

1 August 2025

Electricity Authority
PO Box 10041
Wellington 6143

By email to: connection.feedback@ea.govt.nz

Dear Connections team,

Submission to the Electricity Authority on the proposed *connection pricing Code drafting*

Electricity Networks Aotearoa (ENA) appreciates the opportunity to make a submission to the Electricity Authority (Authority) on the proposed *connection pricing Code drafting*.

ENA is the industry membership body that represents the 29 electricity distribution businesses (EDBs) that take power from the national grid and deliver it to homes and businesses (our members are listed in Appendix A).

EDBs employ over 7,800 people, deliver energy to more than two million homes and businesses, and have spent or invested \$6.2 billion in network assets over the last five years. ENA harnesses members' collective expertise to promote safe, reliable, and affordable power for our members' customers.

ENA engaged Russell McVeagh to review the proposed Code drafting. Their recommendations are included in Appendix B. Proposed wording changes have been tracked with further explanations and recommendations in comment bubbles.

If you have any questions about ENA's submission please contact Gemma Pascall, Regulatory Manager ().

Yours sincerely

Gemma Pascall
Regulatory Manager

Appendix A: ENA Members

Electricity Networks Aotearoa makes this submission along with the support of its members, listed below:

- Alpine Energy
- Aurora Energy
- Buller Electricity
- Centralines
- Counties Energy
- Electra
- EA Networks
- Firstlight Network
- Horizon Networks
- Mainpower
- Marlborough Lines
- Nelson Electricity
- Network Tasman
- Network Waitaki
- Northpower
- Orion New Zealand
- Powerco
- PowerNet (which manages The Power Company, Electricity Invercargill, OtagoNet and Lakeland Network)
- Scanpower
- Top Energy
- The Lines Company
- Unison Networks
- Vector
- Waipa Networks
- WEL Networks
- Wellington Electricity
- Westpower

Appendix B: Recommendations from legal review of proposed connection pricing Code drafting

Please refer to next page

Proposed new Code provisions

1.1 Interpretation

(1) In this Code, unless the context otherwise requires,—

acquired pioneer scheme means a **pioneer scheme** established by a **distributor** (the **selling distributor**) in accordance with clause 6B.7 ~~relating to pioneering connection works carried out by a distributor that relate to the distribution network of a distributor~~, where ownership of the **distribution network** on which the **pioneer scheme** is established or relates or the part of a **distribution network** on which the **pioneer scheme** is established or relates is transferred to another **distributor** (the **buying distributor**)

Commented [R1]: There appears to be unnecessary and confusing additional wording - a pioneer scheme by definition involves pioneering works on a distribution network.

adjustment clause means a clause in a **risk management contract** under which the price or prices of a specified volume of **electricity** may be adjusted, including an adjustment relating to the **Consumers Price Index**, the **Producers Price Index** or any other index

buying distributor is defined as set out in the definition of **acquired pioneer scheme**

capacity costing requirements means the **mandatory connection pricing methodology** relating to capacity costs, the requirements for which are set out in clause 6B.5

capacity demand assumption means the design capacity applicable to a given **connection application** and **network tier** as determined by a **distributor** under clause 6B.5(1)(c)

connection, for the purposes of Part 6B, means the physical link between a **consumer installation** and a **distribution network** at a **point of connection** to enable **electrical connection** between the **consumer installation** and the **distribution network**, and **connect** has a corresponding meaning

connection applicant means a person who:

- (a) applies to a **distributor** to **connect** any **load** owned or operated, or to be owned or operated, by the person to the **distributor's distribution network**, or to a **consumer installation** that is connected to the **distribution network**, including by an **extension**; or
- (b) is a **consumer**, and applies to a **distributor**:
 - (i) to increase the security, or change the capacity of, the **load connection** provided to the ~~consumer~~**connection applicant** at the **point of connection** between the **consumer installation** owned or operated by the ~~consumer~~**connection applicant** and the **distributor's distribution network**; or
 - (ii) to change to or from a **flexible connection**; and
 - (iii) includes where any of the **connection applications** in sub-paragraphs (i) to (ii) involves allocating additional **network** security or capacity, with or without associated physical works

Commented [R2]: It is circular to use connection applicant in the definition of connection applicant.

connection application means an application of the kind described in the definition of **connection applicant**, made in accordance with a **distributor's connection process**

connection charge means—

- (a) any price, fee, tariff, charge or other similar monetary impost or cost, or any part of any price, fee, tariff, charge, or other similar monetary impost or cost and that is, either directly or indirectly, imposed or required, or agreed by a **distributor** in relation to **connection works** for a **connection applicant** or is otherwise applied for the purposes of, or has the effect of, recovering **connection works costs** directly or indirectly from a **connection applicant**; and
- (b) excludes any **connection application fees** or **pioneer scheme contributions**

connection charge reconciliation means a standardised breakdown of **connection charge** components in accordance with clause 6B.11

connection charge reconciliation methodology requirements means the requirements set out in clauses 6B.10 and 6B.11

connection enhancement means a **customer-selected enhancement** or a **distributor-selected enhancement**

connection enhancement cost allocation requirements means the **mandatory connection pricing methodology** set out in clause 6B.4

connection application fee means an amount paid by a **connection applicant** to a **distributor** for the administrative aspects relating to **connection** or increasing the security or capacity at a new **point of connection**, including **assessing and processing connection applications** and completing **connection inspections**

connection pricing methodologies means the pricing methodologies that each **distributor publishes** setting out how it determines **connection charges** and **connection pricing methodology** has a corresponding meaning

connection process means the process a **distributor** requires a **connection applicant** to follow to establish or improve a **connection**, and may include requirements relating to information, timeframes, **connection charges** and **connection works**

connection revenue life means 30 years for a residential **connection** and 15 years for a non-residential **connection**, unless the **distributor** reasonably believes the **connection** will have a shorter revenue-generating life

connection works means an **extension** or a **network capacity upgrade**

connection works cost means the cost of **connection works**

Consumers Price Index means the Consumers Price Index (all groups) published by Statistics New Zealand or, if that index ceases to be published, any measure certified by the Government Statistician as being equivalent to that index

CPI movement means, for the purposes of Part 6B, the percentage movement in the **Consumers Price Index** for the 12-month period ending on 31 March in the previous calendar year

Commented [R3]: Suggested to more clearly distinguish fees from connection charges.

