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Network connections Code drafting – technical consultation paper

1. This submission responds to the Electricity Authority's (Authority) technical consultation on the Network Connections Project – Stage One, specifically the draft Code amendments. We appreciate the opportunity to provide feedback on the detailed drafting and to ensure the Code accurately reflects both the Authority's decisions and the legal and operational realities for distributors and applicants.
2. We confirm that this submission is not confidential and may be published on the Authority's website.
3. We support the legal advice provided by Russell McVeagh (RMcV) to Electricity Networks Aotearoa (ENA), as furnished by ENA in its submissions to the Authority. We endorse the detailed comments and track changes provided by RMcV in their legal opinion.
4. In particular, we wish to highlight and support the main issue raised in the legal advice regarding applications that are for both generation and load. Where an application is for both distributed generation and load at the same ICP, the Code must clearly specify which component determines the applicable process and how pricing is to be applied. The current drafting risks ambiguity and inconsistent application by distributors, which could undermine both legal certainty and efficient network investment.
5. We support the position that, where an application is for both generation and load, the application should be made for the component (generation or load) with the greatest capacity. This approach is reflected in the RMcV edits and is essential for ensuring that the most material network impact is subject to the appropriate process, technical assessment, and pricing regime.
6. The legal advice is also clear that, for applications involving both generation and load, the Code should specify that:
 - a. The application process and pricing methodology should be determined by the component (generation or load) with the greatest capacity.
 - b. Where both are present, the load component should be assessed first for pricing purposes, even if the generation capacity is higher. This ensures that energy storage

systems (ESS) and other hybrid connections are treated as load first, consistent with the Authority's intent and to avoid unintended pricing consequences.

- c. The distributed generation pricing principles (Schedule 6.4) should not apply to energy storage systems that are primarily load, and the Code should make this explicit.

This approach is necessary to avoid the risk that battery energy storage systems (BESS) or other hybrid connections are always treated as generation for pricing, which is not the Authority's intent and would create perverse incentives and regulatory uncertainty.

Detailed Code Amendments and Comments

7. We support all of the tracked changes and comments provided by RMcV in their legal advice. In addition to the above, we also note the following key points for the Authority's consideration:

- a. Definition of **"Applicant"** and **"Connection Applicant"**: The Code should clarify that "applicant" applies to Part 6 generally, while "connection applicant" is used only for the purposes of Part 6B (load pricing methodology). This avoids confusion and ensures alignment with the Authority's intent (see RMcV comment, Appendix A).
- b. Clause **6.2AAC (Application to Connections with Both Generation and Load)**: We support the inclusion of a clause that makes it clear up front that there are rules for connections covering both generation and load, and that the rule that load cost is calculated first applies even if the distributed generation capacity is higher. This is essential for clarity and for the correct treatment of energy storage systems as we've also noted above (see RMcV comment, Appendix A).
- c. **Schedule 6.1, Clause 3(3)**: The Code should state that if an applicant wishes to connect both distributed generation and load at the same ICP, the application must be for the connection of the higher capacity of either distributed generation or load, and the required information for both must be provided. The distributor and applicant may enter into a combined connection contract, but if agreement cannot be reached, the regulated terms for distributed generation apply only to the generation component (see RMcV comment, Appendix A).
- d. **Schedule 6.4 (Distributed Generation Pricing Principles)**: The Code should clarify that these principles do not apply to energy storage systems that are load, and that the default pricing principles do not apply to ESS with a load connection (see RMcV comment, Appendix A).
- e. We also recommend the Code explicitly set out the following for clarity, consistency and ease of reference:

"Where an application is for both distributed generation and load at the same ICP, the application process and pricing methodology shall be determined by the component with the greatest capacity. For pricing purposes, the load component shall be assessed first, even if the distributed generation capacity is higher. The distributed generation pricing principles shall not apply to energy storage systems that are primarily load."

This approach is consistent with the Authority's stated intent, the legal advice received from RMcV, and international best practice. It also ensures that distributors and applicants have certainty about the applicable process and pricing, and that the Code does not inadvertently create incentives for inefficient investment or network use.

8. Additional changes that Vector suggests, which are not included in the RMcV advice include:

- a. Process 4: clause 7(1)(d)(ii) - amend the clause to read *"the distributor agrees to receive a final application later than 12 months after approving an initial final application."*
- b. Process 4: clause 9(5) – for consistency with other appendices, we suggest clarifying this clause so that it expressly states that only one resubmission is allowed and provided conditions remain the same with respect to applicant, location and connection size, that the resubmission should be assessed at no charge.
- c. For each type of application (under any of Appendices 1 to 5 and whether initial, interim, or final), the distributor must, within five business days of receiving the application, advise whether the submission is complete and, if not, specify any additional information required (e.g. Appendix 5, clause 2(3)). However, for all medium and large DG or connection applications—particularly dual applications—this timeframe to confirm that the application is complete is insufficient. The more complex applications require significantly more documentation and therefore more time to assess, than small DG or connection applications. Accordingly, distributors will need more than five business days to review and determine completeness. The Code should therefore acknowledge the complexity of these larger distributed generation and load applications and adjust this timeframe accordingly.

We thank the Authority for the opportunity to comment on the technical drafting of the Code amendments. We strongly support the legal advice provided by RMcV and urge the Authority to adopt the recommended changes to ensure clarity, legal certainty, and efficient outcomes for all.

If the Authority would like to discuss any aspect of this submission or the detailed legal comments, we would be happy to engage further.

Yours sincerely


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