operating in Mid Canterbury. Our primary role is ownership and ongoing operation and maintenance of our region's electricity distribution network and fibre optic communications network - connecting our community.

We are regulated by the Commerce Commission who set limits on our revenue and targets for network reliability.

Getting electricity to you starts with generation from sources like wind, hydro, geothermal, gas, coal and solar. Generators across the country supply electricity into the national transmission grid operated by Transpower. Transpower also plays the role of System Operator, meaning it's their job to make sure we have enough electricity from the generators to power New Zealand's total demand.

Each of the regional distribution networks connect to the transmission grid in multiple locations to supply electricity to connected customers, whether that is your home, business, irrigation pump or the local electric vehicle charging stations. This means companies like EA Networks play an important part in getting electricity to you with the least amount of disruption.

We also play a role in helping the System Operator in times of peak demand. If needed, we may be instructed to reduce electricity demand through load control in our region which generally means we turn off hot water cylinders. Most of the time people won't notice this because cylinders stay hot for hours. But if a shortfall in supply is serious, and we can't reduce the peak enough, further actions are needed such as disconnecting supply in some areas. The System Operator communicates this across the country so we are all informed about what is going on.

Multiple retailers connect customers to allow them to access electricity for their home or business. The total cost of running the electricity system across New Zealand ends up in the monthly invoice sent to customers from their preferred retailer. Everyone pays their share for what they use and how they connect - the more you use, and the bigger your connection, the more you contribute to the costs of the total electricity system.

Our role is to provide access to the electricity system, keep you connected, and work to enable electricity to be delivered reliably, no matter the conditions.



Generation

Transmission

Our power distribution network



Chloe Guthrie
Cable Joiner



Sathira Anthony
Line Mechanic

Shareholders Committee report

Dear Shareholders,

I am pleased to present the annual report of the EA Networks Shareholders' Committee for the financial year ended 2024.

Each customer shareholder holds a pivotal role in our democratic process, with one vote to elect four members of the Shareholders' Committee, in addition to the three Ashburton District Council appointees. These seven Committee members, in turn, play a crucial role in appointing Directors to the Board, representing shareholders' views, and oversight of the company's performance.

Throughout the past year, our dedicated team at EA Networks has remained steadfast in providing the best possible service to our customers. They have continued essential maintenance, responded promptly to faults, and fostered a culture of collaboration and support within the organisation. We appreciate the diligence and commitment of all staff at EA Networks, whose efforts are essential to the wellbeing of our customers across the region.

We are pleased to note a continued emphasis on improving the reliability and futureproofing of our electricity network. Projects, such as the upgrade of the rural network to 22kV exemplify our strategic asset management plan in action. These endeavours are vital for meeting growing demands and enhancing the overall reliability of our network.

Key Initiatives:

Methven highway project: We are excited about the progress made on this undergrounding project, which holds significant promise for enhancing connectivity and accessibility within the region.

Improved communication platform: The implementation of an enhanced outage communication platform underscores our commitment to transparent and effective communication with customers.



Robert Newlands
Committee Chair

Energy advocacy: Efforts to help customers save money and keep warm reflect our commitment to supporting our community.

I would like to take this opportunity to acknowledge the exemplary effort and commitment of Roger Sutton, our former CEO, who resigned at Christmas. Roger has been a stalwart presence in the industry, and we extend our sincere gratitude to Roger for the energy and enthusiasm he brought to the role and wish him the very best in his future endeavours.

As we move forward, we warmly welcome Onno Mulder as our new CEO. With his wealth of experience and leadership, we are confident in his ability to lead EA Networks to new heights of success.

Finally, I extend my heartfelt thanks to the Board, Senior Management, Staff and my fellow Committee members for their unwavering dedication and hard work throughout the year. Together, we remain passionate about supporting the success of EA Networks and ensuring that the interests of all shareholders are forefront in our interactions with the Board of Directors.

Thank you for your continued trust and support.

Warm regards,

Robert Newlands
Shareholders Committee Chair

Performance and network

Financial performance for the year was satisfactory, with operating revenue up on the prior year. However, being regulated meant that significant pass-through costs, like transmission charges from Transpower, could not be fully recovered. Whilst forecast, and despite good cost management in other areas, this impacted our profit for the year. We anticipate an improved profit in the next regulatory period commencing 2025.

