



Annual Report 2017-2018

Electricity Retailers' Association of New Zealand



CONTENTS

- 2 Directory
- 3 ERANZ: Who We Are
- 5 2017-18 Year in Review – Chair and Chief Executive Report
- 10 Corporate Governance
- 13 Our Management Team
- 15 Extended Network
- 18 Operations Review
- 18 Work Programme
- 21 Financial Statements



DIRECTORY

PRINCIPAL BUSINESS

Industry body representing New Zealand electricity retailers

REGISTERED OFFICE

Level 18, 125 The Terrace
WELLINGTON 6011

SOLICITORS

Minter Ellison Rudd Watts
Level 18, 125 The Terrace
WELLINGTON 6011

ACCOUNTANT

Go Figure 2005 Limited
Level 4, 85 Ghuznee Street
WELLINGTON 6011

BANKERS

Westpac, 318 Lambton Quay
Wellington 6011

DESIGN

Zeus Te Ahuru, Tahi Design
www.tahidesign.co.nz

ERANZ CONTACT DETAILS

PO Box 25596, Featherston Street
Wellington 6146
Email: info@eranz.org.nz

www.eranz.org.nz

ERANZ: WHO WE ARE

The Electricity Retailers' Association of New Zealand (ERANZ), established in August 2015, represents companies that sell electricity to New Zealand customers and businesses.

ERANZ's role is to promote and enhance a sustainable and competitive retail electricity market that delivers value to New Zealand electricity customers.

ERANZ provides a forum and a collective voice to discuss and tackle issues of the day (as well as the future), that affect electricity retailers and their customers. ERANZ looks at the big issues such as what a fit for purpose electricity regulatory system should be to meet the needs of the customer of tomorrow, as well as the reputation of the sector, and ensuring that retailers are using best practice in meeting the needs of all their customers. A large part of ERANZ's mandate is to spread

the word about what a fantastic job the member companies do to manage the electricity needs of customers.

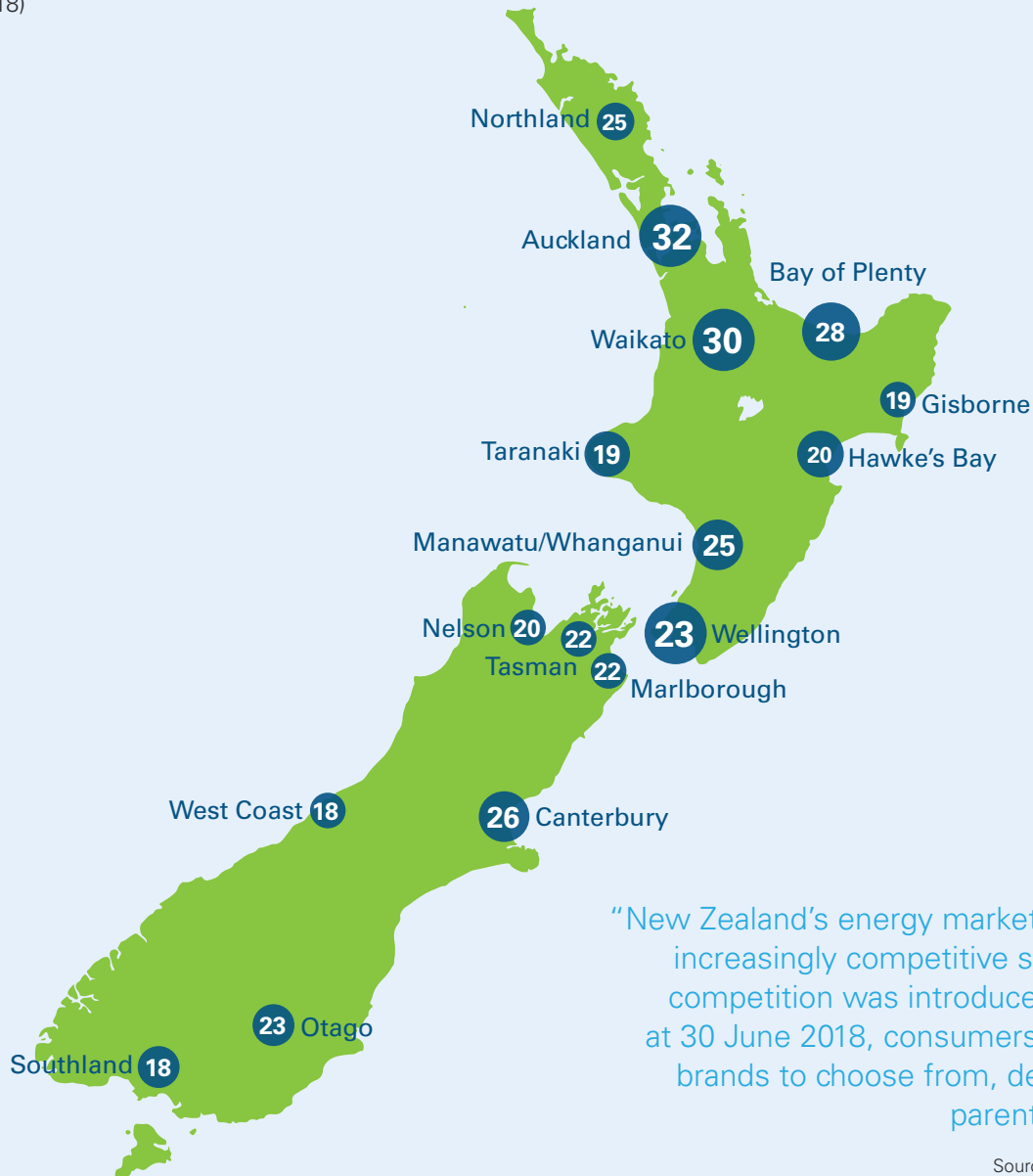
ERANZ membership represents just over 98% of the retail market by ICP count and includes Genesis Energy, Contact Energy, Mercury, Meridian Energy, Trustpower, Nova Energy, Pulse Energy, Flick Electric Co., Prime Energy, Powershop, Energy Online, Bosco, Glo-bug, Grey Power Electricity, Just Energy, Blackbox Power, King Country Electricity, Pioneer Energy Retail and Tiny Mighty Power. Collectively these retailers manage over \$7 billion of transactions and millions of customer contacts per annum



