14 September 2026

Electricity Authority
PO Box 10041
Wellington 6143

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

Dear Authority team,

Cross-submission to the Electricity Authority (Authority) on its further reform of distribution connection pricing issues paper consultation

1 Introduction

Electricity Networks Aotearoa (ENA) appreciates the opportunity to cross-submit on the Authority's issues paper on *further reform of distribution connection pricing*. Our original submission emphasised that further intervention should be grounded in evidence of a material problem, directed at its actual cause, and supported by a robust assessment of likely consumer benefits and implementation costs.

The submissions received provide useful additional evidence and perspectives. In this cross-submission, ENA focuses on what that material adds to the evidential case for further reform. In particular, we encourage the Authority to distinguish evidence about distribution load connections from experience drawn from other contexts, and to separate pricing-methodology concerns from process, service, technical-design and third-party cost issues. That discipline materially narrows the set of issues for which further connection-pricing regulation may be the appropriate response.

The consultation has surfaced genuine concerns from some access seekers about connection experiences. ENA does not suggest those concerns should be discounted. However, the submissions reinforce the importance of identifying precisely what the evidence demonstrates before selecting a regulatory response. Poor connection outcomes can arise from several different causes, and not all of them are connection-pricing methodology problems.

2 Separate relevant load-connection evidence from analogies

Some submissions rely on experience that is useful context but is not direct evidence of EDB behaviour in distribution load connections. That distinction matters if the Authority is using submissions to assess whether a material problem exists and whether a particular intervention is justified.

Lodestone Energy is particularly clear about the limits of its evidence. It states that its direct experience is on the generation side rather than as an offtake customer, and refers to a 37% year-on-year increase at an embedded solar farm driven by transmission-pricing pass-through and to first-mover risk under Transpower's Funded Asset Component mechanism. For network development funding it again says it does not have direct experience of offtake connections and relies on an analogous transmission example. Its financial-security evidence is likewise expressly drawn from generation and transmission connections (Lodestone Energy submission, Q2, p 2; Q11-Q12, p 6; Q23-Q25, p 8). These experiences may be relevant to future work on injection, BESS or transmission-related settings, but they do not demonstrate that the equivalent problem is occurring materially or systemically for EDB load connections.

ERGANZ similarly draws materially on the interests of members developing distributed generation and grid-scale storage. Its financial-security evidence describes those members negotiating security terms with distributors and then proposes rules for offtake connections, including a presumption against post-commissioning security (ERGANZ submission, Q23-Q25, pp 12-13). ERGANZ also expressly notes that the secondary-network issue it is closest to is retail access rather than connection pricing (Q20, p 12). Again, these perspectives can inform policy design, but the Authority should not treat evidence from adjacent regulatory contexts as if it were direct evidence of poor EDB load-connection pricing outcomes.

This is not a reason to disregard such submissions. It is a reason to classify the evidence carefully by connection type, regulatory setting and behaviour observed. If a concern is principally about generation, transmission, retail access or a future hybrid connection model, the Authority should test whether the same issue actually exists for distribution load connections before using it to justify rules applying across that population.

3 Separate pricing issues from process, service and input-cost issues

A second group of evidence relates directly to distribution connection experiences, but often points to problems other than the connection-pricing methodology itself. These concerns may justify action, but the tool should match the cause.

ENA also accepts that the submissions show there is room for the sector to improve parts of the connection experience. Some of that improvement is already being pursued through sector-led and joint work on connection processes and technical standards, including the Streamlining Connections programme, alongside the Commerce Commission and Energy Competition Task Force work on contestability. The point is not that these concerns fall outside regulatory attention; it is that they should be directed to the workstream and tool most capable of addressing their cause. The Authority has an important role in separating those issues rather than treating the pricing consultation as a catch-all for every connection concern.

For example, Fletcher Residential describes uncertain and variable connection timeframes, delays in design and connection approvals, final certification delays, status reporting and escalation processes. It separately advocates greater contestability in civil and construction works (Fletcher Residential submission, pp 4-6). Those are important customer-experience and delivery issues, but a standard allocation formula or a different balance point would not, by itself, resolve them.

