3 June 2026

Electricity Authority
PO Box 10041
Wellington 6143

By email to: distribution.pricing@ea.govt.nz

Dear Electricity Authority team,

Consultation Paper—distribution injection pricing

Further to ENA's submission on the Electricity Authority's consultation paper *Reforming distributed generation pricing to promote efficient investment*, ENA welcomes the opportunity to comment on themes and issues emerging through the wider consultation responses.

This cross-submission focuses primarily on implementation, drafting clarity and practical workability issues that appear to have broad relevance across the sector.

ENA notes there appears to be substantial support across submissions for the overall direction of reform, including movement away from the current 'must not exceed incremental cost' formulation toward a more workable and cost-reflective framework. However, submissions also highlighted a number of areas where greater drafting clarity, implementation sequencing and practical guidance will be important to support efficient and consistent implementation.

1 Drafting clarity and interaction with existing regulatory frameworks

A key theme emerging from submissions is differing interpretations regarding the intended scope of the proposed amendments.

In particular, submissions appeared to reflect differing assumptions regarding whether the reforms are intended to apply:

- only to upfront connection-related charges; or
- more broadly to ongoing injection-related distribution prices, congestion pricing, capacity pricing, or other ongoing network charging arrangements.

ENA considers this uncertainty matters because distributors already operate across multiple overlapping regulatory and pricing frameworks that use similar, but not always identical, concepts and terminology.

For example:

- the Electricity Industry Participation Code includes obligations relating to connection pricing and distribution pricing;
- Commerce Commission pricing and information disclosure obligations apply under Part 4 of the Commerce Act;
- and the proposed DGPP amendments appear to intersect with evolving workstreams relating to congestion management, flexibility services, operating envelopes and network capacity allocation.

ENA is concerned the proposed drafting may unintentionally blur the boundary between:

- connection-related charging;
- ongoing distribution pricing;
- and broader electricity lines services regulated under other frameworks.

In particular, ENA notes that section 54C(2)(c) of the Commerce Act excludes from Part 4 regulation electricity lines services supplied to parties conveying electricity through the national grid.

ENA considers greater clarity would assist participants in understanding how the Authority intends the proposed DGPP amendments to interact with existing Commerce Commission regulatory concepts and boundaries.

Importantly, the range of interpretations reflected through submissions itself suggests greater clarification would be beneficial. For example:

- some submitters appeared to interpret the proposals primarily as reforms to connection charging arrangements;
- others discussed broader injection pricing, congestion management and ongoing network capacity charging concepts;
- while some consumer-focused submissions appeared to assume the reforms would directly introduce widespread new charges for residential rooftop solar exports.

ENA therefore recommends the Authority clarify:

- the intended scope of "charges" captured by the amendments;
- whether ongoing injection-related distribution pricing is contemplated;
- how the proposals are intended to interact with Commerce Commission pricing frameworks;
- and how future congestion or capacity pricing concepts relate to the proposed reforms.

ENA considers greater clarity at this stage would materially reduce implementation uncertainty and support more consistent approaches across the sector.

2 Implementation sequencing, proportionality and guidance

ENA's original submission raised concerns regarding implementation timing and sequencing. Consultation responses reinforced that these concerns are broader than distributor operational preferences alone and are closely linked to implementation certainty, reconciliation proportionality and the maturity of supporting guidance.

A recurring theme across submissions was the importance of:

- implementation certainty;
- clear sequencing;
- practical guidance;
- and proportionality of compliance obligations.

Importantly, this theme was not limited to distributor submissions.

For example:

- Meridian emphasised the need for clear examples to reduce uncertainty and promote more consistency across EDBs (Meridian submission, p 6).

- BEC supported practical guidance, as well as emphasising the need for adequate transition and lead-in periods (BEC submission, p 2).
- Utilities Disputes similarly highlighted the importance of clarity, consistency and administratively workable frameworks (Utilities Disputes submission).

Several submissions also highlighted lessons from recent connection pricing reforms and the importance of ensuring methodologies, guidance and reporting frameworks are sufficiently mature before implementation obligations are finalised.

For example, Vector noted that: "The reconciliation workbook and associated reporting requirements have only recently been applied to load connections, and their workability is still being tested" (Vector submission, p 8).

