

## Otakiri School impresses with commitment to energy efficiency

Otakiri School recently took part in an energy audit, funded by the Eastern Bay Energy Trust as part of the Trust's ongoing commitment to encouraging the Eastern Bay community to become energy wise.

The Trustees were impressed by the school's commitment to energy efficiency, which showed that Otakiri School has the lowest kilowatt-per-student-per-year usage, of the 22 schools which have participated in the Trust's energy audit programme, since its inception in 2003.

The aim of the energy audit is to provide the school with information, understanding and motivation, so that energy management plans are developed and implemented, and energy usage reduced.

Energy auditor Charles Wilkie said: "Energy efficiency in schools is largely a function of the behaviour of staff and students. The audit draws attention to areas where more energy aware behaviour and practices would result in cost savings for the school. Changes in behaviour cost nothing other than a little commitment in time and effort, and can result in substantial gains."

Otakiri School received energy-related project funding of \$51,300 for the installation of ceiling and underfloor insulation in classrooms, and for the installation of air conditioning, insulation and a low-emission wood pellet fire in the school's new library.



Right: Otakiri School Principal - Geoff Livingstone and Trust Manager - Kaye Jamieson on site.

## INSIDE THIS ISSUE:

- 3 *Otakiri School impresses with energy efficiency*
- 3 *Trust awards energy related scholarships*
- 3 *Trustee profile - Donna Smit*
- 3 *Electricity Supply Taster Course to run again*
- 3 *Development Enterprises Limited - the Trust's business & investment arm*
- 3 *New CT scanner for Whakatane Hospital*
- 3 *Trust extends home insulation programme*
- 3 *Trust deed resettlement - court proceedings update*
- 3 *Trust supports Murupara & Galatea projects*
- 3 *Where does the Trust fund come from?*
- 3 *A few words from the Chairman*

## Trust awards energy-related scholarships

Ten Eastern Bay of Plenty students are the recipients of scholarships for degree and pre-trade tertiary study in energy-related fields, during the 2006 academic year.

Eight of the scholarship recipients are undertaking Bachelor of Engineering degrees. Reuben Milne, David McDowall and Tom Lawrence are in their fourth year. Dominic Klaassen, Craig Petersen, James McDowall and Varun Kumar are all in their third year, and Jonathon Milne is a first year engineering degree student.

Troy Jansen is undertaking a Certificate in Engineering and Trade Skills at MaintainNZ in Kawerau.

Nick Murray has returned to the University of Canterbury to complete a PhD in Electrical & Electronic Engineering.

Trust Chairman Mrs Toni Owen said that the Trustees have made a commitment to encouraging young people into the electricity supply and electrical sectors.

Candidates must be from the Eastern Bay of Plenty, the course must be energy related, and the students must be able to demonstrate a high level of motivation and commitment. The scholarship programme has now benefited 27 young Eastern Bay students.



Reuben Milne



David McDowall



Tom Lawrence



Dominic Klaassen



Craig Peterson



James McDowall



Varun Kumar



Jonathon Milne



Troy Jansen



Nick Murray

## Trustee Profile

### Donna Smit

Born and educated in the Whakatane District, Donna is a qualified accountant who works as a Company Administrator for EastPack Limited, a kiwifruit packing and coolstore co-operative.

Donna and her husband Corrie have four children, aged 12 to 17 years. They own dairy farms in Edgecumbe and Oamaru.

Donna is passionate about the area and its people. Her interests include equestrian sports of showjumping and eventing, and supporting other family members in their chosen sports of hockey, motor cross, soccer, tennis and cycling.

Donna was appointed as a new Trustee in February to replace Lesley Immink, who resigned to travel overseas with her family. Donna is one of two appointed Trustees, the other being Robin Wray.



