

LineTrust.
South Canterbury

FINANCIAL STATEMENTS

2024



Contents

3	Directory
4	Chairperson's Annual Report
7	Statement of Distributions
8	Statement of Comprehensive Income
10	Statement of Changes in Equity
11	Statement of Financial Position
12	Statement of Cash Flows
13	Statement of Accounting Policies
16	Notes to the Financial Statements

Directory

LineTrust South Canterbury For the year ended 31 August 2024

Nature of Business

Consumer Trust owning 40% of Alpine Energy Ltd

Trust Formation Date

24 June 2002

Trustees

Michael Downes (Chairperson)

Joy Paterson

Peter Binns

Karen McCrostie

Hugh Perry

Trust Appointed Directors

Karen Coutts

Kevin Winders

Beneficiaries

South Canterbury Power Consumers

Warmer Kiwi Homes

Scholarships

Secretary

Ford Simpson Ltd

Accountants

Ford Simpson Ltd
Chartered Accountants
18 Woollcombe Street
Timaru 7910

Auditor

Martin Wakefield Audit Ltd

Bankers

BNZ

These financial statements are to be read in conjunction with the accompanying Notes. These statements have been audited.

Chairperson's Annual Report for Line Trust South Canterbury 2024

I have the pleasure of presenting the 31st Annual Report applicable to the year 2024.

After a quiet start the year became very busy, especially after April when Alpine Energy released news of the prior overcharge of consumers related to an incorrect statement of their Asset base. This had occurred over an approximately nine-year period and amounted to around \$19 million dollars. To Alpine's great credit they identified the error themselves and subsequently reported the same to the Commerce Commission, who are currently investigating the circumstances. It is hoped that the investigation will be completed this year with a resultant decision on how the overcharge will be refunded to consumers. LineTrust have indicated that we are available to assist with this by possibly utilising the annual dividend distribution mechanism if required. It is stressed that this is simply one option available to the Commerce Commission and that they may choose another mechanism entirely.

The fallout from the issue had important repercussions for the Alpine Energy Board resulting in the resignation of the Chair and one other Director. At the same time another of the Directors was seriously ill and thus unable to attend to duties, leaving the Board very short-staffed. The shareholders, including LineTrust, embarked on a collaborative selection process for replacement Directors, which resulted in the appointment of three of the many excellent candidates. The reason for appointing three Directors, instead of just filling the two vacancies, is that LineTrust had agreed to exercise their option of appointing a third Director to a hitherto vacant position to ensure good support for the Chair in navigating the current difficult times. The shareholder collaborative selection process worked extremely well and proved the value of bringing all parties to the table for such an important issue. Grateful thanks must go to our Executive, Ant Ford, and to the TDHL Executive, Fraser Munro, for the time and effort they put in to set up and facilitate the process.

An additional, extremely important, fallout from the overcharge issue is that dividends have not been paid since the announcement to shareholders of the problem. For LineTrust and Consumers this means that the funds available for distribution this year are woefully small and that the costs of distribution will be excessive in relation to the amount distributed if we were to do so. The Trust Deed allows Trustee discretion in the accumulation of credited funds, and it is therefore considered that distribution should be delayed until a more normal amount can be distributed to Consumers based on the average of previous years. At this time, it is not known when dividend payments will restart.

In addition to dealing with the Alpine issue, we have continued the relationship with EnergySmart, whereby LineTrust provides subsidies for insulating homes, and continued with the provision of Scholarship funds to young persons to help with the costs of attending University. The many changes in the electricity industry and energy sector overall have also provided much stimulation as we attempt to keep up with all that is going on at present so that we can continue our role as informed and effective shareholders of Alpine Energy.

With respect to the EnergySmart subsidies, which apply to insulating homes in the three districts that LineTrust represents, we are pleased to report that to date 31 Aug 2024, the

\$50,000 contribution from LTSC enabled: 124 retrofit installs in South Canterbury. Comprised of 17 in Waimate District, 6 in McKenzie District and 101 in Timaru District (includes Pleasant Point, Temuka, Geraldine, Albury, Pareora)

Regrettably, resulting from the lack of dividend payments, the decision was taken to withhold subsidies to EnergySmart for the foreseeable future. The decision was not taken lightly however we considered it necessary in view of the financial situation. As the situation improves i.e. dividends restart, subsidies will be reconsidered.

We would like to especially thank Rowena McClintock of EnergySmart, who has coordinated the project since its implementation 20 years ago, and our Trustee, Karen McCrostie for their joint passion and application to this highly successful ongoing project.

Previously LineTrust has offered scholarships for young students who are going on to university to study in a field that will benefit the electricity industry. This in the belief that by doing so we possibly help to alleviate the shortage of qualified industry personnel by providing financial assistance and arranging possible internships with Alpine Energy to those undertaking industry allied study.

We are very pleased to report that the students who have previously received LineTrust scholarships have been successful in their studies and we were thus also very pleased to award three more scholarships for the current year. For this we worked closely with Alpine Energy's communication staff, who provided welcome advice, guidance, and financial assistance to market the programme widely. Special thanks must go here to our Trustee Karen McCrostie for her hard work, enthusiasm and dedication in managing the application and award process.

Alpine Energy has continued the integration of NetCon during the year under the leadership of the Chief Executive, Caroline Ovenstone. Integrating two different cultures is not without its challenges but the business appears to be beginning to reap the benefits of the integration. For further information on Alpine Energy's performance throughout the year please refer to their Annual Report for the 2023/2024 year, which is published on their website.

The energy sector, Alpine Energy included, is facing many challenges to accommodate changes to electricity production e.g. solar and wind generation, while facing the challenges of climate change, population growth and urban mobility. For information on their strategy to accommodate the increase in workload while continuing to provide reliable power supply and resilient networks for consumers please refer to the Alpine Energy website and Annual Report.

Considerable challenges exist in terms of investment required, cost increases, staff requirements and ongoing management of workload and health and safety requirements. These all have implications for consumers and Line Trust thus continues to take an active interest in their management by Alpine Energy.

In conclusion I would like to offer my thanks to my fellow Trustees, Joy Paterson (representing McKenzie), Karen McCrostie, Hugh Perry and Peter Binns (representing Timaru) for their support, dedication and efforts throughout the last year. I add thanks also to Ant Ford and Steph Fraser of Ford Simpson for their efficient and effective administration of Line Trust and for their hard work and enthusiasm throughout the year.

Special thanks, as noted above, are due to Karen McCrostie for managing the Trust Subsidies and Scholarships portfolio. Karen has retired as a Trustee and we shall miss her good humour and unstinting application to these.

Special thanks are due also to Hugh Perry who has retired as a Trustee as well. We shall miss Hugh's sage advice and erudite missives especially with regard to legal matters.

I offer a warm welcome on behalf of LineTrust to the two newly elected Trustees for the forthcoming term, Barry Thompson and Nathan Mills, and look forward to their active participation in the business of the Trust.

A handwritten signature in dark ink, appearing to be 'Mike Downes', with a stylized, flowing script.

Mike Downes
Chair

Statement of Distributions

LineTrust South Canterbury For the year ended 31 August 2024

	2024	2023	2022
Distributions			
Available Distributions			
Total Comprehensive Income	2,190,494	7,644,131	4,131,732
Equity Accounted Surplus from Associate	(2,101,600)	(5,881,200)	(3,529,600)
Other Comprehensive Income in Associate	(216,746)	(1,906,947)	(1,154,272)
Income Tax	-	-	230,007
Dividend Received - Alpine Energy Ltd	396,749	991,872	991,872
Movement in Accrued Interest	11,462	(29,525)	(3,174)
Net Income Available for Distribution	280,359	818,331	666,565
Percentage Distributed	90	90	90
Available to Distribute to Beneficiaries	252,323	736,498	599,909

Allocation of \$736,498

Load Group	Allocate by	Amount
Under 14 kVA (Standard Domestic)	Fixed Amount	\$18.00
3 x 60 A (Small Commercial)	Fixed Amount	\$13.12
Over 15 kVA Assessed & Nameplate	Demand Factor	individually determined based on capacity
TOU 400 V	Demand Factor + winter kWh	individually determined based on line charges
TOU 11 kV	Demand Factor + winter kWh	individually determined based on line charges

Distributions are made in the year subsequent to earnings.

These financial statements are to be read in conjunction with the accompanying Notes. These statements have been audited.



