

CEN Submission: Reforming Network Pricing for Distributed Generation

Submitted by: Community Energy Network (CEN)

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Executive Summary

Community Energy Network (CEN) supports the Electricity Authority's intent to modernise distributed generation pricing principles (DGPPs). Pricing reform is necessary to unlock efficient investment in distributed generation, reduce long term system costs, and support a just and equitable energy transition.

However, pricing reform must not **entrench inequities** or create new barriers for communities, iwi, or households already experiencing energy hardship. Distributed generation is essential infrastructure for local resilience, affordability, and community empowerment. Pricing settings must therefore recognise the **full social, cultural, and resilience** values of community energy, not only narrow engineering or financial metrics.

CEN supports reforms that reduce first mover disadvantage, enable community scale renewable generation, batteries, and microgrids, and improve transparency and consistency in pricing methodologies. However, we are concerned about reforms that:

- shift costs to households or community groups who do not have the capability to respond,
- create new administrative burdens, or
- reinforce a centralised, top-down system that excludes communities from decision making.

We recommend that in the reforming of the DGPPs, the Electricity Authority (EA):

- ensure the recognition of non-financial system benefits in pricing methodologies,
- require simple, standardised, community friendly pricing methodologies,
- adopt mandatory pioneer schemes for injection capacity,
- include explicit protections for community owned and iwi owned DER projects, and
- require distributors to publish energy hardship impact assessments.

CEN welcomes the opportunity to work with the EA to ensure pricing reform supports a decentralised, equitable, and resilient energy future for Aotearoa New Zealand.

Specific Responses to Consultation Questions

1. CEN agrees with the background and context. The energy system has changed significantly since the DGPPs were introduced. Distributed generation is now essential for resilience, decarbonisation, and affordability. Additional context should include the role of community energy in delivering a much broader set of social and resilience benefits.
2. Yes, there are workability challenges. The current rule creates uncertainty, under allocates costs, and results in inconsistent approaches across distributors. Community groups face significant difficulty interpreting incremental cost methodologies.
3. Yes, there is under-allocation. Current arrangements under allocate both costs and benefits to injection connections. This distorts investment and fails to recognise the value DERs provide to the network.
4. Yes, injection pricing should remain regulated. Without regulation, community and iwi projects would face significant risk of discriminatory or inconsistent pricing.
5. Yes, consumers should remain as residual payers, but only with safeguards. Pricing changes must not increase energy hardship. Distributors should be required to publish energy hardship impact assessments.
6. Reframing incremental cost rule - CEN supports the intent but is concerned about increased uncertainty. The Authority should require simple, standardised methodologies that all parties, including community organisations, can understand.
7. Will the amendments support more efficient pricing - yes, if accompanied by clear guidance and transparency requirements.
8. Enabling approach to capacity pricing - yes, provided community scale projects are protected from excessive complexity.
9. CEN strongly agrees with extending pioneer schemes. Pioneer schemes are essential for equity and for enabling community energy.
10. Yes, pioneer schemes should cover injection capacity. Community groups are often early movers and face disproportionate risk.
11. Support the intent of the non-discriminatory pricing approach, but the principle must **explicitly** protect community owned and iwi owned projects.
12. Generally agree with the proposed application provisions. Ant opt out provisions must not disadvantage small or community scale projects.
13. In principle agree with the commencement provisions provided sufficient support is available for distributors **and communities**.

14. Supporting implementation - the Authority should provide templates, worked examples, and community friendly guidance.
15. Support the intent to improve monitoring and reporting standards. These measures must include the impacts on energy hardship, community energy and overall community resilience. Acknowledging that many of these impacts will sit outside the expertise of distributors to measure or evaluate. This represents a core challenge that needs to be overcome for the sector to support a just and fair transition. EA need to take a leadership role to enable this to happen (with support from others, such as CEN).
16. Support the idea of providing discretion for distributors but with some caution. As with our response to #15 above, distributors must demonstrate an ability to assess what is fair and equitable, with a high degree of transparency.
17. Bespoke approaches for large connections – agree in principle as large projects require tailored approaches. As with the response immediately above, because of the much wider set of impacts, distributors must not treat community energy projects (that may be of a similar scale) the same as large commercial generators.
18. Clear, simple, standardised guidance is essential. Furthermore, this clarity and simplicity should be defined by community members rather than the distributor.
19. Support in principle as inconsistent treatment distorts investment and may be disadvantageous to community projects.
20. CEN supports options that reduce barriers for community scale DERs and ensure fair cost allocation.
21. Yes, transmission benefits should be reconsidered if other reforms proceed.
22. Equity, resilience, and community participation must be core principles of pricing reform. This is not a minor matter for the EA to consider. CEN has not yet seen the EA or any other leading organisation in the sector, adequately define or provide firm policy direction that allow any of these concepts to be bedded into how the sector operates (we have seen intention, especially at the staff level, but that has not been translated into meaningful policy driven impact).
23. CEN supports the methodology but recommends including energy hardship impacts.
24. Generally agree with the objectives of the amendment
25. Yes, the benefits will outweigh the costs if reforms support community energy and protect vulnerable consumers.
26. CEN supports the proposed amendment with additional safeguards for community energy as mentioned in multiple response above.
27. No concerns with compliance with section 32(1).
28. Consistency with pricing principles – no strong view.
29. Generally support as consolidation usually improves clarity.

30. Ensure language is accessible to non-technical stakeholders, including community groups. Note that the measure of how 'accessible' this is, should be defined by community groups, not the EA.

Concluding Statement

Pricing reform must enable, not constrain, the shift to a resilient, decentralised and community-centred energy system. By recognising the full value of distributed generation and ensuring fair, transparent, and equitable pricing, the Authority can unlock investment, reduce hardship, and empower communities to become a leader in Aotearoa New Zealand's energy transition.