Donna Smit

### FREE ELECTRIC BLANKET TESTING COURTESY OF EASTERN BAY ENERGY TRUST AND BAY BETTA ELECTRICAL



Whakatane, Opotiki,  
Murupara and  
Kawerau stores

### Electricity supply Taster Course to run again

Following the outstanding success of the first electricity supply Taster Course to be run in the Eastern Bay of Plenty, planning is now under way for the second course, to be held at Kawerau College from Sunday 24 September to Friday 6 October 2006.

Co-funded by the Eastern Bay Energy Trust and the Electricity Supply Industry Training Organisation (ESITO), the course will be open to senior secondary school students from throughout the Eastern Bay who are considering a career in the electricity supply or electrical sectors.

The course will introduce trainees to a wide number of work relevant areas and activities, including Health & safety; Fundamentals of electricity; Workshop practices including power tools; Machining equipment; Workplace communication; Work site access requirements; Industry visits

to generation stations, lines companies, control rooms, industry contractors; Working at heights.

Numbers are restricted to 10 students, who will live-in at the Kawerau College Wharenui, and participate in a daytime learning programme supported by after-hours and weekend activities.

Two of last year's participants are now in apprenticeships, and others have received scholarships for further study. Interested students should contact the careers advisor at their school, or the Eastern Bay Energy Trust. Alternatively, check the ESITO website [www.esito.org.nz](http://www.esito.org.nz)



## Development Enterprises Limited (Part 1)

### What is DEL?

Development Enterprises Limited commenced operation in late January 2005 as the business and investment arm of the Eastern Bay Energy Trust. Its responsibilities include the ownership of Energy Options, the energy efficiency company originally set up by the Trust in July 2003.

### Why does the Trust need a business and investment arm?

The Trust's main investment is its 77.3% shareholding in Horizon Energy Distribution Limited (HEDL). The Trust's investment portfolio also includes stocks and bonds.

It is the Trustees' duty to ensure that the Trust's investments enhance the Trust Fund, and it is prudent not to have 'all its eggs in one basket'. Therefore, as is usual with organisations such as this, the Trust is seeking to diversify its investments, across a wider base.

As the only major funding organisation in the Eastern Bay of Plenty, the Trust is regularly approached by organisations seeking grant funding. Many of these applications are not appropriate for grant funding, but may be appropriate for loan / investment funding.

While the six Trustees may possess the skills necessary for running the Trust, they may not necessarily possess the skills, or the time, to provide the necessary focus for investments or other commercial opportunities. It is important that all potential investment opportunities are fully investigated, and due diligence carried out on any that are identified for possible Trust involvement. This work is carried out by DEL, on behalf of the Trust.

Because these are investments as opposed to distributions, they do not have to be energy related. However, one of the main criteria is that any investment must have long-term benefits for the Trust's beneficiaries.

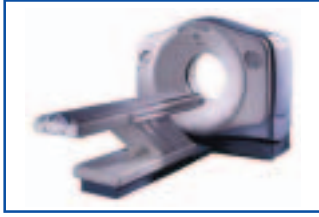
This could be in the form of a good financial return to the Trust, or alternatively, a good social and economic return to the Eastern Bay, or a combination of these. This means that the Trust will consider investments which will increase employment opportunities, including start-up businesses.

### Who is involved?

DEL employs a CEO, Peter Dwyer, who is a chartered accountant, and who has extensive management and financial experience not only in the electricity industry, but also in other business areas. The Board of Directors includes Mike Shepherd, Rob Baldey, Kevin Hennessy (Trustee representative) and Chairman Paul Wills, who were all selected for their individual commercial skills and business experience.

## New CT scanner for Whakatane Hospital

The first energy-related distribution was made in 1997, for the purchase of a \$700,000 CT scanner for Whakatane Hospital. The scanner has served the Eastern Bay well, but has now reached the end of its working life.



The hospital approached the Eastern Bay Energy Trust in 2004 with a request to consider an application to fund a replacement scanner.

The Trustees agreed that the Trust would support the provision of the new scanner, but looked for an alternative way of funding the purchase, which would not affect the level of distributions to other organisations.