Statement of Comprehensive Income

LineTrust South Canterbury For the year ended 31 August 2024

	NOTES	2024	2023
Revenue			
Interest Received - BNZ		90,661	54,252
Total Revenue		90,661	54,252
Expenses			
ACC Levies		103	113
Accountancy Fees	14	15,400	15,400
Advertising		2,739	3,827
Audit Fee	1	6,325	5,750
Bank Fees		238	40
Conference & Seminar Expenses		2,042	7,035
Consultancy Fees		-	6,242
Director Appointment		-	5,951
Dividend Distribution Costs		25,539	10,347
Election Expenses		6,511	-
Energy Trusts of New Zealand		9,750	8,446
Insurance	11	9,879	9,804
Legal expenses		3,375	832
Legal Expenses - Trust Deed		-	3,725
Meeting Expenses		948	814
Secretarial Costs	14	38,420	24,622
Subscriptions		545	180
Three Year Review Costs		186	-
Trust Deed Consultancy		-	595
Trustees Reimbursements		9,462	7,527
Trustees Remuneration		87,050	87,020
Total Expenses		218,513	198,268
Operating Surplus (Deficit)		(127,852)	(144,016)
Other Income			
Equity Accounted Surplus in Alpine Energy Ltd	10	2,101,600	5,881,200
Surplus (Deficit) before Income Tax		1,973,748	5,737,184
Income Tax Expense			
Income Tax Expense	2	-	-
Surplus/(Deficit) after Income Tax		1,973,748	5,737,184

These financial statements are to be read in conjunction with the accompanying Notes. These statements have been audited.





	NOTES	2024	2023
Other Comprehensive Revenue and Expense			
Items that will not be reclassified to Profit or Loss			
Other Comprehensive Income in Revaluation Associate Alpine Energy Ltd	17	369,146	207,472
Other Comprehensive Income Adjustment in Revaluation Associate Alpine Energy Ltd	17	-	622,675
Gain/(Loss) on Revaluation of Land and Buildings		-	581,600
Items that may be subsequently reclassified to Profit or Loss			
Gain/(Loss) on Interest Rate Swap - Alpine Energy Ltd		(152,400)	495,200
Total Comprehensive Income for the Year, Net of Tax		2,190,494	7,644,131

These financial statements are to be read in conjunction with the accompanying Notes. These statements have been audited.



Statement of Changes in Equity

LineTrust South Canterbury

For the year ended 31 August 2024

	CONTRIBUTED CAPITAL	REVALUATION RESERVE	HEDGE RESERVE	RETAINED PROFITS	TOTAL
2023					
Equity					
Opening Balance	16,531,207	2,599,684	103,600	52,549,121	71,783,612
Revenue					
Profit from Operations	-	-	-	5,737,184	5,737,184
Other Comprehensive Revenue/(Loss)	-	1,411,748	495,200	-	1,906,948
Total Revenue	-	1,411,748	495,200	5,737,184	7,644,132
Distributions					
Distribution to Consumer Projects -Note 6	-	-	-	(60,144)	(60,144)
Distribution to Consumers	-	-	-	(636,031)	(636,031)
Total Distributions	-	-	-	(696,175)	(696,175)
Total Equity	16,531,207	4,011,432	598,800	57,590,130	78,731,569
	CONTRIBUTED CAPITAL	REVALUATION RESERVE	HEDGE RESERVE	RETAINED PROFITS	TOTAL
2024					
Equity					
Opening Balance	16,531,207	4,011,432	598,800	57,590,130	78,731,569
Revenue					
Profit from Operations	-	-	-	1,973,748	1,973,748
Other Comprehensive Revenue/(Loss)	-	369,146	(152,400)	-	216,746
Total Revenue	-	369,146	(152,400)	1,973,748	2,190,494
Distributions					
Distribution to Consumer Projects -Note 6	-	-	-	(65,000)	(65,000)
Distribution to Consumers	-	-	-	(654,653)	(654,653)
Total Distributions	-	-	-	(719,653)	(719,653)
Total Equity	16,531,207	4,380,578	446,400	58,844,225	80,202,410

These financial statements are to be read in conjunction with the accompanying Notes. These statements have been audited.

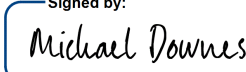


Statement of Financial Position

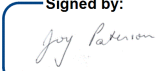
LineTrust South Canterbury
As at 31 August 2024

	NOTES	31 AUG 2024	31 AUG 2023
Assets			
Current Assets			
Cash and Cash Equivalents (Note 3 and 4)		212,739	85,401
Accrued Income	4	24,838	36,300
Income Tax Receivable		43,730	25,894
Prepayments		3,410	2,930
BNZ Term Deposits (Note 4 and 5)		1,140,000	1,722,709
Total Current Assets		1,424,717	1,873,235
Non-Current Assets			
Investment in Alpine Energy Ltd	10	78,792,000	76,870,403
Total Non-Current Assets		78,792,000	76,870,403
Total Assets		80,216,717	78,743,638
Liabilities			
Current Liabilities			
Accounts Payable	4	14,307	12,069
Total Current Liabilities		14,307	12,069
Total Liabilities		14,307	12,069
Net Assets		80,202,410	78,731,569
Equity			
Capital		16,531,207	16,531,207
Accumulated Surpluses (Deficits)		58,844,225	57,590,129
Reserves		4,826,978	4,610,232
Total Equity		80,202,410	78,731,569

Signed by:


A68F9GAGAD2F421...Trustee

Signed by:


BB732F2EFB8049A...Trustee

08-Nov-2024 | 12:24 PM NZDT
Date_____

08-Nov-2024 | 12:55 PM NZDT
Date_____

These financial statements are to be read in conjunction with the accompanying Notes. These statements have been audited.



Statement of Cash Flows

LineTrust South Canterbury For the year ended 31 August 2024 Cash Basis

	2024	2023
Cash Flow		
Cash Flows from Operating Activities		
Cash was received from:		
Dividends Received	369,197	922,992
Interest Received	102,123	24,727
Tax Refund	25,894	31,940
Total	497,214	979,660
Cash was applied to:		
Operating Expenses	(211,376)	(199,582)
RWT Paid	(33,701)	(8,160)
Total	(245,077)	(207,742)
Net Cash Flows from Operating Activities	252,138	771,918
Cash Flows from Investing Activities		
Cash was received from:		
Withdrawal of Investments	1,333,126	1,574,560
Total	1,333,126	1,574,560
Cash was applied to:		
Increase of Investments	(750,416)	(1,722,709)
Total	(750,416)	(1,722,709)
Net Cash Flows from Investing Activities	582,710	(148,150)
Cash Flows from Financing Activities		
Cash was applied to:		
Distribution to Consumers	(642,509)	(579,507)
Warmer Kiwi Homes	(50,000)	(55,736)
Scholarships	(15,000)	(10,000)
Total	(707,509)	(645,242)
Net Cash Flows from Financing Activities	(707,509)	(645,242)
Net Increase/(Decrease) in Cash	127,338	(21,474)
Bank Accounts and Cash		
Opening Cash	85,401	106,875
Net Increase/(Decrease) in Cash Held	127,338	(21,474)
Closing Cash	212,739	85,401

These financial statements are to be read in conjunction with the accompanying Notes. These statements have been audited.



Statement of Accounting Policies

LineTrust South Canterbury For the year ended 31 August 2024

Reporting Entity

LineTrust South Canterbury is a Consumer Electricity Trust.

The Trust was formed subject to the 4 June 2002 High Court decision. Its financial reports are prepared in accordance with the Electricity Industry Act 2010 s99.

The Trust is domiciled in New Zealand.

The Trust was established to hold 40% of the shares in Alpine Energy Limited. The principal activity of the Trust is to invest in accordance with the terms of the Trust Deed for the long term good of their beneficiaries.

The object of the Trust is to hold shares in Alpine Energy Limited on behalf of the consumers, exercising the rights attached to ownership and distribute to consumers the benefits of ownership including any dividends received by the Trust, and to carry out future ownership reviews involving public consultation.

These financial statements have been authorised for issue by the Trustees on the date the statement of financial position was signed. There is no power to amend the financial statements after issue.

Distribution Policy

The Trust distributes to beneficiaries a minimum of 90% of net profit, calculated on the basis of cash received. The equity accounted share of the Trust's profits in Alpine Energy Ltd have not been received by the Trust in cash, and therefore are not available for distribution. A statement of distributions is included in these financial statements showing the reconciliation between the net profit per the Statement of Comprehensive Income, and the net profit available for distribution to beneficiaries.

