

# Auckland Electricity Consumers Trust Electricity Network Review – Request for Proposal

## Background

As a requirement of the Auckland Electricity Consumers Trust (AECT) deed, Vector management is required to provide a report from an independent expert to advise on the state of the Auckland Electricity reticulation assets. For the forthcoming report the AECT has requested the study be extended to include all of Vectors electricity reticulation assets (that includes the assets in the Northern network).

Vector is requesting proposals for the preparation of this report, as described below.

## Scope

The scope of work required is to prepare a report on:

- the state of Vectors electricity assets across its Auckland and Northern networks with regard to maintenance programmes and the appropriateness of expenditure levels;
- any need for the upgrading of Vectors electricity assets, taking into account what is already being planned by Vector management;
- the capacity of Vectors electricity assets in relation to forecast demand; and
- any security risks to Vectors electricity assets.

It is expected that preparing the report will require a review of existing Vector plans and policies, forecasts, and expenditure profiles, as well as field inspections of typical Vector assets and interviews with technical and management staff. Vector will assist with the provision of the required information and to facilitate interviews and field visits.

To form an idea of the scope of the review, the following particulars about the Vector electricity network can be noted:

- The geographical area covered by Vector's electricity networks is indicated overleaf.
- Vector had 528,000 customers. 8,000 GWh of electricity was distributed across the network over the year ending 31 March 2010, with the peak coincident demand sitting at 2,200MVA.
- The network comprises 10,300km of overhead lines and 11,700km of underground cables (all voltages). Installed transformer capacity is 5,100MVA.



## Deliverables

A report is to be prepared for the AECT, addressing the four points raised above and including a section that identifies areas for improvement. The draft report will be submitted to Vector management for review prior to the report being finalised. Upon acceptance of the final report, a letter summarizing the findings suitable for publication on the AECT website will be supplied.

## Timing

The following are the milestones associated with this project:

## Part A

- Draft report due 25 August 2010
- Final report due 1 September 2010
- Covering letter to the AECT 28 September 2010  
(this is in expectation of Vector's board approving the report at its 24 September meeting)

In the proposal, it should be confirmed that the consultant can meet this required timeframe.

## Cost

The consultant is to provide a quotation for the preparation and delivery of the report, separately identifying costs and taxes. For taxation purposes it is necessary to separate the costs associated with the components of work completed overseas and that completed in New Zealand.

All required disbursements should also be included in the quotation. This should include provision for a presentation to the Vector board or senior executive during September.

## Confidentiality

Vector is a listed company and the consultant will be reviewing material which is not available to the public. The AECT report must be written on the assumption that it may be made public. The AECT letter will certainly be made public. It is therefore important that the report is written in a manner that will not release information that could contravene stock market regulations, or affect Vector's share price or reputation.

## Contract

Vector has a standard form for consultancy agreements, sample attached.

## Parties involved

The proposal should indicate the primary parties who will be assigned to this project, describing their relevant experience and qualifications for the work.

## Other considerations

Vector has embarked on an internal project to prepare for a possible Customised Price-path (CPP) regulatory application in 2012. It is likely that we will require consulting support to help us with the preparations for this, which could include an overview of our investment planning and the expenditure information submissions to the Commerce Commission that such an application would involve.

While this request for proposal does not include a requirement for future CPP assistance, there is likely to be benefit to Vector if the current assignment can form a basis on which a future appointment to assist with the CPP application process can be developed.

Clearly, the understanding of Vector's assets and processes that would be obtained from this current assignment would be very valuable for future reviews. It is therefore important to indicate in the proposal whether the principal parties intended to work on this assignment could be made available for future assistance to Vector (assuming that reasonable advance notice of our requirements would be given).