Commented [R4]: Same comment as above.

Commented [R5]: Suggested adding “assessing” to avoid any potential dispute about the scope of “processing”.

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customer-owned assets means any **assets** whose ownership does not transfer to a **distributor**, such that a **consumer** will retain responsibility for its operation, maintenance and renewal or disposal

customer-selected enhancement means any ~~improvement~~ **modification** to the **relevant minimum scheme** requested, and agreed to in writing, by a **connection applicant**

dedicated assets means any **assets** owned or operated by a **distributor** that were built for ~~a~~ **one or more connections** for the same **consumer** (for example, where **two connections** are provided under a single connection application) ~~consumer~~ and are not subsequently used to support another **consumer's connection**

disclosure year, for the purposes of Part 6B, means the 12-month period in which information disclosures are required of a **distributor** under section 53C of the Commerce Act 1986 and, if no such year is specified or if more than one 12-month period applies to the **distributor** under those information disclosure requirements, means the 12-month period ending on 31 March of the year a disclosure relates to

distributor-selected enhancement means any ~~modification~~ **improvement** to the **relevant minimum scheme** chosen by a **distributor**

EDB ID determination means the *Electricity Distribution Information Disclosure Determination 2012* [2012] NZCC 22, and any ~~amendment revision or replacement~~ of this determination

EDB IMs means the *Electricity Distribution Services Input Methodologies Determination 2012* [2012] NZCC 26, and any ~~amendment revision or replacement~~ of this determination

electricity lines services has the meaning given in section 54C of the Commerce Act 1986

extension means—

(a) works or operating arrangements to:

i) provide a ~~connection of~~ or

ii) ~~to~~ increase the security or capacity of or at:

(1) a **point of connection**; or

~~(a)(2)~~ of any assets owned or operated by a **distributor** that do not increase the capacity of the **shared network**; or

(b) an **extension-like upgrade**; or

(c) **incremental transmission works**; but

(d) does not include works or operating arrangements associated with **customer-owned assets** or work covered by a **connection fee**

extension cost means the cost of an **extension**

extension-like upgrade means works or operating arrangements that increase the capacity of the **shared network** that—

(a) substantially benefit only the **connection applicant** and the **distributor** reasonably considers this is likely to remain the case; and

(b) do not meet the threshold to use an estimate in clause 6B.5(2)

first pioneer is defined as set out in the definition of **pioneer**

Commented [R6]: “improvement” is not defined and normally requires some element of making better, which implies a subjective judgement, which could be disputed in any given case. “Modification” would ensure that any customer-requested change is covered, which is consistent with the intent.

Commented [R7]: Inserted to cater for the potential for dedicated assets for more than one connection i.e. if there are two connections under one application

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Commented [R8]: As per the comment above, “improvement” is not defined and normally implies making better, which implies a subjective judgement, which could be disputed in any given case. “Modification” would ensure that any distributor-selected change is covered.

Commented [R9]: It is uncertain what a “replacement” Determination might be or how it might apply. Suggest it is better to leave out and, if it ever becomes necessary, amend the Code to accommodate any replacements of the Determination.

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Commented [R10]: Query: is the use of “point of connection” instead of “connection” deliberate here? On its face, the use of both terms within the same definition suggest different meanings are intended. Is the use of “point of connection” intentional to capture 2-way flow? If “point of connection is used”, is there a risk of unintended consequences if the increase in capacity is for generation at the point of connection?

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Commented [R11]: Suggesting separating out for clarity.

flexible connection means an arrangement whereby a **connection applicant's** export or import of **electricity** through the connection is managed (often through real-time control) based upon ~~contracted and agreed~~ principles of available security or capacity agreed in writing with the distributor.

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incremental cost estimate means an estimate of the incremental cost of a **connection** calculated in accordance with subclause 6B.1311(2)

incremental distribution revenue estimate means the portion of an **incremental revenue estimate** relating to distribution line charge revenue

incremental opex scaling factor means the scaling factor calculated in accordance with clause 6B.11(5)

incremental revenue estimate means an estimate of the incremental revenue from a **connection** calculated in accordance with clause 6B.11(3)

incremental transmission cost means an estimate of the cost of **incremental transmission works** including—

- (a) a change in transmission charges due to a benefit-based charge adjustment event under paragraph 81(1)(e), (g), (h), (i) or (l) of the **transmission pricing methodology**; or
- (b) new transmission charges relating to a high-value post-2019 BBI (as those terms are defined in the **transmission pricing methodology**)

incremental transmission revenue estimate means the portion of an **incremental revenue estimate** relating to pass-through of transmission charges

incremental transmission works means, in relation to a **connection**, works to establish a new **grid** connection, increase security or capacity of **grid** connection **assets** or otherwise alter **grid** connection **assets** to accommodate the new or altered **connection**

load means, for the purposes of Part 6B, any **connection** to a **distribution network** or to a **consumer installation** that consumes **electricity**, ~~other than distributed except as provided for in clause 6B.2(3)(b)~~

