

18 May 2026

Electricity Authority
PO Box 10041
Wellington 6143

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

Alpine Energy's Submission on Reforming Network Pricing for Distributed Generation (DGPP Reform Consultation)

Alpine Energy welcomes the opportunity to make a submission on the Electricity Authority's (the Authority) consultation paper *Reforming network pricing for distributed generation to promote efficient investment*.

Overall, Alpine Energy supports the direction of the proposed reforms. We agree that the changes represent a pragmatic evolution of the Distributed Generation Pricing Principles (DGPPs) and are broadly aligned with the Authority's objectives of promoting efficient investment, improving workability, and supporting New Zealand's electrification transition.

In particular, Alpine Energy supports:

- Reframing incremental costs from a strict cap to a "reasonable estimate" standard, which better reflects how network costs are incurred and reduces compliance risk;
- Retaining regulated pricing methodologies for injection, alongside a non-prescriptive and enabling approach to capacity pricing at this stage; and
- A staged implementation approach for connection & lines charges that allows distributors time to adapt systems, methodologies, and pricing practices.

However, Alpine Energy considers that the success of the reform will depend heavily on practical implementation. While the proposed framework improves flexibility and efficiency in principle, it introduces areas where discretion, judgement, and forward-looking assessments will be required. Without sufficient clarity and guidance, both electricity distribution businesses (EDBs) and customers face a risk of inconsistent application across distributors, increased compliance cost and uncertainty, and inefficient outcomes for all stakeholders.

Reflecting on the complexities of implementing recent connections pricing reform, we encourage the Authority to extend the proposed implementation timeframe. Additional time should be provided for:

- further engagement on the final drafting of the Code,
- the Authority to engage with stakeholders to develop operational guidance; and
- EDBs to update internal processes.

Accordingly, while our detailed responses to the consultation questions (attached) are broadly supportive, we request further guidance from the Authority to support consistent and confident implementation. In particular, clarification would be valuable on:

- The application of the “reasonable estimate” standard, including expectations for evidence, proportionality, and treatment of uncertainty;
- The treatment and allocation of programmatic and cumulative costs;
- Clear differentiation between pioneer schemes and injection capacity charging, including transitional scenarios;
- The interaction between injection benefit and cost charges and the Authority’s expectation about how these should be applied consistently; and
- How small-scale injection charges arrangements operate in practice, including how retailers are expected to pass on charges and transparently reflect these in customer bills alongside existing load charges.

The current drafting of the Code is ambiguous and very difficult to interpret, particularly as it relates to “charges”. There is no definition of “charges”, only “connection charges”. The proposed DGPPs do not reference charges. To improve the clarity of the DGPPs, we ask the Authority:

- explicitly confirm the scope of injection “charges” by including a definition (or definitions) in the Code that covers both connection (up-front) and ongoing (lines) charges; and
- amend Subpart 3 - 6B.14 - Injection pricing principles, to explicitly state that the principles apply to both connection and lines charges.

Alpine Energy would welcome continued engagement with the Electricity Authority and with sector peers (through Electricity Networks Aotearoa) as the reforms progress. We consider that worked examples, interpretive guidance, and collaborative sector learning will be essential to ensure that the DGPP reforms deliver their intended benefits in practice.

Thank you for considering our submission. Please do not hesitate to contact us if further clarification would be helpful.

Yours sincerely,



Fabia Fox
Regulatory Manager

Attachment: Alpine Energy Limited’s response to the consultation questions

Attachment: Alpine Energy's response to the consultation questions

Consultation subject: Reforming distributed generation pricing to promote efficient investment.

Name	
Organisation	Alpine Energy Limited

Questions	Comments
Q1. Do you agree with the background and context summary above? Why? Is there additional background, evidence, or context relevant to the proposals in this paper?	Yes, Alpine Energy agrees with the background and context in the consultation paper. It reflects increasing electrification, growing uptake of distributed generation and batteries, and rising pressure on distribution networks. These trends are consistent with Alpine Energy's asset management planning and forecast network growth.
Q2. Do you agree there are workability challenges with defining incremental costs under the current DGPPs? Why, why not? Are there any additional challenges not discussed above?	Yes, Alpine Energy agrees there are practical challenges with defining incremental costs under the current DGPPs. Treating incremental cost as a strict cap has tended to encourage conservative pricing approaches, which can result in under allocation of costs to injection connections. Alpine Energy operates in a region with relatively low distributed generation uptake at present; however, we acknowledge that incremental costs are likely to increase as solar and other distributed generation penetrations grow over time. Alpine Energy supports implementing the proposed changes using a consistent and sector-wide approach, in coordination with Electricity Networks Aotearoa (ENA).
Q3. Do you agree the current DGPPs cause costs and benefits to be under-allocated to injection connections, which can cause the issues listed above? Why?	Yes. Under the current DGPPs, the incremental cost cap has incentivised conservative charging behaviour to manage compliance risk. The cap has driven conservative behaviour by EDBs which isn't necessarily inefficient, but it has stifled investigation and assessment of potential efficiencies.
Q4. Do you consider it remains appropriate to regulate injection pricing methodologies? Why?	Yes, Alpine Energy considers continued regulation appropriate. We also support ongoing guidance and engagement from the EA to support efficient pricing for all customers (injection and offtake).