We continue to prioritise investment across the region that enhances safety outcomes, resilience, and network reliability (SAIDI measurement). Alongside this, we are committed to continuing our engagement and communication with customers, particularly when outages may impact customers.

Some of our significant projects have included:

Methven highway (SH77) undergrounding

We have been progressively converting the 22kV overhead line feeder along Methven Highway. The latest stages to be completed comprised 9km along Springfield Road to Pole Road and Pole Road to Methven. The work enhances the resiliency of our network, protecting it from weather events and vegetation damage, as well as improving safety outcomes for road users on this busy state highway.

Rakaia undergrounding

Rakaia township continues to be converted from overhead to underground. This is part of our ongoing project to improve reliability, road safety and community aesthetics in urban environments throughout Mid Canterbury.

Lauriston solar

Genesis Energy and FRV Australia have formed a joint venture to construct a 47MW solar farm in the Lauriston area. This is a substantial project for EA Networks as we connect the solar farm to our distribution network. More generation is good for all electricity customers, through an increase in electricity supply. Solar also supports New Zealand's drive towards decarbonisation of the electricity system.

Improved customer communications

In response to customer feedback and to improve communications, we have created an outage reporting tool. This interactive map (available on our website) will provide information on upcoming planned outages (maintenance) and unplanned outages (faults) across our network.

Keeping customers connected

The focus on the reliability of our network enables us to achieve our primary role of keeping customers connected and providing a reliable electricity supply. When things go wrong, we aim to be there to fix it as quickly as we can and keep the electricity flowing. It's a critical role and one that we take seriously, ensuring our community has the best supply we can offer. We are incredibly proud of our electrical network performance which is one of the best in New Zealand as highlighted in our industry average comparison graph. Proudly local – EA Networks is here to support Mid Canterbury and keep our region growing.

Our role in the community

We are committed to supporting our local community, with a focus on three key areas:

Supporting education

We are proud to support the local EPRO8 competition, a yearly inter-school science and engineering competition which helps encourage the next generation of engineering and science students.

Further support is provided via our scholarship programme, with three scholarships of \$2,000 being granted each year for students looking to undertake full-time study in a field related to the electricity industry.

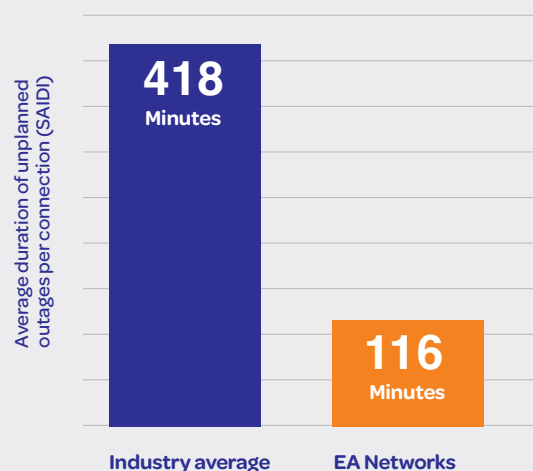
Sponsorship across Mid Canterbury

Throughout the year, we provide sponsorships to various local groups and organisations. The support we provide has helped community focused activities, such as local sporting organisations, mountain bike enthusiasts and theatre groups bringing art and entertainment to our community. We also proudly support Ashburton District Council's Glow in the Park event which brings our entire community together.

Supporting customers through energy advocacy

Energy advocacy is about ensuring our community are educated in how to help keep their homes warm for winter, with low-cost energy saving tips and advice. We work with local community agencies, providing LED lightbulbs, v-seal and other items to those with a need, and encourage everyone to make sure they are checking they are on the cheapest electricity rates by shopping around and using helpful tools like Powerswitch.

