

Ref: 26008

20 March 2026



Electricity Authority | Te Mana Hiko

By email to:  
connection.feedback@ea.govt.nz

Tēnā koutou

## SUBMISSION ON MINOR CODE AMENDMENT RELATING TO DISTRIBUTION CONNECTION PRICING REFORM

Unison Networks Limited (Unison) and Centralines Limited (Centralines) are consumer-owned electricity distribution businesses serving communities in Hawke's Bay, Taupō, Rotorua, and Central Hawke's Bay. We appreciate the opportunity to comment on the minor Code amendment relating to distribution connection pricing reform proposed by the Electricity Authority.

As consumer-owned entities, we operate in the best interests of the communities we serve. Guided by our vision, and values, we strive to deliver economic benefits to both our customers and community shareholders, while championing a sustainable energy future. We are committed to maintaining the right balance between keeping electricity affordable and making strategic investments that secure the long-term reliability and resilience of our network. In all aspects of our operations, we place strong emphasis on meeting industry compliance requirements, ensuring we uphold all relevant standards. This approach not only supports New Zealand's transition to new energy solutions but also enables our communities to access cleaner, smarter, and more flexible energy options, now and for generations to come.

### **Response to Proposed Code Amendment – Use of the 65th Percentile for WACC (Clause 6B.11)**

We support the proposed amendment to clause 6B.11 to apply the 65th percentile mid-point estimate of vanilla WACC when discounting connection charge reconciliation estimates.

Aligning the discount rate used in connection charge reconciliation with the WACC applied by the Commerce Commission under Part 4 of the Commerce Act is appropriate and necessary to maintain coherence across the regulatory framework applying to electricity distributors. Using the same percentile estimate ensures that the cost of

capital applied in connection charge calculations reflects the regulated financing cost of network investment and supports efficient cost recovery over time.

Maintaining this alignment between the Electricity Authority's Code requirements and the Commerce Commission's economic regulation reduces the risk of inconsistency between how connection related revenues are assessed and how distributors' regulated revenues are determined. This promotes regulatory coherence, reduces unnecessary complexity, and supports stable and predictable investment signals for distributors.

As a result, applying the 65th percentile WACC in connection charge reconciliation helps ensure outcomes remain fair for both new connection applicants and existing consumers, by avoiding unintended cross-subsidies and ensuring that connection charges appropriately reflect the regulated cost of capital.

### **Conclusion**

In summary, we support the proposed amendment to apply the 65th percentile mid-point estimate of vanilla WACC for connection charge reconciliation. Aligning this parameter with the Commerce Commission's cost of capital framework promotes consistency and coherence across the regulatory regimes that apply to electricity distributors.

We commend the Authority for recognising the importance of this alignment and for working with the Commerce Commission to ensure a coordinated regulatory approach. Continued coordination between regulators will support transparent, predictable, and efficient connection pricing outcomes for consumers and connection applicants.

Nā māua noa, nā

Jason Larkin / Tarryn Butcher  
GM Commercial and Regulatory / Regulatory Manager



## Appendix A Submission format

Please send us your feedback by 5pm, 20 March 2026

Submitter	Unison Networks Limited
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Questions	Comments
Proposed Code amendment relating to the use of the 65th percentile for WACC: 6B.11 Connection charge reconciliation requirements  ... (4) ...  (c) discounting the estimates under paragraph (b) to their present value using—  (i) a duration from the beginning of the first full year of operation equal to the connection revenue life; and (ii) a discount rate, equal to the most recent available <b>65th percentile</b> <del>mid-point</del> estimate of vanilla WACC (being the weighted average cost of capital) made by the Commerce Commission in accordance with the EDB ID determination made under Part 4 of the Commerce Act 1986 less an adjustment to remove inflation consistent with inflation projections for the year ahead from the most recent Monetary Policy Statement published by the Reserve Bank of New Zealand <u>at the time of that <b>65th percentile</b> <del>mid-point</del> estimate of vanilla WACC;</u> and  ...	

Q1. Do you agree with the proposed change to the 65th percentile for the WACC to be used in the reconciliation of connection charges?

We support the proposed amendment to clause 6B.11 to apply the 65th percentile mid-point estimate of vanilla WACC when discounting connection charge reconciliation estimates.

Aligning the discount rate used in connection charge reconciliation with the WACC applied by the Commerce Commission under Part 4 of the Commerce Act is appropriate and necessary to maintain coherence across the regulatory framework applying to electricity distributors. Using the same percentile estimate ensures that the cost of capital applied in connection charge calculations reflects the regulated financing cost of network investment and supports efficient cost recovery over time.

Maintaining this alignment between the Electricity Authority's Code requirements and the Commerce Commission's economic regulation reduces the risk of inconsistency between how connection related revenues are assessed and how distributors' regulated revenues are determined. This promotes regulatory coherence, reduces unnecessary complexity, and supports stable and predictable investment signals for distributors.

As a result, applying the 65th percentile WACC in connection charge reconciliation helps ensure outcomes remain fair for both new connection applicants and existing consumers, by avoiding unintended cross-subsidies and ensuring that connection charges appropriately reflect the regulated cost of capital.