market release
21 July 2020

OPERATIONAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2020

Operational performance highlights:

- **580,060** electricity network connections, up 1.6% on June 2019
- **113,960** gas network connections, up 2.1% on June 2019
- **6.6%** lift in 9kg LPG bottle swaps
- **10.0%** growth of advanced meter fleet (1,713,674 installed across Aus/NZ)
- **Almost 280,000** advanced meters now installed in Australian market

Commentary:

To preface Vector's quarterly operational update, it's important to acknowledge COVID-19 and the context of New Zealand in alert levels 1 to 4 during the June quarter. As a lifeline utility, Vector has continued to operate essential services during this period across its' electricity, gas, fibre and metering businesses. As a business we continue to closely monitor the situation in New Zealand and are prepared to move up alert levels if required. In Australia, our teams are responding appropriately in line with government advice.

The fourth quarter has seen Auckland's growth continue, in turn driving strong network connection numbers across Vector's electricity and gas networks. In the year to 30 June, total electricity connection numbers grew by 1.6% compared with the same time last year.

Electricity distributed volume for the year was down 1.1% on 2019, driven by reduced activity from the industrial and commercial sectors due to COVID-19.

From 1 April 2020, the new DPP3 revenue cap regime applied. This is designed to mitigate the impact of changes in volume on Vector's electricity revenues. Any increase or reduction in electricity revenue in a regulatory year (to 31 March) relative to the revenue cap determined by the Commerce Commission can be recovered from customers in future periods.

Auckland's continuing growth helped drive an uplift in gas network distribution customers, with a 2.1% increase compared with the same time last year. Gas distribution volume was slightly down compared with the prior year. There is no "revenue cap" regime for the gas distribution business.

Vector's metering business continues to perform in an increasingly competitive market both here and in Australia. Connection numbers increased by 10.0% on 2019, with a total fleet of 1,713,674. We have now installed almost 280,000 advanced meters in Australia.

Bottleswap 9kg and residential 45kg gas products saw a short-term but significant spike in demand at the start of the COVID-19 Level 4 lockdown in late March. Demand has since returned to usual levels during the June quarter.

Liquigas LPG tolling sales increased due to demand adjustments from a large commercial customer. Natural gas and gas liquids are down on 2019, with the reduction in natural gas volumes driven primarily by the loss of a large customer in January 2020.

On 31 March 2020, the group completed the sale of its interests in the Kapuni Gas Treatment Plant (KGTP) and co-generation facility. As a result of the sale of KGTP we have changed the methodology of calculating liquids volumes to reflect continuing activities only. LPG volumes include LPG sold by the group's OnGas business. LPG and Natural Gasoline sold by KGTP have been excluded as the plant is no longer owned. Comparatives have been restated.

SAIDI minutes for the three months ended 30 June 2020 are 42% lower than the comparable period which is primarily due to fewer extreme weather events and significant investments and ongoing initiatives to improve network resilience. There was also less traffic movement over the quarter due to COVID-19 resulting in fewer car versus pole incidents.

	Year ended 30 June		
	2020	**2019**	**% change**
Electricity			
Customers[1, 5]	580,060	571,125	1.6%
New connections	12,231	11,000	11.2%
Net movement in customers[2]	8,935	8,049	11.0%
Volume distributed (GWh)	8,315	8,410	(1.1%)
SAIDI (minutes) – 3 months to 30 June[3]			
Normal operations – unplanned	19.8[4]	34.7	(42.9%)
Normal operations - planned	8.4	11.1	(24.3%)
Major network events	0.0	3.0	N/A
Total	28.3	48.8	(42.0%)
Gas Distribution			
Customers[1,5]	113,960	111,642	2.1%
New connections	3,201	3,322	(3.6%)
Net movement in customers[2]	2,318	2,413	(3.9%)
Distribution volume (PJ)	14.3	14.4	(0.7%)
Gas Trading			
Natural gas sales (PJ)[6]	12.4	16.1	(23.0%)
Gas liquid sales (tonnes)[7]	43,338	44,309	(2.2%)
9kg LPG bottles swapped[8]	701,923	658,159	6.6%
Liquigas LPG tolling (tonnes)[9]	116,024	110,457	5.0%
Metering			
Electricity: advanced meters[1, 10]	1,713,674	1,558,291	10.0%

1. As at 30 June.
2. Net number of customers added during the period, includes disconnected, reconnected and decommissioned ICPs.
3. SAIDI (minutes) for the 3 months ended 30 June 2020 is an unaudited value and subject to change.
4. SAIDI in relation to normal operations and major network events has been updated in accordance with the DPP3 regulatory guidelines.
5. Billable ICPs.
6. Excludes gas sold as gas liquids.
7. The group completed the sale of its interests in the Kapuni Gas Treatment Plant (KGTP) and co-generation facility on 31 March 2020. As a result. we have changed the methodology of calculating liquids volumes to reflect continuing activities only. LPG volumes include LPG sold by the OnGas business. LPG and Natural Gasoline sold by KGTP is now excluded. Comparatives have been restated to reflect this.
8. Number of 9kg LPG bottles swapped and sold during the year.
9. The group has revised the methodology for Liquigas LPG tolling to reflect new contractual terms and calculates product tolling domestic and exports. Product further tolled in South Island has been removed.
10. The number of advanced meters as at 30 June 2020 includes 168,793 meters managed but not owned by Vector (30 June 2020: 156,713).

The Excel version can be found at: http://vector.co.nz/news

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About Vector

Vector is New Zealand's leading network infrastructure company which runs a portfolio of businesses delivering energy and communication services to more than one million homes and commercial customers across the country. Vector is leading the country in creating a new energy future for customers and continues to grow and invest in the growth of Auckland, and in a wide range of activities and locations. Vector is listed on the New Zealand Stock Exchange with ticker symbol VCT. Our majority shareholder, with voting rights of 75.1%, is Entrust. For further information, visit www.vector.co.nz