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20 May 2026

To: The Electricity Authority
Email: distribution.pricing@ea.govt.nz

Genesis submission on reforming network pricing for distributed generation

Genesis Energy Limited **(Genesis)** welcomes the opportunity to comment on the Electricity Authority's **(the Authority)** consultation paper, *Reforming network pricing for distributed generation to promote efficient investment*. Genesis supports the objectives of the Authority's proposed reforms. We agree it is timely to review the Distributed Generation Pricing Principles, particularly as these were first introduced in 2007 and given the scale and pace of investment now occurring in distributed generation, batteries and flexible demand. Genesis has an ambitious development pipeline, and we aim to allocate more than $2 billion across up to 2.5 GW in new generation and storage capacity including potential distributed renewable generation projects. We support the Authority's objectives, including the objective of enabling more efficient network investment and usage including through distributed generation and batteries.

Please find our responses to the consultation questions in the table below. We also support the submission of ERGANZ. We agree that network pricing should send efficient signals to the market; cost-reflective distribution pricing enables efficient investment decisions, more efficient network usage, and lower overall costs. We applaud the Authority on its comprehensive reform proposals as set out in the consultation paper. While we are supportive of the Authority's objectives, as is noted in the paper the proposals represent a material change from long-standing practices. Without detail as to how distributors will interpret and apply the new rules, and how this will flow through to producers in the form of new connection and lines charges, it is difficult to assess the materiality of impacts on distributed generation investments under active consideration. Maintaining stable and predictable pricing frameworks is critical to investment confidence. A specific risk we have identified is that developers or producers may pay higher connection charges under one regime, and then subsequently pay higher ongoing lines charges under the new regime. To ensure the reforms achieve the Authority's intended objectives, we encourage the Authority to consider this transition risk of "double exposure" and to consider appropriate mitigations.

The proposed timeframe also appears to be challenging. Distributors will need to develop and consult on new methodologies and update billing systems, and retailers will also need to update systems and communicate changes to customers. We encourage the Authority to undertake further engagement with distributors and retailers during the implementation phase.

We support the Authority's proposal to improve recognition for the benefits of distributed generation (along with costs). We agree it is important that the reforms not only improve recovery of incremental costs from injection but also improve recognition and compensation of the benefits distributed generation can provide, including reduced network congestion and improved utilisation of existing assets.

Yours sincerely,

[redacted]

Mitchell Trezona-Lecomte
Senior Advisor, Government Relations and Regulatory Affairs

Consultation Questions	Genesis Comment
Q1. Do you agree with the background and context summary above? Why? Is there additional background, evidence, or context relevant to the proposals in this paper?	Yes, we agree with the Authority's summary of the context. Significant change has occurred since the DGPPs were first introduced in 2007, particularly the current pace of investment in distributed generation, batteries, and flexible demand. We also agree there is scope to improve recognition of and reward for the benefits of injection including recognition of "cumulative, programmatic and capacity-related costs and benefits". We therefore support the Authority undertaking reform.
Q2. Do you agree there are workability challenges with defining incremental costs under the current DGPPs? Why, why not? Are there any additional challenges not discussed above?	Yes. We agree the current framing of the incremental cost rule creates incentives for distributors to set charges below incremental cost.
Q3. Do you agree the current DGPPs cause costs and benefits to be under-allocated to injection connections, which can cause the issues listed above? Why?	We understand the evidence suggests both costs and benefits have been under-allocated under the current framework. Reform should ensure that benefits provided by injection are recognised with the same rigour as costs imposed.
Q4. Do you consider it remains appropriate to regulate injection pricing methodologies? Why?	Yes. Distributors are regulated monopolies and pricing methodologies need to be regulated to prevent market power being exercised against access seekers. Regulation is particularly important given the Government policy to lift the threshold for distributor ownership of generation.