¹Installation Control Point (ICP)

Market Share Snapshot

(as at June 2018)



"New Zealand's energy market has become increasingly competitive since full retail competition was introduced in 1999. As at 30 June 2018, consumers had 41 retail brands to choose from, delivered by 34 parent companies."

Source: Electricity Authority

CHAIR & CHIEF EXECUTIVE REPORT

New Zealand's electricity system is transforming to meet the needs of today, but more importantly, the opportunities of tomorrow.

ERANZ is a customer-centric association representing electricity retailers and has successfully completed a progressive and productive third year. We have consolidated as an organisation and demonstrated that we have delivered real value to members, thanks to the strength of our relationships, our team and wider sector knowledge. After our first operating term that focused on establishment and building credentials, we are now ready to build on this momentum with a firm focus on not only meeting security of supply but the needs of New Zealanders, who are more and more looking to be empowered to understand and manage their various electricity needs and options.

In June 2017 we recapped on our October 2016 - October 2018 strategic challenges and priorities and are pleased to share a number of key milestones across areas such as reputation, government relations, technology, competition, vulnerable customers and sustainability. Two areas we were particularly pleased to achieve in 2017 were the:

- development of our Core Data Values and
- work on improving outcomes for vulnerable customers, particularly through our work with social agencies like the Ministry of Health as well as improving information about managing risk and patient discharge referrals of medically dependent patients to include electricity retailers.

In 2017 82% of the electricity consumed in New Zealand came from renewable generation

Source: MBIE

The announcement of the Electricity Pricing Review (EPR) has added a new focus and priority over the year ahead. This review is looking at all parts of the system – generation, transmission, distribution, and retail – to assess whether the price paid by end-consumers is fair, equitable and efficient, together with ensuring that the structure and regulations that shape the sector are fit-for-purpose in a rapidly changing industry.

People & communication

We also set out this year to shift the balance of our communications and reputation by appointing a Director, Communications and Engagement. This has enabled ERANZ to put in place a more planned, proactive pipeline of communications across both traditional and social media, as well as stakeholder engagement including events and partnership activities with aligned organisations.

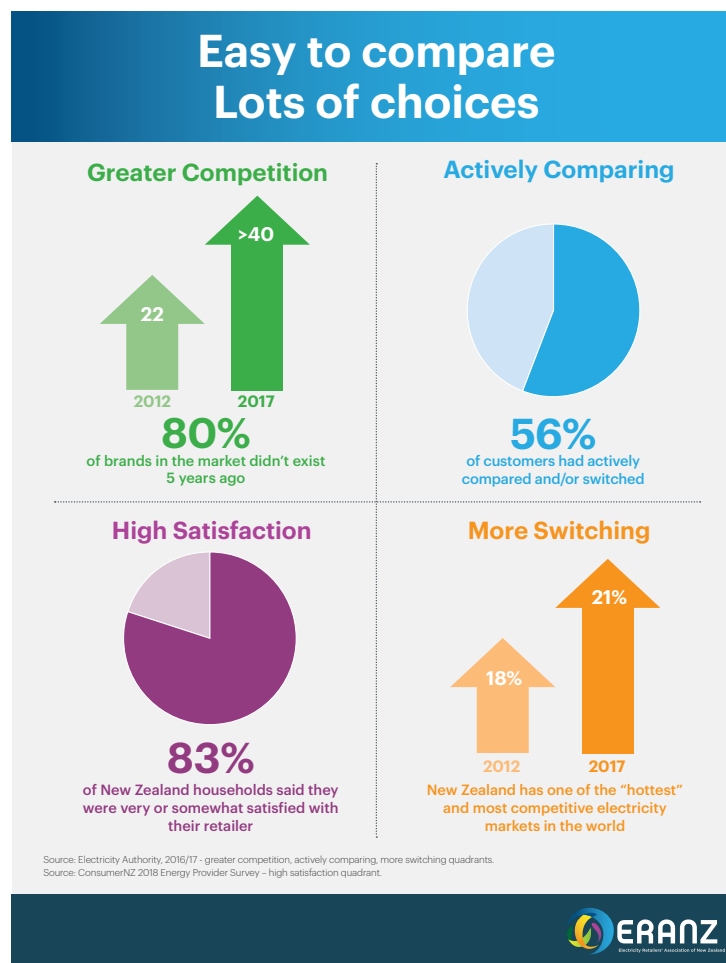
A key tool, and one of our most popular infographics, is the "\$1 of electricity gets me..." It visually explains the value of a \$1 of electricity - from a year of cellphone charging, to 140 slices of toast. It was developed in partnership with EECA and ConsumerNZ.

On average New Zealand households spend 2.9% of their weekly budget on electricity

Source: Statistics New Zealand's Household Expenditure Survey 2016

\$1 OF ELECTRICITY GETS ME...