	<p>Regulated pricing methodologies provide safeguards to ensure fair pricing and protect both investment confidence and consumer interests.</p> <p>We support clear unambiguous regulation and encourage the EA to review the current drafting of the proposed Code amendment. It currently lacks the clarity the consultation document discusses. See our response to Q30.</p>
Q5. Do you consider that consumers should remain residual payers? Why? Are there any additional economic concepts that should be considered in our reform of the DGPPs?	<p>Yes, Alpine Energy agrees consumers should remain residual payers. Allocating residual costs to consumers is consistent with distribution pricing frameworks.</p>
Q6. Do you consider that reframing the incremental cost rule to a requirement that charges 'must reflect a reasonable estimate of' rather than 'must not exceed' incremental costs is appropriate? Why?	<p>Yes, Alpine Energy supports the change. Treating incremental costs as an anchor rather than a cap improves practicality and reduces compliance risk.</p> <p>We support the more permissive approach of 'reasonable estimate'. It allows EDBs to consider costs and benefits that reflect their specific network costs drivers. Alpine Energy welcomes the opportunity to work with other EDBs (through ENA) and with the Electricity Authority to develop a clearer and shared understanding of reasonable injection related costs and benefits, particularly for smaller connections and for cumulative or programmatic cost categories.</p> <p>We recommend, following close engagement with the sector, that the Authority publishes clear guidance notes on:</p> <p>Level of Evidence and Supporting Analysis - Clarification is needed on what level of evidence and documentation is required to support a "reasonable estimate," and whether this should be proportionate to the size and complexity of the connection.</p> <p>Scope of Recoverable Costs - Clarification is needed on whether a reasonable estimate can include ongoing operational (opex) costs, such as voltage management, monitoring, and system operation activities, which are increasingly material with higher DG penetration.</p> <p>Treatment of Cumulative and Programmatic Costs - Guidance is required on how to treat costs that arise cumulatively across multiple DG connections, including investments in monitoring capability, data systems, and planning functions. These costs are not easily attributable to a single connection but are necessary to support increasing DG integration.</p> <p>Treatment of Uncertain and Future Costs - Clarification is needed on how to incorporate forecast or uncertain future costs into a reasonable estimate, particularly where the impacts of DG evolve over time. This includes guidance on the acceptable level of estimation and how to balance the risk of under or over recovery.</p>

Q7. Do you consider that the proposed amendments to language and framing would support more efficient pricing? Why?	Alpine Energy agrees the changes support more efficient pricing. Some clarifications that would further support consistent and effective implementation are provided in response to Q30.
Q8. Do you consider that a non-prescriptive, enabling approach to capacity pricing is appropriate at this stage? Why?	<p>Yes. Alpine Energy supports a non-prescriptive approach at this stage. Capacity constraints and network circumstances vary significantly, and distributors require flexibility to respond to local conditions.</p> <p>Guidance and worked examples will be important to support consistent implementation over time. Alpine Energy supports working collaboratively with Electricity Networks Aotearoa (ENA) and the Electricity Authority to ensure alignment, including clear links between injection and existing load side capacity cost approaches.</p>
Q9. Do you consider that the proposed extension of the pioneer scheme for load connections would help address position-in-queue issues for injection connections? Why?	<p>Alpine Energy agrees that consistent treatment of large load and injection extension by way of the Pioneer scheme is favourable. We agree with the ENA's position that Pioneer Schemes should not be mandatory.</p> <p>Further clarification would be helpful to manage more complex cases, including where:</p> <ul style="list-style-type: none"> • Injection-driven upgrades overlap with shared load capacity upgrades, and • Embedded networks are involved
Q10. Do you consider that pioneer schemes should also cover network injection capacity? Why?	Yes, Alpine Energy agrees that pioneer schemes should also be available for network injection capacity on the basis that they are not mandatory.
Q11. Do you consider that the proposed non-discriminatory pricing requirements would improve confidence that investors are safeguarded from discriminatory pricing? Why?	<p>Yes, Alpine Energy agrees that the proposed non-discriminatory pricing requirements.</p> <p>Clear rules that prevent discriminatory pricing for injection connections help ensure all investors are treated fairly.</p>
Q12. Do you agree with the proposed application provisions, in particular with regard to opting out, retrospectivity and secondary networks? Why?	Generally, yes. Alpine Energy generally agrees with the proposed application provisions, including the approach to opting out and retrospectivity, although note there could be complexities with the application of this provision, as raised by ENA.
Q13. Do you agree with the proposed commencement provisions above? Why?	<p>Alpine Energy generally supports the intent of a staged implementation approach, however aligns with ENA's recommendation that EDBs require additional time to adjust to the proposed pricing changes. Establishing or updating pricing methodologies is complex and requires sufficient time to develop, test, and implement robust pricing approaches. The availability of industry-led guidance will be very important to support consistent application across networks.</p> <p>We encourage the Authority to delay implementation of connection pricing requirements and lines charges until 1 April 2028.</p>