Consultation Questions	Genesis Comment
Q5. Do you consider that consumers should remain residual payers? Why? Are there any additional economic concepts that should be considered in our reform of the DGPPs?	Yes, we agree. This approach is aligned to the Transmission Pricing Methodology which allocates residual transmission charges exclusively to load. Departing from this approach for distribution charges would create a distortion between distribution and transmission-connected generation. Allocating residual costs to producers would also inefficiently raise the marginal cost of wholesale electricity prices and weaken competition between distribution-connected and transmission-connected generation. Consumers would ultimately bear these costs anyway, but with the additional dead-weight loss that comes from distorting investment and operating incentives at the production end.
Q6. Do you consider that reframing the incremental cost rule to a requirement that charges 'must reflect a reasonable estimate of' rather than 'must not exceed' incremental costs is appropriate? Why?	We support this in principle. Distribution pricing should be efficient and cost reflective. However, without more detail, we are unable to determine the impact this change will have on new distributed generation projects we are actively considering. We encourage the Authority to consider whether transition arrangements are necessary to mitigate the risk to distributed generation projects currently under consideration. One specific transition risk to consider is that of "double exposure", i.e. if a developer or producer pays connection charges under the current regime, and then ongoing lines charges under the new regime, there is a risk this creates imbalances. This change will also need robust safeguards, particularly if paired with a "non-prescriptive" approach to ensure the reforms are aligned to the Authority's objectives. We suggest the Authority should require distributors to publish detailed methodologies showing how they have estimated and allocated incremental costs and benefits, including the underlying data, assumptions, and counterfactuals, as well as upgrade treatment. We also support the additional mitigations outlined in the ERGANZ submission.

Consultation Questions	Genesis Comment
Q7. Do you consider that the proposed amendments to language and framing would support more efficient pricing? Why?	We agree it seems probable the proposed amendments will support more efficient pricing.
Q8. Do you consider that a non-prescriptive, enabling approach to capacity pricing is appropriate at this stage? Why?	We agree it is in principle desirable to allow network injection capacity costs to be allocated as capacity is consumed and to enable investment in network capacity proactively as new connections arrive, to mitigate the 'last straw' issue. There are risks with a non-prescriptive approach, particularly given there are 29 EDBs and therefore significant potential for complexity in allowing a discretionary approach. Wide discretion may allow EDBs to tailor solutions to suit local circumstances but create investment uncertainty and complexity for producers engaging across 29 different EDBs, raising transaction costs. This could also increase complexity for consumers by making network pricing less easily understandable. The Authority should complement the proposed changes with guidance, best practice frameworks, and benchmarking reports that identify variations in allocation outcomes. The Authority should also signal willingness to issue further Code amendments should practices diverge from efficient outcomes in future.
Q9. Do you consider that the proposed extension of the pioneer scheme for load connections would help address position-in-queue issues for injection connections? Why?	Yes, Genesis strongly supports extending pioneer schemes to injection connections to help address first-mover disadvantage and unlock efficient investments.

Consultation Questions	Genesis Comment
Q10. Do you consider that pioneer schemes should also cover network injection capacity? Why?	Yes, we support extending pioneer schemes to all connection types, including network injection capacity upgrades to better address the first-mover disadvantage. We also encourage the Authority to monitor whether seven years remains the appropriate minimum, given the long lead times of major distributed generation projects, and to consider whether further refinement is needed once schemes have been in operation for some time.
Q11. Do you consider that the proposed non-discriminatory pricing requirements would improve confidence that investors are safeguarded from discriminatory pricing? Why?	Yes. Genesis supports non-discriminatory pricing that is cost reflective. We agree the proposed principle would improve confidence that investors are safeguarded from discriminatory pricing. This is particularly important given the Government's signaled intention to raise the threshold for distributor ownership of generation from 50 MW to around 250 MW. We encourage the Authority to ensure there is clear enforcement including via transparency requirements around pricing methodologies, transparency over connection queues to enable better planning and investment decisions, and a standardized approach to pricing guidance for EDBs' cost calculation.
Q12. Do you agree with the proposed application provisions, in particular with regard to opting out, retrospectivity and secondary networks? Why?	We support the proposal to allow opt-outs. However, we have concerns with the proposal retroactively applying new lines charges to existing injection connections, and we are unclear on the impact and materiality this would be likely to have. Predictability of network pricing is fundamental to investment confidence. This would create significant complexity – existing projects and business cases are based on current distribution charges. Any changes to these would create workability issues and investment risk for producers.

