

## Our History – Time to look back

The story of electricity supply to the Nelson region has always been a complex and dramatic tale but never has there been so much growth and change in as short a time as these past years. We stop and look back on the tremendous achievements of the 1990s and the transformation of Network Tasman limited into a successful commercial enterprise, providing excellent service and returns to its consumer shareholders.

Network Tasman was created as a result of the 1998 government restructuring of the electricity industry, which prevented power companies from owning both an electricity supply business and an electricity distribution business.

In this region, the former Tasman Energy Limited chose to retain ownership of the distribution business and renamed it Network Tasman.

To comply with the legislation the supply business was sold to Contact Energy Limited, effective from December 1998.

### The Heritage of Power

The company's commercial success is the latest chapter in the history of power supply to the wider Nelson region. Its achievements rest on the shoulders of nine decades of development by determined individuals and local bodies.

The first electricity supplier in the region was a Kohatu farmer Robert Ellis, who in 1908 introduced electric power to his home. Three years later he had secured the region's first licence to commercially supply electricity, using the waterwheel of a Brightwater flourmill. His company, the Waimea Electric Supply and Manufacturing Co., continued as an independent supplier of the Waimea Plains area until 1933. Although Ellis' operation was the first, other electricity generation was soon set up, mostly under the wing of the local authorities. The Motueka Borough Council's suction gas plant started producing electric power in 1921 and the next year the Murchison County Council's Six-Mile hydroelectric scheme was commissioned, followed by the Nelson City Council's steam powerhouse which became operational in 1923.



The first electricity supplier in the region was at Kohatu by farmer Robert Ellis in 1908

The electricity supply was, however, soon under great pressure. Even though domestic use of electricity was generally limited to evening lighting only, the piecemeal generation network could not meet the growing consumer demand.

In 1929 the Waimea Electric Power Board was formed and almost immediately absorbed the Brightwater and Motueka plants, adding a hydroelectric scheme in the Brooklyn Valley. Over in isolated Golden Bay, the Golden Bay Electric Power Board was formed in 1925, which commissioned the Pupu hydroelectric scheme in 1929. Although there was widespread belief the region needed a major hydro scheme, this was made impossible by economic depression and then the outbreak of World War 1. The Nelson region had to soldier on with small schemes and supplementary supplies until the Cobb scheme, started in 1935 by the Australian Hume Company, was commissioned in 1944 after being completed by the government of the day.

The post-war period was a time of expanding distribution and technological innovation and improvements. Meeting power demand was still a problem. In 1951 the Murchison County Council commissioned a hydro plant on the Maruia Falls, but major relief came only with the 1958 connection to the national grid.

Until the early 1980s the focus remained on building and improving the region's network, a process aided by amalgamation of the remaining suppliers.

Although the Nelson City Council electricity undertaking has always remained separate, in 1963 the Waimea Electric Power Board merged with Murchison's electrical undertaking and then in 1976, the Waimea and Golden Bay electric power boards amalgamated, forming a new body, the Tasman Electric Power Board. In 1988 this board changed its name to Tasman Energy, heralding the change of direction that would occur during the 1990s.

In 1990 the government appointed experienced directors to replace the elected boards of regional power authorities and municipal electricity departments. The five directors appointed to Tasman Energy faced a mammoth task; the application of commercial principles to a local authority servicing an area of more than 12,000 square kilometres.

### **A New Company, but Whose?**

One of the fundamental issues they had to address was that of ownership. The Government was proposing legislation that would require all power authorities to be run as separate companies. This was passed as the Energy Companies Act in 1992. The question was should Tasman Energy:

- Form a publicly-listed company owned by private interests?
- Form a company with shares vested in the local authority?
- Form a company with ownership vested with electricity customers?

Tasman Energy took the view the community should not lose control of what was in essence a natural monopoly.

In 1992 directors recommended the establishment of a customer trust, which would hold all the new company's shares on behalf of consumers.

The public consultation that followed eventually gave the thumbs up to this proposal and the Tasman Electric Power Trust was established. In 1996 the trust ownership structure was reviewed, as required by the company's establishment document and trust deed and continued with widespread support.

In 1998, following the establishment of Network Tasman Limited, the trust was renamed the Network Tasman Trust, to reflect the new company name and in 2001 another ownership review confirmed continued consumer support of the trust structure.