Commented [R12]: We consider the deleted wording is unclear. To the extent it is intended to delineate between load and generation at a connection, clause 6B.2 sufficiently provides for this.

localised historical cost recovery means an allocation of historical **distributor-selected enhancement** costs or historical network development costs to subsequent connections that benefit from the works to which those costs relate

mandatory connection pricing methodologies means the pricing methodologies set out in Part 6B that each **distributor** must use for determining **connection charges** and **pioneer scheme contributions** and **mandatory connection pricing methodology** have corresponding meanings

minimum flexi scheme means **connection works** that deliver a **flexible connection** at lesser cost than the **minimum scheme**

minimum scheme means the least-cost solution for any **connection works** provided by a **distributor**, including for security and firmness of capacity, in accordance with the **distributor's connection and operation standards** or a ~~different~~ **lower** standard if agreed to in writing between the **connection applicant** and the **distributor**

Commented [R13]: Uncertain what "lower" might mean - suggest "different"

net incremental cost means **incremental cost estimate** less the **incremental revenue estimate** for a **connection**

network capacity cost means the cost of consuming or adding capacity in the **shared network** (other than **extension-like upgrade** costs)

network capacity upgrade means—

- (a) works or operating arrangements to provide a **connection** ~~of~~, or to increase the security or capacity of or at ~~or for~~ a **point of connection** ~~or of any assets owned or operated by a distributor~~ that increase the capacity of the **shared network**; and
- (b) for the avoidance of doubt, includes:
 - (i) operational changes made by the **distributor** that are required to provide the **connection** or to increase security or capacity;
 - (ii) allocation of additional network security or capacity to ~~or for~~ the **connection**, even where this does not involve physical works or a change to a person's right to capacity on a **distributor's distribution network**; but
- (c) does not include:
 - (i) **extension-like upgrades**; or
 - (ii) works or operating arrangements associated with **customer-owned assets** or work covered by a **connection fee**

Commented [R14]: Similar to comment above, is the use of “point of connection” intentional here? What is the intended outcome when increased capacity is provided for generation at the connection?

Also have deleted words that appear to be unnecessary and may cause confusion.

network cost contribution means the difference between the **connection charge** for a **connection** and the **net incremental cost** of that **connection**

network costing zone means the part of a **distribution network** to which a common **posted capacity rate** applies

network tier means any one of the following ~~functional~~ **components** of a **distribution network**:

- (a) sub-transmission line; or
- (b) zone substation; or
- (c) high voltage feeder; or
- (d) distribution substation; or
- (e) low voltage mains

Commented [R15]: Query whether functional is intended to mean that the components are live or active? If so, “active” would be a better word. If not, delete.

nominal capacity increment means an amount of added capacity corresponding to the assumptions used to derive a **posted capacity rate**

operating cost loading means estimated incremental operating costs associated with a **connection**, where the estimate is either—

- (a) zero if the ~~customer~~ **consumer** or ~~customer~~ **consumers** at the **connection** will pay posted tariffs; or
- (b) if the ~~customer~~ **consumer** or ~~customer~~ **consumers** at the **connection** will not pay posted tariffs, ~~based on~~ a reasonable assessment of incremental operating costs associated with the **connection**—
 - (i) including costs associated with operating and maintaining new **assets**; and
 - (ii) excluding **transmission** charges; and
 - (iii) expressed as the present value of future costs.

Commented [R16]: “customer” is no longer defined in Part 1 of the Code. Suggest “consumer” instead.

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pioneer means—

- (a) the **connection applicant** referred to in paragraph (a) of the definition of

- pioneering connection works** (the **first pioneer**); and
- (b) any **connection applicant** who subsequently **connects** to the **pioneering connection works** (a **subsequent pioneer**) and—
- (i) who makes a **pioneer scheme contribution** of more than the amount of \$25,000 in December 2025 dollar terms, adjusted each year by the **CPI movement**, or a lesser amount specified by the **distributor**; and
- (ii) is determined by the relevant **distributor** to be a **pioneer** under clause 6B.7(1)(b)

pioneering connection works means an **extension** where—

- (a) the portion of the **extension cost** initially met by a **connection applicant** is more than the amount of \$50,000 in December 2025 dollar terms, adjusted each year by the **CPI movement**, or a lesser amount specified by the **distributor**; and
- (b) the **connection applicant** has not opted out of applying a **pioneer scheme** to the **extension** by agreeing in writing with the relevant **distributor** that the **extension** should not form part of a **pioneer scheme**; and
- (c) it is feasible that other parties may seek to **connect** to all or part of, or make use of, the **extension** at a later date; but
- (d) excludes an **extension** where the **extension costs** are established using **posted connection charges**; and
- (e) excludes any portion of **extension cost** relating to a **benefit-based charge adjustment event** *as defined in the transmission pricing methodology*

pioneer scheme means—

- (a) an arrangement that covers any part of a **distributor's network** or the **distributor's grid** connections that comprises **pioneering connection works**, and includes an **acquired pioneer scheme**; and
- (b) a **vested pioneer scheme**

pioneer scheme contribution means a payment to be made by a **connection applicant** to a **distributor**—