Statement of Compliance and Basis of Preparation

These financial statements have been prepared in accordance with the requirements of the Financial Reporting Act 2013.

The financial statements have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand (NZ GAAP). These financial statements have been prepared in accordance with New Zealand Equivalents to International Financial Reporting Standards Reduced Disclosure Regime (NZ IFRS RDR).

LineTrust South Canterbury is designated as a for profit oriented entity for financial reporting purposes as the Trustees believe the Trust does not meet the definition of a public benefit entity.

The Trust is a Tier 2 for-profit entity and has elected to report in accordance with NZ IFRS RDR as issued by the New Zealand External Reporting Board (XRB). The Trust is eligible to report in accordance with NZ IFRS RDR on the basis that it does not have public accountability and is not a large for-profit public sector entity. In applying NZ IFRS RDR, the Trust has applied a number of disclosure concessions.

The accounting principles recognised as appropriate for the measurement and reporting of the Statement of Profit or Loss and Other Comprehensive Income and Statement of Financial Position on a historical cost basis are followed by the trust, unless otherwise stated in the Specific Accounting Policies.

The information is presented in New Zealand dollars. All values are rounded to the nearest \$.

Going Concern

The adoption of the going concern assumption is appropriate. The Trustees have considered the working capital requirements for the 2025 financial year and are satisfied that available funds to the date of signing these financial statements are sufficient.

These financial statements are to be read in conjunction with the accompanying Notes. These statements have been audited.



Specific Accounting Policies

The following specific accounting policies which materially affect the measurement of the Statement of Comprehensive Income and Statement of Financial Position have been applied.

Expenses

Expenses have been classified by their function to the Trust.

Trade Receivables

Accounts Receivable represents items that the trust has issued invoices for or accrued for, but has not received payment for at year end. Receivables are initially recorded at fair value and subsequently recorded at the amount the trust realistically expects to receive.

Income Tax

The income tax expense charged to the Statement of Comprehensive Income recognises the current year's provision adjusted for timing and permanent differences between taxable and accounting income.

Investments

Investment in Associate

Alpine Energy Ltd is an associated company. LineTrust South Canterbury has a 40% shareholding. This associate has been reflected in the financial statements on an equity basis, which shows the Trust's share of net profits in the Statement of Comprehensive Income, and its share of post acquisition increases or decreases in net assets in the Statement of Financial Position. Dividends received from Alpine Energy Ltd are eliminated from the Statement of Comprehensive Income with this method of presentation.

Other Investments

Investments with registered banks or other entities are recorded at their book value at balance date, exclusive of any interest accrued to balance date.

Goods and Services Tax (GST)

Revenue and expenses have been recognised in the financial statements inclusive of GST. The entity is not GST registered.

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand and bank balances, with original maturities of 90 days or less.

Sundry Creditors

Sundry creditors and other accounts payable are recognised when the Trust becomes obliged to make future payments resulting from the purchase of goods and services. Sundry creditors are recognised at fair value (being cost).

Revenue Recognition - Exchange Transactions

Interest revenue on cash and cash equivalents and investments is recognised in the income statement as it accrues, using the effective interest rate method.

Dividend income is recognised when the right to receive payment is established.

These financial statements are to be read in conjunction with the accompanying Notes. These statements have been audited.



Financial Instruments

The trust's financial assets comprise cash and cash equivalents, accrued income and deposits. All of these financial assets are categorised as 'loans and receivables' for accounting purposes in accordance with financial reporting standards.

The trust's financial liabilities comprise accounts payable. All of these financial liabilities are categorised as 'financial liabilities measured at amortised cost' for accounting purposes in accordance with financial reporting standards.

Changes in Accounting Policies

There have been no changes in accounting policies. All policies have been applied on a basis consistent with those from previous financial year.

Significant Judgements, Estimates and Assumptions

The preparation of financial statements requires management to make judgements, estimates and assumptions about the recognition and measurement of assets, liabilities and income and expenses. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

Significant Judgements in Applying Accounting Policies

Management has exercised the following critical judgements in applying accounting policies for the current financial year: No critical judgements have been made this year.

Key Sources of Estimation Uncertainty

The preparation of financial statements in conformity with NZ IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts and liabilities, income and expenses. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. There are no significant sources of estimation uncertainty.

These financial statements are to be read in conjunction with the accompanying Notes. These statements have been audited.



Notes to the Financial Statements

LineTrust South Canterbury For the year ended 31 August 2024

	2024	2023
1. Auditor's Remuneration		
The auditor of LineTrust South Canterbury is Martin Wakefield Audit Ltd		
Audit Fee	6,325	5,750
Total Auditor's Remuneration	6,325	5,750
	2024	2023
2. Tax Reconciliation		
Surplus (Deficit)		
Surplus (Deficit) before Income Tax	1,973,748	5,737,184
Added back		
Net Dividends Received - Alpine Energy Ltd	396,749	991,872
Imputation Credits	154,291	385,728
Decrease in Accrued Interest	11,462	-
Trust Deed Consultancy	-	595
Trust Deed Legal	-	3,725
Total Added back	562,502	1,381,920
Deducted		
Equity Accounted Surplus in Alpine Energy Ltd	(2,101,600)	(5,881,200)
Increase in Accrued Interest	-	(29,525)
Total Deducted	(2,101,600)	(5,910,725)
Taxable Income	434,650	1,208,379
Less		
Distribution from Current Year Income	(252,323)	(736,499)
ICA Credits Allocated to Beneficiaries	(98,126)	(286,416)
Loss Utilised	(84,201)	(185,464)
Trustees Taxable Income	-	-
Income Tax Losses Carried Forward		
Income Tax Losses Carried Forward	325,355	209,874
Loss Utilised	(84,201)	(185,465)
Excess Imputation Credits converted to a Loss	170,199	300,946
Total Income Tax Losses Carried Forward	411,352	325,355
	2024	2023
3. Cash and Cash Equivalents		
BNZ	112,739	85,401
BNZ Short Term Deposits	100,000	-
Total Cash and Cash Equivalents	212,739	85,401

These financial statements are to be read in conjunction with the accompanying Notes. These statements have been audited.



4. Financial Instruments

Trade Receivables, trade payables are disclosed at their carrying value. The carrying value of these assets and liabilities are equivalent to, or approximate their fair value.

	2024	2023
Financial Assets at Amortised Cost		
Cash and Cash Equivalents	212,739	85,401
Receivables		
Accrued Income	24,838	36,300
Total Receivables	24,838	36,300
Term Deposits		
Term Deposits BNZ	1,140,000	1,722,709
Total Term Deposits	1,140,000	1,722,709
Total Financial Assets at Amortised Cost	1,377,577	1,844,411
	2024	2023

Financial Liabilities Measured at Amortised Cost

Payables	14,307	12,069
Total Financial Liabilities Measured at Amortised Cost	14,307	12,069
	2024	2023

5. BNZ Term Deposits

BNZ Short Term Deposits of 90 days or less		
BNZ Short Term Deposits	100,000	-
Total BNZ Short Term Deposits of 90 days or less	100,000	-
BNZ Term Deposits		
BNZ Term Deposit 16 Matures 20/1/24 5.3%	-	1,000,000
BNZ Term Deposit 17 Matures 16/12/23 5.25%	-	120,000
BNZ Term Deposit 18 Matures 17/12/24 4.3%	450,000	602,709
BNZ Term Deposit 19 Matures 7/02/25 6.1%	690,000	-
Total BNZ Term Deposits	1,140,000	1,722,709
Total BNZ Term Deposits	1,240,000	1,722,709

6. Dividends

Under clause 5.2 of the trust deed, the Trust distributes at least ninety percent of the surplus available for distribution to consumers and consumer projects. Under clause 5.3 the distribution may be delayed to meet the Trust tax obligations.

These financial statements are to be read in conjunction with the accompanying Notes. These statements have been audited.



