

**MINUTES
Of the TWENTY SEVENTH ANNUAL MEETING
Of the TRUSTEES AND BENEFICIARIES
Of COUNTIES ENERGY TRUST**

**Held at the Counties Manukau Rugby Football Union
Navigation Homes Stadium, 21 Stadium Drive, Pukekohe**

On Monday 29th August 2022 at 5:30pm

**TRUSTEES
PRESENT**

Christine Rupp (Chair) and Messrs Phil Beston, Don Thomson and Mike Marr.

IN ATTENDANCE

Counties Energy Limited – Board of Directors

Vern Dark (Chair)
Hamish Stevens
David Tompkins
Ben Iosefa

Counties Energy Limited – Executive Leadership Team

Judy Nicholl (Chief Executive)
Conrad Harvey (Group Chief Financial Officer and Secretary)
Tracey Kay (GM Safety, Culture and Sustainability)
Paul Blue (GM Network)
Dale Carline (GM Network Operations)
Andrew Toop (GM Commercial)

RSM Hayes Audit

Mwauluka Mubano (Senior Manager – RSM Hayes Audit)

(A total of 37 Consumers were present, as per the attendance list, plus 8 Observers).

APOLOGIES

Alan Eyes (Trustee – Counties Energy Trust)
Keith Watson (Director - Counties Energy Limited)
Moonis Vegdani (Group Chief Strategy and Transformation Officer)
Brian Littlewood
David Spratt
Dianne Lasenby
Paul Voorburg
Romi Patel

WELCOME

Mrs Rupp (Chair) welcomed all those present including past Trustee, David Walter, and introduced the present Trustees before her informal address to Consumers.

She gave a brief overview of the history of the formation of the Trust, 27 years ago, from the old company - Franklin Electric Power Board. The Trust owns 100% of Counties Energy Limited which are held by five Trustees, who are elected by Consumers. Two Trustees either stand for re-election or retire every two years on a rotational basis.

Mrs Rupp explained the role of the Trustees is to:

- appoint Directors
- monitor the performance of the Company
- participate in the direction of the Company through the Statement of Corporate Intent
- seek independent advice for major issues
- hold the interest of Consumers above the interest of other parties

Further, she explained that the role of Trustees is one of oversight, and Trustees cannot interfere with the management of the Company.

Mrs Rupp highlighted there is a good relationship between the Trust and the Board of Directors, with open dialogue and frequent communication being key.

A '2x2' monthly meeting continues to be held - Mrs Rupp (Trust Chair) and a Trustee meet with Vern Dark (Board Chair) and Judy Nicholl (CEO) to keep the Trust informed of the Company's activities.

The Trustees attended industry related meetings and conferences with Energy Trusts of NZ, and Downstream to stay well informed about energy affairs in NZ and throughout the world. International Speakers provide updates on the energy market which involves NZ and offshore companies.

The Trustees nominated Mrs Rupp to the Executive Committee of "Energy Trusts of New Zealand" and she was duly elected in March 2022.

In December each year eligible Consumers receive a discount on their electricity bill which the Trustees believe is the most tax efficient way for Consumers to receive a return.

Mrs Rupp congratulated the Company on their excellent 'bottom line' result, and their forward-thinking. The Company has been recognised in its industry as finalists at New Zealand Energy Excellence awards for the past four years; and won Network Initiative of the Year in 2019.

The Company is involved with community sponsorship, including: Rugby (Women & Men), Northern Stars netball, School agricultural days, Coastguard, Swimming for children, and Christmas Lights at Glenbrook Vintage Railway.

In accordance with the Trust's deed, the Trustees must undertake an Ownership review every 10 years, to review the Ownership structure and to seek Consumers' feedback.

The alternative to Trust ownership is that the Company may be sold.

The Ownership Review Report will be placed on the Trust's website for review by Consumers and for submissions to be made.

Mrs Rupp asked for a show of hands as to whether Consumers considered it unnecessary to hold a separate meeting about the 10 year Ownership Review. No hands were raised.

In closing, Mrs Rupp thanked the Company's Board, Management and Staff for their contributions and work this year; and extended her thanks to her fellow Trustees and the Secretariat Team at Red Office.