- (a) determined in accordance with clause 6B.8; and
- (b) any similar legally binding obligation put in place for any **connection works** built or established for a single **consumer** prior to 1 April 2026

pioneer scheme policy means a policy **published** in accordance with clause 6B.9

pioneer scheme pricing methodology requirements means the **mandatory connection pricing methodologies** set out in clauses 6B.6 to 6B.9

posted capacity rate means the estimated average cost per capacity unit that is **published** by a **distributor** for a **network capacity upgrade** for a given **network tier** and **network costing zone**, where the rate may be set to zero if the **distributor** reasonably considers there is no foreseeable need within the **distributor's** applicable **network** planning horizon for a **network capacity upgrade**

posted connection charge means a **connection charge** that is **published** by a **distributor** that applies to any **connection** of a type that meets requirements specified by the **distributor**

posted extension rate means a unit rate that has been **published** by a **distributor** for use in building up **extension cost** estimates for **connections of a type specified by the distributor** that meet requirements specified by the **distributor**

Commented [R17]: Cross reference to assumed definition (as currently undefined in this Part)

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Commented [R18]: Type of connection can be a requirement specified by the distributor.

real estate development means the development of land for a commercial purpose including its development in one or more of the following ways:

- (a) subdivision:
- (b) the construction of commercial or industrial premises (or both):
- (c) the construction of multiple new residential premises

rebate means any disbursement, credit or deduction made to a **pioneer** by a **distributor** in accordance with clause 6B.8(5)

relevant minimum scheme means a **minimum scheme** or, if a **connection applicant** requests it and the **distributor** can reasonably supply it, a **minimum flexi scheme**

selling distributor is defined in the definition of **acquired pioneer scheme**

shared network means any part of a **distribution network** that is not **customer-owned assets** or **dedicated assets**

start date, for a **pioneer scheme**, means the date the first **pioneer** for the **pioneer scheme** made its first **connection charge** payment in relation to the **pioneering connection works** or the **vested pioneering works** subject to the **pioneer scheme**

subsequent pioneer is defined as set out in the definition of **pioneer**

vested pioneer scheme means an arrangement that covers any part of a **distributor's network** where a **consumer** carried out or funded works that were initially owned by the **consumer** and the **distributor** to whose **network** the works were **connected** agreed to take ownership of those works and that those works should form a **pioneer scheme**

vested pioneering works means the works carried out or funded by a **consumer** as referred to in the definition of **vested pioneer scheme**

Part 6B

Distributor pricing methodologies, information requirements and other requirements for load connections

6B.1 Contents of this Part

This Part specifies—

- (a) **mandatory connection pricing methodologies** which are the pricing methodologies that must be applied by **distributors** in relation to **connection charges** and **pioneer scheme contributions**; and
- (b) information requirements for **distributors** in relation to access to **distribution networks**; and
- (c) application of the dispute resolution process in Schedule 6.3 to the requirements under this Part where **connection applicants** are **participants**, and enhancement of the processes available to non-participants.

6B.2 Application of this Part

- (1) This Part does not apply to—
 - (a) any **connection application** received by a **distributor** prior to 1 April 2026; or
 - (b) a **distributor** in respect of the **distributor's** ownership or operation of a secondary network; or
 - (c) existing **load connected**, or a **connection applicant** seeking to **connect load**, to a secondary network.
- (2) For the avoidance of doubt—
 - (a) this Part applies in addition to Part 6 and applies to all **connection applications for load**. *In case of inconsistency with Part 6, this Part will prevail. ~~despite how an application is treated under Part 6:~~*
 - (b) a **connection applicant** who is not a **participant** *is not required to comply with this Part and* cannot be subject to the enforcement measures set out in the **Act** or the Electricity Industry (Enforcement) Regulations 2010 for failing to comply with this Part.
- (3) If an application under Part 6 includes both **load** and **distributed generation**—
 - (a) the **connection enhancement cost requirements** and the **capacity costing requirements** must be applied to the **load** component of the application before the requirements of Part 6 are applied to the **distributed generation** component of the application; and
 - (b) the **pioneer scheme pricing methodology requirements** and **connection charge reconciliation methodology requirements** must be applied, *with all necessary modifications,* to the connection as a whole.

Connection pricing methodologies

6B.3 Distributors must comply with mandatory connection pricing methodologies

- (1) Each **distributor** must apply the **mandatory connection pricing methodologies** in subclause (2) in setting **connection charges**, including in the calculation of quoted charges and application of such charges, the allocation of costs to

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Commented [R19]: Query the intended effect of this phrase. Amendment suggested.

Commented [R20]: A “connection applicant” can be a consumer who applies to a distributor in respect of an application. A “consumer” may be a participant, or not. While we understand that the Code does not apply to non-participants, it could be confusing to suggest that consumers do not to comply with this Part of the Code. Suggest that only expressly state that the Enforcement Regulations will not apply only to non-industry participants.

Commented [R21]: This is broad drafting which would allow any modification to the methodology requirements. However, it is not clear what modifications are required. Suggest this drafting should be limited to the type of modifications EA considers might be necessary (which are not clear to us as the methodologies are not specifically limited to load).

~~customer~~**consumers**, and in otherwise recovering or allocating **connection works costs**.

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- (2) The **mandatory connection pricing methodologies** are:
- (a) the **connection enhancement cost allocation requirements** in clause 6B.4:
 - (b) the **capacity costing requirements** in clause 6B.5:
 - (c) the **pioneer scheme pricing methodology requirements** in clauses 6B.6 to 6B.9:
 - (d) the **connection charge reconciliation methodology requirements** in clauses 6B.10 and 6B.11.
- (3) Despite subclause (1), a **distributor** is—
- (a) not required to apply the **pioneer scheme pricing methodology requirements** in respect of **real estate developments**; and
 - (b) in respect of any **connection** covered by a large connection contract as defined in the **EDB IMs**, required to apply the **connection charge reconciliation methodology requirements** only.
- (4) A **distributor** must not refuse to connect a person to the **distributor's distribution network** for the purpose of avoiding compliance with the **mandatory connection pricing methodologies**.