Vector further submitted that: "These issues should be resolved before extending similar reporting requirements to DGPPs" (Vector submission, p 8).

ENA agrees that implementation sequencing will be critical to avoiding unnecessary rework and compliance cost.

ENA considers there is a significant interrelationship between:

- drafting clarity;
- guidance development;
- methodology design;
- reconciliation requirements;
- and implementation timing.

In ENA's view, the most efficient sequence is for:

1. policy intent and drafting to first be clarified;
2. practical guidance and worked examples to then be collaboratively developed;
3. methodologies to subsequently be tested and socialised; and only then
4. final reporting and reconciliation obligations to be locked in.

ENA is concerned that implementing reconciliation or reporting obligations before methodologies and guidance are sufficiently mature risks:

- inconsistent implementation approaches;
- avoidable system rework;
- additional compliance costs;
- and reduced confidence in the framework.

ENA therefore recommends the Authority:

- clearly sequence guidance before detailed reporting obligations;
- ensure reconciliation obligations are proportionate to the likely materiality and scale of charges involved;
- and incorporate lessons learned from recent connection pricing reforms before extending similar frameworks further.

3 Industry-led guidance and collaborative implementation

ENA notes particularly strong support across submissions for practical guidance, worked examples and collaborative implementation support.

Importantly, support for this approach extended beyond distributor submissions and reflected broader concern regarding implementation certainty, consistency and practical workability.

For example:

- IEGA supported the development of practical implementation guidance and clearer worked examples to support consistency and predictability.
- BEC similarly supported practical guidance and principles-based implementation approaches.
- Several gentailer submissions also emphasised the importance of implementation certainty and clear interpretive guidance.

ENA continues to strongly support an industry-led approach to implementation guidance.

ENA considers practical guidance is most effective when developed collaboratively with parties that have direct operational, pricing, connection and implementation experience. In ENA's view, worked examples and real-world implementation testing are often the most effective way to expose:

- drafting ambiguities;
- unintended consequences;
- conflicting interpretations;
- and operational challenges

before systems, pricing structures and contractual arrangements become embedded.

This was itself reflected in submissions, with several participants effectively identifying differing interpretations of the intended scope and operation of the proposed amendments.

ENA also notes that distributors and generators have already commenced constructive discussions regarding practical implementation considerations following the consultation process, including engagement between ENA and IEGA.

ENA remains open to participation from other interested stakeholders as this work develops.

ENA considers collaborative industry-led guidance development before detailed implementation obligations are finalised is likely to materially improve:

- implementation consistency;
- sector confidence;
- drafting quality;
- and long-term regulatory durability.

4 Efficient investment and non-network solutions

ENA notes that some submissions characterised network investment decisions in relatively binary terms, including suggestions that distributed energy resources will necessarily avoid or defer significant network investment expenditure, but not providing any supporting evidence.

For example, Rewiring Aotearoa submitted that: "price signals are now widely accepted to be in the long term interests of all consumers" and that "the avoided infrastructure investment on many networks is in

the order of hundreds of dollars per year per household on a network" (Rewiring Aotearoa submission, p 3).

ENA considers these characterisations risk oversimplifying the operational and investment realities faced by distributors.

As ENA noted in its recent response to the joint letter from the Electricity Authority, Commerce Commission and EECA regarding non-network solutions (NNS), distributors recognise that flexibility services, demand response, distributed energy resources and other non-network solutions have an increasingly important role to play in supporting efficient network utilisation, preserving optionality and supporting system resilience.[1]

ENA also noted, however, that:

> *"traditional network build and reinforcement will continue to have a critical place in delivering reliable electricity supply" and that "in many circumstances, particularly where constraints are enduring, geographically dispersed, or require high levels of certainty, conventional network investment may remain the most efficient long-term solution."*[2]

ENA considers the efficient balance between network and non-network investment is highly context-specific and depends on factors including:

- local network characteristics;
- asset condition and utilisation;
- customer density and geography;
- resilience requirements;
- demand growth expectations;
- the availability and reliability of alternative solutions;
- and the duration and nature of network constraints.

ENA notes the broader regulatory framework is intended to support efficient, technology-neutral investment decisions focused on long-term consumer benefit, rather than preference for any particular solution type.