Chair

Mrs Rupp next declared the meeting 'open' for the commencement of formal proceedings and she noted that a quorum existed. Apologies were read and taken.

Mrs Rupp informed attendees that Consumers could speak at the meeting and may only vote on specific resolutions; appointing the Auditor and the fixing of their remuneration. She explained that any statements made by Consumers at the meeting will be recorded so that Trustees may give due consideration and be in contact afterwards.

MINUTES

Resolution

Moved Mr D W Thomson

Seconded Mr P S Beston

That the minutes for the Twenty Sixth Annual Meeting of the Trustees and Beneficiaries of Counties Power Consumer Trust (now known as Counties Energy Trust) held on 8 December 2021 having been circulated and taken as a true and correct record at a meeting of Trustees held on 21st March 2022, now be confirmed.

CARRIED UNANIMOUSLY

ANNUAL TRUSTEES' REPORT

Resolution

Mrs Rupp took the position that all present will have read the circulated narrative of the Annual Report.

Moved Mr M J Marr

Seconded Mr D W Thomson

That the Annual Report for the year ended 31 March 2022 be received.

CARRIED UNANIMOUSLY

APPOINTMENT OF AUDITOR

Resolution

The incumbent audit firm, RSM Hayes Audit, indicated they were available for reappointment.

Moved Mr R Robertson

Seconded Mr G Cousins

That RSM Hayes Audit be appointed as the Trust's Auditor for the ensuing year.

CARRIED WITHOUT DISSENT

REMUNERATION AND EXPENSES OF AUDITOR FY 2023

Resolution

Moved Mr R Robertson

Seconded Mr D Walter

That the fees (including expenses) of RSM Hayes Audit be fixed at \$24,725.00 including GST for the audit of the Consolidated Financial Statements for the year ending 31 March 2023.

CARRIED WITHOUT DISSENT

REMUNERATION OF TRUSTEES

Resolution

Moved

Mr P S Beston

Seconded

Mr D W Thomson

That, effective 1 September 2022, the base annual remuneration of Trustees is increased by 5% from \$100,800 (excluding meeting fees) to \$105,840 (excluding meeting fees), to be divided by the Trustees as they see fit; and meeting fees, including special events as approved by the Trustees, for each attending Trustee remain at \$300, with the Chair meeting fee remaining at \$100.

CARRIED UNANIMOUSLY

SPECIAL BUSINESS

Any matter, other than those attended to above, is deemed to be special business and which requires no less than 28 days notice in writing to the Secretary. The Secretariat team advised they had received no such notice.

FINANCIAL STATEMENTS AND AUDITORS' REPORT

Resolution

Moved

Mr M J Marr

Seconded

Mr D W Thomson

That the Consolidated Financial Statements and Auditor's Report for the year ended 31 March 2022 be received.


CARRIED UNANIMOUSLY

Mrs Rupp invited CEL's Chair, Mr Vern Dark, to speak about Counties Energy.

Mr Dark explained that the Company was affected by the lingering effects of Covid that impacted 2022, and it was a compliment to the Staff, who rose to the challenge which also tested systems and processes, that it was almost 'business as usual'. Capital and maintenance programmes planned for late 2021 were deferred in consideration of Consumers who were staying at home during the Covid wave, so that they would not also be disadvantaged by planned outages. Works were restarted early in 2022 to enable the Company to keep up with its planned capital programme.

Overall, it was a very successful year, with a record profit, although Mr Dark pointed out to Consumers that this should not set expectations for next year, as the result was mainly due to a large number of new connections which may not be the case next year.

Safety and injury frequency monitoring continues to be an area of focus and injuries had decreased from the previous year. The aim is to achieve zero harm, and Mr Dark acknowledged that the Company still has a 'way to go' and it will require continuous vigilance to succeed.



Chair

During the year, the Company changed its name from Counties Power to Counties Energy, after due consideration. The energy industry is changing rapidly and while the core business of CE is that it is a lines company, it is also important to focus on the future, i.e.:

- o New forms of energy
- o Customer choice i.e. EV charging app 'OpenLoop'
- o Future direction is to move from being a Distribution Network Operator to a Service Operator. Instead of being solely a lines company, to meeting Customer requirements, e.g. solar power could be 'sold' by Consumers for Peer-to- Peer trading, with the Company providing the system in-between.