Connection enhancement cost allocation requirements

6B.4 Allocation of connection enhancement costs

- (1) Subject to subclauses (2) to (4), each **distributor** in determining the **connection charges** that it requires a **connection applicant** to pay for or in respect of a **connection** or any increase in security or **capacity** at a **point of connection** or for an **asset**—
- (a) must determine those **connection charges** on the basis of the **relevant minimum scheme**, unless the **connection applicant** agrees in writing to ~~improvements~~**modifications** to the **relevant minimum scheme**; and
 - (b) if ~~improvements~~**modifications** are made to the **relevant minimum scheme**, must allocate only the **customer-selected enhancement costs** to the **connection applicant**, in addition to the costs of the **relevant minimum scheme**; and
 - (c) must not allocate any **distributor-selected enhancement costs** to the **connection applicant**.
- (2) If a **connection applicant** and **distributor** agree in writing that the **distributor** does not need to determine the cost of the **relevant minimum scheme**, the **distributor** does not need to determine charges in accordance with subclause (1).
- (3) If a **connection applicant** and **distributor** agree in writing to an alternative allocation of **connection enhancement costs** than set out in subclause (1), the **distributor** does not need to determine charges in accordance with subclause (1).
- (4) If a **distributor publishes posted connection charges**, it may use those charges to determine the charges under subclause (1), instead of applying subclauses (1)(a) to (1)(b), where the **connection** is of the type and meets the requirements specified by the **distributor** for the **posted connection charge**.
- (5) If a **distributor publishes posted extension rates** it must use those rates to determine

Commented [R22]: Suggest "modification" is a more neutral term which would avoid debate over what is an improvement.

the costs under a **relevant minimum scheme** or for any **customer-selected enhancement** costs, where the **connection** works are of the type and meet the requirements specified by the **distributor** for the **posted extension rate**, unless otherwise agreed in writing with the connection applicant.

Capacity costing requirements

6B.5 Capacity costing requirements

- (1) If a **distributor** intends to include or includes **network capacity costs** (in whole or in part) in the charges payable by a **connection applicant** for or in respect of any **connection works**, it must—
 - (a) determine a **posted capacity rate** for each **network tier** and **network costing zone** in respect of which it charges for **network capacity costs** for each current **disclosure year** and the following four **disclosure years** on an annual rolling basis; and
 - (b) not revise the **posted capacity rates** and **nominal capacity increments published** under paragraph (a) for the current **disclosure year** and the following **disclosure year** except to correct errors; and
 - (c) determine the **capacity demand assumption** for each **network tier** and **network costing zone** to which each **connection application** that it receives relates having reasonable regard to any relevant information provided by the **connection applicant**; and
 - (d) use the **posted capacity rate** and **capacity demand assumption** applicable to each **network tier** and **network costing zone** to which the **connection application** relates to calculate the **network capacity costs**.
- (2) If the **capacity demand assumption** determined by a **distributor** for a **network tier** (other than **distribution** substations and low voltage mains) is greater than 80% of the **nominal capacity increment** for that **network tier**, the **distributor** may use estimated capacity upgrade costs for that **network tier** instead of the **posted capacity rate** in the calculation under subclause (1)(d).
- (3) If the **distributor** determines that the estimated cost per unit to add capacity at a **network tier** is more than 150% or less than 80% of the applicable **posted capacity rate** for that **network tier** and **network costing zone**, the **distributor** may use the estimated rate instead of the **posted capacity rate** in the calculation under subclause (1)(d).
- (4) This clause does not apply to any **connection application** received by a **distributor** prior to 1 April 2027.
- (5) Subclause (1)(b) does not apply with respect to **posted capacity rates** and **nominal capacity increments** for the **disclosure year** ending 31 March 2028.

Pioneer scheme pricing methodology requirements

6B.6 Distributors must ~~establish~~ develop a pioneer scheme policy

- (1) Each **distributor** must ~~establish~~ develop a **pioneer scheme policy** by 1 April 2026.
- (2) The **pioneer scheme policy** must set out how the **distributor** will apply the

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Commented [R23]: Refer paragraphs [6.6 - 6.8] of the Decision Paper, which outline that the rules are intended to provide flexibility for the distributor and applicant to agree to an alternative allocation of costs.

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Commented [R24]: "Establish" is not normally used for policy drafting. "Develop" is the word used in the Decision - see paragraph [8.12].

requirements in clauses 6B.7 and 6B.8, including how it will—

- (a) determine whether a **pioneer scheme** exists; and
- (b) determine the matters in clause 6B.7(1)(b) and (3); and
- (c) otherwise administer **pioneer schemes**.