	2024	2023
7. Consumer Projects		
Warmer Kiwi Homes	50,000	50,144
Scholarships	15,000	10,000
Total Consumer Projects	65,000	60,144
	2024	2023
8. Imputation Credits		
Imputation Credits Received	154,291	385,728
Applied to Consumer Distribution	(98,126)	(286,416)
Applied to Tax Expense	-	-
Converted to Loss	(56,165)	(99,312)
Total Imputation Credits	-	-
	2024	2023
9. Dividends Received from Alpine Energy Ltd		
Gross Dividend 30 September	275,520	275,520
Gross Dividend 31 December	275,520	275,520
Gross Dividend 31 March	-	275,520
Gross Dividend 31 July	-	551,040
Total Dividends Received from Alpine Energy Ltd	551,040	1,377,600

Alpine Energy discontinued paying dividends until the Commerce Commission enquiry is resolved. (See Note 20)

10. Investments in Associates

Alpine Energy Ltd

16,531,207 fully paid Ordinary \$1.00 Shares in Alpine Energy Ltd vested in the Trust in terms of The Energy Companies (Alpine Energy Ltd) Vesting Order 1993. These have been valued at 40% of total shareholders funds as shown in the 2024 Alpine Energy Ltd Annual Report, in accordance with NZ IAS 28: Investments in Associates and Joint Ventures using the equity method. The only exemption is that Alpine Energy has a 31 March balance date. It is impractical for Alpine Energy Limited to provide information to 31 August 2024. Any management accounts to that date may be unreliable for financial reporting purposes due to the inclusion or omission of audited accounting estimates and fair value items. Therefore the Trustees consider that the audited financial statements of Alpine Energy Limited to 31 March present the most reliable form of information, from which dividends received by this Trust correspond to dividends distributed to consumers.

Management has concluded that the financial statements present fairly the entity's financial position, financial performance and cashflows, allowing for the NZIAS 28 departure.

The financial statements comply with NZ IFRS RDR except that it has departed from the requirement of NZ IAS 28 para 34, that there be no more than a three month interval between the LTSC and AEL to achieve fair presentation. NZ IAS 28 para 34 would require that LTSC obtain and adjust the management accounts of AEL to GAAP standard for equity consolidation, it is impractical to provide the information in GAAP format and have it audited to the year ended 31 August. Consolidation of the management accounts to 31 August would lead to multiple departures from GAAP standards and be misleading to the readers, therefore the treatment adopted is to equity consolidate the audited financial statements of AEL to 31 March 2024. This treatment is consistent for both the current year and comparative period.

It is not possible to quantify the departure from NZ IAS 28 para 34 on a line by line basis.

As reported in note 18, Events After Balance Date, the Inland Revenue has approved a change of the Trust's balance date to 30 June.

These financial statements are to be read in conjunction with the accompanying Notes. These statements have been audited.



An Independent Valuation as at 30 June 2024 under the N Z Equivalents to International Financial Reporting Standards has indicated a valuation of \$7.12 per share or \$117.7M for the Trust's 40% shareholding in Alpine Energy Ltd. The principal activity of Alpine Energy Ltd is the ownership of the electricity distribution network in South Canterbury. The Group, Alpine Energy Ltd and its subsidiaries (Infratec Ltd, Infratec Renewables (Rarotonga) Ltd and Power Services 2022 Ltd) and associated entity On Metering Ltd also undertake asset management and contracting services.

11. Trustee Insurance

During the financial period the Trust paid premiums in respect of Trustees and Officers Liability insurance.

12. Resettlement of Trust

There was a resettlement of the Trust on 24 June 2002 where the Trust changed its name from South Canterbury Power Trust to LineTrust South Canterbury.

13. Guidelines for access to information from Beneficiaries

The Trust received no requests for information under the Guidelines for the year ended 31 August 2024.

14. Related Parties

Ford Simpson Ltd is Secretary of the LineTrust South Canterbury and also prepares the Financial Statements for the Trust. Charges between the parties are for services provided as part of the normal operating activities of the Trust, and as such have been incorporated into the operating costs of the Trust. During the year, payments to Ford Simpson Ltd amounted to \$53,820. At balance date \$4,485 was owing to Ford Simpson Ltd (Previous Year: \$4,485)

Trust distributions are paid to Trustees at the same rates as all other beneficiaries. There have been no other related party transactions with Trustees.

15. Capital Management

The key objectives of the Trust when managing capital is to safeguard its ability to continue as a going concern and maintain optimal benefits to consumers. The Trust defines capital as its equity.

The Trust manages its capital structure and makes funding decisions based on the prevailing economic environment and has a number of tools available to manage capital risk. This includes the ability to adjust the timing of the dividends paid to consumers.

16. Reserves

The Reserves in the statement of financial position consists of unrealised profits on the value of Alpine Energy Ltd shares. When the shares are sold realised profit will be distributed to consumers.

17. Other Comprehensive Income

Other Comprehensive Income in Revaluation Associate Alpine Energy Ltd

2022 Equity was restated in the Alpine Energy Ltd 2023 financial statements, resulting in an increase in Comprehensive Income in LineTrust South Canterbury amounting to \$207,472. In 2024 there was no restatement.

Other Comprehensive Income Adjustment in Revaluation Associate Alpine Energy Ltd

In 2023 a new calculation method for revaluing the Alpine Energy Ltd investment has been applied, resulting in an increase amounting to \$622,675. In 2024 the same calculation was used.

These financial statements are to be read in conjunction with the accompanying Notes. These statements have been audited.



18. Events After Balance Date

Inland Revenue have approved a change of the Trust balance date to 30 June. Annual Reports will be prepared to this date in 2025.

There were no other events that have occurred after the balance date that would have a material impact on the Performance Report (Last Year: Nil)

19. Capital Commitments

The Trust resolved to defer any future contributions to Warmer Kiwi Homes Project in 2025. (LY: \$50,000)

20. Contingent Liabilities and Guarantees

The Trust's share of its contingent liabilities of its associated company Alpine Energy Limited, at a 40% shareholding as at 31 March 2024 are as follows:-
\$292,000 in the form of performance and import guarantees to cover ongoing project work (LY NZD\$292,000)

During the year, Alpine Energy Ltd discovered an administrative error in its previous nine years' Information Disclosure Schedules that were submitted to the Commerce Commission (the Commission). The amended information is currently under review by the Commission. Alpine Energy Ltd is working with the Commission to determine the appropriate course of action. There is a range of possible actions that the Commission may take against Alpine Energy Ltd, depending on the outcome of its review. It is expected that the Commission will finalise its review during the next financial year.

Alpine Energy Ltd discontinued paying dividends during the year until this situation is resolved.

Statement of Corporate Intent

FY2025-2027

Table of Contents

<u>03</u>	Scope
<u>04</u>	Strategy
<u>07</u>	Performance targets
<u>11</u>	Commitments to our Shareholders
<u>12</u>	Governance
<u>13</u>	Investments
<u>14</u>	Appendix 1: Ownership
<u>15</u>	Appendix 2: Definitions
<u>16</u>	Appendix 3: 2024 Asset Management Plan

This Statement of Corporate Intent (SCI) is submitted by the Board of Alpine Energy Limited (AEL) in accordance with section 39 of the Energy Companies Act 1992. It sets out the Board's overall intentions and objectives for AEL and its subsidiary companies (the Group) for the year commencing 1 April 2024 and the following two financial years up to 31 March 2027.

Scope

We proudly own and operate the electricity distribution network that delivers electricity to over 33,500 homes and businesses in South Canterbury.

Our core business is the construction and maintenance of our electricity distribution network to continue to operate a successful electricity distribution business (EDB). We also have an important role to play in New Zealand's transition to a low-carbon economy.

The Commerce Commission (the Commission) regulates our network services, which account for over 90% of our revenue, under Part 4 of the Commerce Act (1986). The purpose of Part 4 is to ensure we:

- have incentives to invest in our network
- have incentives to innovate, improve efficiency, and provide services at a quality that reflects consumer demands
- share the benefits of efficiency gains with consumers, including through lower prices
- are limited in our ability to extract excessive profit.

Key asset management strategies and capital and operating expenditure plans are published annually in our Asset Management Plan. It includes details on all major network and non-network projects for the next 10 years. A summary of this plan is included in Appendix 3.

Through our investment in SmartCo we receive advanced metering data which is critical for the management of our low-voltage network. Our other investments are Infratec, Alpine Data Networks, and OnMetering. Infratec installs micro-grid projects in the Pacific and its strategy remains to finish its last current project after which it will be wound down. Alpine Data Networks is our fibre division which operates in South Canterbury and parts of Central Otago. OnMetering is a metering service provider to retailers in the North Canterbury region.