Choice, control and convenience for customers

We have continued to build the story around the benefit of competition in New Zealand. We are especially pleased with New Zealand's world-leading ranking as an innovative and active competitive market and we will work hard to maintain it.

ERANZ has also strengthened its voice around the benefit of comparing offers and services rather than a single focus on

switching alone. In our view, customer satisfaction is a better measure of competition working and as a driver of innovation and quality of service. Competition has been working in the New Zealand context as a price moderator – keeping retail and generation costs flat over the past 5 years, compared to the regulated lines parts of the sector, which have seen costs increase over the same period.



The ability to afford a warm, dry home is influenced by many factors

One area we are particularly concerned about is the need for all New Zealanders to be able to live in a healthy home, which is warm, dry and safe, and for them to be getting the best value out of their electricity dollar.

A very real factor for people not being able to pay their electricity bill is poverty, which may be driven by incomes that are too

low to cover their family's daily, weekly, or monthly needs, to the point where they struggle to pay their bills - medical, dental, grocery, petrol as well as power. There are many factors that can be the reason for this including poor quality and uninsulated housing, inefficient heating and other appliances, as well as how people use electricity.

To address the wider issues ERANZ has proactively built relationships with Housing New Zealand, Ministry of Social

More than
72% of New Zealand
households have smart
meters that enable
real time recording of
electricity usage

Development as well as EECA and Consumer NZ to see how working together would better support those who are struggling. ERANZ co-ordinated a 'Design Thinking' workshop from a customer-centric

perspective with a number of these stakeholders to look at the issue of hardship and what practical solutions might be possible. The ERANZ Board agreed to establish a specific project manager to take this initiative forward in partnership with others in the sector.

Access to data

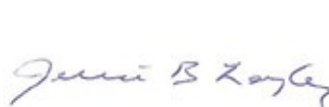
ERANZ is actively working with members to help realise opportunities and minimise risk, and to reduce costs by unlocking data - access to it, social licence to use it, exchange principles and operation, privacy and protection of it. Responsible and ethical collection, use and management of customer data are matters of increasing interest for customers in their daily lives. Privacy, security, and driving innovation through use of customer data are all important considerations as technology allows us to better understand use of energy systems and to help lower costs for individual customers.

ERANZ developed Core Data Values that provide the basis for a transparent discussion about some of those issues. The Core Data Values are part of the electricity retailers' commitment to a culture of best practice and enhancing customer confidence and trust in the data practices of ERANZ members.

Sector under Review

Having consolidated ERANZ as an organisation that delivers, we have also welcomed the initiative for the pricing review with an open mind and clear ideas of our role in shaping an even more effective sector, particularly for New Zealanders. We are keen to understand whether the competitive and regulated market is providing electricity to customers at prices that are fair, equitable and efficient and, if so, where, why and how the sector can contribute to further solutions.

2017/ 18 has been another very busy year with lots of growth and challenges that have kept our minds keen and our focus on the customer, as well as maintaining a balance between fair, affordable, sustainable and future-focused electricity system that will be fit for the future.



Jennie Langley
Independent Chair



Jenny Cameron
Chief Executive



CORPORATE GOVERNANCE



Independent Chair

Jennie Langley

Appointed Independent Chair: 1 May 2016

Jennie Langley took up the role of Independent Chair on 1 May 2016 for a three-year term. A professional board director, Jennie has extensive experience across the infrastructure, primary sector, education, and tourism sectors. Her current and recent governance roles include appointments to the Tourism Growth Partnership Independent Panel of Experts, New Zealand Council of Legal Education, Te Araroa Trust, Tourism New Zealand, and Biosecurity Ministerial Advisory Committee.



Genesis Energy

Dean Schmidt

Executive General Manager, Corporate Affairs and Transformation

Appointed Executive Director: 9 August 2016

As Executive General Manager, Corporate Affairs and Transformation, Dean Schmidt leads Genesis Energy's strategic transformation activities and corporate functions including legal and Company Secretary, corporate communications, policy and regulatory affairs, public relations and community investment programmes. Dean joined Genesis Energy in August 2012.



Contact Energy

Venasio-Lorenzo (Vena) Crawley

Chief Customer Officer

Appointed Executive Director: 23 September 2015

Board Subcommittee membership: ERANZ Communications Advisory Working Group

Vena Crawley joined Contact Energy in October 2014, as Chief Customer Officer, overseeing the customer experience through the company's retail and commercial and industrial channels.



Meridian Energy

Julian Smith

Chief Customer Officer

Appointed Executive Director: 19 March 2018 (Julian Smith replaced Neal Barclay)

Julian Smith joined Meridian Energy as Chief Customer Officer in March 2018 and is responsible for Meridian Energy's customer sales, service and operations.



Mercury

Kevin Angland

General Manager, Digital Services

Appointed Executive Director: 9 December 2016

Board Subcommittee membership: ERANZ Finance Committee

Kevin Angland joined Mercury in 2016 and is responsible for the strategic direction, leadership and management of all customer operations, digital and technology capability at Mercury.



Nova Energy

Charles Teichert

General Manager, Commercial and Strategy

Appointed Executive Director: 16 May 2017

Board Subcommittee membership: ERANZ Finance Committee

Charles Teichert has been with Nova Energy since 2000 and is currently responsible for strategy development, key commercial arrangements, commodity risk management and regulatory affairs.



Trustpower

Craig Neustroski

General Manager, Markets

Appointed Executive Director: 23 September 2015

Craig Neustroski leads Trustpower's sales and marketing teams and is responsible for procurement and product management, pricing, marketing, customer analytics and competitive strategy.