Consultation Questions	Genesis Comment
Q13. Do you agree with the proposed commencement provisions above? Why?	As noted, we think the timeframes are tight. We agree distributors should be able to defer any changes to lines charges until April 2028. Implementing new lines charges from the pricing year beginning 2027 will create challenges for distributors and producers and retailers and risks altering near-term investment assumptions. Distributors will need to develop and consult on new methodologies and update billing systems, and retailers will also need to update systems and communicate changes to customers. As is recognised by the Authority, the proposals represent a material change from long-standing practices and would require significant effort to implement.
Q14. Do you have any suggestions for how we can most effectively support successful implementation?	We support the Authority's proposals to develop guidance material to assist implementation including guidelines and worked examples, hosting Q&A sessions and publishing responses to questions and progressing rapid amendments to resolve minor issues. Effective monitoring and reporting will be critical to ensuring the reforms achieve their objectives (and are seen to achieve their objectives). We agree with the Authority's comments regarding distributors' published pricing methodologies and that greater transparency is highly desirable. We agree it is desirable for all applicants to be able to access standardised breakdowns of all types of connection quotes and that Authority data and monitoring should not omit a subset of injection connections.
Q15. Do you have any suggestions for effective monitoring and reporting, including proposed changes to charge reconciliation requirements?	We agree it makes sense to align how the Authority and Rulings Panel resolve injection charge disputes with how they resolve offtake connection charge disputes.

Consultation Questions	Genesis Comment
Q16. Do you agree it is appropriate to give distributors relatively wide discretion as to how they implement capacity charges for injection connections? Why?	In principle yes, provided there is effective Authority oversight, as proposed in the paper. Any discretion must be accompanied by clear methodology disclosure, benchmarking, and a willingness to issue further Code amendments where practices diverge from efficient outcomes. As noted in the paper, predictability and consistency are highly desirable for producers and developers engaging across 29 different distributors.
Q17. Do you agree that for larger connections a more bespoke approach that accounts for dependability and mitigates risks such as over-injection or inefficient payments is more appropriate than the prescriptive broad-based approach used for residential and small business consumers? What do you consider such an approach should look like?	In principle, yes.
Q18. Is there any specific guidance that would be particularly helpful for distributors implementing capacity charges for injection?	We do not have specific comments at this stage. Please see the ERGANZ submission.
Q19. Do you consider that inconsistent treatment of transmission connection charges for large generation projects may distort investment? Why?	Inconsistent treatment of connection charges for projects depending on generation size would appear to be distortionary and inefficient, with potential to perversely incentivise project sizing and scoping to avoid transmission connection costs. We agree it would be inefficient for the DGPPs and TPM combined to incentivise cost avoidance behaviour and distort competition between generation and BESS projects. We support the Authority working with Transpower to address this issue.
Q20. Do you have a view on the best option to address the connection charge distortion issue? Please explain your rationale.	At this stage, we do not have a settled view on the best option. Given the interfaces with the transmission pricing methodology, we assume coordination between the Authority and Transpower will be necessary to identify appropriate solutions, building on Transpower's operational review.

Consultation Questions	Genesis Comment
Q21. Do you consider that the restriction on recognising transmission benefits should be reconsidered if the other proposed Code amendments are made? Why?	We do not yet have a view on this but generally support ongoing engagement between the Authority and Transpower to ensure distribution and transmission pricing is aligned.
Q22. Are there any other matters that you consider important for us to take into account in our reform of the DGPPs?	No comment at this stage.
Q23. Do you have any comments on the consumer impact analysis methodology or findings?	Please see the ERGANZ submission.
Q24. Do you agree with the objectives of the proposed amendment? If not, why not?	Yes.
Q25. Do you agree the benefits of the proposed amendments would outweigh the costs?	Yes, based on the Authority's analysis, we agree the benefits are likely to outweigh the costs.
Q26. 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 objective in section 15 of the Electricity Industry Act 2010.	Yes.
Q27. Do you agree the Authority's proposed amendment complies with section 32(1) of the Act?	Yes.
Q28. Do you consider that the Authority's preferred high-level settings for injection pricing are consistent with the distribution pricing principles? Why?	No comment.

Consultation Questions	Genesis Comment
Q29. Do you consider that consolidating distribution pricing methodology requirements into Part 6B would improve clarity and consistency? If not, why?	Yes.
Q30. Do you have any comments on the drafting of the proposed amendment?	No.