Keeping the energy flowing

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Media Release
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Transpower Announces Half-Year Results

Transpower New Zealand today released its financial results for the six months ending 31 December 2019.

- Net profit after tax, before net changes in the fair value of financial instruments, was $105.2 million, in line with the previous period's result of $105.3 million.
- Transmission revenue declined 1.3% to $482.7 million (2018: $489.2 million) mainly due to pricing changes.
- Operating expenses at $135.1 million, were down 5.7% ($8.2 million) compared to the previous period (2018: $143.3 million). Of this reduction $4.8 million is from the reclassification of operating costs resulting from the new accounting standard for leases.
- Capital expenditure was $173.4 million, up 33 per cent from the same time last year (2018: $130.4 million) and in line with Transpower's approved capital programme.
- An interim dividend of 6 cents per share or $66.0 million has been declared, representing 40 per cent of the expected full-year dividend forecast in Transpower's 2019/20 Statement of Corporate Intent.

Chair of Transpower's Board, Pip Dunphy, said the Company has posted a solid first-half result for the six months to December 2019, both in terms of financial performance, delivery of the capital programme and steady returns to shareholders.

"We remain well on track to deliver on the majority of the targets set in our Statement of Corporate Intent. However, two of our Health and Safety targets, namely TRIFR and HIPFR look challenging, as does our staff engagement target. In addition, we expect to not meet our HVDC availability target due to the planned outage for maintenance during the remainder of FY20.

"Ensuring the health, safety, wellbeing and engagement of our workforce is a particular focus for the Board and Management. We are continuing to work closely with our service providers to deliver appropriate intervention programmes to address our injury and high potential incident frequency rates. We have enhanced our staff engagement processes to support continuous feedback, listening and action planning.

"The Commerce Commission continues to investigate breaches under the Individual Price-Quality Path (IPP) regime under Part 4 of the Commerce Act. The Commission issued a warning letter in respect of the 15/16 and 16/17 financial years and is investigating breaches that occurred in 17/18 and subsequent years in the five-year regulatory period through to 30 June 2020, to see whether further enforcement action is warranted.

“The Commission has acknowledged that we largely managed our network in accordance with good electricity industry practice and we have already taken steps to mitigate against the issues raised. We will continue to work alongside the Commission and our customers during these investigations to seek ways to improve our operational practices.

Chief Executive Alison Andrew said the first half of the financial year brought some new opportunities and some unexpected challenges for Transpower.

“The organisation has performed well over the last six months and is on track with its capital works and maintenance programme.

“The agreement with Contact and Meridian to commence further work on the Clutha-Upper Waitaki lines in response to Rio Tinto’s announcement of a review of their New Zealand operations, and the loss of nine towers from the Roxburgh-Islington line following the flooding of the Rangitata River led to some changes in our programme work.

“Regardless, Transpower has demonstrated its ability to respond quickly to challenges that can arise unexpectedly and seize new opportunities, while maintaining service levels to customers and communities.

“We continue to work toward a strong close of the current regulatory period and the commencement of the new regulatory period from July 2020.

“Over the past six months, we have been exploring the future expectations of the grid to meet the needs of New Zealand as we move further toward the Government’s goal of a net zero carbon economy. We are committed to doing our part to help the Government achieve its climate change goals and our Te Mauri Hiko – Energy Futures programme of research and industry engagement has continued with some new work to be released in the next few months.”

For further information, please contact:

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