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Report No. 02.611

4 October 2002

File: O/02/01/10

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Report to the Utility Services Committee
from David Benham, Divisional Manager, Utility Services

Divisional Report

1. Purpose

To:

- Comment on the Utility Services Division financial performance for the two months ended 31 August 2002.
- Receive the attached activity reports to 31 August 2002 (Attachment 1).
- Outline various areas of interest or activity.

2. Divisional Performance for Two Months Ended 31 August 2002

2.1 Water Supply

While we are only two months into the new financial year, there do not appear to be any adverse variances apparent to date.

2.2 Plantation Forestry

The results for the two months have been adversely affected by two factors - lower volumes and roading costs. Both these areas are addressed later in some detail in the manager's report. Suffice to say here that in future years we will not attempt to haul logs along the full length of the road over the June/July/August winter months. Next year we do fortunately have the option to harvest logs closer to entrances to Valley View Forest.

It is pleasing to report that with the better weather full access is available and the

requirement for road maintenance is significantly reduced. The two harvest crews are producing around 10 loads per day. This should be reflected in the figures over the next few months.

Last Year to Date		Year to Date Actual \$000s	Year to Date Budget \$000s	Year End Forecast \$000s	Year End Budget \$000s
Water Supply					
4,415	Income	4,328	4,344	26,032	26,032
3,869	Expenditure	3,814	4,252	25,468	24,468
546	Operating Surplus	514	92	564	564
136	Operations	47	-	-	-
149	Strategy and Asset	350	-	-	-
234	Support Services	106	(1)	1	1
18	Engineering Consultancy	9	(1)	1	1
9	Laboratory Services	2	94	562	562
546	Operating Surplus/(Deficit)	514	92	564	564
Plantation Forestry					
606	Income	479	525	3,151	3,151
714	Expenditure	796	563	3,375	3,375
(108)	Operating Surplus/(Deficit)	(317)	(38)	(224)	(224)

3. EECA Award

The Energy Efficiency and Conservation Authority (EECA) awards ceremony was held in Auckland on 26 September. This year there was 119 entrants in 10 categories. The system optimiser that controls The Water Group's Waterloo and Wainuiomata Water Treatments Plants was entered in the Innovation section. A highly commended award was received for this project. This award follows the Gold Award recently received from the Association of Consulting Engineers.

Murray Kennedy accepted the award from the Minister of Energy on behalf of The Water Group. Beca Consultants won the Innovation section for the very efficient design of an air conditioning system in a Christchurch mall. Coincidentally Beca Consultants were also involved in the optimiser project.

Winner of the EECA Supreme Award was the Christchurch City Council.

4. **Electricity Governance Board**

As a result of deregulation of the electricity industry in New Zealand, the governance structure for various aspects has become fragmented.

In December 2000 the Government released a Government Policy Statement requiring a single industry Electricity Governance Board to address a number of issues.

In preparation for this, an establishment board was formed, chaired by The Hon. David Caygill. It has been working on rationalising the set of rules covering the retail electricity market, wholesale electricity market, common quality and elements of transmission. In September this year the Commerce Commission authorised the new industry arrangements with some conditions.

The Electricity Governance Establishment Board has advertised for consumer groups to register, so they can vote for the directors of the new Electricity Governance Board.

Consumer groups will be allocated 33,333 votes (one-third of the total). Electrical energy consumption by The Water Group would allow an allocation of at least 19 votes. Registration of interest closes on 28 October 2002. The application requires evidence that the person making an application holds a mandate from the group they represent.

4. **Recommendations**

- (1) *That the report be received and the information noted.*
- (2) *That the Committee approve officers registering the Wellington Regional Council as an electricity consumer, so the Council can vote for the directors of the Electricity Governance Board.*

Report prepared by:

DAVID BENHAM
Divisional Manager, Utility Services

Attachment

- 1 Utility Services Division's Activity Reports to 31 August 2002