Q14. Do you have any suggestions for how we can most effectively support successful implementation?	<p>Alpine Energy recommends supporting implementation through:</p> <ul style="list-style-type: none"> • Clear, practical worked examples for small, medium, and large injection connections • Early guidance on how capacity pricing and congestion charging are expected to work • Sectorwide information sharing through ENA, so new DGPP rules are applied consistently, and effort is not duplicated across the sector. • Alignment between EA requirements and ID pricing methodology requirements • Clearer drafting of the Code (see Q30)
Q15. Do you have any suggestions for effective monitoring and reporting, including proposed changes to charge reconciliation requirements?	<p>Alpine Energy supports standardised reporting and extending charge reconciliation to injection connections on the basis that this is not implemented until 2028.</p> <p>We support continued engagement with Electricity Networks Aotearoa (ENA) to review and, where appropriate, refine existing templates.</p> <p>Alpine Energy also supports the Electricity Authority's proposed enforcement approach, with a preference for education and guidance over a punitive or hard-line compliance response.</p>
Q16. Do you agree it is appropriate to give distributors relatively wide discretion as to how they implement capacity charges for injection connections? Why?	<p>Yes. Alpine Energy agrees distributors need flexibility to apply capacity charges in ways that reflect local network conditions and evolving demand.</p> <p>Agree with permissive approach while we continue to work through implications/refinement of load capacity costing, and monitoring DG impacts on our network.</p>
Q17. Do you agree that for larger connections a more bespoke approach that accounts for dependability and mitigates risks such as over-injection or inefficient payments is more appropriate than the prescriptive broad-based approach used for residential and small business consumers? What do you consider such an approach should look like?	<p>Yes, Alpine Energy agrees that a more tailored approach is appropriate for larger injection connections.</p> <p>Over time with greater evidence of network cost/benefits, and through collaboration with other EDBs, there may be an opportunity to identify more standardised pricing payments for larger connections.</p>
Q18. Is there any specific guidance that would be particularly helpful for distributors implementing capacity charges for injection?	<p>Consistent with the matters identified in Section 5 (Potential further reform), Alpine Energy considers that practical guidance and knowledge-sharing will be important. In particular, guidance on how to calculate injection capacity costs, how capacity charge revenues should be returned, rebated, or offset, and how capacity charges should be coordinated with congestion pricing would support consistent and efficient application of the new rules. Alpine Energy would welcome future guidance and continued collaboration to build shared understanding across the sector.</p>