Average unplanned power outage times – industry average compared to EA Networks



Source: 2023 non-normalised unplanned outages from Information Disclosure data published by Commerce Commission

EA Networks Performance Highlights

For the year ended 31 March 2024

21,218	customer connections	▲	up 230 from last year
172.5 MW	network maximum demand	▲	up 16.5 MW from last year
306	total number of faults	▼	down 25 from last year
50.57	SAIDI unplanned (normalised)	▼	down 12.84 from last year
112.01	SAIDI planned	▼	down 9.44 from last year
0.893	SAIFI unplanned (normalised)	▼	down 0.2922 from last year
0.4052	SAIFI planned	▼	down 0.0535 from last year

*SAIDI = Average minutes a customer is without power during the year.

*SAIFI = Average supply interruptions per customer during the year.

Summary Financial Statements

For ELECTRICITY ASHBURTON LIMITED trading as EA Networks for the year ended 31 March 2024

Summary of Accounting Policies

FOR THE YEAR ENDED 31 MARCH 2024

The specific disclosures included in this summary financial statements have been extracted from the full annual report adopted by Electricity Ashburton Limited on 27 June 2024. The full annual report has been audited and an unqualified audit report has been received. The summary financial statements are in compliance with FRS-43: Summary Financial Statements. The summary financial statements cannot be expected to provide as complete an understanding as provided by the full annual report on the financial performance, the financial position and cash flows of the company. The summary financial statements have been audited for consistency with the full annual report.

Electricity Ashburton Limited is a tier 1 profit-oriented co-operative company registered under the Cooperative Companies Act 1996. The full financial statements of the company have been prepared in accordance with NZ GAAP. They comply with NZ IFRS and other applicable reporting standards as appropriate for a co-operative company and a profit-oriented company.

The company's financial statements are presented in New Zealand dollars, which is the company's functional and presentation currency.

The directors are not aware of any other matter or circumstance since the end of the financial year, not otherwise dealt with in the full financial statements, that has significantly affected or may significantly affect the operation of Electricity Ashburton Limited, the results of those operations, or the state of affairs of Electricity Ashburton Limited.

Contingent liabilities

The company has no contingent liabilities.

Summary Financial Statements

For ELECTRICITY ASHBURTON LIMITED trading as EA Networks for the year ended 31 March 2024

Summary Statement of Comprehensive Income

FOR THE YEAR ENDED 31 MARCH 2024

	2024 \$000	2023 \$000
Operating revenue		
Distribution line charge revenue	47,150	42,006
Consumer discount	(3,006)	(2,999)
Net distribution line charge revenue	44,144	39,007
Other operating revenue and other income	4,403	7,363
Operating revenue after consumer discounts	48,547	46,370
Less		
Operating expenses		
Pass-through and recoverable costs	(10,772)	(6,679)
Directors fees and shareholder committee fees	(452)	(425)
Audit fee	(142)	(107)
Employee costs not elsewhere included	(7,575)	(7,005)
Maintenance of network	(4,583)	(4,432)
Other operating expenses	(5,708)	(7,621)
Total operating expenses	(29,232)	(26,269)
Net finance costs	(3,618)	(2,111)
Depreciation and amortisation	(11,283)	(11,587)
Net profit before tax	4,413	6,403
Taxation	(2,770)	(1,798)
Profit for the year	1,643	4,605
Total comprehensive income	1,643	4,605

Summary Statement of Changes in Equity and Members' Interests

FOR THE YEAR ENDED 31 MARCH 2024

	2024 \$000	2023 \$000
Opening retained earnings	190,363	185,758
Total comprehensive income for the period	1,643	4,605
Closing retained earnings	192,006	190,363
Rebate shares	1,546	1,489
Members interests	31,484	31,484
Total retained earnings and members' interests	225,036	223,336

Summary Statement of Financial Position

AS AT 31 MARCH 2024

	2024 \$000	2023 \$000
Current assets	15,586	17,002
Non-current assets	310,143	304,934
Total assets	325,729	321,936
Current liabilities	6,946	7,068
Non-current liabilities	93,747	91,532
Total liabilities	100,693	98,600
Net assets	225,036	223,336

Summary Statement of Cash Flows

FOR THE YEAR ENDED 31 MARCH 2024

	2024 \$000	2023 \$000
Net cash flow from operating activities	17,427	12,033
Net cash flow from investing activities	(14,086)	(14,716)
Net cash flow from financing activities	(3,663)	2,684
Net (decrease)/increase in cash on hand	(322)	1
Opening cash and cash equivalents on hand	242	241
Closing net cash and cash equivalents on hand	(80)	242



REPORT OF THE INDEPENDENT AUDITOR ON THE SUMMARY FINANCIAL STATEMENTS

To the members of Electricity Ashburton Limited (trading as "EA Networks")

The summary financial statements comprise:

- the summary statement of financial position as at 31 March 2024;
- the summary statement of comprehensive income for the year then ended;
- the summary statement of changes in equity and members' interests for the year then ended;
- the summary statement of cash flows for the year then ended; and
- the summary of accounting policies.

