

Statement of Service Performance

For the year ended 30 June 2023

Explanatory Note: Requirements of Sections 39 and 44 of the Energy Companies Act 1992

Marlborough Lines Limited (MLL) is required to publish a Statement of Corporate Intent each year in collaboration with the Company's shareholders. This document must include a number of financial and operational targets, and this report presents the Company's performance against these targets for the year in review.

For the year ended 30 June 2023, the Company set itself 12 targets in six areas: assets, technology and innovation, financial, people, community and environment. The Company achieved five of its 12 targets during the year. While MLL may not have met some of its targets during the year, it has made good progress towards a number of these targets, including the commissioning of its first grid scale solar farm and deploying its first non-network solution on its network. MLL encourages interested parties to read the Review of Operations section of its Annual Report which provides further context to MLL's achievements during the year.

The results in this statement primarily relate to the MLL parent entity. The results do not include the results of MLL's subsidiaries, associates or joint ventures, unless indicated through the use of 'Group' or the entity is specifically identified.

Assets Performance Targets		
1.	Target:	MLL's asset management maturity rating to achieve a score of 3.4 or greater.
	Result:	MLL assessed its asset management maturity rating in its 2023 Asset Management Plan at an average score of 2.9 (2022: 2.8). A score of 3 is defined as "All elements of PAS 55 are in place and are being applied. Only minor inconsistencies may exist". The maximum score is 4.0.
• M , 2 .	Target:	MLL's total SAIDI (average outage minutes) to be less than 150 minutes.
	Result:	MLL's total SAIDI for the year to 31 March 2023 was 315.5 minutes. SAIDI minutes were negatively impacted by the August 2022 storm event, which accounted for 160.9 minutes, with supply restoration hampered by road access issues. MLL's SAIDI minutes would have been 154.6 minutes if this one event was excluded.
Technology and Innovation Performance Targets		
3.	Target:	MLL to deploy two non-network solutions by 30 June 2023.
	Result:	MLL has deployed one PowerCrate as a trial near Blenheim and has been negotiating with a number of consumers to utilise non-network solutions.
4.	Target:	Energy Marlborough Limited (EML) to own 1MW of renewal electricity generation by 30 June 2023.
	Result:	EML's 0.85MW solar farm located at its Taylor Pass depot in Blenheim, was commissioned during April 2023. EML has made progress during the year with its solar farm planned for Seaview, with resource consent granted.
Financial Performance Targets		
5.	Target:	MLL to achieve an overall post-tax rate of return on shareholders funds of 3.4%. ¹

	Result:	Achieved 3.00% (2022: 3.36%) return on average shareholders' funds of \$373 million for the year. This result is after including MLL network assets at valuation and adding back customer discounts adjusted for tax.
6.	Target:	Group cash flow return from investments greater than 1.80%.
	Result:	Cash received from investments, including dividends, interest and management fees totalled \$3.2 million, equating to a post-tax return of 1.89% (2022: 1.54%) on the amount invested. This rate of return does not include any capital gains on MLL's investments.
People Performance Targets		
7.	Target:	MLL employee engagement score: >85%
	Result:	MLL has changed the tool it uses to perform engagement surveys and accordingly the metric achieved is not able to be compared against the original target. MLL's average score using the new tool was an average 'people theme' engagement score of 64%, which will be used as the benchmark to measure employee engagement in the future.
8.	Target:	MLL to have zero serious harm incidents.
	Result:	MLL had zero serious harm incidents this year.
Community Performance Targets		
9.	Target:	Group average discount and distribution made available to consumers of \$285. ²
	Result:	Discounts of \$8.9m plus GST were paid to retailers in May 2023. A typical consumer received \$240. MLL paid a dividend of \$2.5m to the MEPT in June 2023, which enables the Marlborough Electric Power Trust to pay a \$75 distribution to each consumer. Therefore, the average discount and distribution payment was \$315.
10.	Target:	MLL overall consumer satisfaction score at above 85%.
	Result:	Consumer satisfaction with Marlborough Lines' performance remains high. 88% of a sample of over 2,000 consumers rated their satisfaction with the Company's overall performance as either Satisfied or Very Satisfied (2022: 87%).
Environment Performance Target		
11.	Target:	MLL net greenhouse gas emissions to be below a net removal of 750 tonnes.
	Result:	Due to the increase in regulatory requirements relating to the reporting of greenhouse gas emissions, MLL has elected not to report against this target as part of its Statement of Service Performance.
12.	Target:	MLL total environmental sponsorships of \$75,000 or above.
	Result:	MLL has provided the following sponsorships during the year which total \$81,500. \$25,000 Pine Valley Wetland Project ³ , \$25,000 Falcon in Schools Programme; \$10,000 Marlborough Sounds Restoration Trust Wilding Pine Eradication Programme, \$10,00 Picton Dawn Chorus and \$11,500 Moetapu Community Association Mt Cawte Deer Control Programme.

¹ Measured by adjusting MLL's net profit after tax for the discount paid to consumers, divided by average shareholders equity.

² Based upon a standard residential consumer using 8,000kWh per year with 40% controlled energy, consistent with Ministry of Business Innovation and Employment assumptions for a typical New Zealand household.

³ Committed under 10-year agreement but not yet invoiced.