The Urban Development Institute of New Zealand reports member concerns about delays in design and connection quotes, approvals and network responses; traffic-management and other unforeseen costs; procurement and supply-chain efficiency; limited competition; and questions about future-proofing and network planning (UDINZ submission, p 4). These concerns span service performance, technical standards, procurement, third-party costs and planning as well as pricing. They should not be aggregated into a single finding of inefficient connection pricing.

Temporary traffic management is a recurring example. ENA agrees that some traffic-management, consenting and road-corridor costs can appear disproportionate and materially increase connection costs. ENA and members have been actively working on these issues, including through industry analysis and advocacy on temporary traffic management and related corridor-access costs. But many of these costs are set or driven by road controlling authorities, contractors and wider statutory or consenting requirements rather than by an EDB's connection-pricing methodology. Where EDB procurement or coordination can improve outcomes, that should be pursued; where the cost driver sits elsewhere, the more effective response may sit in transport, consenting or corridor-access reform rather than electricity distribution pricing regulation.

Utilities Disputes provides a particularly useful illustration of why this distinction matters. It reports concerns about itemisation of traffic-management, tree-removal and line-relocation charges, but expressly notes that the complaints on which this evidence is based are not about connections (Utilities Disputes submission, paras 13-16, p 5). It also identifies questions about the accountability and billing of independent contractors (para 17, p 6). This evidence may support clearer information requirements or work on contractor arrangements; it does not, without more information, demonstrate that EDB connection-cost allocation is inefficient.

Property Council provides a more direct example: one member reports that an initial transformer-upgrade estimate increased from $250,000 to $450,000 without an itemised explanation, causing a two-month delay (Property Council submission, para 4.2, p 4). That is useful evidence of a transparency and cost-variation concern. But further investigation is still needed to establish what caused the increase - for example scope, design, external input costs, procurement, or pricing methodology - before it can support a particular regulatory solution. The same submission argues that developers cannot influence contractor selection or construction management once a quote is accepted and therefore should not bear unrestricted cost variation (para 4.4, p 4). That is primarily a construction-risk allocation issue, not evidence for all of the costing and allocation options the submission goes on to support.

ENA therefore encourages the Authority to code the evidence it has received by problem type before deciding what further reform is warranted: pricing methodology; cost transparency; service/process; technical design or standards; construction-risk allocation; contestability/procurement; and external or third-party input costs. This would help prevent a real concern in one part of the connection journey being used to justify regulation in another.

4 Test the evidence of pricing problems more closely

Once those two filters are applied, a smaller set of submissions appears to provide direct examples that may genuinely warrant investigation as connection-pricing issues. ENA considers these examples should be tested rather than dismissed or generalised.

Property Council reports that members have been charged for a full asset replacement where the distributor ultimately reused an existing depreciated network asset (para 4.3, p 4), and instances where developers provided assets such as cabling or transformers without what they considered an appropriate offset or recognition (para 4.6, p 5). If substantiated, examples of this kind are directly relevant to whether incremental costs and in-kind contributions are being treated appropriately. They are more probative of a potential pricing problem than general evidence that a connection was expensive, delayed or difficult.

Stephenson & Turner reports a high-density residential development where a distributor allegedly required a transformer with capacity for wider network needs and applied a 60% capital contribution, said to be the maximum “because the Code allows them to do so” (Stephenson & Turner submission, Q5, p 1). ENA is not aware of a general Part 6B Code provision that establishes a 60% maximum contribution, and the Authority should investigate the basis for this statement before relying on the example.

However, the example may illustrate a different implementation issue. The balance point framework seeks to prevent new connections from making materially greater contributions to shared network costs than similar existing connections. If an EDB has historically recovered around 60% of relevant costs upfront, that principle could potentially be understood in practice as requiring that historical level to be preserved. That is not the same as the Code prescribing a 60% maximum.