The ideal solution was a combination of loan funding and grant funding. The new \$835,000 scanner has been purchased by Development Enterprises Limited, partly with a loan from the Trust, and partly with a \$200,000 grant to the hospital.

The scanner will be leased to the hospital under a 7 year operating lease. The repayments include interest which means that the Trust (through DEL) receives an appropriate rate of return on the investment.

This project means that the Trust's beneficiaries throughout the Eastern Bay will have access to the latest life-saving equipment. The hospital is currently undertaking a building refurbishment to accommodate the larger scanner, which is expected to be operational towards the end of 2006.

Trust Chairman Mrs Toni Owen said: "This combination of a grant and an investment is an ideal example of how the Trust can work with a local organisation to provide essential services to our community, while at the same time receiving extra income to boost the Trust's investment fund. This project will have long-term benefits for the Trust's beneficiaries, both in earlier and more accurate diagnoses which will result in lives saved, and also in income for the Trust."

## Trust extends home insulation programme

The Eastern Bay Energy Trust has approved \$600,000 for its retrofit insulation programme for 2006-07, and at the same time extended the criteria to include more Eastern Bay residents.

Over the past six years, the Trust has provided funding to insulate over 4000 homes. The Partnership Programme, co-funded by the Energy Efficiency and Conservation Authority (EECA) provides free retrofit insulation for community service card holders living in pre-1977 homes.

The 50/50 Programme has up until now, provided 50% funding for people without community service cards. The extra funding will increase the Trust's contribution to 75%, and reduce the householder's contribution to 25%. This will include all existing homes with inadequate or no insulation.

The Trustees are aware that there are still a number of homes that remain seriously under insulated, causing wasteful energy use and unnecessary health problems.

People living in houses which may have inadequate insulation should contact Energy Options - Phone 07 308 9126.



Above: The Trust's retrofit insulation programme now includes all existing houses with inadequate or no insulation.

## Development Enterprises Limited (Part 2)

### What does DEL do?

Since its inception 15 months ago, DEL has focused on the following areas:

- Further development of Energy Options as a successful, commercial business unit.
- Investigation of potential investment opportunities including several possible joint-venture options throughout the Eastern Bay. Some of these have been discounted as not viable, while others are still in the process of being investigated.
- Energy-related research and development on behalf of the Trust, work which had previously been contracted to businesses outside the Trust group. By contracting this work to DEL, the costs are kept within the Trust group and are ultimately returned to the Trust through dividends.
- The purchase of a new CT scanner for the Whakatane Hospital. This will be leased to the hospital under a seven year operating lease, at an appropriate rate of return.
- The set up of a new joint venture business under Parkwood Investments Limited, to manufacture and distribute energy efficient and low-emission wood pellet fires.

### Why do some things need to be kept confidential?

Many of the potential investments that DEL is investigating on behalf of the Trust are with other parties who are concerned about commercial sensitivity. DEL has signed confidentiality agreements with these organisations and for this reason, is unable to release information which could jeopardise the potential investment. Should any investment go ahead, the DEL directors and the Trustees will make a formal release of information to the public at the appropriate time.

### The future

The Trustees have acknowledged DEL's small start-up loss for the year ended March 2005. As the new company had been operating for only 2 months, this was expected and budgeted for.

DEL has been set up as a group holding company with its investments set up in subsidiary companies for individual business separation – not only to reduce risk, but also to allow the sale of individual companies if appropriate. It is anticipated that the growth in individual value of these companies will increase the total value of the Trust Fund.

The Trustees and DEL directors are confident that DEL will continue to grow, and to contribute significantly not only to the value of the Trust Fund, but also to the social and economic growth of the Eastern Bay of Plenty. In time, this will enhance the Trust's ability to make energy-related distributions.

## Trust Deed Resettlement - court proceedings update

### Why did the Trust go to the High Court?

The Trustees applied to the Court for a ruling on whether they could use Clause 13 (the current winding up clause) of the Trust Deed to wind up the Trust and settle the Trust Fund on a new Trust with the same name and the same Energy Related Purposes.