Our opinion

The summary financial statements are derived from the audited financial statements of Electricity Ashburton Limited for the year ended 31 March 2024.

In our opinion, the accompanying summary financial statements are consistent, in all material respects, with the audited financial statements, in accordance with FRS-43: *Summary Financial Statements* issued by the New Zealand Accounting Standards Board.

Summary financial statements

The summary financial statements do not contain all the disclosures required by New Zealand equivalents to International Financial Reporting Standards (NZ IFRS). Reading the summary financial statements and the auditor's report thereon, therefore, is not a substitute for reading the audited financial statements and the auditor's report thereon. The summary financial statements and the audited financial statements do not reflect the effects of events that occurred subsequent to the date of our report on the audited financial statements.

The audited financial statements and our report thereon

We expressed an unmodified audit opinion on the audited financial statements in our report dated 27 June 2024.

Information other than the summary financial statements and auditor's report

The Directors are responsible for the Year in Review report. Our opinion on the summary financial statements does not cover the other information included in the Year in Review report and we do not express any form of assurance conclusion on the other information.

In connection with our audit of the summary financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the summary financial statements, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the summary financial statements

The Directors are responsible, on behalf of the Company, for the preparation of the summary financial statements in accordance with FRS-43: *Summary Financial Statements*.

Auditor's responsibility

Our responsibility is to express an opinion on whether the summary financial statements are consistent, in all material respects, with the audited financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (New Zealand) 810 (Revised), *Engagements to Report on Summary Financial Statements*.

Our firm carries out other services for the Company in the areas of assurance over compliance with regulatory requirements of the Commerce Act 1986. The provision of these other services have not impaired our independence as auditor of the Company.

Who we report to

This report is made solely to the Company's members, as a body. Our audit work has been undertaken so that we might state those matters which we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report or for the opinions we have formed.

Chartered Accountants

4 July 2024

Christchurch

ANNUAL REPORT

A copy of the full annual report can be downloaded from eanetworks.co.nz/disclosures or collected from our office; 22 JB Cullen Drive, Ashburton Business Estate, phone 0800 430 460 during business hours.



Ian Fox Reynolds
Line Mechanic

Sathira Anthony
Line Mechanic



Advanced Distribution Management System

Financial



- \$17.7M Total capital spend
- \$325.7M Total assets

Network



- 3,131km Overhead lines and cables
- Average customer outage duration 50.57 minutes

Community



- \$3.0M Discount returned to customers
- \$170,000 Sponsorship and energy advocacy

Annual General Meeting

The Annual General Meeting of shareholders of EA Networks (Electricity Ashburton Limited) will be held at Hotel Ashburton, 11 Racecourse Road, Ashburton, on 29 August 2024 at 5:00pm.

Notice of AGM is included as an insert.

SHAREHOLDERS COMMITTEE

Robert Newlands (Chair)
Jeanette Maxwell
David Ward
Anne Marett
Alister Lilley
Tony Potts
Stuart Begg

BOARD OF DIRECTORS

Andrew Barlass (Chair)
Paul Munro
Richard Fitzgerald
Janine Holland
Cole Groves
Rob Jamieson
Dita Ciulacu (Intern Director - IoD)

MANAGEMENT

Onno Mulder: Chief Executive
Cindy Meadows: People & Capability Manager
Myles Connew: General Manager Field Services
Jeremy Adamson: General Manager Customer & Commercial
Nigel Thomson: General Manager Finance
Pete Armstrong: General Manager Network

AUDITOR

PricewaterhouseCoopers
Level 4, 60 Cashel Street
Central Christchurch
Christchurch 8013

Cover image: Fairton Substation

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EA networks