

19 May 2026

Electricity Authority

By E-mail: [distribution.pricing@ea.govt.nz](mailto:distribution.pricing@ea.govt.nz)

**Submission: Reforming distributed generation pricing to promote efficient investment**

Waipā Networks welcomes the opportunity to provide feedback on the Electricity Authority's proposed reforms to distributed generation pricing.

Waipā Networks broadly supports the direction of the proposed amendments, particularly the move towards more principles-based, flexible pricing frameworks that better reflect the evolving nature of distributed generation and network constraints. We agree that the current distributed generation pricing principles present workability challenges, particularly in estimating incremental costs, and support reframing these requirements to enable more cost-reflective outcomes—provided appropriate guidance is issued to support consistent application. We support greater flexibility in capacity and injection pricing, including a non-prescriptive approach and wider discretion for distributors.

However, Waipā Networks does not support the continued allocation of residual costs solely to consumers and considers that distributed generators should contribute appropriately as users of the network. We also have concerns regarding the proposed implementation timeframe, which we believe does not allow sufficient time for guidance development, methodology updates, and robust implementation.

Across the proposals, a key theme of our submission is the need for clear, practical guidance from the Authority—particularly in areas such as incremental cost estimation, congestion pricing, and capacity allocation—to ensure that principles-based regulation is both workable and consistently applied.

Our detailed submission responses in the requested format is attached.

Yours sincerely,

Kerry Watson  
Pricing & Compliance Manager

## Format for submissions

Reforming distributed generation pricing to promote efficient investment.

Please email your submission to [distribution.pricing@ea.govt.nz](mailto:distribution.pricing@ea.govt.nz) by 5pm, Tuesday 19 May 2026

Name	
Organisation	Waipā Networks

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?	Waipā Networks believes the background broadly reflects growing distributed generation, electrification, and rising network complexity.
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 Waipā Networks agrees there are workability challenges with defining incremental costs under the current DGPPs. Estimating incremental cost is inherently uncertain, relies on counterfactuals, and is administratively complex. There is also a mismatch between system-level planning and connection-level pricing.
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?	Waipā Networks agrees that the current DGPP's may cause costs and benefits to be under-allocated to injection connections, dependent on the circumstances. Up until 1 April 2026 Waipā Networks had notional injection charges that were set low to ensure they did not exceed incremental cost. From 1 April 2026, other than the negative Peak injection price, these have been set to zero in the absence of a calculation method and again to ensure incremental cost was not exceeded.
Q4. Do you consider it remains appropriate to regulate injection pricing methodologies? Why?	Waipā Networks supports principles-based regulation for injection pricing methodologies as these provide direction while not being so prescriptive that they become quickly out of date due to an evolving market. That said, principles should be accompanied by guidelines to assist EDBs in applying principles.

Questions	Comments
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?	No Waipā Networks disagrees that residual costs should be solely allocated to consumers. Distributed generators are also users of a network and in fairness should be allocated a share of residual costs. We acknowledge, as suggested in the paper, that this could lead to an increase in wholesale and retail prices to consumers, however it would be accompanied by a reduction in distribution consumption charges.
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?	Waipā Networks supports the reframing of the incremental cost rule to 'must reflect a reasonable estimate of' as this will likely result in more cost-reflective pricing. However, as indicated in Q.4 it is important the Authority provide guidance as to what it considers reasonable as to how costs are estimated.
Q7. Do you consider that the proposed amendments to language and framing would support more efficient pricing? Why?	Waipā Networks supports the proposed amendments to language and framing as these provide clarity in terms of both the intent and application of the pricing principles.
Q8. Do you consider that a non-prescriptive, enabling approach to capacity pricing is appropriate at this stage? Why?	Waipā Networks supports a non-prescriptive approach to capacity pricing as networks face different constraints and require flexibility, supported by guidance.
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?	Yes Waipā Networks considers the proposed extension of pioneer schemes would help address position-in-queue issues for injection connections as this will in many cases reduce first-mover disadvantage and improve investment co-ordination.
Q10. Do you consider that pioneer schemes should also cover network injection capacity? Why?	No comment.
Q11. Do you consider that the proposed non-discriminatory pricing requirements would improve confidence that investors are safeguarded from discriminatory pricing? Why?	Waipā Networks considers that proposed non-discriminatory pricing requirement would likely improve confidence that investors are safeguarded from discriminatory pricing. Although we have seen no evidence that distributors have provided more favourable pricing for their own generation, we believe providing a regulatory safeguard would avoid potential suspicion that this could occur.