ENA therefore cautions against assumptions that all network investment is inherently avoidable through distributed generation uptake, or that efficient network planning can be reduced to a simple 'build versus non-build' framing.

5 Network capacity costs within incremental cost

ENA's original submission supported clarification that reasonably attributable network capacity costs may form part of incremental cost.

Consultation responses reinforced the importance of this issue as distribution networks increasingly manage:

- two-way power flows;
- export constraints;
- hosting capacity limitations;

[1] ENA, Response to joint letter of 24 February 2026, 24 March 2026
[2] ENA, Response to joint letter of 24 February 2026, 24 March 2026, page 1

- and growing competition for available network capacity.

Several submissions opposing broader inclusion of network-related costs appeared to implicitly assume that only direct, dedicated physical connection assets should appropriately form part of incremental cost, and that existing shared network capacity should remain available to injection services without associated capacity cost allocation.

ENA does not consider this approach appropriately reflects either:

- the operational realities of modern distribution networks; or
- the underlying user-pays and cost-reflective principles underpinning the pricing framework.

In many parts of the network, export capability and hosting capacity are increasingly scarce and valuable resources. Enabling injection services may require network capacity to be:

- created;
- expanded;
- reserved;
- managed;
- or protected from competing uses.

Where this occurs, ENA considers it appropriate that those costs are capable of being reflected in pricing where they are reasonably attributable to enabling injection services.

Importantly, ENA does not consider network capacity costs should be excluded from incremental cost solely because they relate to shared network assets rather than dedicated connection assets.

In ENA's view, this would risk creating outcomes where:

- other network users may continue bearing costs associated with enabling injection-related capacity;
- efficient signals regarding scarce export capacity are weakened;
- and future consumers or electrification customers may face earlier or larger augmentation costs where available network capacity has already been allocated to injection.

Several submissions themselves recognised the increasing importance of network export capability and hosting capacity constraints.

For example:

- Vector submitted that injection may use or reserve network capacity, contribute to export congestion, or affect hosting capacity in ways that create real network costs associated with enabling injection services (Vector submission, p 2).
- BEC supported approaches that allow pricing signals to reflect the use of network capacity and support proactive investment decisions, while retaining flexibility in implementation (BEC submission, pp 4-5).
- A number of generator submissions similarly emphasised the importance of gaining access to available export capacity and reducing barriers to network access for injection services.

ENA considers these submissions reinforce that network export and hosting capacity are real and increasingly valuable network resources.

ENA supports the Authority's proposed direction of allowing reasonably attributable network capacity-related costs associated with enabling injection services to be recognised within incremental cost estimates.

ENA considers several submissions reinforced why this approach is important to maintaining cost-reflective and equitable pricing outcomes as networks increasingly manage scarce export and hosting capacity.

ENA encourages the Authority to ensure the final drafting and guidance continue to support this intended outcome, to ensure alignment between the DGPP framework and the practical realities of modern distribution network planning while remaining appropriately bounded and cost-reflective.

6 Conclusion

ENA appreciates the significant engagement across the consultation process and notes the substantial alignment across submissions regarding the need for workable, durable and practically implementable reform.

ENA considers the issues identified in this cross-submission are primarily matters of implementation clarity, sequencing and practical operation rather than fundamental disagreement regarding the direction of reform.

ENA therefore encourages the Authority to continue working collaboratively with industry participants as the proposals develop, particularly in relation to drafting clarity, guidance development and implementation sequencing, to help ensure the resulting framework is both efficient and durable over time.

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 are the lines companies represented:

- Alpine Energy
- Aurora Energy
- Buller Electricity
- Centralines
- Counties Energy
- EA Networks
- Electra
- Electricity Invercargill
- Firstlight Network
- Horizon Networks
- MainPower
- Marlborough Lines
- Network Tasman Limited
- Network Waitaki
- Northpower
- Orion New Zealand
- OtagoNet – represented by PowerNet
- Powerco
- Scanpower
- The Power Company – represented by PowerNet
- Top Energy
- The Lines Company
- Unison Networks
- Vector
- Waipa Networks
- WEL Networks
- Wellington Electricity
- Westpower