Pulse Energy

Neil Williams

General Manager, Energy Supply and Operations

Appointed Executive Director: 23 September 2015

Appointed Deputy Chair, ERANZ Board: 22 September 2016

Neil Williams is currently GM Energy Supply and Operations for Pulse Energy. Neil previously worked at Mercury for over 10 years in roles covering strategy, regulation, trading, development and corporate transactions.



Flick Electric Co.

Steve O'Connor

Chief Executive Officer

Appointed Executive Director: 21 July 2017

Steve O'Connor is the founder and Chief Executive Officer of Flick Electric Co. He leads a team driven to bring smart new energy choices to consumers' lives.



Prime Energy

Michael Skates

Managing Director

Appointed Executive Director: 27 January 2016

As Prime Energy's Managing Director, Michael operates as a hands-on leader, interacting daily with his team, customers, network companies, generators and a multitude of other industry participants and influencers. Michael led the rebranding and establishment of Prime Energy in 2010 as an independent electricity and gas retailer servicing customers nationwide.

ERANZ BOARD MEETINGS

The ERANZ Board meets bi-monthly and has held six ordinary meetings in the year ended 30 June 2018.

We farewelled Neal Barclay (Meridian Energy)

OUR MANAGEMENT TEAM



Chief Executive

Jenny Cameron

Jenny Cameron joined ERANZ as its inaugural Chief Executive on 23 February 2016. Jenny brings legal, policy analysis, negotiation and communications skills from her previous roles. Jenny worked in legal practice in Palmerston North before joining the Ministry of Foreign Affairs and Trade for ten years. Jenny was the Director of External Relations for the Brewers' Association of Australia and New Zealand for three years prior to taking on this role.



Executive Assistant

Bev Martin

Bev Martin is the Executive Assistant to the ERANZ Chief Executive as well as providing secretariat support to the ERANZ Board and Committees. She also manages the office functions, as well as ERANZ's stakeholder events and is the central point of contact for our members. Bev's career background includes a number of years working in investment banking, public relations, energy and health sectors.



Senior Advisor

Paul Fuge

Paul Fuge is the Senior Advisor at ERANZ, and started in this role in March 2017. This role provides expert analysis on industry issues in order to assist ERANZ's advocacy, policy development, and submissions on behalf of its members.

Paul has been in the electricity industry since starting with the New Zealand Electricity Department in 1987 as an engineering cadet. He has worked both as a consultant engineer and independent consultant for Design Power and for Transpower as a Transmission Engineer, Strategy Analyst, Account Manager and as the Group Manager for Customer Services. Paul's previous roles have encompassed both consumer advocacy and assessing the impact of new technology.



Director, Communications and Engagement

Gaylene Hosking

Gaylene Hosking is the Communications and Engagement Director and started her role in May 2018. Gaylene brings a wealth of experience from her time running her independent PR agency, as well as her work in the private and public sectors, both in-house and delivering projects and campaigns. Gaylene has worked across the full spectrum, from strategy to implementation, has the ability to think laterally, make the complex simple and deliver engaging solutions that resonate with key audiences. Her mix of skills in government relations, media, stakeholder engagement and campaigns development and delivery are invaluable at ERANZ.



EXTENDED NETWORK

ERANZ is fortunate to be able to draw on considerable expertise within its membership, and there are a number of formal and informal groups that assist the Association on specific industry issues². ERANZ also engages regularly with key stakeholders such as the Ministry of Business Innovation and Employment, Utilities Disputes Ltd, the Electricity Authority, the Commerce Commission, the Energy Efficiency and Conservation Authority, the Electricity Networks' Association, the Major Energy Users' Group, Business NZ, Treasury, Ministry of Health, Ministry of Social Development, and Consumer NZ and others.

ERANZ Policy Committee

The Policy Committee comprises senior representatives with policy, regulatory, legal and commercial expertise. The group identifies and discusses positions on key regulatory and policy issues that affect the electricity retail market and customers. The Committee is chaired by the Chief Executive of ERANZ and operates under a charter.

Members are: Louise Griffin (Contact Energy); Nikki Bloomfield (Flick Electric Co.); Rebekah Cain (Genesis Energy); Nick Wilson (Mercury); Jason Woolley (Meridian Energy); Paul Baker (Nova Energy); Neil Brumfit (Prime Energy); Neil Williams (Pulse Energy); Fiona Wiseman and Christine Southey (Trustpower); Stefan Kirkwood (Powershop as the representative for the Retailers' Operational forum).

We farewellled: James Tipping (Trustpower)

ERANZ Communications Advisory Group

The ERANZ Communications Committee comprises senior communications professionals within the membership to provide practical guidance and promote consistent best-practice based on experience and industry knowledge.

Key members are: Jason Krupp (Contact Energy), Emma-Kate Greer (Genesis Energy), Claire Shaw (Meridian Energy), Craig Dowling (Mercury), Emily Beaton (Trustpower), Jessica Venning-Bryan (Flick Electric Co.), Libby Middlebrook (Nova Energy), Sharnie Warren (Pulse Energy).

Retailer Operational Forum

The Retailers' Operational Forum provides a mechanism for retailers to meet and discuss issues of importance and contribute effectively to improving the design and operation of the NZ electricity and gas markets, and to promote open access and establish best practices among Retailers and other participants. The Chair of the Forum rotates amongst members and the Forum operates under an Agreed Protocol.