“We deliver an essential lifeline service which is critical to support our region's economic growth”

Strategy

Energy infrastructure is inter-generational. The choices we make to meet South Canterbury's needs today will shape what is possible in the future. It is a challenge that we are responding to by investing in our capabilities and collaborating with our customers and stakeholders.

Strategic influences

The energy sector continues to see changes brought on by economic growth, consumer preferences, climate change, digital disruption, legislation, and local and national commitments to sustainability. Given the unique nature of our local network, these changes impact us more than other EDBs due to our geography and the scale, nature and location of projected network demand and generation growth.

Our unique region

As a region, South Canterbury is uniquely diverse and complex in its electricity needs in many ways:

- Land use and economic activities: Dairy, sheep and beef, crop farming, significant food processing and other industrial operations, and high tourism activity in the Mackenzie District.
- Energy demand: Significant industrial process heat requirements combined with seasonal demand driven by irrigation. The port is a hub for local and international imports and exports.
- Geography and climate: Stretching from the alpine village of Aoraki/Mt Cook to the temperate coast at the Waitaki River.
- Population spread: One significant urban centre (Timaru) and many smaller towns and villages throughout the region as well as remote rural connections.
- 7 Grid Exit Points (GXPs).

New technologies and increased electricity prices impact the day-to-day lives and needs of our customers and communities. We need to understand what they need and to create opportunities to explain why our work is essential.

Economic development across the region continues at a modest level leading to increased demand for most of our network. In Washdyke and Timaru, increased demand from a small group of existing and new large industrial customers, who undertake growth and decarbonisation projects in the next ten years, will significantly increase our total network demand. The uptake of electric vehicles (EVs) and fleet electrification also continues, as does public EV charging with several South Canterbury locations being natural charging locations for local EV drivers as well as tourists.

The high cost of living impacts all our customers and increases in the cost of electricity contribute to this, making it even more important for us to help our customers understand their electricity charges and what they are paying for. Continued remote working trends, alongside a desire to decarbonise local industry, means the reliability of supply matters even more than it did historically.

These factors all translate into an increased and more dynamic use of our network by our customers. This will require a significant uplift in our network capacity over the coming years, combined with investment in and partnering on innovative options to solve these capacity constraints and provide our customers with solutions.

The amalgamation with NETcon in 2023 was a strategic decision for our business to support delivery of increased network maintenance along with the growth in customer projects. Efficiencies from the amalgamation will ensure we can deliver this work at a lower cost over time.



“The choices we make to meet South Canterbury’s needs today will shape what is possible in the future.”

Strategic purpose

At the core of our business lies a fundamental belief: electricity is an essential service that empowers our communities. We recognise the role reliable and sustainable power plays in the aspirations of the people, businesses, and visitors to our region.

We are committed to being a responsible partner in building a brighter future for generations to come. In line with this, the Board has reviewed and updated our purpose and the long-term outcomes we aim to achieve.

Purpose: Empowering our vibrant and thriving communities now and for the future

Thriving communities	Electricity for all	Resilient and reliable electricity	Financial sustainability
Our people and communities are healthy, safe, and thriving	All electricity users can access and use electricity they need	Our electricity supply is resilient and adaptive in the face of climate change	We have the capital and infrastructure to invest and deliver our strategy
<ul style="list-style-type: none">Reliable electricity supports thriving families and businessesOur people, communities and environment are healthy and safe	<ul style="list-style-type: none">Electricity is accessible, reliable, and affordableCustomers engage with us to make informed energy choices and access services that meet their needs	<ul style="list-style-type: none">Resilient and reliable electricity infrastructure and services span the needs of localities and generationsOur network adapts to, and stands strong in, the face of climate change	<ul style="list-style-type: none">We have the capital to invest in the future to deliver on our strategy and asset management plan (right place, right time, right solution)

Our strategic planning includes long-term scenario modelling so we can understand the links between the decisions we make now and how these will impact the decisions we might need to make in the future. Underpinning this is strong engagement with our customers and stakeholders, so we have the best available information to make decisions.

Performance targets

We measure performance against a range of health and safety, network reliability, and financial targets. The performance targets that have been set for the period covered in this SCl are outlined below.

Health and safety targets

We have a responsibility to keep our people, contractors, and the public safe from serious injury involving any of our equipment and at all our sites. Public safety awareness campaigns help us to educate our community to ensure everyone is kept safe every day.

	Actual 2023/2024	2024/2025	2025/2026	2026/2027
Business safety				
Number of serious injury events involving AEL Group employees or our service providers	0	0	0	0
Number of lost time injuries	2	0	0	0
Number of recordable injuries (TRIFR)	1.75	<3	<3	<3
Public safety				
Number of serious injury events ¹ involving members of the public	0	0	0	0
Number of public safety awareness campaigns	10	10	10	10

¹ Excluding third party contact e.g., car vs. pole.

Network reliability performance targets

SAIDI and SAIFI² are standard industry measures for network reliability. SAIDI and SAIFI Performance Measures for AEL are drawn from the Commission's DPP Determination. The SAIDI and SAIFI limits are set and fixed during each five-year regulatory period, for planned and unplanned outages, respectively.

The third and current regulatory period, DPP3³, applies from 1 April 2020 until 31 March 2025.

	Actual 2021 - 2024 (4 years)	5-year limit ⁴
Planned SAIDI	340.91	824.87
Planned SAIFI	1.2306	3.4930
	Actual 2023/2024	2024 /2025
Unplanned SAIDI	86.40	124.71
Unplanned SAIFI	0.7935	1.1970

The draft DPP4 decision was released by the Commission in May 2024, which applies from 1 April 2025 to 31 March 2030. This provided draft SAIDI and SAIFI limits for the next five years. The table following shows the indicative SAIDI and SAIFI for the next two financial years.

The forecast planned SAIDI and SAIFI represents a fifth of the 5-year limits as set out in the draft DPP4 decision as our best estimates.

	Forecast 2025/2026	Forecast 2026/2027	5-year limit ⁵
Planned SAIDI	148.48	148.48	742.38
Planned SAIFI	0.6287	0.6287	3.1437

The forecast unplanned SAIDI and SAIFI represents the annual limits as set out in the draft DPP4 decision as our best estimates.

	Forecast 2025/2026	Forecast 2026/2027
Unplanned SAIDI	121.69	121.69
Unplanned SAIFI	1.1372	1.1372

² System Average Incident Duration Index (SAIDI) System Average Incident Frequency Index (SAIFI).

³ DPP3 - the third default price-quality path (DPP) for the 16 electricity distributors in New Zealand subject to price-quality regulation. The period runs from 1st April 2020 - 31st March 2025.

⁴ Planned SAIDI and planned SAIFI have 5-year limits as set in the DPP Determination.

⁵ Planned SAIDI and planned SAIFI have 5-year limits as set in the DPP Determination.

Financial performance targets

We recognise the need to work towards delivering a sustainable financial return to our Shareholders while delivering a secure, reliable, and resilient network to meet our customers' needs at a price they can afford. To do this in the most efficient way possible, we need to focus on optimising our core capabilities while enabling current and future customer demands.

Our financial performance targets, being the consolidated targets for the Group, reflect the investment required in delivering our strategic initiatives, leading to an increase in expected long-term financial returns as the strategy is delivered.

	Actual 2023/2024 \$'000	Budgeted 2024/2025 \$'000	Projected 2025/2026 \$'000	Projected 2026/2027 \$'000
Lines charge revenue	66,023	65,514	80,014	89,483
Other revenue	20,085	19,272	18,813	16,260
Operating expenses	70,095	77,595	79,848	82,044
Net operating surplus after tax	5,254	5,963	14,745	18,357
Capital expenditure on network assets	27,661	36,283	54,041	50,034
Capital expenditure on non-network assets	3,212	7,051	4,280	3,300
Net External Debt	102,012	128,036	161,493	179,865

Our key forecasting assumptions

The financial targets are in nominal terms. The targets include the following key assumptions:

- CPI and interest rates have been forecast in consultation with our primary lenders and reflect Treasury's latest economic outlook in March 2024.
- Our opex and capex forecasts are in line with our Asset Management Plan published 1 April 2024. opex has increased significantly due to:
 - the investment we need to make to replace or implement new technology. As we are moving to predominantly cloud-based solutions, the costs associated with these investments are treated as opex (as opposed to traditional on-premise solutions which historically were treated as capex); and
 - capability required to support the growth and resilience of the network.
- The forecast capex includes customer projects (load and generation) and estimates the proportion of shared vs dedicated assets for these projects. We assume that distribution generation contributions align with Electricity Authority regulations, and customer contributions to demand increases align with our connections and extensions policy⁶ as published on our website. We anticipate this policy being revised in 2025 due to regulation by the Electricity Authority.
- In May 2024, the Commission issued a draft DPP4 Determination which included the regulated revenue path for FY26-30, which continues as a revenue cap. Regulated revenue in our financial targets is our estimate based on all the factors affecting revenue which we are currently aware of. The final DPP4 determination is due in November 2024 and revenue numbers will change as the inputs and settings are updated following consultation.

