

18 December 2025

Electricity Authority
PO Box 10041
Wellington 6143

Submitted via email to connection.feedback@ea.govt.nz

Consultation Paper – Distribution Connection Pricing and Obligations

Introduction

1. Orion welcomes the opportunity to submit on the consultation paper 'Reducing barriers for new connections: up-front charges and distributor obligations'¹
2. Orion owns and operates the electricity distribution infrastructure in central Canterbury, including Ōtautahi Christchurch city and Selwyn District. Our network is both rural and urban and extends over 8,000 square kilometres from the Waimakariri River in the north to the Rakaia River in the south; from the Canterbury coast to Arthur's Pass. We deliver electricity to more than 233,000 homes and businesses and are New Zealand's third largest Electricity Distribution Business (EDB).
3. The Electricity Authority (Authority) is consulting on:
 - a. Proposed new Code clauses 6B.11A through 6B.11C, related to the addition of a targeted intervention framework for up-front connection charges as an alternative to the earlier plan for a blanket 47% reliance limit. This would see the Authority identifying where distributors are requiring excessively high up-front charges (e.g., >100% of direct cost up-front), in line with the balance point principle, and engaging directly with those distributors. The proposed Code amendment allows for the Authority to direct a distributor to make amendments to its connection pricing and includes a sunset expiry of 1 April 2030 to align with the next price-quality reset by the Commerce Commission.
 - b. Distributor obligations to connect – the Authority's preferred direction for clarifying obligations on distributors to provide services to connection applicants to inform a future Code amendment proposal.
 - c. Minor Code amendments to the recent Code amendments gazetted for connection pricing to apply from 1 April 2026
4. The Authority has signalled further reform through to 1 April 2030 on:
 - a. Connection pricing
 - b. Pricing arrangements for injection connections- amendments to distribution pricing principles

¹ https://www.ea.govt.nz/documents/8620/Reducing_barriers_for_new_connections_-_Consultation_paper.pdf

- c. Network access arrangements- distributor processes, processing fees and export limits with a focus on small-scale distributed generation
- 5. We have answered the questions posed by the Authority in its submission table in Appendix A that pertain to Part C only which has the 19 December submission deadline.

Additional Comments

Connection reform governance and enforcement

- 6. Orion would like to understand how the Authority plans to balance enforcement with advice during the connection pricing reform period through to 1 April 2030.

Concluding remarks

- 7. This submission is not confidential and can be publicly disclosed.

If you have any questions or queries on aspects of this submission which you would like to discuss, please contact us on 03 363 9898.

Yours sincerely,

Dayle Parris

Head of Revenue and Regulation

Appendix A

Submitter	Orion New Zealand
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Questions	Comments
Background and context	
Q1. Do you agree with the assessment of the current situation and context for connection pricing described in section 4? Why, why not? What, if any, other significant factors should the Authority be considering?	Orion agrees there is a balance to be had between distributor contribution (it's financing task) and customer contribution to connections. Distributor concern about financeability during the most recent price-quality reset was related to the balance between debt, equity and revenue from line charges. This has led the Authority to conclude that distributors will use high up-front connection charges to reduce initial price impacts for existing customers. We agree this is a possible avenue; however, we do not believe this plays out for all distributors in practice, and the Authority's analysis (Figure 5.1) bears this out. We agree that new connections should at least meet their own costs (over time), rather than expecting a subsidy from existing users. Regulatory reform will guide and drive standardisation; however, we would like to understand how the Authority plans to balance enforcement with advice during the reform period for connection pricing through to 1 April 2030.
PART A – Connection charges	
Q2. Do you agree with the rationale for considering interim restraint on connection charges described in section 5? Why, why not?	EA deadline extended to 2 Feb2026
Q3. Have you observed or experienced signs of connection stress where current connection charging arrangements caused problems when seeking to connect to the network (e.g. projects delayed or deterred as a result of price-related barriers)? If so, please describe.	EA deadline extended to 2 Feb2026

Q4. Do you agree with the Authority's evaluation of the options? Why, why not? Do you have any feedback on the expected impact if the status quo remains?	EA deadline extended to 2 Feb2026
Q5. Do you have any comments on the proposed Code amendment and approach to implementation?	EA deadline extended to 2 Feb2026
Q6. Are there other alternative means of achieving the objective you think the Authority should consider? If so, please describe.	EA deadline extended to 2 Feb2026
Q7. Do you have any comments on the Authority's rationale for clarifying distributor obligations to connect and supply?	EA deadline extended to 2 Feb2026
Q8. Do you have any comment on the Authority's preferred direction for clarifying distributors' supply obligations?	EA deadline extended to 2 Feb2026
PART C – Minor amendments to the Code (connection pricing requirements)	
Q9. Do you have any comments on the drafting of the proposed amendments?	<p>Orion supports the draft Code Amendments related to Part C of the consultation subject to the following comments.</p> <p>Clause 6B.8 determining connection charges, contributions and rebates for pioneer schemes- Orion agrees that the amendments to clause 6B.8, which purpose is to allow EDBs to cease a scheme and return undeliverable rebates back to a contributor and avoid delivering pioneer rebates to IRD due to the Unclaimed Money Act 1971, is a pragmatic solution.</p> <p>Clause 6B.11 connection charge reconciliation requirements - Orion considers that the term "at the time of that mid-point estimate of vanilla WACC" should be replaced with "at the time of that 65th percentile estimate of WACC" given this is the WACC that applies to EDBs price-quality path per the Commerce Commission's determination. To do otherwise risks a misapplication of the Commission's economic framework, given the interplay between capital contributions and the regulated asset base (upon which EDB's revenues are based).</p>