Members are: Howard Wood and Simon Darmody (Trustpower); Stefan Kirkwood (Powershop); Craig Young and Andrew Maseyk (Genesis Energy); Debby Abrahams, Danny McManamon and Bernie Cross (Contact Energy), Mat Jonsson (Flick Electric

Co.); Colin Leslie and Paul Baker (Nova Energy; Kruger Venter (Wise Prepay); Michael Skates (Prime Energy); Helen Peacock (King Country Energy); Amy Cooper, Penny Land and Brendon Feary (Meridian Energy); Ranjesh Kumar and Andrew Peckham (Mercury); Stephen Kemp (Simply Energy); Paul Fuge (ERANZ); Andrew McKenzie (Electric Kiwi); Yogesh Chand and Malcom Souness (Pulse Energy); Steve West (ChargeNet NZ); Pamela Caird and Andrew Walker (Gas Industry); Steve Woods (Veritek); Grant Benvenuti and Ron Beatty (Electricity Authority); Graham Walmsley, Sean Campbell, Johnathan Eele (Vocus Group); James Martin (Body Corporate Power); Al Yates (Ecotricity); Calin Pop (Electrica); Tom Wheatley (Next Gen Energy); Jakob Lee (Megatel);

² All working groups operate strictly in accordance with the requirements of the Commerce Act 1986, prohibiting anti-competitive conduct. Members are reminded to not enter into any discussions relating to commercially sensitive areas of competitive activity, including (but not limited to) prices, discounts, rebates, capacity, costs, customers, future strategy or competitive intentions.

ERANZ Vulnerable Customer & Medically Dependent Customer Working Group

The ERANZ Vulnerable Customer & Medically Dependent Customer Working Group comprises representatives from the regulatory, customer care and credit parts of the businesses. The Group focuses on issues to improve industry guidelines and practices in relation to the services to vulnerable and medically dependent customers. The Group is Chaired by the ERANZ Chief Executive and operates under an agreed protocol.

Members are: Sam Fleming (Meridian Energy); Bruce Coetzee (Mercury); Sarah Crowe (Contact Energy); Fiona Wiseman,

Steve Merchant (Trustpower); Rebekah Cain, Margie McCrone (Genesis Energy); Quentin Caddis (Nova Energy); Yogesh Chand (Pulse Energy), Matai Ngahooro (Flick Electric Co.)

We farewelled: David Chan (Contact Energy), James Tipping (Trustpower)

The group also engages with the Electricity Authority, MBIE, Ministry of Social Development, the Federation of Family Budgeting Services, and others.

ERANZ Data Working Group

The ERANZ Data Working Group comprises operational, legal and regulatory representatives and is chaired by Nick Wilson (Mercury).

The Data Working Group focuses on issues involving the use, protection and sharing of data with a view to improving sector wide understanding and processes.

Members are: Nick Wilson and Rebekah McCrae (Mercury); Rebekah Cain and Andrew Maseyk (Genesis Energy); Debby Abrahams and Campbell Wilson (Contact Energy); Simon Darmody and Howard Wood (Trustpower); Sam Fleming (Meridian Energy); Nikki Bloomfield (Flick Electric Co.); Paul Baker, (Nova Energy); Jenny Cameron (ERANZ).

Retailer Revenue Assurance Advisory Forum

The Retailer Revenue Assurance Advisory Forum is a voluntary industry body formed to share best practice and sector developments involving management of retailer credit processes. The Chair of the Forum rotates amongst members.

Members are: Paul Collins, Steph Roberts and Rachel Falconer (Trustpower); Emma Presage, Marlaina Rees, Matt Shanks and Sarah Hutchison (Meridian Energy); Hitesh Arora, Yogesh Chand

and Shailendra Raju (Pulse Energy); Andrew McKenzie (Electric Kivi); Janet Lambarth (Contact Energy); Stefan Kirkwood and Rose Mein (Powershop); Jenny Cameron (ERANZ); Paul Baker, Quentin Caddis and Natasha Dauphin (Nova Energy); Mat Jonsson and Matai Ngahooro (Flick Electric Co.); Pania Doak (Energy Online); Theresa Bellamy, Andrew Winter, Richelle Ellmers, Suzanne Andrew and Catherine Mace (Genesis Energy); Deon Smith and Deidre Costello (Mercury); Duncan Holland (Total Risk), Lisa Turner (Cyber Toa), Jerome Chapman (Utilities Disputes Limited)



OPERATIONS REVIEW

The key achievements and activities of ERANZ and its working groups in the third year of operation are summarised in this Operations Review.

Work programme

The Board approved a set of strategic priorities to guide its delivery of ERANZ's purpose and objectives in June 2017. These were reviewed in April 2018 and agreed to be extended through to June 2019. Our work programme was developed around these strategic priorities.

Central to the work programme is the delivery of ERANZ's strategic priorities of providing high quality input into the development of regulation of the electricity sector, developing effective relationships with key stakeholders, and building a sound organisation which is able to make an enduring and differentiating contribution to the retail electricity market. We are committed to bringing a customer-centric approach to all our discussions and our work.

The 2017-18 financial year has seen ERANZ further establish its capability and processes ERANZ with the appointment of Gaylene Hosking as our Communications and Engagement Director. ERANZ's processes for work prioritisation and delivery, financial management, Board reporting, and use of working groups have continued to be refined and developed to support clear communication to meet the expectations of our members and stakeholders. The Government's twelve month process for Review of Electricity Pricing, the final terms of reference of which were released in April 2018, has added to an already full programme, and required further reprioritisation of effort from both ERANZ and our membership in to the next financial year.