Questions	Comments
Q12. Do you agree with the proposed application provisions, in particular with regard to opting out, retrospectivity and secondary networks? Why?	Waipā Networks generally agrees with retrospectivity for existing contracts however believe there could be challenges in managing transitional arrangements.
Q13. Do you agree with the proposed commencement provisions above? Why?	No. Waipā Networks does not agree with the proposed implementation timeline. It does not allow sufficient time for guidance to be developed and distributor pricing methodologies to be updated, tested and applied.
Q14. Do you have any suggestions for how we can most effectively support successful implementation?	Waipā Networks recommends the Authority provide guidance prior to implementation.
Q15. Do you have any suggestions for effective monitoring and reporting, including proposed changes to charge reconciliation requirements?	No comment.
Q16. Do you agree it is appropriate to give distributors relatively wide discretion as to how they implement capacity charges for injection connections? Why?	Yes Waipā Networks agrees it is appropriate to give distributors wide discretion as to how they implement capacity charges for injection connections. This enables them to manage the complex and evolving nature of distributed generation and the impact on their individual networks. We believe however that guidance should be provided to assist distributors and promote consistency of approach where appropriate.
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?	Yes Waipā Networks agrees that larger connections require a more bespoke approach as this better accounts for factors such as location, capacity and forecast demand.
Q18. Is there any specific guidance that would be particularly helpful for distributors implementing capacity charges for injection?	Waipā Networks believes guidance would be helpful on congestion pricing, capacity allocation and tariff design.

Questions	Comments
Q19. Do you consider that inconsistent treatment of transmission connection charges for large generation projects may distort investment? Why?	<p>Yes Waipā Networks considers that inconsistent treatment of transmission connection charges for large generation projects may distort investment, as they can result in inefficient connection outcomes. Generators of certain sizes may be incentivised to connect via a distribution network rather than directly to the transmission grid due to more favourable pricing restrictions.</p> <p>It is not just how different layers of pricing mechanisms (Transmission pricing, distribution pricing, Transmission cost to distributor pass through) work, interact with each other and are calculated, but it also reflects where generation resources are actually located and the corresponding network extension or upgrade cost.</p> <p>Overall, we consider that the dynamic driving of different outcomes can be complex and requires further investigation and understanding of the sector.</p>
Q20. Do you have a view on the best option to address the connection charge distortion issue? Please explain your rationale.	No comment.
Q21. Do you consider that the restriction on recognising transmission benefits should be reconsidered if the other proposed Code amendments are made? Why?	No comment.
Q22. Are there any other matters that you consider important for us to take into account in our reform of the DGPPs?	No comment.
Q23. Do you have any comments on the consumer impact analysis methodology or findings?	<p>Waipā Networks shares the concerns highlighted in the ENA submission, in that it does not:</p> <ul style="list-style-type: none"> <li>• consider the long-term impact of efficient pricing of injection connections investment decisions</li> <li>• adequately identify or quantify cumulative and programmatic costs or network benefits that would be transferred to injection connections</li> <li>• adequately consider the expected growth in distributed generation</li> </ul>
Q24. Do you agree with the objectives of the proposed amendment? If not, why not?	Yes Waipā Networks agrees with the objectives of the proposed amendment.

Questions	Comments
Q25. Do you agree the benefits of the proposed amendments would outweigh the costs?	Yes Waipā Networks believes efficiency gains will likely exceed implementation costs, noting that the extent of this will depend on the characteristics of the individual EDB.
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.	Yes.
Q27. Do you agree the Authority's proposed amendment complies with section 32(1) of the Act?	Yes Waipā Networks agrees that the proposed amendment complies with section 32(1) of the Act.
Q28. Do you consider that the Authority's preferred high-level settings for injection pricing are consistent with the distribution pricing principles? Why?	Yes Waipā Networks agrees that the Authority's preferred high-level settings for injection pricing are consistent with the distribution pricing principles.
Q29. Do you consider that consolidating distribution pricing methodology requirements into Part 6B would improve clarity and consistency? If not, why?	Waipā Networks believes that consolidation, in general, reduces fragmentation and improves consistency.
Q30. Do you have any comments on the drafting of the proposed amendment?	No comment.