

17 March 2026

Electricity Authority
PO Box 10041
Wellington 6143

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

Dear Electricity Authority team,

Submission to the Electricity Authority (Authority) on the *Reducing barriers for new connections consultation paper – WACC estimate for connection charge reconciliation*

Introduction

We thank the Authority for the opportunity to make a submission on the Authority's recent consultation paper on *Reducing barriers for new connections – WACC estimate for connection charge reconciliation*.

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 supports alignment across regulations

ENA supports sensible alignment across different regulatory regimes and therefore appreciates the Authority's proposal to make this WACC alignment in the Code.

However, we think the current proposal risks baking in a moveable target, which may create further inconsistency in future. The 65th percentile is what applies in most cases today, but this is subject to change by the Commission both through the default price path resets, but also as EDBs transition in and out of customised price paths.

If the Code is framed with the 65th percentile, it will require a Code amendment process to adjust it for future changes by the Commerce Commission.

We therefore recommend that the wording be 'loosened' to rather refer to the 'prevailing rate', or a similar concept. This would:

- maintain alignment with the Commerce Commission, without the need to review and update a specifically quoted rate in the Code.
- allow each EDB to apply the relevant percentile that applies to their own price path at any time.

- prevent WACC drift between price setting and reconciliation calculations.

Suggested amendment

For completeness, our proposal is to amend the Code as follows, as compared to the draft decision:

6B.11 Connection charge reconciliation requirements

...

(4) ...

(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 ~~65th percentile mid-point~~ estimate of vanilla WACC (being the weighted average cost of capital) **applicable to the relevant distributor**, 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 at the time of that ~~65th percentile mid-point~~ estimate of vanilla WACC; and

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
- EA Networks
- Electra
- Electricity Invercargill
- 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