Promote a competitive retail market

- Represent collective member interests in media
- Maintain effective relationships with stakeholders
- Develop and manage retail sector statistics

ERANZ has focused on doing more to promote the benefits and outputs of the competitive retail market. The recruitment of a Communications & Engagement Director was a key part in being able to deliver more in this area. ERANZ has continued to develop infographics that allow electricity to be understood in a clear way. One such example was the 'What does \$1 get me?' infographic which shows the value of a \$1 of electricity in terms of everyday life (eg. one year of phone charging).

The ERANZ Chief Executive spoke at the Downstream Conference in March 2018 on a panel discussing distribution pricing reform. Our Talking Heads series have continued to grow from strength to strength to share learnings, thinking, and ideas across the electricity sector and more.

A major piece of work over 2017-2018 was the effort to establish the Access to Energy Working Group and stakeholder 'Design Thinking' customer-led workshops. These have led to a new set of relationships formed with agencies such as Housing New Zealand, National Building Financial Capability Charitable Trust, Sustainability Trust and others, to find and implement practical solutions to help those most in need to have a warm, dry and safe home.

Enhance the regulatory environment

- Inform and facilitate consensus member positions on regulatory issues
- Respond to new policy proposals with clear, effective and informed views that represent member consensus
- Review and identify improvements on unsuccessful (or unnecessary) existing regulations
- Lead industry-led proactive changes to regulation

Through the work of the ERANZ Policy Committee, members have constructively engaged to find consensus positions on priority areas of regulatory development. This has proved effective in providing high-quality input to the Electricity Authority, Commerce Commission, and MBIE, on issues such as distribution pricing, the regulatory framework for emerging technologies, multiple-trading relationships discussion, data-sharing arrangements, distribution customised price-path applications, privacy law, climate change policy and more.

ERANZ is highly engaged in the discussion about what a fit-for-purpose regulatory framework should look like for New Zealand given developments in the market as technology and customer needs are changing. We are particularly focused on ensuring the regulatory framework has a level-playing field for businesses in the market around emerging technologies, such as home energy management systems, storage batteries, solar panels, electric vehicle charging stations, and also for any in the contestable fields of generation and service to customers.

The focus of the Electricity Pricing review on whether the price paid by the end-consumer is efficient, fair and equitable, across all parts of the electricity system – generation, transmission, distribution and retail – is an opportunity to ensure we have a system fit for the needs of today and tomorrow.

Encourage sustainable retailer practices

- Educate members on new regulatory responsibilities
- Identify emerging consumer and retail market trends
- Facilitate retailer best practice and industry standards with members and stakeholders
- Develop common technical resources for all retailers

Access to customer consumption data at increasingly granular levels continues to be an area of interest and focus relating to areas such as multiple trading relationships for a customer, impact of electric vehicles charging to consumption patterns, outage information at low voltage, energy efficiency patterns, and more. There are a number of complex issues – legal, commercial, social - involved that need to be carefully managed. ERANZ's Data Working Group has been highly active in this area to understand the issues, and look for viable solutions to industry issues. This has involved engaging more with metering companies, lines companies, the Office of the Privacy Commission, MBIE, the Electricity Authority and others. ERANZ and members have been working to develop their understanding and practices in this important area so that the industry gets it right from the outset.

ERANZ's Vulnerable and Medically Dependent Customer Working Group has continued to work closely with the Ministry of Health to improve the resources available for customers who are medically dependent on electricity for life. A sub-group was formed with DHBs, retailers and a lines company to make significant progress on this task, and a standardised template is tracking to be in place for the next financial year. This group has continued to strengthen the process for gathering statistics on support for those who struggle to pay their bills, reviewed the process with Work and Income, and developed a new process with the National Building Financial Capabilities Charitable Trust. ERANZ, via an independent facilitator, completed a formal compliance against the Benchmarks for implementation of the EA's Guidelines on arrangements to assist Vulnerable Customers for the 2016/17 year, and has will now become an annual reporting requirement for members of ERANZ.

A close-up photograph of a person's feet wearing several different pairs of socks. The socks include pink and white horizontal stripes, orange and grey penguin-themed socks with yellow beaks, and blue ribbed socks. The person is also wearing blue denim jeans. The background is a light-colored, vertically-pleated curtain.

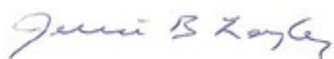
FINANCIAL STATEMENTS

Electricity Retailers' Association of New Zealand Incorporated

For the year ended 30 June 2018

The Board have pleasure in submitting the Annual Report of the Electricity Retailers' Association of New Zealand (ERANZ) for the year ended 30 June 2018.

On behalf of the Board these financial statements were approved for issue on 15 August 2018.

A handwritten signature in blue ink, appearing to read "Jennie B Langley".

Jennie Langley
ERANZ Independent Board Chair

A handwritten signature in blue ink, appearing to read "Kevin Angland".

Kevin Angland
ERANZ Board Finance Sub Committee Chair
ERANZ Executive Board Director

Independent Auditor's Report

Electricity Retailers' Association of New Zealand Incorporated

For the year ended 30 June 2018

Report on the Financial Statements

Opinion

We have audited the financial statements of the Electricity Retailers' Association of New Zealand Incorporated ("The Society") on pages 1 to 13, which comprise the statement of financial position as at 30th June 2018, the statement of financial performance, statement of movements in equity and statement of cash flows for the year then ended, the statement of accounting policies and other explanatory information.

