

20 November 2025

Electricity Authority
PO Box 10041
Wellington 6143

Submitted via email to taskforce@ea.govt.nz

Consultation Paper – Definition of small business Code amendment proposal

Introduction

1. Orion welcomes the opportunity to submit on the consultation paper 'Requirements for distributors to pay negative charges when consumers supply electricity at peak times: definition of small business'¹
2. Orion owns and operates the electricity distribution infrastructure in central Canterbury, including Ōtautahi Christchurch city and Selwyn District. Our network is both rural and urban and extends over 8,000 square kilometres from the Waimakariri River in the north to the Rakaia River in the south; from the Canterbury coast to Arthur's Pass. We deliver electricity to more than 233,000 homes and businesses and are New Zealand's third largest Electricity Distribution Business (EDB).
3. We have answered the questions posed by the Electricity Authority (EA) in the EA's submission table in Appendix A.

Additional Comments

4. Orion appreciates the EA's willingness to explore a better definition of small business. It is also a step in the right direction to guide price tariff eligibility/categorisation and standardisation across EDBs.
5. The proposed change is a practical solution to the problem the Authority identifies but is a further example of the difficulties that arise where regulations are different for load and generation connections given the increasing number of mixed-use connections we are seeing on our network. Accordingly, we refer you to Powerco's submission on the Authority's *Distributed Generation Pricing Principles issues paper*², and we reiterate their encouragement to repeal the Distributed Generation Pricing Principles and harmonise the Distribution Pricing Principles with DG connections as these mixed-use scenarios will only become more common.

¹ https://www.ea.govt.nz/documents/8563/Requirement_for_distributors_to_pay_a_rebate_definition_of_small_business_Cons_370w73l.pdf

² https://www.ea.govt.nz/documents/7064/Powerco_-_DGPP_submission_2025.pdf, section 1 and Q10 response

6. Orion's submission is anchored in aligning theoretical analysis of capacity with the practical standardised equipment used in the field. Typical standard breakpoints are three phase 60A (42kVa) and three phase 100A (69kVa) as this is the cut off for category one metering as per the Code. However, networks have legacy 63A equipment which would make a 45kVa breakpoint more realistic in practice. This is the basis for Orion's submission that our preference is the definition of small business be set at 45kVa.
7. In terms of Orion's pricing roadmap, initially a setting of 45kVa will result in Orion having a small business category that spans beyond the 45kVa limit (our GC2 group is from >15kVA to 69kVa). Around 30% of our GC2 category will receive injection rebates for connections between >45kVa up to 69kVa. We have only just moved to ICP billing, are still bedding this in and we do not think it appropriate, at this late stage in price setting, to adjust our small business tariff categorisation for 1 April 2026 without further consultation with Retailers. However, we will look to make an orderly adjustment in consultation with Retailers for 1 April 2027 to better align a categorisation group to 45kVa.

Concluding remarks

8. This submission is not confidential and can be publicly disclosed.
9. If you have any questions or queries on aspects of this submission which you would like to discuss, please contact us on 03 363 9898.

Yours sincerely,

Dayle Parris
Head of Revenue and Regulation

Appendix A

Submitter	Orion New Zealand
------------------	-------------------

Questions	Comments
Q1. Do you agree with the issues that we have identified in meeting the policy intent to target small business consumers? Why or why not?	Yes, we agree with the issues identified in meeting the policy intent to target small business consumers. Regulatory requirements through the Code should be able to be readily applied in practice and meet the intent of the decision that leads to the need for the Code.
Q2. Do you agree that applying the negative charge to business consumers below a given connection capacity, and limiting eligibility to distributed generation below that same level, will best achieve the original policy intent? Why or why not?	Yes, we agree applying the negative charge to business consumers below a given connection capacity and limiting eligibility to distributed generation below that same level, will best achieve the original policy intent.
Q3. Are both limits required, or could the policy intent be achieved through just one of the proposed limits? Please explain your reasoning.	We submit that the policy intent can be achieved through one limit if we anchor it in the technical equipment that is existing in networks.
Q4. Do you agree with our assessment of the proposed threshold for connection capacity? Why or why not? Would you prefer an alternative threshold? Why?	Yes, we agree with the proposed threshold of 45kVa for connection capacity.
Q5. Do you agree with our assessment of the proposed threshold for DG, and that this should apply based on the maximum deliverable generation capacity? Why or why not?	Yes, we agree with the proposed threshold for DG at 45kW and that this should apply based on the maximum deliverable generation capacity.
Q6. Do you agree with the objective of the proposed amendment? If not, why not?	Yes, we conditionally agree with the objective of the proposed amendment to appropriately incentivise investment in and operation of DG when and where it provides network benefits by avoiding or deferring network costs. However, we note that this objective may change over time as injection increases and may reach a point where injection is a primary driver for network investment. As in Australia, at this tipping point the objective may swing to charging for injection (export charges) so

	contribution to network investment is fair and equitable, and borne by those driving the investment.
Q7. Do you agree the benefits of the proposed amendment outweigh the costs?	Yes, we agree the benefits of the proposed amendment as pertains to the definition of small business outweigh the costs
Q8. Do you agree with our assessment of the alternatives? Please explain your reasoning.	Yes, we agree with your assessment of alternatives. 45kVA is an appropriate threshold because historically three phase 63A is often what might be put in place even if today's standard is 60A. Going any higher than 45kVa may create price shock in a 0-45kVA band as tariffs become more fixed.
Q9. Are there other options or thresholds we should consider to better align the Code with the original policy intent?	No
Q10. 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 objectives in section 15 of the Electricity Industry Act 2010.	Yes, we agree the proposed amendment is preferable to the other options.