### What is wrong with the current Trust Deed?

The Trustees are concerned about three main areas in the current Deed, all of which currently have no involvement from consumers / beneficiaries. They want to make sure that all of the Trust's beneficiaries are involved in all three areas, with consumer polls (votes) needing to be carried out before any major decisions are made, **thereby increasing the input of the beneficiaries, and decreasing the autonomous power of the Trustees.**

1. In the current Trust Deed, Clause 13 allows the Trustees to pass a special resolution and wind up the Trust with no input from the beneficiaries. **The Trustees believe this is dangerous and want the clause amended to require a consumer poll (vote) before the Trust could ever be wound up.**
2. In the current Trust Deed, there is no review clause – this means there is no requirement to review the Trust and its operation, or the Trust Deed, on a regular basis. **The Trustees want to include a new clause which will bind the Trustees to a full review of all aspects of the Trust and the Deed, every ten years, in consultation with the Trust's beneficiaries.**
3. In the current Trust Deed, there is no clause for making changes to the Deed. When the Deed was written in 1994, it reflected the situation as it was at the time. **With ongoing changes to regulation throughout the electricity industry, and with no idea of what the future may hold, it is important that the Trust Deed has a clause which allows amendments to be made to reflect the changing environment.**

Also, with the Trust and the Trust Deed being reviewed every ten years, it is important that there is the ability to make any changes that may arise out of this review.

**The new clause requires the Trustees to conduct a consumer poll (vote) with the agreement of 75% of consumers responding to the poll, before any substantial change can be made to the Trust Deed.**

### What happened at the High Court?

The hearing took place in the High Court at Rotorua on 27 and 28 March. The Trustees were represented by QC Lyn Stevens and the Trust's solicitors Simpson Grierson.

The Court appointed QC Anne Hinton to represent those consumers who opposed the Trust's application, and her costs are being funded by the Trust.

### Who opposed the Trust's application?

The EBOP Power Society, Horizon Energy Distribution Limited and a small number of other objectors wanted the Trustees to carry out full consultation with all consumers to identify what should be in the new Trust Deed, before applying to the Court.

The Power Society wants the Trustees to change the Energy Related Purposes to make it mandatory to pay rebates to consumers.

Horizon wants to retain the right for the company's directors to approve any changes that might be made to the Trust Deed in the future. While this may have been appropriate when the Trust was set up with 25% of the shares in 1994, it is no longer appropriate now that the Trust is the major 77.3% shareholder – with the right to appoint those directors.

### Why did the Trustees not agree to consultation before going to the Court?

The Trustees had carried out consultation with Horizon and the Power Society for over two years, and it was agreed in mid-2005 that the application to the High Court would go ahead. Both organisations originally supported the application but changed their stance later that year.

Trustees were advised that the Judge would be making a decision on a point of law (*that is, could Clause 13 be used to wind up the Trust and settle the Trust Fund on a new Trust with the same energy related purposes*) and not the contents of the Deed.

For this reason, the Trustees felt it was important to get a decision from the Court before carrying out the consultation process. It seemed pointless going to the expense of full consultation only to be told by the Court that the resettlement could not be done - and therefore none of the agreed changes could be made.

### When do the other consumers get a chance to have their say?

The Trustees feel it is important that **ALL** consumers are consulted, about how the Trust should operate, what should be in the Trust Deed, and how the Trust fund is distributed.

If the application is approved, the Trustees have committed to a full consultation process during 2006, and have included funding for this process in the 2006-07 budget. This consultation will include the Trust's operation, the Trust Deed, and the distributions programme, with a series of public meetings and focus group meetings to be held throughout the Eastern Bay. Any recommended major changes would then be the topic of a consumer poll.

If the application is turned down, the Trustees will carry out a different consultation process, which will be focused solely on the Trust's distributions programme.

Justice Keane heard the submissions and will deliberate. It is expected that a decision could take up to two months.