Q19. Do you consider that inconsistent treatment of transmission connection charges for large generation projects may distort investment? Why?	<p>Yes, Alpine Energy agrees that inconsistent treatment of transmission connection charges can distort investment decisions.</p> <p>While Alpine does not have a strong position on this specific reform options at this stage, we support continued work to improve coordination and alignment between transmission and distribution pricing frameworks, to promote more efficient, and investment neutral outcomes over time.</p>
Q20. Do you have a view on the best option to address the connection charge distortion issue? Please explain your rationale.	Alpine does not have a strong position on this specific reform options at this stage.
Q21. Do you consider that the restriction on recognising transmission benefits should be reconsidered if the other proposed Code amendments are made? Why?	Alpine does not have a strong position on this specific reform options at this stage.
Q22. Are there any other matters that you consider important for us to take into account in our reform of the DGPPs?	Alpine Energy does not have any additional matters to highlight beyond those raised in response to the earlier questions.
Q23. Do you have any comments on the consumer impact analysis methodology or findings?	Alpine Energy reinforces ENA's submission on the consumer impact analysis methodology.
Q24. Do you agree with the objectives of the proposed amendment? If not, why not?	Yes. Alpine Energy considers the objectives are reasonable and aligned with improving efficiency. However, successful delivery will depend on practical implementation and ongoing monitoring. We also encourage the Authority to review the Code drafting to improve clarity so the objectives are not lost in translation to the Code. See response to question 30.
Q25. Do you agree the benefits of the proposed amendments would outweigh the costs?	Alpine Energy considers the long-term benefits are likely to outweigh the costs, subject to practical implementation.
Q26. Do you agree the proposed amendment is preferable to the other options? If you disagree, please explain your preferred option in terms consistent with the Authority's statutory objective in section 15 of the Electricity Industry Act 2010.	Alpine Energy considers the proposed amendment (with recommended changes implemented) is preferable to the alternatives, as it improves efficiency without unnecessary complexity.

Q27. Do you agree the Authority's proposed amendment complies with section 32(1) of the Act?	Alpine Energy considers the proposed amendment broadly consistent with section 32(1), as it targets improved efficiency and supports better long-term outcomes for consumers.
Q28. Do you consider that the Authority's preferred high-level settings for injection pricing are consistent with the distribution pricing principles? Why?	The preferred settings are consistent with the pricing principles as they improve cost reflectivity, support efficient network use, and allow flexible but transparent pricing. However, there is room for greater consistency and clarity. Foreexample, clarification is needed on the scope of "charges" in the draft Code, as it is not explicit whether pricing principles apply to both connection charges and ongoing lines charges.
Q29. Do you consider that consolidating distribution pricing methodology requirements into Part 6B would improve clarity and consistency? If not, why?	Yes. Alpine Energy considers that moving distribution pricing methodology requirements into Part 6B would improve clarity and consistency. Bringing these requirements together in one place makes the Code easier to navigate and understand and helps ensure pricing rules for connection and lines charges are applied more consistently across both injection and offtake connections.
Q30. Do you have any comments on the drafting of the proposed amendment?	<p>Alpine Energy considers further clarification in the draft Code would improve clarity and consistency.</p> <p>Clarification of Connection and Lines Charges in Draft Code</p> <p>There is a lack of clarity in the draft Code regarding the treatment of connection charges and ongoing lines charges for distributed generation.</p> <p>While the consultation document indicates that pricing principles are intended to apply to both connection and lines charges, this is not explicitly reflected in the drafting of the Code. As currently written, the provisions rely on indirect interpretation (e.g. clause 6B.16) and do not clearly state the scope of "charges," which may create uncertainty for users—particularly those unfamiliar with the prior context or consultation material. There is no definition of "charges" in the current (or proposed) Code, only "connection charges". The amendment made to clause 2(a) of the pricing principles to replace "connection charges" with "charges" is unhelpful because:</p> <ul style="list-style-type: none"> • in the absence of a definition of "charges" within the Code, the reader is left to interpret the scope of charges; and • clause 2 (a) of the existing Code, is deleted from the proposed Code. <p>To improve clarity, usability, and transparency, we recommend that the Code explicitly states that the injection pricing principles apply to both up-front (connection) charges and ongoing (lines) charges. To achieve this, we recommend:</p> <ul style="list-style-type: none"> • Including a definition (or definitions) in the Code for connection (up-front) and ongoing (lines) charges; and

- amend Subpart 3 – 6B.14 – Injection pricing principles, to explicitly state that the principles apply to both connection and lines charges.
- Any subsequent amendments to provide clarity throughout the Code relating to the Authority's expectations for EDBs applying charges (connection and/or lines charges).

Providing this explicit wording would improve readability, reduce reliance on interpretation, and ensure consistent understanding across the sector.

Clarity of eligibility and charging under clause 6B.20

The proposed drafting of clause 6B.20 would benefit from clarification. In particular, it is unclear how the addition of "consumer" in clause 6B.20 (1) affects eligibility, including whether the 45 kVA / 45 kW limit applies only to business consumers or also to residential consumers.

Further clarity is also needed on the relationship between injection payments under clause 6B.20 and injection tariffs or lines charges permitted under clause 6B.16. While the consultation suggests that removing references to "connection" improves clarity, the current drafting remains largely silent on injection lines charges and instead focuses on payments, which may create uncertainty for distributors without existing DG pricing arrangements.