6B.7 Requirements for a pioneer scheme

- (1) For the purposes of clause 6B.6, this clause and clause 6B.8—
 - (a) a **pioneer scheme** continues from its **start date** until the expiry date set by the **distributor**, which must be not less than 7 years from the **start date**, unless each **pioneer** to a **pioneer scheme** and the **distributor** agree in writing that the scheme shall cease; and
 - (b) a **distributor** may determine which **connection applicants**, other than the **first pioneer**, are **subsequent pioneers**.
- (2) For the purposes of this clause and clause 6B.8, a **distributor** must—
 - (a) determine whether a **pioneer scheme** exists in accordance with this Part and its **pioneer scheme policy**; and
 - (b) record the location of each **pioneer scheme** on its **distribution network** or connection to the **grid**.
- (3) Each **distributor** must determine for each **pioneer scheme** additional or more detailed pricing methodologies to those set out in clause 6B.8 specifying how it will, in a way that is consistent with clause 6B.8,—
 - (a) administer and collect **pioneer scheme contributions**; and
 - (b) determine **and apply rebates**; and
 - (c) determine which **connection applicants** are eligible for **rebates**.
- (4) A **distributor** must treat all **connection applications** to **connect to assets** that are subject to a **pioneer scheme** as subject to the **pioneer scheme**.
- (5) If a **pioneer scheme** is an **acquired pioneer scheme**, the **purchasing distributor**—
 - (a) must not change any aspect of the matters determined for the **pioneer scheme** by the **selling distributor** or the **pioneer scheme policy** for that scheme set by the **selling distributor**, **unless each pioneer to a pioneer scheme and the distributor agree in writing to any change**; and
 - (b) **must** continue to administer, and comply with, those requirements and that **pioneer scheme policy** in complying with clauses 6B.8, 6B.9 and this clause.

Commented [R25]: Consistent with subsection (1), over time.

6B.8 Determining connection charges, contributions and rebates for pioneer schemes

- (1) From 1 April 2026, where there is a **pioneer scheme**, the **distributor** must determine the **connection charges** and, where applicable, any other charges, for—
 - (a) the **first pioneer** to the scheme in accordance with subclause (2); and
 - (b) for each **subsequent pioneer** to the scheme and each other **connection applicant** that **connects** to the scheme in accordance with subclause (3).
- (2) The **distributor** must determine the **connection charges** and any other charges payable by the **first pioneer** to a **pioneer scheme** in accordance with the following:
 - (a) the **distributor** must determine the **connection charges** in accordance with the **connection enhancement cost requirement**, the **capacity costing requirements** and the **distributor's connection pricing methodology**;
 - (b) from the time that any other **pioneer** or other **connection applicant** **connects**

- to the scheme, in determining any remaining **connection charges** or any other charges that the first **pioneer** must pay, the **distributor** must apply a **rebate** determined in accordance with subclause (5):
- (c) the **distributor** must otherwise comply with its **pioneer scheme policy** and the matters determined under clause 6B.7:
 - (d) the **distributor** must determine the costs of any **vested pioneering works** in accordance with subclause (4)(a).
- (3) The **distributor** must determine the **connection charges** and any other charges payable by each **subsequent pioneer** or other **connection applicant** that **connects** to a **pioneer scheme** in accordance with the following:
- (a) the **pioneer scheme contribution** requirements set out in subclause (4):
 - (b) the **distributor** must continue to apply the **capacity costing requirements** and the **distributor's connection pricing methodology**:
 - (c) if the **connection applicant** is a **subsequent pioneer**, from the time that any other **pioneer** or other **connection applicant** connects to the scheme, in determining any remaining **connection charges** or any other charges that the **pioneer** must pay, the **distributor** must apply a **rebate** determined in accordance with subclause (5):
 - (d) the **distributor** must otherwise comply with its **pioneer scheme policy** and the matters determined under clause 6B.7.
- (4) The **pioneer scheme contribution** is to be determined as follows:
- (a) in determining the costs of the **pioneering connection works** or **vested pioneering works**—
 - (i) the **distributor** must use the actual costs if these are known to the **distributor**:
 - (ii) if the actual costs are not known to the **distributor** (for example, if the **pioneering connection works** or **vested pioneering works** were constructed or contracted by a person other than the **distributor**), the **distributor** may use its estimated costs of the works:
 - (iii) if the **distributor** is using information provided by the **consumer** who constructed or paid for any **vested pioneering works**, the **distributor** must be reasonably satisfied that the information is accurate:
 - (b) the **distributor** must apply straight-line depreciation to the costs of the **pioneering connection works** or the **vested pioneering works** that the **pioneer scheme** relates to in order to determine the present-day value of those costs each time it calculates **pioneer scheme contributions**, using a depreciation period of 20 years; and
 - (c) the **distributor** must take into account **shares-of-extension-lengthdistance (along an extension)** and capacity of the **pioneer scheme among the parties connected or connecting to the pioneer scheme**; and
 - (d) **pioneer scheme contributions** must not be collected if the **pioneer scheme contribution** would be less than the amount of \$1,000 in December 2025 terms adjusted each year by the **CPI movement** after deducting any fee to cover the reasonable costs of administering the scheme, or of a lesser amount specified by the **distributor**.
- (5) The **rebate** due to a **pioneer** must be determined in a way that shares any **pioneer**

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Commented [R26]: Presume this is intended to reflect the policy set out at paragraph [8.7(b)] of the decision. Suggest amendment for clarity.

scheme contribution received by a distributor among all pioneers who are connected to a pioneer scheme proportionate to the extent to which each pioneer has met the costs of the pioneering connection works or the vested pioneering works and after deducting any fee to cover the reasonable costs of administering the scheme.

- (6) This clause does not apply to a pioneer scheme entered into before 1 April 2026.