In our opinion, the financial statements on pages 1 to 13 are prepared, in all material respects in accordance with the special purpose framework described in Note 1 to explain the society's financial performance and financial position to the members of the society based on accounting principles commonly used in New Zealand.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) (ISAs (NZ)). Our responsibilities under those standards are further described below in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the society in accordance with Professional and Ethical Standard 1 (Revised) Code of Ethics for Assurance Practitioners issued by the New Zealand Auditing and Assurance Standards Board, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Other than in our capacity as auditor we have no relationship with, or interests in, the Society.

Special Purpose Framework

The financial statements are prepared in accordance with a special purpose framework for the purpose of reporting to members and, as a result, the financial statements may not be suitable for another purpose.

Restriction on Responsibility

This report is made solely to the members, as a body, in accordance with the constitution and by-laws of the society. Our audit work has been undertaken so that we might state to the members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the members as a body, for our audit work, for this report, or for the opinions we have formed.

Board's Responsibility for the Financial Statements

The Board is responsible for determining that the special purpose framework described in Note 1, based on accounting principles commonly used in New Zealand is acceptable in the society's circumstances, for the preparation of the financial statements in accordance with the special purpose framework chosen to explain the society's financial performance and financial position to the members of the society and for such internal control as the Board determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board is responsible for assessing the society's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board either intends to liquidate the society or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibility

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (NZ) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs (NZ), we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the society's internal control
- conclude on the appropriateness of the use of the going concern basis of accounting by the Board and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the society's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the society to cease to continue as a going concern
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management. We communicate with the Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



DJ Turner & Associates
Chartered Accountants
Wellington, NZ
27th July 2018

Compilation Report and Disclaimer of Liability

Electricity Retailers' Association of New Zealand Incorporated

For the year ended 30 June 2018

Compilation Report to the Directors of Electricity Retailers' Association of New Zealand Incorporated.

Scope

On the basis of information provided and in accordance with Service Engagement Standard 2 Compilation of Financial Information, we have compiled the financial statements of Electricity Retailers' Association of New Zealand Incorporated for the year ended 30 June 2018.

These statements have been prepared in accordance with the accounting policies described in the Notes to these financial statements.

These statements comply with the requirements of the Companies Office, with Electricity Retailers' Association of New Zealand as an Incorporated Society.

Responsibilities

The Directors are solely responsible for the information contained in the financial statements and have determined that the Special Purpose Reporting Framework used is appropriate to meet your needs and for the purpose that the financial statements were prepared.

The financial statements were prepared exclusively for your benefit. We do not accept responsibility to any other person for the contents of the financial statements.

Independence

We have no involvement with Electricity Retailers' Association of New Zealand Incorporated other than for the preparation of financial statements and management reports and offering advice based on the financial information provided.

Disclaimer

We have compiled these financial statements based on information provided. Accordingly, we do not accept any responsibility for the reliability, accuracy or completeness of the compiled financial information contained in the financial statements. Nor do we accept any liability of any kind whatsoever, including liability by reason of negligence, to any person for losses incurred as a result of placing reliance on these financial statements.

Go Figure 2005 Limited

Level 4
85 Ghuznee Street
Wellington

Statement of Profit and Loss

Electricity Retailers' Association of New Zealand Incorporated

For the year ended 30 June 2018

	NOTES	2018	2017
Trading Income			
Subscriptions	673,804	656,445	
Total Trading Income	673,804	656,445	
Other Income			
Other Income	(44)	157	
Project Levy	164,700	74,548	
Interest Income	194	382	
Total Other Income	164,850	75,087	
Expenses			
ACC Levy	739	72	
Accounting	6,975	11,424	
Advertising	149	-	
Audit Expenses	2,800	-	
Bank Fees	253	280	
Chair/ Board Expenses	7,311	6,081	
Communications	612	542	
Conferences & Training	-	2,073	
Consulting	606	35,326	
Depreciation	8,645	10,342	
Director Fees	50,000	50,000	
Entertainment	7,932	14,349	
Events and Sponsorship	7,860	1,130	
Freight & Courier	143	90	
General Expenses	607	28	
GR and PR Plan	-	6,875	
Insurance	1,425	1,415	
IT Services	7,497	6,095	

	NOTES	2018	2017
Legal expenses		18,021	17,289
Media Consulting		-	30,010
Media Monitoring		7,065	4,602
Office Expenses		1,400	1,581
Policy Analysis		35,881	5,985
Printing & Stationery		2,964	9,218
Projects		213,592	86,401
Rent		18,000	19,862
Salaries & Wages		364,582	320,374
Staff Advertising		14,000	350
Subscription & Membership Expenses		11,166	15,740
Telephone & Internet		6,263	2,829
Training & Development		6,809	5,232
Travel and Accommodation		11,939	15,557
Website & Design		8,570	11,660
Total Expenses		823,808	692,811
Net Profit (Loss) Before Taxation		14,847	38,721
Taxation and Adjustments			
Non Deductible Expenses			
Tax expense		54	107
Total Non Deductible Expenses		54	107
Total Taxation and Adjustments		54	107
Net Profit (Loss) for the Year		14,792	38,614

Balance Sheet

Electricity Retailers' Association of New Zealand Incorporated For the year ended 30 June 2018