### **Becoming Customer Oriented**

During the 1990s the emphasis was shifted from engineering to customer service. The engineering work force was gradually reduced in size and new management personnel with business experience were introduced, as were sophisticated information systems capable of supplying analysis to management.

With the new corporate structure came different work methods that recognised and supported the skill of every staff member giving employees responsibility for their own areas of expertise. The aim was to achieve the necessary change without killing the spirit of the organisation - in effect to build on the pride staff had in the region's network and the history of service performed by the company's predecessors.

In its six years of existence Tasman Energy achieved a radical turnaround in financial performance, based on the changed organisation structure and focus introduced by the new directors and company managers.

Since the establishment of Network Tasman Limited in December 1999 the company has continued its successful performance, being ranked in 2001 as Number two out New Zealand's 30 electricity distribution companies in an independent analysis by Ernst and Young. It continues to credit consumers each year with a considerable lines charge discount and in 2000 its owner, the Network Tasman Trust, distributed a one-off payment to its beneficiaries and has continued to do so.

## A Timeline of Achievement

- 1908 Robert Ellis wires up his farmhouse for electric lighting and power.
- 1909 Public Works Act passed, requiring all power suppliers to be licensed.
- 1911 Robert Ellis obtains first licence to supply power to Brightwater.
- 1918 Robert Ellis' flourmill and electricity supply business leased to a syndicate comprising E Higgins, E McPherson and W Newth.
- 1921 Motueka Borough Council suction gas plant begins to supply electric power.
- 1922 Murchison County Council's Six-Mile hydro station opened.
- 1923 Nelson city's steam-powered powerhouse on Wakefield Quay commissioned.
- 1924 The Waimea Electric Supply and Manufacturing Co Ltd formed, involving Kohatu farmer Robert Ellis and other directors.
- 1925 First meeting of the Golden Bay Electric Power Board
- 1929 Golden Bay hydroelectric station (Pupu) commissioned. First meeting of the new Waimea Electric Power Board.
- 1933 Waimea Electric Power Board takes over Waimea Electric Supply and Manufacturing Co undertaking.
- 1934 Brooklyn hydroelectric station opened. Waimea Electric Power Board takes over Motueka Borough Council electricity undertaking.
- 1935 The Australian Hume Co begins development of Cobb Valley power scheme.
- 1940 Government takes over development of Cobb scheme.
- 1944 Cobb Valley power scheme commissioned.
- 1946 Waimea becomes first power board in New Zealand to be granted a licence for radio-telephone communication between offices and vehicles.
- 1951 Hydroelectric generation begins at Maruia Falls.
- 1954 Major extension to Cobb scheme completed. Water heater, street lighting and off-peak rhythmic power control introduced.
- 1958 Nelson region connected to national grid via Kikiwa link.
- 1960 Stoke subdivision becomes first in board area to be reticulated with underground cables.
- 1962 Waimea Electric Power Board connects 10,000<sup>th</sup> customer.
- 1963 May: Murchison County Council's electricity undertaking merges with Waimea Electric Power Board.
- 1976 March: Waimea Electric Power holds final meeting prior to amalgamation with the Golden Bay Electric Power Board to become the Tasman Electric Power Board.
- 1981 Pupu hydro scheme closed after 53 years' supply. Later restored as historical site.
- 1983 New administration building opened in Richmond.
- 1985 1985-86 – Baigent Forest Industries' Eves Valley sawmill and Nelson Pine Industries MDF plant and substations commissioned.
- 1986 Last election of Tasman Electric Power Board members.
- 1988 December: Tasman Electric Power Board launches its new name Tasman Energy.
- 1990 Government appoints directors to power authorities and municipal electricity departments.
- 1991 Company restructures and adopts energy-efficiency measures to meet challenges in the new deregulated environment.
- 1992 Energy Companies Act passed, requiring the establishment of public companies to run electricity distribution operations. July: Previously-elected board members become interim trustees. July-August: Heylen Research Centre independent poll of Tasman Energy customer's shows clear preference for customer trust ownership.
- 1993 October: Elected Tasman Electric Power Trust members take office, Quantum hot water heating system launched. May: Vesting date for transfer of Tasman Electric Power Board business into Tasman Energy, Tasman Energy Appliances formed. April: Tasman Energy Limited was incorporated as a public company under the Companies Act 1955 and the Energy Companies Act 1992.
- 1994 October: Tasman Energy Appliances Limited's new Stoke store opens. September: Tasman Energy sends all customers first sales discount vouchers. August: Tasman Electrical limited contracting company launched. July: First Tasman Energy annual meeting.
- 1995 February: The Energia energy efficiency advice and education centre opened by Energy Minister, The Hon Doug Kidd.  
Tasman Energy wins AW Gooder Award for Excellence in Public Relations and Communications.
- 1996 February: Tasman Energy ownership review commences in accordance with the trust deed and directors recommend merger with Marlborough Electric.