It is not clear from the submission whether that interpretation originated with the EDB, arose through the way the position was explained to the customer, or reflects how the explanation was understood by Stephenson & Turner. Either way, the apparent confusion is important. It reinforces ENA’s concern that the balance point remains difficult to translate consistently into operational pricing decisions and to communicate clearly to access seekers.[1]

These are the kinds of examples against which the Authority should test both whether the recently introduced requirements are addressing the underlying concern and whether those requirements are

[1] Please refer to our recent submission on the draft balance point guidance here: ENA submission on EA balance point guidance - August 2026 - FINAL.pdf

themselves being understood, applied and communicated as intended. Where the issue is implementation uncertainty rather than an underlying pricing methodology failure, clearer guidance, practical worked examples and further practitioner testing may be the more appropriate response. Where the Authority identifies a genuine residual pricing problem, ENA supports considering a proportionate response directed at that problem.

5 Claims of "double charging" need to be framed carefully

Several submissions suggest access seekers can be charged twice: through an upfront connection contribution and then through ongoing lines charges (Property Council submission, para 5.5, p 6; UDINZ submission, p 4; Z Energy submission, Q6, p 1).

ENA agrees that genuine double recovery should not occur. However, an upfront connection contribution and an ongoing lines charge are not, by themselves, evidence that the same cost has been recovered twice. A connection charge can recover costs attributable to establishing or augmenting the connection, while ongoing lines charges recover the costs of continuing to provide distribution service and the customer's contribution to the wider shared network. The fact that a customer has funded some connection-specific assets upfront does not mean its ongoing use of the wider network is costless. Indeed, the recent Part 6B reforms expressly take forecast incremental lines-charge revenue into account when reconciling an upfront connection charge, reinforcing that the two need to be considered together rather than treated as inherently duplicative.

The relevant test is therefore whether the same underlying cost is actually being recovered twice, not whether the customer faces both an upfront and an ongoing charge. To substantiate a double-recovery concern, the Authority would need to identify the cost included in the connection charge, how that asset or cost is treated subsequently, what costs the ongoing tariff is intended to recover, and whether the customer is in fact contributing again to recovery of the same cost. None of the general "pay twice" statements in the submissions noted above demonstrates that chain.

There may nevertheless be a legitimate question about whether ongoing tariff structures appropriately reflect material upfront contributions and the cost drivers created by different customers. Property Council itself recognises that this may point to a gap in lines-charge tariff structures rather than connection pricing methodology (para 5.5, p 6). That is a question that may be worth examining, but it is distinct from concluding that upfront and ongoing charges amount to double recovery.

6 Apply the same evidential discipline to financial security

The submissions also reinforce the need for care on financial security. Lodestone expressly relies on generation and transmission experience (Q23, p 8). ERGANZ identifies distributed generation and grid-scale storage as its direct interest and does not provide quantified examples of EDB load connections being deterred by security requirements (Q23-Q25, pp 12-13). By contrast, Stephenson & Turner makes a direct but unquantified assertion that advance payment for a consumer connection is an abuse of market power and should generally be reduced or removed (Q23-Q25, p 3).

These are materially different forms of evidence. Before restricting security for load connections, the Authority should establish how often security is required, for what types and sizes of connection, the amount and duration, the stranding risk being managed, whether the security sought is proportionate to that risk, whether projects have in fact been deterred, and what cost would otherwise be transferred to existing customers. Experience from generation, BESS or transmission can inform that analysis but should not substitute for it.

7 Be clear about what additional transparency is intended to achieve

Several submitters call for additional transparency. Property Council recommends published standardised post-project reconciliations comparing estimated and actual costs, while Fletcher Residential similarly seeks reconciliations of forecast and actual project costs. We understand the concern underlying those requests, particularly where a quoted cost changes materially without an adequate explanation.

However, different forms of "transparency" address different problems. The existing Part 6B charge reconciliation was described as a measure to deliver immediate improvement, as well as a foundation for further reform. It is intended to explain how a connection charge relates to incremental cost, incremental revenue and network cost contribution. An estimate-to-actual project reconciliation would instead explain construction cost variance. Published benchmarking would serve a different purpose again. The Authority should first identify which information gap is causing material customer harm before imposing another reporting requirement.