	NOTES	2018	2017
Assets			
Current Assets			
Cash and Bank			
Cheque Account		306,396	289,690
Total Cash and Bank		306,396	289,690
Income Tax Receivable		10	19
Accounts Receivable		273,154	80,293
Total Current Assets		579,559	370,002
Non-Current Assets			
Property, Plant and Equipment	12	10,504	18,324
Total Non-Current Assets		10,504	18,324
Total Assets		590,063	388,326
Liabilities			
Current Assets			
Fees in Advance		443,266	328,202
GST Payable		63,918	40,995
Accruals		32,434	12,930
Accounts Payable		69,159	39,704
Total Current Liabilities		608,776	421,831
Total Liabilities		608,776	421,831
Net Assets		(18,713)	(33,506)
Equity			
Surplus for the year		(18,713)	(33,506)
Total Equity		(18,713)	(33,506)

Schedule of Fixed Assets & Depreciation

Electricity Retailers' Association of New Zealand Incorporated

For the year ended 30 June 2018

Name	Cost	Opening Value	Purchases	Disposals	Depreciation	Closing Value
Computer Equipment						
Hard drive	2,182.20	1,454.80	-	-	727.40	727.40
HP Probook 450 G3 I7-6500 8 GB 256 GB	1,904.79	1,825.42	-	-	912.71	912.71
HP Switch - Desktop	1,120.00	536.66	-	-	268.33	268.33
Toshiba & printer	4,076.15	1,613.47	-	-	806.74	806.73
Toshiba and accessories	6,695.44	3,068.74	-	-	1,534.37	1,534.37
Total Computer Equipment	15,978.58	8,499.09	-	-	4,249.55	4,249.54
Office Equipment						
Standing desk and mat for new ERANZ Staff member (Gaylene Hosking)	825.00	0.00	825.00	-	26.81	798.19
Standing Desks	1,610.00	1,470.47	-	-	191.16	1,279.31
Total Office Equipment	2,435.00	1,470.47	825.00	-	217.97	2,077.50
Website at cost						
Website	12,531.50	8,354.33	-	-	4,177.17	4,177.16
Total Website at cost	12,531.50	8,354.33	-	-	4,177.17	4,177.16
Total	30,945.08	18,323.89	825.00	-	8,644.69	10,504.20

Statement of Movements in Capital

Electricity Retailers' Association of New Zealand Incorporated

For the year ended 30 June 2018

	2018	2017
Capital		
Opening Balance	(33,506)	(72,120)
Increases		
Profit for the Period	14,792	38,614
Total Increases	14,792	38,614
Total Capital	(18,713)	(33,506)

Notes to the Financial Statements

Electricity Retailers' Association of New Zealand Incorporated

For the year ended 30 June 2018

1. Statement of Accounting Policies

Reporting Entity

The financial statements presented here are for the entity Electricity Retailers' Association of New Zealand Incorporated.

Nature of Business

The nature of the Incorporated Society's business has not changed during the year under review.

Basis of Preparation

The Board has chosen to prepare special purpose financial reports which may not necessarily comply with generally accepted accounting practice.

Historical Cost

The financial statements have been prepared on a historical cost basis.

2. Changes in Accounting Policies

There have been no changes in accounting policies since the

previous financial year. All policies have been applied on bases consistent with those used in previous years.

3. Goods and Services Tax

All amounts are stated exclusive of goods and services tax (GST) except for accounts payable and accounts receivable which are stated inclusive of GST.

4. Income Tax

The Incorporated Society is a mutual association as determined by Inland Revenue and is not required to pay income tax.

5. Accounts Receivable

Receivables are stated at the estimated realisable value. Bad debts are written off in the year in which they are identified.

6. Contingent Liabilities

There are no contingent liabilities at balance date (Last Year: \$Nil)

7. Leases

Payments on operating lease agreements, where the lessor retains substantially the risk and rewards of ownership of an asset, are recognised as an expense on a straight-line basis over the lease term.

8. Subsequent Events

No subsequent events have occurred after balance date (Last Year: \$Nil).

9. Property, Plant and Equipment

Property, plant and equipment are stated at historical cost less any accumulated depreciation and impairment losses. Historical cost includes expenditure directly attributable to the acquisition

of assets, and includes the cost of replacements that are eligible for capitalisation when these are incurred.

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognised.

Upon derecognition, the asset revaluation reserve relating to the asset disposed shall be transferred to retained earnings.

Depreciation

Account	Method	Rate
Website at cost	Diminishing Value (100%)	50%
Office Equipment	Diminishing Value (100%)	13%
Computer Equipment	Diminishing Value (100%)	50%

10. Income Tax Expense

	2018	2017
Net Profit (Loss) Before Tax		
Interest	194	382
Total Net Profit (Loss) Before Tax	194	382
Taxable Profit (Loss)	194	382
Tax Payable at 28%	54	107
Deductions from Tax Payable		
Resident withholding tax paid		
Withholding tax paid	190	126
Total Resident withholding tax paid	190	126
Total Deductions from Tax Payable	190	126
Income Tax Payable (Refund Due)	(135)	(19)

11. Equity

	2018	2017
Retained Earnings		
Opening Balance	(33,506)	(72,120)
Current Year Earnings	14,792	38,614
Total Retained Earnings	(18,713)	(33,506)
Total Equity	(18,713)	(33,506)

12. Property, Plant and Equipment

	2018	2017
Office Equipment		
Office Equipment	2,435	1,610
Less Accumulated Depreciation on Office Equipment	(358)	(140)
Total Office Equipment	2,078	1,470
Computer Equipment		
Computer Equipment	15,979	15,979
Less Accumulated Depreciation on Computer Equipment	(11,729)	(7,479)
Total Computer Equipment	4,250	8,499
Website		
Website at cost	12,532	12,532
Accumulated Depreciation on Website at cost	(8,354)	(4,177)
Total Website	4,177	8,354
Total Property, Plant and Equipment	10,504	18,324