## A Timeline of Achievement

- 1997 Tasman Energy ranked among the top power companies in New Zealand. New 3MVA substation was completed in Brightwater. Land was purchased at Atawhai for a proposed 15MVA substation. Tasman Energy International established as an international consultancy business, based in Sarawak, Malaysia.
- 1998 Tasman Appliances exited trading during the year, and sold its business to Powerstore.  
April: Tasman Energy reorganised into separate distribution and energy retailing businesses, pre-empting government restructuring. All billing and customer telephone inquiry services were contracted to a joint venture servicing company, which also services Electra, based in Horowhenua. April: 60 percent of Tasman Electrical Limited was sold to MainPower New Zealand Limited. Tasman Energy owned a 50 percent stake with Marlborough Electric Limited in Nelson Electricity Limited, the owner of Nelson city's electricity distribution assets. March: Founders Park substation was completed. June/July: Takaka substation upgrade complete. December: Government legislation was passed which required the company to split the ownership of its electricity retailing and electricity distribution business. Tasman Energy Limited chose to retain ownership of the distribution business, renaming it Network Tasman Limited, and sold the retailing business to Contact Energy Limited. December: As a condition of the sale of the energy business Contact was required to price freeze local line charges and electricity tariffs on Network Tasman's Network until December 2001. Sales (line charge) discounts increased
- 2000 Live line maintenance work was introduced to reduce the number and duration of network shutdowns. New underground 33kV feeder cable installed in Marsden Road, Stoke. Network Tasman's top 10 ranking in the independent analysis of line company performance by Ernst & Young. Sale of the 40 percent share in Tasman Electrical to MainPower. Line charge discounts increased.
- 2001 Network Tasman ranked 2<sup>nd</sup> by Ernst & Young, out of NZ's 30 electricity distribution companies.  
Commissioning of the \$3.6 million Stoke bulk supply point upgrade – a project between Network Tasman and Transpower NZ.  
Disposal of the historic Six-Mile generation assets and the land in Murchison to the Department of Conservation to ensure continued public access to the site.  
Continuation of yearly line charge discounts to consumers.
- 2002
- Network Tasman's line charge, prior to the crediting of line discounts, was the sixth lowest (out of 44) in the country
  - Line discounts credited to consumers was \$4.4 million
  - First stage of the \$2.2 million upgrade of the Annesbrook substation was completed.
  - Upgrade of the SCADA Master Station, which will enable Network Tasman to restore power more quickly and efficiently following fault outages and improve network-monitoring capability
  - United Gooder Limited were awarded the Power system maintenance contract commencing 1 October 2002.
- 2003
- Network Tasman implements electronic workflow software
  - Kerr's Hill 22kV cable installation is commissioned
  - \$3 million dividend paid to the Network Tasman Trust
  - Commencement of upgrade of 11kV switchboard at Songer Street substation
  - Environmental Consultants Limited were commissioned to survey all trees within potential interference distance of power lines.
- 2004
- Network connections increased by 672 from 32,663 in 2003 to 33,335 in 2004 - an increase of 2.1%
  - The cable installation project between Kikiwa & Jensen Bridge over Kerrs Hill was completed and lived in during the financial year.
  - Replacement of the Songer Street substation switchboard and an upgrade to the Annesbrook substation transformer.
  - Completion of the installation of 11kV feeder cables from the Songer Street substation, and completion of the installation of 33kV cables for a proposed new substation near Mapua.
  - The company's Asset Management Plan has identified \$62.4 million in capital enhancement projects over the next 10 years, with \$20 million in expenditure identified for the next two financial periods.
  - Total electricity distributed through the network increased from 699 GWh in 2003 to 701 GWh in 2004 - a moderate increase of 0.3%.
  - Stage 1 of the fibre-optic communication network was completed during the year.