⁶ <https://www.alpineenergy.co.nz/customers/getting-connected/capital-contributions>.

Price Path Correction

During FY24 we discovered an administrative error in our previous nine years' Information Disclosure Schedules submitted to the Commission. This administrative error resulted in the Commission using the incorrect information in setting the Company's default price-quality path under the Commerce Act 1986, resulting in the Commission setting maximum allowable revenue higher than it should have been.

Details of the error and the amended Information Disclosure Schedules have been provided to the Commission and are available on our website. The

amended information is currently under review by the Commission. We are working with them to determine the appropriate course of action to remediate this error. We expect this process to take between 6 to 12 months. There are a range of possible enforcement actions the Commission may take against the business, depending on the outcome of its review. It is anticipated that the Commission will finalise its review during the next financial year.

Capital structure & dividend policy

We manage financial performance and policies to support financial sustainability. This allows the continuous investment required to support our electricity distribution network and the necessary funding to implement our strategy effectively.

over multiple years that must be adhered to. This prescribed proportion of fixed interest rate cover is held to reduce the concentration of risk at any one point in time and to ensure the overall interest cost is not materially increased due to adverse interest rate movements.

Capital structure and covenants

Interest rate risk is managed according to our Treasury Management Policy, which dictates a hedging profile

	Actual 2023/2024	Budgeted 2024/2025	Projected 2025/2026	Projected 2026/2027
Interest cover (target> 4.0 times)	4.62	4.26	5.01	5.19
Consolidated shareholders' funds to total assets (target > 45%)	55.7%	53.4%	50.8%	50.6%
Rate of return on consolidated shareholders' funds	2.7%	2.8%	6.5%	7.5%

Shareholder dividends

In determining the level of funds available for distribution, Directors will consider our financial position, earnings, cash flows, capital expenditure, funding facility provided, future investment requirements, and market and regulatory conditions. We will distribute funds to the Shareholders subject to meeting the solvency requirements of the Companies Act 1993. Any dividend declared will be at a level that allows us to execute business strategy and maintain a sustainable capital structure.

For the next three-year period Directors are not indicating any dividends to shareholders. Directors intend to review the potential for dividends to be

paid to shareholders after the final DPP4 revenues, allowances, and other settings have been confirmed, and the financial impact of the price path correction has been finalised. The ability of the company to pay dividends will recognise the company's ability to fund the significant level of investment required in the network, the financial impact and timing of the price path correction.

Commitments to our Shareholders

Reporting to our Shareholders

Quarterly reporting

We will provide a quarterly dashboard to the Shareholders reporting on our strategic progress and performance targets set in this SCI by the 25th working day after the end of each quarter. Quarters end on the last calendar days of June, September, December, and March.

Interim reports

A half-yearly financial report will be provided to the Shareholders by the 31st of October.

Annual financial statements

We will prepare the annual financial statements that comply with generally accepted accounting practices within three months after the end of the financial year.

Shareholder briefings

The Shareholders will be briefed at least three times per year, including at the Annual General Meeting (AGM), by the Chair and Chief Executive Officer (CEO) on the performance and strategic plans for the company and with individual engagement with the Chair.

Statement of Corporate Intent

The draft SCI will be delivered to Shareholders for comment within one month of the start of the new financial year, or as otherwise agreed. The SCI sets out the matters specified in relation to sections 39(2) (a) - (j) of the Energy Companies Act 1992 (in respect of each company in the Group and covering that financial year and the following two financial years).

The completed SCI will be delivered to Shareholders within three months after the start of the financial year. It will also be published on the company's website by 30th June each year.

Other matters

The Shareholders will be updated about any matters that arise such as emergency events throughout the year or as agreed by the Shareholders and the Board. The Board will also provide the Shareholders with an open and factual account of the capability and adaptability of the business on an as-needed basis.

We will consult with Shareholders in the event of any substantial investment where the value is greater than 5% of the Group's total assets as disclosed in the preceding year's published annual report, and/or has a subsequent impact on dividends.

Disclosing related party transactions

All related party transactions will be disclosed to the Shareholders.

Current contractual arrangements with the district councils include:

- the development, installation, and maintenance of community lighting facilities
- road and footpath sealing after work is completed
- leasing of vacant gas reticulation pipe works for the conveyance of fibre and electrical infrastructure
- leasing of land from council for distribution substations

All transactions with Shareholders will be conducted on commercial terms.

We also transact with other companies in the Group. These transactions include mainly financing arrangements.

The above transactions are part of our normal trade activities and are incorporated into operating costs and revenues.



Governance

We are committed to building an environment of trust, transparency, and accountability necessary for fostering long-term investment, reliability, financial stability, and business integrity.

The Board

The Shareholders appoint the Board to govern and direct the company and to hold management to account. The Board has overall responsibility for the direction and control of our activities, decision-making, risk management, strategy, objectives, performance, operational efficiency, and reporting of the business and relevant entities.

The Board is the overall and final body responsible for the direction, control, and decision-making of the companies' activities. The Board's responsibilities include the overall strategy, objectives, stewardship, performance and reporting of the Group.

The Chair maintains the relationship with the Shareholders along with the CEO.

Board operation

The Board meets at least ten times per year and will convene for additional meetings if required. The annual work programme is agreed at the start of each year. The Board Charter is adhered to which sets out the Board's responsibilities and how they are to be achieved.

Board performance and review

The Board regularly review its performance and the performance of the CEO. The reviews aim to identify opportunities and set plans for performance development and improvement.

Liability insurance and indemnity

The Group arranges comprehensive liability insurance policies within the limits and requirements as set out in the Companies Act 1993 and the constitution. The Group also indemnifies directors and employees within the limits and requirements set out in the Act.

Investments

On Metering

OnMetering owns and operates smart meters in North Canterbury. The primary return on financial investment is currently the lease of metering assets to electricity retailers.

SmartCo

Our investment in SmartCo provides us with data insights that gives us the ability to access and diagnose power quality characteristics of our low-voltage network, leading to faster identification of fault location, cause, and ultimately, restoration of power. It also provides data from the field that assists us with our future planning for network development, augmentation, and maintenance.

A third area of potential return is the expansion of opportunities expected through the development and offering of products and services to participants trading in the flexibility-services market⁷.

The smart metering network, covering 85% of our network connections, plays a pivotal role in providing access to these new datasets, identifying opportunities, and providing a platform for distributed energy management into the future.

Flexibility services, outage management, and network modelling will be enabled through this investment. SmartCo is continuing to develop products to deal with this demand. Taking a holistic approach to data and digitisation is essential in building an optimised energy system for South Canterbury.

Infratec

Infratec's strategy remains to finalise its contractual commitments on the remaining project in Tonga, after which the subsidiary will be wound up.