## Trust supports energy related projects in Murupara and Galatea

The Eastern Bay Energy Trust has provided energy-related funding for a variety of community projects in the Murupara and Galatea areas.

Trustee Peter Patterson and Trust manager Kaye Jamieson visited Murupara and Galatea last month to sign off completed projects as part of the Trust's audit process.

Murupara Primary has received two distributions – the first in 2001 for the electrical components in the school / community hall, and the second in 2005 for the installation of heat pumps throughout the school.

The Murupara swimming pool is a well-used, valuable community asset. EBET funding has covered the costs of installing heat pumps to warm the water thereby extending the swimming season, as well as the recent lighting upgrade and installation of coin operated hot showers.



Murupara Swimming Pool



Murupara Primary School



Galatea Playcentre

Te Kura Kaupapa Motuhake o Tawhiuau installed heat pumps throughout the School with a distribution of \$14,800.

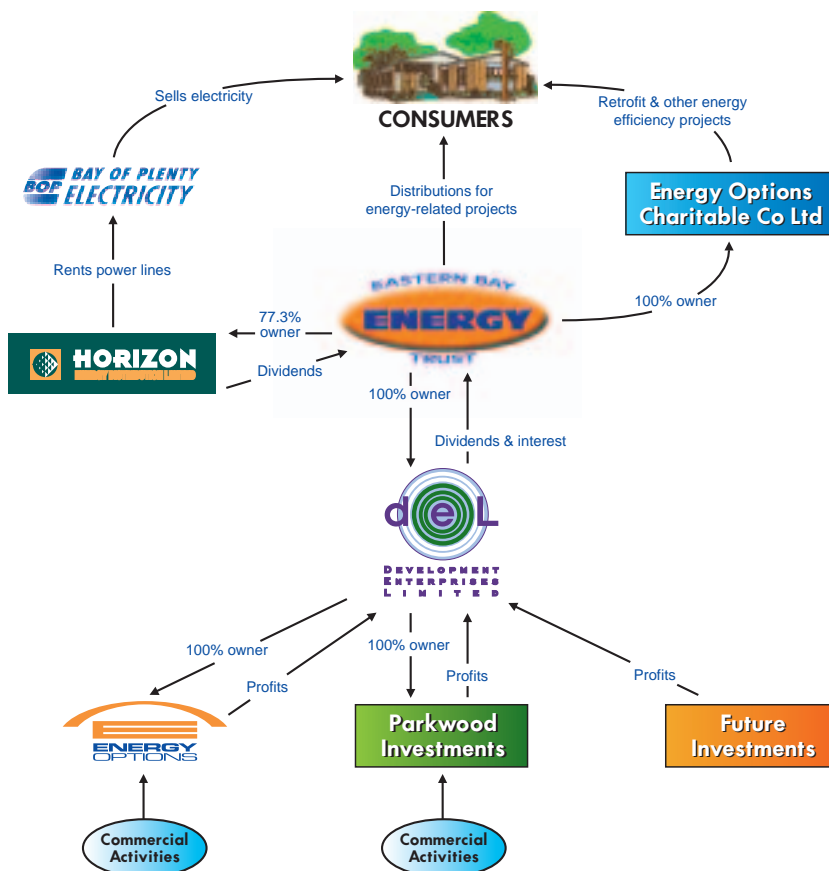
Galatea Playcentre's heat pumps and lighting upgrade were part of a \$106,874 project to upgrade the energy-related components of all Playcentre buildings throughout the Eastern Bay of Plenty.

The Eastern Bay Energy Trust has also made energy-related distributions to the Murupara Rugby & Sports Club (\$20,000); Murupara Kindergarten (\$13,487); St Mark's Presbyterian Church (\$13,921); Galatea School (\$6,765) as well as providing funding towards the costs of feasibility studies for the Galatea Community Irrigation project (\$68,933).