Mr Dark explained that the role of TransPower is to balance out the nation's electricity demand with available supply, and if Counties Energy moved from being a DNO to a DSO, will need to do the same and look at local generation as well as input from the main grid.

The Company has future plans to collaborate with northern energy groups to establish a trading basis.

The Company's main business is to grow the economic wealth of the district, and provide a return for Shareholders. In the financial year ended 31 March 2022 the Company spent \$70m (2021: \$52.5m) on capex, mainly on upgrading lines and buying land.

There is a new zone substation being built at Bombay. and the Company is also having to upgrade the Company's Scala IT system. Improvements are being made to improve network reliability and to increase capacity for growth. There is still a long way to go. One of the new technologies is LiDAR (Light Detection and Ranging) using laser devices to detect line obstructions.

Financially, it was a record year for CEL. Key figures were noted as follows:

- o Income grew to \$159m, including subsidiary ECL Group. \$93m was from lines revenue.
- o EBITDA was \$63.3m, of which the majority is attributed to the lines business.
- o Net Profit was \$26.2m
- o Annual discount paid out in December was \$12.5m.

Other factors that affect performance are that Counties Energy has:

- o multiple Customers on one line
- o dealt with a high number of car vs power pole accident outages in the district
- o planned a high number of 'outages' to accommodate increased growth.

As well as continuing with community sponsorship, Counties Energy has been working with various agencies to address energy hardship, and the Company will be providing insulation for 100 homes.

Looking ahead to next year, the Company plans to engage with Customers more directly. This is a challenge because our Consumers are the Customer of the Electricity Retailer (e.g. Genesis, Contact, etc.) Through the use of the smart meter technology, the Company plans to make direct contact with Consumers to be able to meet their needs and expectations.

The Company is planning to spend \$84.5m next year (2022: \$70m) and with increased borrowings there will still be a good relationship between equity and debt. Capital contributions for new connections are expected to be lower in the coming year at \$17.5m (2022: \$25.8m) with profit of \$17.6m (2022: \$26.2m).

Mr Dark concluded that it is overall a very good result, with still a long way to go, and one thing to expect is constant change. Counties Energy is currently 'in front' and needs to stay in front.

The Trust's Chair, Mrs C Rupp, thanked Mr Dark for his speech.



Chair

Mrs Rupp invited questions from the floor for Trustees or Directors.

Consumers' Questions:

1. Mr Ross Robertson (Consumer)

What can be done about the car versus power pole accidents?

Is it possible to make contact with NZTA to see what action can be taken?

e.g. along his road, reflective poles have recently been installed which makes a huge difference travelling in "trouble spots". In context, he does not see this as a major expense.

Mr Dark (Chair, CEL) responded:

CEL has talked to the Council and to the Police, and further explained that the problem also occurs on straight roads. Mr Dark expects that Driver education and cognisant driving are key.

Mr Paul Blue (GM Network, CEL) also responded:

CEL has recently looked at data for the past 10 years provided by NZTA and the Police. The purpose was to ascertain the number of car versus pole accidents as well as near-misses within 30m proximity of power poles. When building or changing the network, these factors are incorporated into the design process. The Company has also proactively made improvements when fixes are needed. For example, the Kingseat roundabout, fixes were built in to correct a number of changes already identified as necessary, as this was the worst area of the network.

2. Mr William Henderson (Consumer)

Mr Henderson is the Caretaker of Te Kohanga Primary School, and recounted his efforts for the past 2 ½ years to get the trees trimmed at the corner of the road.

Two weeks ago the tree fell down and took all the electrical wires with it. As a result, the whole of Te Kohanga experienced an outage.

CEL staff came and only trimmed half the tree, with the remaining half on the other corner on top of the power pole. After enquiries he noted that CEL management's response were that they were limited to cut only the part of the tree that is causing obstruction.

Mr Henderson further requested that CEL attend and cut the tree down.

