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by email: connection.feedback@ea.govt.nz
(subject line "Distribution connection pricing and obligations")

Submission on Reducing barriers for new connections: up-front charges and distributor obligations

Thank you for the opportunity to provide feedback on the consultation paper issued by the Electricity Authority (Authority) on 17 November 2025. In the timeframe available we have not been able to prepare a response to Part A and we make no comment for or against the Authority's proposal. This submission is in response to Part B and the Authority's proposal to regulate distributor supply obligations (and specifically, our comments are in response to questions 7 & 8 in the consultation paper).

Distributor supply obligations (Part B)

The Authority is proposing to require electricity distribution businesses (distributors) to make offers for new connections and connection upgrades, effectively a mandated obligation to supply.

Case for intervention

We are not aware of any material problem in this area. Within our own operations, our goal is to enable our region, and we actively work to provide solutions for our customers and access seekers.

The fact that the Code does not establish a comprehensive obligation, is limited in scope to injecting customers, and contains certain ambiguities does not, in itself, justify further regulation. An equally legitimate approach could be to remove the current obligations altogether in order to resolve these issues.

We acknowledge that the Authority may hold a broader perspective and may be aware of specific concerns. However, these are not articulated in the consultation paper, and the rationale for intervention appears speculative. Statements such as "this lack of clear obligations risks becoming more problematic over time" imply an existing problem exists, yet none have been expressed.

The observation that distributors' network connection standards vary in structure, terminology, and technical content should be treated as a call to address that specific issue. We believe that using this observation to justify a mandatory obligation to connect goes too far.

Regulation without protection

The Authority's proposal to mandate connection raises several challenges. Unlike other jurisdictions, we don't operate within defined franchise areas — boundaries often overlap, and many distributors have networks embedded within the service areas of others.

On the surface, the Authority's proposal could be interpreted to mean that an applicant may approach any distributor for a connection. While the cost of requesting a connection from a distant distributor might discourage inefficient choices, determining that cost would impose a significant administrative burden.

In areas where multiple distributors operate, it's unclear whether all would be required to offer a connection. If the obligation falls solely on the local distributor, they risk becoming the default supplier of last resort, absorbing all complex or marginal connections, while other distributors — not subject to the obligation — retain the ability to selectively engage.

At the heart of this issue is the recognition that distributors operate as natural monopolies. Regulation is appropriate in such circumstances, but it does not sit comfortably alongside competition. Mandating an obligation to supply without corresponding protections undermines competitive benefits and risks unintended consequences. If such regulation is to be pursued, it should be a deliberate policy choice, accompanied by safeguards — for example, the definition of franchise areas or other mechanisms to ensure obligations are applied equitably.

Limit extent of regulation

Mandating the connection of very large access seekers presents significant issues. Some of the reasons for mandating supply does not apply in these cases, as such customers have the option to establish a direct connection to the transmission grid. Moreover, requiring smaller distributors to connect very large loads could create untenable — even existential — stranding risks.

If the Authority intends to progress with these obligations, we request that the scope be explicitly bounded to the "small consumer" access seekers identified in paragraph 10.17 of the consultation paper. This approach would ensure that regulation remains proportionate, avoids unnecessary risk, and targets the consumers for whom the obligation is most relevant.

Continuance of supply policy

Providing for a continuance of supply policy is an essential component of any obligation to make supply available. Distributors must retain the ability to withdraw service where line charges cannot be applied. It is inequitable to other customers if we are required to maintain and reserve unused capacity for a customer that remains disconnected for an extended period.

The framework and obligations for such a policy should explicitly reference the ability to apply line charges. Consistent with the default distributor agreement, we propose that distributors be permitted to decommission supplies where charges cannot be applied for a period of six months or more. Safeguards should also be included to prevent gaming through short-term reconnections.

Separately, we do not support the suggested 30-year minimum term. Such a fixed duration would create tension and foster expectations of termination. A more effective approach is to link the term to conditions under which continuance of supply remains acceptable, allowing it to operate indefinitely.

Finally, we recommend establishing a pathway to replace the current statutory protections for connections in place as of 1 April 1993. These protections impose an inefficient burden on network

customers by preventing withdrawal of supply while also prohibiting the application of charges. For example, the default distributor agreement prevents charging for disconnected supplies, restricts shifting to a direct supply agreement without a customer request, and statutory obligations prevent removal of supply without landowner consent. Reform in this area presents a real opportunity to reduce costs for customers and improve efficiency.

Accommodating flexibility

We are moving away from the provision of a universal service level. This shift delivers efficiencies and enables customers to obtain services that align more closely with their individual needs. However, it also creates challenges where the service level provided does not meet the expectations of a subsequent customer using the same connection.

In practice, security or capacity may be greater than — and more costly than — what a subsequent customer requires, or conversely, lower than what they need. It is important that the obligation to supply captures these differences and doesn't impose obligations on distributors that go beyond the services that was initially the subject of the mandated obligation.

Congestion management policy

We note the Authority's reference to a Congestion management policy as a core part of access standards. We think this might be better framed as a "network security standard", where distributor sets out the levels of security that they provide (or aim to provide) at different levels in the network. This encapsulates the cost/quality trade-off, and congestion management is one mechanism for achieving the desired security. A security standard is a core aspect of asset management planning, and any mandating of such a standard should allow it to be incorporated as part of a distributor's asset management plan.

Thank you again for the opportunity to provide feedback. If you have any questions regarding these comments, please feel free to contact me on [REDACTED]

Yours sincerely



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