

Format for submissions

Reforming distributed generation pricing to promote efficient investment.

Please email your submission to distribution.pricing@ea.govt.nz by 5pm, Tuesday 19 May 2026

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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?	<p>Partially, except for the following:</p> <p>2.9c. The reference to investment by EDBs in systems to help manage 2-way power flows is misleading. EDB's are investing in systems to lift visibility of their network (at the LV level which they have never had) and to improve asset management capability generally – this is not solely linked to 2-way power flow as suggested. Significant demand increases from transition of gas, uptake of EV's, etc. are equal factors.</p> <p>2.9e. EDB's do not need to deploy batteries themselves. Seeking battery-based services from 3rd parties would be more cost effective. Their needs to be a shift from the traditional view that EDBs need to own assets if costs to consumers are to be minimized.</p> <p>2.9g. Given EDBs are monopolies a concern that they may not have the capability to build the networks that consumers require is concerning</p>
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?	<p>If this is what EDB's are claiming, then clarification would seem prudent</p>
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?	<p>Theoretically but it is not clear that this has been quantified to understand the extent of the issue. This section talks about "are likely to be" "can", "potential", "may". Real evidence would be preferable.</p>

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Q4. Do you consider it remains appropriate to regulate injection pricing methodologies? Why?	Yes, provided the regulation is clear, provides consistency nationally and removes uncertainty for investors in DG
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>The costs incurred by networks to manage DG – low voltage visibility, voltage control etc. cannot be allocated to DG alone. These are core network management capabilities and are equally required for efficiently managing the network for both loads and DG. EV uptake and transition off gas are likely to have a higher impact on networks than DG and these capabilities are equally essential for this.</p> <p>There should be even handed consideration of incremental costs for load and DG. EV uptake is likely to drive higher network costs than DG uptake – and on the principals being advocated for in this consultation non-EV drivers should not be subsidizing EV drivers. Equally there is already inconsistent allocation of costs between rural and urban networks with the latter subsidizing the former. For consistency this should also be addressed.</p> <p>All examples of cross subsidization where different customer groups are paying for the network requirements of other customer groups should be addressed if the principal of one group's use of an EDB network not being paid for by other users is to be applied equitably. (not just DG customers)</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>Only with clear definition of the methodology to be used by all EDB's</p> <p>High level guidelines will leave ambiguity as to what a reasonable estimate should include since it is highly subjective. There is high risk that some interpretation will result in over estimation of costs making DG uneconomic in some network areas, disadvantaging customers.</p>
Q7. Do you consider that the proposed amendments to language and framing would support more efficient pricing? Why?	<p>Not without detailed methodologies defined to ensure reasonableness and consistency.</p> <p>The potential impact on the solar industry of distributors over charging developers and building owners is significant. A passive "monitor and see what happens" approach is inappropriate given the consequences for the industry</p>
Q8. Do you consider that a non-prescriptive, enabling approach to capacity pricing is appropriate at this stage? Why?	Capacity pricing is legitimate if it is accurately determined.

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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>This may result in unnecessary charges for developers where charging is set in anticipation of future projects which never eventuate. There is likely more certainty on loads than DG which makes pioneer schemes more appropriate for this.</p> <p>It is not clear that there is current position in queue issues or whether this is a hypothetical scenario.</p>
Q10. Do you consider that pioneer schemes should also cover network injection capacity? Why?	No view
Q11. Do you consider that the proposed non-discriminatory pricing requirements would improve confidence that investors are safeguarded from discriminatory pricing? Why?	Yes, this should be added
Q12. Do you agree with the proposed application provisions, in particular with regard to opting out, retrospectivity and secondary networks? Why?	<p>The level of impact on existing projects needs to be understood. Margins on many existing projects are tight and unexpected additional costs may not be tolerable.</p> <p>Some level of quantification and impact analysis is warranted</p>
Q13. Do you agree with the proposed commencement provisions above? Why?	No issue with proposed dates
Q14. Do you have any suggestions for how we can most effectively support successful implementation?	These changes need to be accompanied by specific methodologies which EDB's are expected to follow. High level principal guidelines which are open to interpretation will likely result in significantly different outcomes across NZ, which cannot be justified by differing network characteristics alone.
Q15. Do you have any suggestions for effective monitoring and reporting, including proposed changes to charge reconciliation requirements?	Given the potential impact on the solar industry, methodologies of EDB's need to be published well ahead of the planned go live dates and be subject to detailed review by the EA. There needs to be provision for developers to challenge the methodologies proposed and the EA review such challenges. Challenges need to be dealt with quickly with sufficient resources allocated to process in a timely manner.
Q16. Do you agree it is appropriate to give distributors relatively wide discretion as to how they implement capacity charges for injection connections? Why?	No, there should be clear definition by the EA of the methodology that should be followed