6B.9 Distributors must publish information on pioneer schemes

- (1) Each distributor must—
- (a) publish its pioneer scheme policy, which must include:
 - (i) how pioneer scheme contributions are to be determined;
 - (ii) how it will administer and collect pioneer scheme contributions;
 - (iii) how it will determine and apply rebates;
 - (iv) how it will determine which connection applicants are eligible for rebates;
 - (v) how it will distribute funded asset rebates it receives in accordance with clause 29 of the transmission pricing methodology relating to incremental transmission works to pioneers;
 - (b) make each connection applicant aware of the existence of the pioneer scheme policy;
 - (c) publish the details of each pioneer scheme it administers, applying the requirements in clause 6B.7, including the following information:
 - (i) the location of the pioneer scheme on its network;
 - (ii) the start date of the pioneer scheme;
 - (iii) the expiry date of the pioneer scheme;
 - (iv) the relevant opening value(s) of the pioneer scheme.
- (2) Subclause (1)(c) does not apply to a pioneer scheme entered into before 1 April 2026.

Commented [R27]: Inserted for clarity (as (1)(a)(v) limited to specific rebates.

Connection charge reconciliation methodology requirements

6B.10 Distributor must provide connection charge reconciliation on request

- (1) If requested by a connection applicant during the connection process, or as otherwise required under subclause (2), a distributor must provide a written connection charge reconciliation.
- (2) A distributor must, when providing a quote for the connection charge or connection charges, in respect of any connection works, either—
- (a) provide a written connection charge reconciliation; or
 - (b) notify the connection applicant of their right to request a written connection charge reconciliation under this clause.
- (3) If requested by the Authority, a distributor must—
- (a) provide information on connection charge reconciliation amounts to the Authority within the timeframe specified by the Authority; and
 - (b) if requested, provide sufficient information under paragraph (a) to enable the Authority to understand how the distributor determined those amounts.

Commented [R28]: Suggest the obligation on a distributor to supply a connection charge reconciliation is limited or tied to a particular time (and not possible at all times).

6B.11 Connection charge reconciliation requirements

- (1) A **connection charge reconciliation** must show:

$$CC = (IC - IR) + NC$$

where

CC is the **connection charge** or **connection charges**

IC is the **incremental cost estimate**

IR is the **incremental revenue estimate**

NC is the **network cost contribution**

- (2) A **distributor** must assess the **incremental cost estimate** under subclause (1), and show this assessment in the **connection charge reconciliation**, in accordance with the following formula:

$$IC = EC + CSE + NCC + ITC + LHCR + OCL$$

where

IC is the **incremental cost estimate**

EC is the **extension cost** of the **relevant minimum scheme**, excluding any **incremental transmission cost**

CSE is the **customer-selected enhancement** costs, if any

NCC is the **network capacity cost** of the **relevant minimum scheme** calculated in accordance with clause 6B.5, including in respect of a **connection application** received by a **distributor** prior to 1 April 2027 as though that clause applied to the **connection application**

ITC is the **incremental transmission cost**, if any

LHCR is the **localised historical cost recovery**, if any

OCL is the **operating cost loading**, if any

- (3) A **distributor** must assess the **incremental revenue estimate** under subclause (1), and show this assessment in the **connection charge reconciliation**, in accordance with the following formula:

$$IR = IDR + ITR$$

where

IDR is the **incremental distribution revenue estimate**

ITR is the **incremental transmission revenue estimate**

- (4) A **distributor** must assess the **incremental distribution revenue** and **incremental transmission revenue** estimates, and show this assessment in the **connection charge reconciliation**, by—
- (a) estimating revenue from **electricity lines services** (excluding **connection charges** and **connection fees**) the **distributor** will receive in respect of the **connection** in the first **disclosure year** (or part **disclosure year**) following the **electrical connection** of the **connection** or the completion of the **connection works**, whichever is later; and
 - (b) estimating revenue for subsequent **disclosure years** by adjusting the estimate derived under paragraph (a) for—
 - (i) change from part-year to full-year, if applicable; and
 - (ii) forecast changes in demand at the **connection** (if any); and
 - (iii) forecast changes in revenue per **connection**, in real terms, for any years for which the **distributor** has a reasonable revenue path forecast; and
 - (iv) forecast changes in tariff structures or levels for any years for which the **distributor** has a reasonable price path forecast; and
 - (c) discounting the estimates under paragraph (b) to their present value using—
 - (i) a duration from the beginning of the first full year of operation equal to the **connection revenue life**; and
 - (ii) a discount rate equal to the most recent available mid-point estimate of vanilla WACC (being the weighted average cost of capital) made by the Commerce Commission in accordance with the **EDB ID determination** made under Part 4 of the Commerce Act 1986 less an adjustment to remove inflation consistent with inflation projections for the year ahead from the most recent Monetary Policy Statement published by the Reserve Bank of New Zealand; and
 - (d) for **incremental distribution revenue** only, and only where the incremental cost estimate includes an operating cost loading which is not zero, multiplying the amount derived after the application of paragraph (c) by the **distributor's incremental opex scaling factor** calculated in accordance with subclause (5) to adjust for incremental operational expenditure costs, unless the incremental cost estimate includes an operating cost loading.

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Commented [R29]: As defined, there will always be an operating cost loading (but it could be zero). We presume this is only intended to cover non-zero loading costs. Other changes are for clarity.

