



**Report**                    **05.482**  
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**Committee**            **Utility Services**  
**Author**                **Murray Kennedy, Acting Divisional Manager, Utility Services**

## **Network Company Line Services Agreement**

### **1. Purpose**

To obtain approval to enter into a 5 year Network Company Line Services Agreement.

### **2. Significance of the decision**

The matters in this report do not trigger the significance policy of the Council or otherwise trigger section 76(3)(b) of the Local Government Act 2002.

### **3. Introduction**

In the Wellington area most electricity users pay one electricity account to their electrical energy provider. This account is both for electrical energy and the provision of network and transmission services. The energy provider then pays the network company and Transpower separately for network and transmission services.

If there is no shortage of electrical energy, any unintended interruption to power supply to a consumer's premises will be because of problems with the network or transmission services. Therefore, these services are particularly important to a water supply operator, such as Greater Wellington Water (GWW) which is attempting to supply a continuous product. For this reason, several years ago, GWW entered into a network agreement with UnitedNetworks Limited for the provision of network and transmission services. Electrical energy is bought through a separate contract and Council recently approved the entering into a new 4 year contract for this.

The current Network Services Contract expired in May this year and has been rolled over in the interim pending negotiations on a new contract. These have now been completed.

#### **4. Network Services Contract**

The new Network Services Contract is very similar to the previous contract but has been refined as a result of experience in the electricity industry over the last 5 years. The main purpose of the contract is to ensure there is a good relationship and communications between GWW and UnitedNetworks. This ensures that they are able to respond with either information or field staff as quickly as possible following an issue with the network system.

Likewise, GWW is able to assist UnitedNetworks from time to time when there are problems in the network system. It is necessary to run the GWW standby generators each month for testing purposes and sometimes this can be combined with requests from UnitedNetworks.

#### **5. Network Costs**

Because UnitedNetworks, which is now the Wellington trading name for Vector Ltd, is a monopoly provider, the price components it charges each customer are identical for the same level of service. Therefore, GWW pays the standard network charges, which are published by UnitedNetworks from time to time. Even so, the cost of the network services is approximately \$1M a year or \$5M over the term of the proposed contract. The network account also includes an amount related to Transpower's transmission services.

#### **6. Communication**

There are no communications issues arising from this report.

#### **7. Recommendations**

*That the Committee:*

- 1. **Receive** the report.*
- 2. **Approve** the entering into a 5 year network and transmission services contract with Vector Limited.*

Report prepared by:

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