

3 April 2025

Submissions
Electricity Authority
P O Box 10-041
Wellington 6143
Via email: distribution.pricing@ea.govt.nz

Dear team,

RE: ISSUES PAPER – DISTRIBUTED GENERATION PRICING PRINCIPLES

Pioneer Energy Renewables (Pioneer) welcomes the opportunity to make this submission on the Electricity Authority's (Authority's) issues paper on the Distributed Generation Pricing Principles (DGPPs).

Pioneer is a member of the Independent Electricity Generators Association Incorporated (IEGA) and supports the submission made by the IEGA submission on this DGPP Issues Paper.

Pioneer operates over 20 energy schemes across New Zealand – all but one are connected to our local distribution networks. The DGPPs are a foundational part of the regulation of distributed generation.

In the last five years we have commissioned and connected 2 generating plant to distribution networks under bilateral connection agreements. These distributors have agreed to charge the incremental costs for connection of these generating stations using Part 6.4 of the Code.

Connection of distributed generation does not impose costs on other distribution network customers. Pioneer has paid the total incremental cost for connection, including increased transmission costs for the distributor.

The DGPPs do not provide distributed generation with a 'leg up' relative to transmission grid connected generators as implied by the Authority's Issues Paper. Pioneer agrees with the IEGA's key conclusions that:

- all generators compete to supply electricity - a level playing field and competitive neutrality across the generation sector is essential
- the methodology for recovering the cost of connecting to the transmission grid or distribution network should not influence the connection location decision

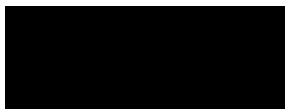
- distributed generation investors are, and are prepared to continue, paying upfront the **full** incremental cost of specific assets required for connection to distribution networks (as transmission grid connected generators do to connect to the transmission grid)
- removal of the incremental cost rule in the DGPPs will result in a different charging methodology for distribution network connected generation relative to transmission grid connected generation
- any charge to distribution connected generation that is above the incremental cost of connection will be a charge that is not being paid by transmission grid connected generators. Distributors do not invoice transmission grid connected generators for any costs associated with delivering 88% of the electricity consumed at ICPs.

The Energy Competition Task Force is focused on regulatory interventions that “*will encourage more and faster investment in new electricity generation, boost competition, enable homes and businesses and industrials to better manage their own electricity use and costs, and put downward pressure on prices*”.¹ In Pioneer’s view the Authority’s consideration of amending the DGPPs undermines the Task Force’s focus on encouraging more and faster investment in generation. The uncertainty created by initiating this DGPP review is already impacting Pioneer’s evaluation of new distributed generation investment opportunities.

Pioneer’s preferred option is to retain the status quo which will ensure distribution network and transmission grid connected generation can compete on a level playing field.

We welcome the opportunity to discuss this submission with you.

Yours sincerely



Peter McClean

CHIEF EXECUTIVE OFFICER

¹ Source: Paragraph 2.3

https://www.ea.govt.nz/documents/6481/2A_consultation_paper_web_version_7a6SkWd.pdf