Mrs Rupp apologised and asked the Company's management to respond.

Mr Paul Blue (GM Network, CEL) responded:

Mr Blue apologised and pledged to look into this specific situation. He further explained that there are rules and regulations for trimming / cutting down trees. Where there are out of zone trees, the Company has no legal right to cut it down. In these cases, the Company must seek the Owner's permission. For in zone trees, the Company has a legal ability to cut / trim within a certain distance.

Judy Nicholl (CEO, CEL) also responded:

The CEO thanked Mr Henderson for raising this issue and spoke to this point and also to the matter about cars versus power poles. She put forward that CEL has been lobbying the Council for changes to regulations about trees near power lines for at least the past 5 years, and is seeking collective community support for these changes as well as measures to address driver speed. CEL staff are sent out to isolate power lines at fatal car accidents. CEL is the first group to want to see change, and welcomes ideas about how we can work together.

J Nicoll continued that CEL wishes to share information with Consumers and prioritises "getting things right", but not at the risk of anyone's safety.

The Company cares about Consumers and their situations and put forward that the Company doesn't always get things right, but will press on to find a solution.

CEL's key value is safety, and staff have the Company's permission to stop work if a job is not safe. There are no second chances with live lines.

We take on feedback for what can be done better, and invite Consumers to work with us so that we can collectively make improvements.

3. Mr David Walter (past Trustee and Consumer)

Mr Walter shared that he has experienced 60 outages this year. He has lived in the area for 75 years, and in the same house for over 50 years. This has been the worst year for power outages.

Judy Nicholl (CEO, CEL) responded:

The CEO thanked Mr Walter for raising this issue and referred to an earlier conversation with Mr Walter, where it was stated that CEL has known about this issue for a long time, but had not kept the Community informed about what it was doing about it. She confirmed that the Trustees had communicated with the Company on these matters.

J Nicholl accepted the challenge that by this time next year, Mr Walter can expect an improvement to his current situation.

Mrs Rupp (Chair) commented:

A Community meeting had been held at Onewhero, led by Judy Nicholl and Paul Blue, supported by Trustees, Christine Rupp and Phil Beston.

4. Mr Ross Robertson (Consumer)

With regard to increased growth, what provision has been made for an increase in capacity? And what is the likely impact of possible outages?

Mr Paul Blue (GM Network, CEL) responded:

Not all of the network is 22KV, the money that is being spent and work that is being done in the Bombay area will convert the rest of the network to 22KV which will improve the reliability of the network in that area. 22KV allows capacity in the feeders for when EV charging comes on.

5. Mr Maurice Hoskins (Consumer and ex Planning Engineer, CEL)

Mr Hoskins shared that he had read the Asset Management Plan and noted that the Company is to proceed with the Quarry Rd (Drury) substation in due course. He posed some technical planning questions and *Mrs Rupp replied that this is quite detailed and the Company would respond at a later date.*

6. Mr Maurice Hoskins (Consumer and ex Planning Engineer, CEL)

Mr Hoskins raised the matter of the 100 year anniversary of CEL. He shared that the founder of Franklin Electric Power Board was Lionel Sharp. Could the new building be called 'Lionel Sharp House'? *Mrs Rupp replied that this request will be considered.*

7. Mr Murray McNaughten (Consumer)

Mr McNaughten introduced himself and shared that he lives in Waiuku and is particularly heartened to hear the Company's enthusiasm for the future of energy, and having read the Minutes of last year's meeting.

He is interested in the Company's vision to keep up with technology, it's desire for carbon neutrality, and move towards becoming a DSO.

Mr McNaughten put forward that there is surplus land available around Auckland that has potential as energy farms and it may be possible for the owners to partner with lines companies to invest in solar power or wind farms.

Is Counties Energy in a position to investigate and advise Consumers as to the likely return for their investment?

Mr Dark (Chair, CEL) responded:

CEL is investigating these possibilities and invited Mr McNaughten to discuss this afterwards.

Mrs Rupp thanked everyone for coming and invited everyone to stay for drinks and light refreshments.

The meeting concluded at 6.30pm

Read and confirmed this 5 day of April 2023.

Chair