That distinction is particularly important given members advise ENA that, since the new charge-reconciliation requirements took effect on 1 April 2026, they are not aware of any access seeker requesting a reconciliation. This is still an early data point and should not be overstated. But it is precisely the kind of post-implementation evidence the Authority should examine. If a sector-wide requirement has required material systems, process and staff effort but customers are not using the output, the Authority should understand why - and whether the information being produced is the information customers actually need - before repeating or expanding that model. Further mandatory reconciliation or publication requirements should be justified by demonstrated customer value and benefits commensurate with their implementation cost.

The examples in the submissions appear to point more directly to the value of clear initial itemisation and timely explanations of material changes between quote and outturn. ENA accepts there is room for improvement where those basics are not being delivered consistently. That is a more direct response to the evidence than assuming customers need another layer of regulatory reconciliation or published data.

8 What the cross-submissions should mean for the next phase

The cross-submissions do not, in ENA's view, support treating every concern raised by access seekers as evidence for broad further distribution connection pricing intervention. They instead provide the Authority with an opportunity to sharpen the problem definition and focus its next phase of work on the issues for which there is relevant evidence.

In particular, ENA recommends that the Authority:

- separate direct evidence from distribution load connections from generation, transmission, retail-access and other analogous evidence, and be explicit about where it is relying on inference rather than observed behaviour;
- classify access-seeker concerns by their likely cause, so that process, service, technical-standard, procurement, contestability and third-party cost issues are not treated automatically as pricing-methodology failures;
- investigate the relatively small number of concrete examples that appear capable of demonstrating a genuine pricing issue, including the underlying cost, asset, allocation and tariff treatment, before extrapolating from them;
- avoid treating the existence of both an upfront connection contribution and ongoing lines charges as evidence of double recovery without tracing whether the same underlying cost is actually recovered twice;
- use evidence generated by the new minimum-scheme, enhancement-cost, charge-reconciliation, pioneer-scheme and balance-point requirements to determine what residual problems remain before adding overlapping requirements;
- if it's deemed further disclosure is required to help access seekers, test with access seekers what connection-pricing information they actually need and find useful, including their experience of the

existing charge-reconciliation requirements, before designing further transparency interventions. Any additional requirements should be targeted at demonstrated customer information needs and designed in a form customers are likely to use, rather than additional disclosure for its own sake; and

- for any residual problem that is demonstrated, identify the intended behaviour change and undertake a robust cost-benefit assessment of the specific intervention, including implementation and ongoing compliance costs.

This approach is not an argument against further reform where the evidence supports it. It is a way of ensuring that the Authority directs reform at the problems the submissions actually demonstrate, rather than using evidence from different connection types or different parts of the customer journey to support a wider intervention than the evidence warrants.

One submitter argues that DPP5-linked options should be confirmed by the end of 2027 even where the analysis is not fully formed, because a workable rule now is preferable to a better rule later (ERGANZ submission, Q3, p 3). ENA does not agree. Recent experience with the fast-track connection pricing reforms shows the risks of compressing policy development and implementation into unrealistic timeframes. Where requirements are settled before the underlying problem, the behaviour that needs to change, the practical operation of the proposed solution and its implementation dependencies are sufficiently understood, the result can be avoidable rework, systems cost, uncertainty and disruption — as well as unintended consequences or behavioural responses that work against the reform’s objective. Other submissions similarly identify the systems, process and compliance costs created by additional prescription, the cumulative implementation burden of successive reforms, including the particular impact of fixed compliance costs where connection volumes are low (Vector submission, p 7; Unison/Centralines submission, p 5; Westpower submission, p 5). Those costs are ultimately borne by consumers.

A repeat of that approach on a larger or more enduring set of reforms would be a poor outcome for everyone. Speed is not a benefit if it simply brings forward cost, disruption and rework, and regulation is not costless simply because its objective is desirable. It risks embedding imperfect settings into business systems and pricing processes, only to require further change once practical issues or unintended consequences emerge. The better course is to make genuinely time-critical decisions where the evidence is mature, while allowing more complex or uncertain reforms the time needed to establish the problem and intended behavioural change, test whether the proposed intervention is likely to achieve it, **a**ssess whether the expected benefit justifies the full implementation and ongoing costs, consider unintended consequences, and plan for effective implementation.

ENA thanks the Authority for considering these comments. 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 – owned by Powerco
- 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