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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?	Larger projects should be dealt with on a bespoke basis but should be covered by a consistent methodology which applies across all project types.
Q18. Is there any specific guidance that would be particularly helpful for distributors implementing capacity charges for injection?	Detailed analysis and development of a standard methodology should be developed – i.e. guidance only is insufficient
Q19. Do you consider that inconsistent treatment of transmission connection charges for large generation projects may distort investment? Why?	It would be helpful to identify case studies where this is the case rather than focusing on hypothetical scenarios. It is recalled that some submissions questioned whether this was really an issue requiring resolution
Q20. Do you have a view on the best option to address the connection charge distortion issue? Please explain your rationale.	No view
Q21. Do you consider that the restriction on recognising transmission benefits should be reconsidered if the other proposed Code amendments are made? Why?	No view

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Q22. Are there any other matters that you consider important for us to take into account in our reform of the DGPPs?	<p>Many EDB's are identifying advanced systems and dynamic operating envelopes as a way of more efficiently facilitating high penetration DG uptake. This raises a key question as to how EDB's will be regulated to ensure that investments in technology, (including the potential to partner with other EDB's if there are cost efficiencies in doing so) to address DG network issues rather than simply applying pricing to fund inefficient network upgrades.</p> <p>This is an essential consideration. There needs to be integration between asset management planning / capability development and pricing in regulation of EDB's.</p> <p>A hands-off regulatory approach to this will create significant differences in costs by different customers on different networks which regulation should be addressing.</p> <p>In addition, we have seen retailers not explicitly passing on EDB peak export payments to customers. Transparent pass through of network pricing charges / payments to customers' needs to be part of this change.</p> <p>Comments have been made throughout the consultation document that current pricing approaches result in delayed projects as developers wait for another party to fund the upgrade costs. Are there examples of this being the case or is this a hypothetical view?</p>
Q23. Do you have any comments on the consumer impact analysis methodology or findings?	<p>The analysis shows the insignificant impact on consumers. Even at the high end across EDB's \$3pa per customer and \$0.59pa on average which is negligible. Even with growing DG penetration the impact is going to make little difference to consumer costs.</p> <p>Also to note we have seen significant increase to fixed daily charges versus variable – (even more so obviously to Low User customers where many DG customers fall). This trend means that the effect of DG cross subsidization will be reduced further.</p> <p>Also, it needs to be considered what the impact of DG on energy prices will be, where for example mass uptake in Australia has enabled free energy to all consumers at certain times. While it is accepted that network costs and energy costs are not linked from a regulatory point of view, this is not relevant to the end consumer.</p>
Q24. Do you agree with the objectives of the proposed amendment? If not, why not?	Only if cost subsidization is also addressed across all loads and customer types

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Q25. Do you agree the benefits of the proposed amendments would outweigh the costs?	A quantification of benefits is not provided so it is not possible to make judgement. The lack of benefit quantification and language seems to suggest that the core drivers are delivering theoretical purity rather than delivering tangible benefits
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.	Insufficient information provided to determine
Q27. Do you agree the Authority's proposed amendment complies with section 32(1) of the Act?	No view
Q28. Do you consider that the Authority's preferred high-level settings for injection pricing are consistent with the distribution pricing principles? Why?	Only if accompanied by sufficient definition of the methodologies to be applied
Q29. Do you consider that consolidating distribution pricing methodology requirements into Part 6B would improve clarity and consistency? If not, why?	Only if accompanied by sufficient definition of the methodologies to be applied
Q30. Do you have any comments on the drafting of the proposed amendment?	Drafting needs to be sufficiently detailed to remove opportunity for ambiguity and inconsistency across the EDB's. To be effective, the detailed methodologies to be used will need to be specified. (Beyond providing consistency for customers, this will be more efficient than each EDB designing their own approach)