Alpine Data Networks

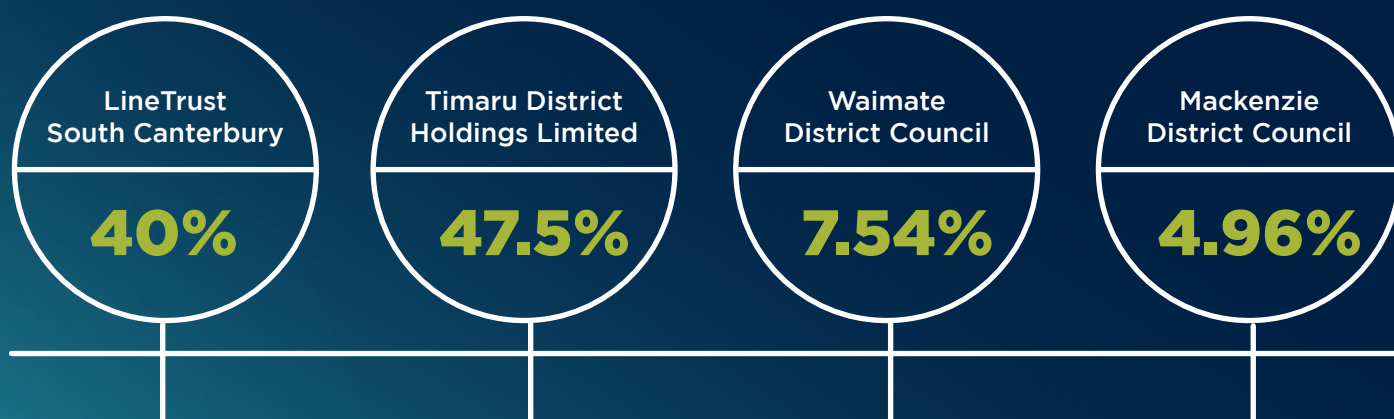
Our fibre division, Alpine Data Networks, has established a base across the South Canterbury region, with reach into Central Otago. The networks were built out between 2011 and 2021 and customers include Transpower, Chorus and 2degrees. The strategic positioning of this asset will be reviewed in line with our broader strategy in FY25.

“The transition to a smarter digital energy system, dominated by decarbonised, decentralised, and digitalised resources, demands access to data”

⁷ Flexibility services such as trading in generation derived from distribution generation and batteries as well as demand response for managing network demand and supply.

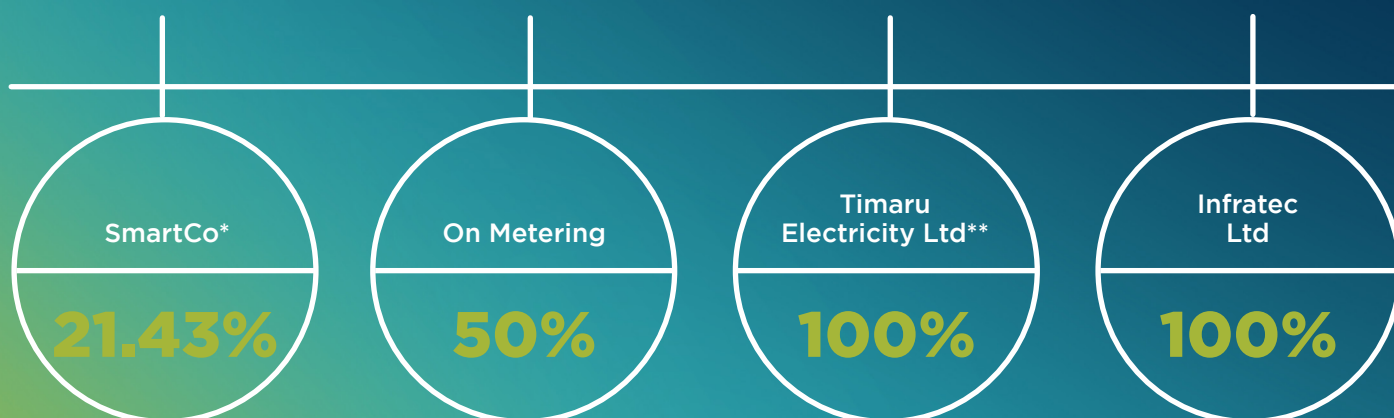
Appendix 1: Ownership

Ownership



The community owns 100% of Alpine Energy

Alpine Energy has ownership in



*14.29% shareholding directly through Alpine Energy; 714% shareholding through On Metering.

**Timaru Electricity Ltd is a dormant subsidiary.

Appendix 2: Definitions

The definitions of the key terms and acronyms used in the SCI are provided below.

Term / Acronym	Definition
Asset Management Plan	A plan for managing infrastructure and other assets to deliver an agreed standard of service.
Capex	Capital expenditure.
Consolidated shareholders' funds to total assets	A measure to show the amount of equity used to support the business.
Cost to deliver	The resourcing required to complete a project/earn revenue.
CPI	Consumer Price Index.
EDB	Electricity distribution business.
EBITDA	Earnings before interest, tax, depreciation, and amortisation.
Fully imputed dividends	Dividends paid to shareholders that have a tax credit attached, due to tax having already been paid for by the entity.
Interest cover ratio	A measure to show the ability of an entity to pay interest on outstanding debt.
Opex	Operating expenditure.
Planned (in the context of network reliability)	Planned outages on the network for maintenance and repairs.
Rate of return on consolidated shareholders' funds	A measure to show shareholders' earnings from their investment in an entity.
Safety assurance programme	Programme for monitoring and engagement with workers, contractors, and others working on or around our network via safety conversations, safety inspections, safety audits, and public safety inspections of our assets.
SAIDI	System Average Interruption Duration Index. This is the average outage duration for each customer served. It is measured in minutes.
SAIFI	System Average Interruption Frequency Index. This is the average number of interruptions that a customer would experience.
Serious injury event	Physical incapacity as a result of an injury that prevents a person being able to perform their normal duties for a period of seven or more calendar days.
Unplanned (in the context of network reliability)	Unplanned outages on the network due to faults.

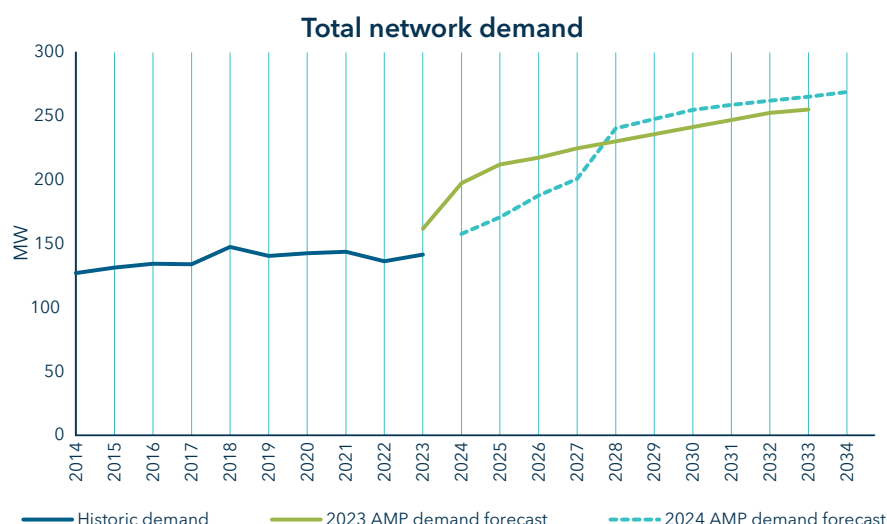
Appendix 3:

2024 Asset Management Plan

Our Asset Management Plan (AMP) provides transparency to our stakeholders, customers, and our people in relation to how we make investment decisions and how our asset management practices support the decision-making process and use of date. For further information see our 2024 AMP Update available online at www.alpineenergy.co.nz.

Our future network

Our network demand forecasts have been refined since our 2023 AMP. This is a result of increased confidence in network impacts from customer decarbonisation and growth, mainly in the Washdyke, South Timaru and Timaru Port areas. Our capex forecasts and major projects highlight the scale of work needed to meet customer demand. With parts of our network nearing capacity limits, costly substation developments and cable upgrades are required.



Focus on resilience

Our AMP has a strong focus on network resilience. We have invested in technology and data analysis to better understand the potential impact of natural hazards and the changing climate across our network. A risk mapping tool has been developed, allowing us to visualise our assets overlayed with environmental data sources, which will be updated annually to highlight changing risks.

Pairing this climate and hazard data with asset age and condition indicators has resulted in a modest, but critical step change in expenditure for major asset fleets including overhead poles, underground cables, and distribution substations. Our annual replacement and renewals forecasts have increased by \$3.5 million on average for the next three years, and with greater increases in later years as we address our aging asset profile.