Te Kura Kaupapa Motuhake o Tawhiuau

## Where does the Trust Fund come from?



The Trust's major investment is as the 77.3% shareholder of the local electricity lines company Horizon Energy Distribution Limited. Many community projects have benefited from share dividends and interest. Development Enterprises Limited (DEL) is the business and investment arm of the Trust.

The Trustees allocate approximately \$2 million per year for distribution to beneficiaries. Fifty per cent is allocated to reactive distributions to community organisations carrying out energy-related projects. The remaining fifty per cent is allocated to proactive distributions for projects that are initiated by the Trust, such as scholarships, apprenticeships and energy-efficiency programmes.

## MEET YOUR TRUSTEES



Toni Owen - Whakatane  
Chairman  
Phone 07 308 8348



Brian Ponting - Kawerau  
Deputy Chairman  
Phone 07 323 8816



Peter Patterson - Whakatane  
Phone 07 312 4944



Kevin Hennessy - Opotiki  
Phone 07 315 7348



Donna Smit - Appointed  
Phone 304 9921



Robin Wray - Appointed  
Phone 09 638 6448

## A few words from the Chairman...

As I reflect on the past 12 months I note several events which cause me concern.

- 1) Once again we appear to be heading towards a dry winter, with early calls from the Ministry of Energy to conserve electricity. It is a bit like "The Boy Who Cried Wolf" - is it for real this time?

In the past we have had the call to conserve electricity, only to find that the various State Owned Electricity Generators have been playing games, with excess storage in some dams, and running others dry. The off shoot has been a dramatic rise in electricity prices, caused by high spot prices charged by the generators.

The generators have:

- Made huge profits,
  - Paid high tax to the Government, and
  - Paid significant dividends out to the Government based on these profits.
- The big winner in the dry years has been the Government.

- 2) The electricity industry at present, is in chaos. The average electricity consumer has no idea how the various parts come together to enable them to turn their lights on at night. Quite frankly the average consumer does not care how the industry is structured. However they do care about the size of their electricity account. The perception is that it has continually increased since the 1999 changes; and it has.

The time has come for transparency in the electricity account billing process, so that consumers can track where the increase in prices is coming from.

- 3) It is time for a non-political review of our electricity sector. It is unfortunate that since the mid 1990's significant electricity assets have been sold to overseas shareholders, and have gone out of the control of New Zealanders. Our major infrastructural assets should always remain New Zealand owned.

The way in which regulation is evolving is encouraging this move and will result in a continued reduction in the standard of our electricity supply, a lack of future planning, and a lack of centralised planning. This cannot be good for the future of New Zealand.

Toni Owen

## Want to apply for energy-related project funding?

The Trust Deed states that funds may be applied for, or towards, energy related purposes for consumers.

This means that if your organisation is based in the Trust's region (Whakatane, Kawerau and Opotiki districts as well as Kaingaroa Village) and uses electricity that is distributed by Horizon Energy Distribution Limited, you may be eligible for funding.

Energy related purposes are purposes that relate to some aspect of the beneficial use, application or enjoyment of the energy resources in the District (former BOP Electric Power Board area).

The minimum level of project funding considered by the Trust is usually \$20,000 but where there are exceptional circumstances, Trustees may consider smaller applications.

To find out if your organisation is eligible to apply for project funding, call the Trust on 0800 323 800 and ask them to send you an application form.

Alternatively, collect one from the Trust's office at Concordia House, 17 Pyne Street, Whakatane.

The application and distributions process is ongoing, and applications are accepted throughout the year.

The necessary administration work is carried out, visits made and financial details checked, so that the Trustees can approve or decline the project funding at the next monthly meeting.

Applicants are notified in writing of the decision.

## Eastern Bay Energy Trust contact details:

MANAGER:	Kaye Jamieson
OFFICE	Concordia House 17 Pyne Street, Whakatane
PHONE	0800 323 800 07 307 0893
FAX	07 307 0896
Email	ebetrust@xtra.co.nz
Website	www.ebet.org.nz



Thanks Import Motoring –  
sponsors of the Trust's motor vehicle