- (5) A **distributor** must calculate its **incremental opex scaling factor**, and show this calculation in the **connection charge reconciliation**, in accordance with the following formula:

$$OSF = 1 - \frac{ASO}{AEDR}$$

where

OSF is the **incremental opex scaling factor**

ASO is the average selected opex, being the average value over the five most recent available **disclosure years** of the sum of a **distributor's**—

- (a) operational expenditure relating to service interruptions and emergencies as defined in the **EDB ID determination**; and
- (b) operational expenditure relating to vegetation management as defined in the **EDB ID determination**; and
- (c) operational expenditure relating to routine and corrective maintenance and inspection as defined in the **EDB ID determination**; and
- (d) any costs described in clause 3.1.2(1)(a) of the **EDB IMs**

AEDR is the average electricity distribution revenue, being the average value over the five most recent available **disclosure years** of a **distributor's** distribution line charge revenue (excluding revenue relating to pass through of electricity transmission costs)

and where all values must exclude goods and services tax and be expressed in real terms (with a common base year)

- (6) A **distributor** may further adjust the calculation of the amounts of the *CC*, *IC* and *IR* in subclauses (1) and (2) to recognise differences in the timing of cashflows using a discount rate for each year consistent with the rate determined in subclause (3)(c)(ii).
- (7) A **distributor** must treat in-kind contributions consistently as between *CC* and *IC* (either both zero or both the same estimated value).

Disputes about the application of this Part

6B.12 Disputes between distributors and connection applicants that are participants

- (1) If there is a dispute between a **connection applicant** that is a **participant** and a **distributor** about the application of any of the **mandatory connection pricing methodologies**, either **participant** may commence the default dispute resolution process in Schedule 6.3 at any time.
- (2) Subclause (1) does not apply to disputes about the following clauses:
 - (a) Clause 6B.5(1)(a) to (b) (requirements relating to **network capacity costs**):
 - (b) Clause 6B.6 (requirement to establish a **pioneer scheme policy**):
 - (c) Clause 6B.7 (requirements for a **pioneer scheme**):
 - (d) Clause 6B.9 (requirement to **publish** information on **pioneer schemes**):
 - (e) Clause 6B.10(3) (requirement to provide information to the **Authority** on **connection charge reconciliation** amounts).

6B.13 Disputes between distributors and connection applicants that are not participants

- (1) If a **connection applicant** that is not a **participant** is in a dispute with a **distributor** about the application of this Part, other than a dispute about any of the clauses listed in clause 6B.12(2), and has notified the **distributor** of the dispute, the **distributor** must attempt to resolve the dispute in good faith.
- (2) For the avoidance of doubt, nothing in this clause prevents the **connection applicant** from reporting a breach or possible breach of this Code under regulation 9 of the Electricity Industry (Enforcement) Regulations 2010 or from making a complaint to the **distributor** under regulation 5 of the Electricity Industry (Enforcement) Regulations 2010 at any time.

Amendments to existing Code provisions (proposed amendments in red)

1.1 Interpretation

(1) In this Code, unless the context otherwise requires,—

consumer installation, for the purposes of the definition of **associated equipment**, Part 6 and Part 6B, means—

- (a) all fittings that are part of a system for conveying **electricity** from a **consumer's point of supply** to any point from which **electricity** conveyed through that system may be consumed; and
- (b) includes any fittings that are used, or designed or intended for use, by any person in, or in relation to, the generation of **electricity**—
 - (i) for that person's use and not for supply to any other person; or
 - (ii) so that **electricity** can be injected into a **distribution network**; but
- (c) does not include any appliance that uses, or is designed or intended to use, **electricity**, whether or not it also uses, or is designed or intended to use, any other form of energy

Schedule 6.3 Default dispute resolution process

Contents

- 1 Application of this schedule
- 2 Notice of dispute
- 3 Complaints
- 4 Application of distributed generation pricing principles and mandatory connection pricing methodologies to disputes
- 5 Orders that Rulings Panel can make

1 Application of this Schedule

This Schedule applies in accordance with clause 6.8 and clause 6B.12 of this Code.

2 Notice of dispute

- (1) A party must give written notice to the other party of the dispute.
- (2) The parties must attempt to resolve the dispute with each other in good faith.
- (3) If the parties are unable to resolve the dispute, either party may complain in writing to the **Authority**.

3 Complaints

- (1) A complaint made under clause 2(3) must be treated as if it were a notification given under regulations made under section 112 of the **Act**.
- (2) The following provisions apply to the complaint:
 - (a) sections 53-62 of the **Act**; and
 - (b) the Electricity Industry (Enforcement) Regulations 2010 except regulations 5, 6, 7, 9, 17, 51 to 75, and subpart 2 of Part 3.

- (3) Those provisions apply—
- (a) to the dispute that is the subject of the complaint in the same way as those provisions apply to a notification of an alleged breach of this Code; and
 - (b) as if references to a **participant** in those provisions were references to a party under Part 6 of this Code; and
 - (c) with any further modifications that the **Authority** or the **Rulings Panel**, as the case may be, considers necessary or desirable for the purpose of applying those provisions to the complaint.

4 Application of distributed generation pricing principles and mandatory connection pricing methodologies to disputes

- (1) The **Authority** and the **Rulings Panel** must—
- (a) in relation to a dispute under clause 6.8, apply the **distributed generation pricing principles** set out in Schedule 6.4 to determine any **connection charges** payable in respect of connections of **distributed generation**; and
 - (b) in relation to a dispute under clause 6B.12, require a **distributor** to determine any **connection charges** payable in respect of **connections of load** in a manner specified by the **Authority** or the **Rulings Panel** that is consistent with the **mandatory connection pricing methodologies**.
- (2) Subclause (1) applies if—
- (a) there is a dispute under Part 6 or Part 6B of this Code; and
 - (b) in the opinion of the **Authority** or the **Rulings Panel** it is necessary or desirable to apply subclause (1) in order to resolve the dispute.

5 Orders that Rulings Panel can make

If a complaint is referred to it, the **Rulings Panel** may make any order, or take any action, that it is able to make or take in accordance with section 54 of the **Act**.