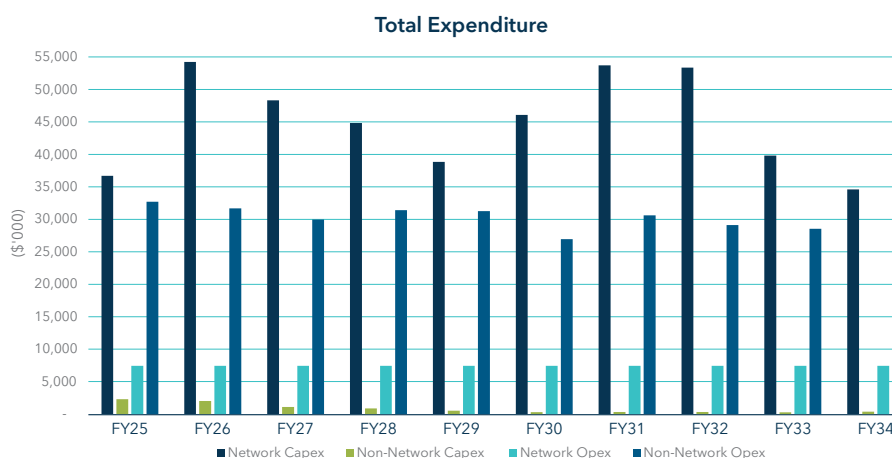
What we need to spend on our network

Network capex

We have forecast total network capex programme of \$450 million over the 10-year planning period, an increase of \$173 million from our previous AMP. Increases in system growth, consumer connections, and asset renewal and replacement expenditure are the main drivers for this variance, as well as inflationary pressures.

Network opex

Network operating expenditure increased to \$74 million over the 10 years. This is a \$4 million increase from our previous AMP forecast driven by increased labour costs for fault response and vegetation management.



Non-network expenditure

Our reliance on legacy operating systems and the increasing emphasis on cyber security are the main drivers for the substantial increase in non-network expenditure. To address these risks, the initial two years of our AMP will focus on upgrading and strengthening core systems, including our Enterprise Resource Planning (ERP) system and our Geographic Information System (GIS) platform.

Through our digital investment programme, we aim to eliminate single points of failure and enhance security measures, paving the way for a more resilient, agile, and customer-centric future.

Our AMP delivery plan

The volume of work we are forecasting for the next ten years is materially higher than we have undertaken in the past. Our amalgamation with NETcon last year allows us to deliver much of our work programme through in-house services. This, along with our ongoing process optimisation programme will enable us to deliver our increased capex work programme through the elimination of duplicated tasks across the business. It gives us greater control over the resources needed to deliver the uplift in our work programme which will help address the talent gap currently affecting the industry.

To successfully execute our large projects, we will form strategic partnerships with external contractors and industry peers. We will also engage with other utility providers and councils to identify efficiencies and eliminate barriers to project delivery.

Major projects

Project	Description	Estimated cost (\$'000)	Timing (FY)
Network Projects			
Timaru 33kV GXP			
Feeder reconfiguration at Timaru 33kV GXP	Feeder reconfiguration at Timaru 33kV GXP following Transpower project to build new 33kV GXP at Timaru GXP.	1,000	2027
Washdyke system growth projects			
New Washdyke 33kV substation	Build a new substation in Washdyke to address short-term industrial growth.	10,000	2025 - 2026
New West Washdyke substation	Build a new substation in West Washdyke to address medium-term industrial growth.	15,000	2031 - 2033
Washdyke cabling project	Respond to forecast load growth due to electrification of industrial process heat and growth.	26,000	2026 - 2032
South Timaru and Timaru Port system growth projects			
Port feeder upgrades	Feeder upgrades are required for a new Timaru Port switching station.	4,100	2025 - 2026, 2028
New Timaru subtransmission circuits	Facilitate industrial, commercial and EV charging growth in South Timaru, Timaru Port and CBD.	16,700	2026 - 2032
New Port switching station	To facilitate forecast load growth and Security of Supply.	5,000	2027 - 2029
Timaru CBD system growth projects			
Timaru CBD feeder upgrades	Upgrade the capacity of older undersized feeders to enable forecast load growth.	6,000	2025 - 2034
Pleasant Point system growth projects			
Pleasant Point substation rebuild and additional power transformer	Upgrade the capacity of the Pleasant Point substation to enable forecast load growth and improve resilience for the Pleasant Point urban and rural areas.	9,200	2030 - 2031
Asset replacement and renewal			
Overhead pole fleet	Annual programme to replace a minimum of 850 poles.	9,770	Annually
Distribution substation replacement	Replace at least 124 substations annually to manage the ageing profile effectively.	2,840	Annually
Two-pole substations	Relocation of high-risk two-pole substations to the ground or strengthen designs.	1,240	Annually
Underground substation renewal	Relocation of underground substation fleet to above-ground.	2,100	Annually
Non-network Projects			
Investment in target architecture			
Target technology and data architecture programme	We have multiple legacy systems that are no longer fit for purpose and prevent us from implementing electricity-specific systems, including an advanced distribution management system (ADMS).	3,000	Annually
Cyber security	Ongoing cyber security programme to protect our network control and data from cyber-attacks.	530	Annually
Investment in Software as a Service (SaaS) solutions	Moving from aged on-premises IT systems to SaaS products.	16,600	2025 - 2030





24 Elginshire Street, Washdyke, Timaru 7940 P. 0800 66 11 77 www.alpineenergy.co.nz



INDEPENDENT AUDITOR'S REPORT

To the Members of LineTrust South Canterbury

Qualified Opinion

We have audited the financial statements of LineTrust South Canterbury on pages 7 to 20, which comprise the statement of financial position as at 31 August 2024, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements, present fairly, in all material respects, the financial position of Line Trust South Canterbury as at 31 August 2024, and its financial performance and its cash flows for the year then ended in accordance with New Zealand equivalents to International Financial Reporting Standards Reduced Disclosure Regime (NZ IFRS RDR).

Basis for Qualified Opinion

LineTrust South Canterbury has a 40% shareholding in Alpine Energy Limited and the results and position for both Alpine Energy Limited's 2023 and 2024 years have been recorded in the financial statements on an equity accounting basis using the Alpine Energy Limited 31 March 2024 financial statements. As the balance date of the Trust is 5 months after the date of the associate the Trust has not complied with paragraph 34 of NZ IAS 28, Investments in Associates and Joint Ventures. This allows for adjustments to be made for significant transactions within 3 months of balance date. Given there is a five-month difference between the two balance dates, there has been a departure from the requirements of paragraph 34 of NZ IAS 28, Investments in Associates and joint Ventures.

We conducted our audit in accordance with International Standards on Auditing (New Zealand) (ISAs (NZ)). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the financial statements section of our report. We are independent of LineTrust South Canterbury 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 opinion.

Other than in our capacity as auditor we have no relationship with, or interests in, LineTrust South Canterbury.

Emphasis of Matter – Alpine Energy Limited Commerce Commission review

Without modifying our opinion, we draw attention to Note 20, Contingent Liabilities and Guarantees, which refers to an Alpine Energy Ltd error in prior year Information Disclosure Schedules submitted to the Commerce Commission. The amended information is currently under review by the Commission. Alpine Energy Ltd is working with the Commerce Commission to determine the appropriate course of action, the outcome of which is uncertain at the date of the audit report. The note further records that Alpine Energy Ltd discontinued paying dividends during the year until this situation is resolved.

Other Information

The Trustees are responsible for other information. The other information comprises the information in the Directory, Chairman's Annual Report and the Statement of Distributions. Our opinion on the

financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information on pages 4 to 7 and consider whether it is materially inconsistent with the financial statements of our knowledge obtained in the audit or otherwise appears to be materially misstated. If so, we are required to report on that fact. We have nothing to report in this regard.

Trustees' Responsibility for the Financial Statements

The Trustees are responsible on behalf of Line Trust South Canterbury for the preparation and fair presentation of the financial statements in accordance with New Zealand equivalents to International Financial Reporting Standards Reduced Disclosure Regime (NZ IFRS RDR), and for such internal control as the Trustees determine 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 Trustees are responsible on behalf of Line Trust South Canterbury for assessing Line Trust South Canterbury'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 Trustees either intend to liquidate Line Trust South Canterbury or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

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 decisions of users taken on the basis of these financial statements.

A further description of the auditor's responsibilities for the audit of the financial statements is located at the XRB's website at www.xrb.govt.nz/standards-for-assurance-practitioners/auditors-responsibilities/audit-report-8/.

Who We Report to

This report is made solely to the Members, as a body, in accordance with sections 99 to 104 of the Electricity Act 2010 and section 8 of the Financial Reporting Act 2013. 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.

The engagement director on the audit resulting in this independent auditor's report is Craig Haymes

Martin Wakefield Audit Limited

Martin Wakefield Audit Limited

Timaru

8 November 2024