Submission to:

Electricity Authority

on:

Reforming distributed generation pricing to promote efficient investment

From:

VIA – Imported Motor Vehicle Industry Association

Submitted: 19 May 2026

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About VIA

The Imported Motor Vehicle Industry Association Incorporated ("VIA") is the business association that represents the interests of the wider trade involved in importing, preparing, wholesaling, and retailing used vehicles imported from Japan, UK, and other jurisdictions.

Our members include importers, wholesalers, Japanese auction companies and exporters, shipping companies, inspection agencies, KSDPs[1], ports companies, compliance shops and service providers to the trade, as well as retailers.

We provide technical advice to the imported motor vehicle industry, and liaise closely with the relevant government departments, including Waka Kotahi (NZTA), Ministry of Transport, New Zealand Customs Service, Ministry for Primary Industries (MPI), Ministry of Consumer Affairs, Commerce Commission, EECA, MfE etc.

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Official Information Act 1982: VIA has no objection to the release of any part of this statement of support under the Official Information Act 1982.

Privacy Act 1993: VIA has no objection to being identified as the submitter.

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[1] KSDP - key service delivery partner, organisations that are contracted or appointed by the Transport Agency to delivery regulatory products or services and who have sufficient market share and/or are of sufficient size and standing within an industry segment to be able to represent and influence the customer expectation of that industry segment.

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1. Introduction

VIA welcomes the opportunity to submit on the Electricity Authority's consultation paper, *Reforming network pricing for distributed generation to promote efficient investment*.

VIA represents the independent motor vehicle import sector in New Zealand. Our members import vehicles independently of the original equipment manufacturers, mostly used vehicles from Japan, and supply a substantial share of the vehicles purchased by everyday New Zealanders.

VIA recognises that this consultation is principally about distributed generation pricing principles, distribution network pricing methodologies, allocation of incremental costs and benefits, capacity pricing, pioneer schemes, non-discrimination, implementation, and further reform. VIA does not seek to provide a detailed technical submission on every proposed Code amendment. Our submission focuses on the policy implications that are relevant to our sector, our members, and the consumers they serve.

VIA's direct interest is transport electrification. Electricity pricing, distributed generation, storage, charging access, and network-use incentives materially affect whether New Zealanders will want to buy and use electric vehicles. The vehicle sector's transition to electrification depends, in part, on whether the electricity sector makes electric transport compelling for consumers.

However, while EVs bring VIA to this consultation, the argument is broader. Electrification of any activity depends on electricity being cheap, abundant, reliable, easy to use, and visibly better value than the incumbent fuel or technology. Whether the issue is vehicles, process heat, household energy, commercial energy use, agricultural energy systems, or distributed storage, consumers and businesses will only electrify at scale where the electricity system makes doing so practical and economically attractive.

VIA therefore frames this submission around electrification generally, while returning to EVs where VIA's sector-specific interest is directly relevant. The same electricity-system conditions that support EV demand also support wider electrification across the economy.

VIA supports decarbonisation through electrification where it is commercially, practically, and socially workable. VIA also supports improving New Zealand's energy independence. A more electrified and distributed energy system can reduce reliance on imported fossil fuels by enabling households, businesses, and communities to use domestically generated electricity more effectively.

However, electrification cannot be achieved by supply-side pressure alone. Businesses cannot sell products or systems that consumers do not want, cannot afford, or cannot practically use. Electrification depends on consumer and business demand, and that demand depends heavily on whether electricity is cheap, abundant, reliable, easy to use, and visibly better value than fossil fuels or other incumbent alternatives.

For that reason, VIA supports DGPP reform where it makes electricity-sector participation fairer, more efficient, more transparent, and more capable of supporting electrification and energy independence. VIA supports reform that empowers households and businesses to generate, store, use, and export electricity; rewards flexible demand and useful injection; and makes pricing and system information available so consumers and technology providers can respond efficiently.

2. VIA's standing and the relevance of electrification

The consultation paper is directed to the electricity sector, but its consequences extend beyond electricity-sector participants. Electricity-sector settings influence whether households and businesses choose electrified technologies. If electricity is expensive, opaque, unreliable, or difficult to access, demand for electrification will weaken. If electricity is cheap, abundant, reliable, and easy to use, demand for electrification will strengthen.

This matters to VIA because the independent import sector can supply affordable electrified vehicles only where there is genuine consumer demand. The sector can broaden access to used EVs, hybrids, plug-in hybrids, and other lower-emissions vehicles where those vehicles are commercially viable and available internationally. It cannot manufacture demand if the operating environment for electric transport is unattractive.

The same logic applies beyond vehicles. Electrification of heating, business operations, industrial processes, agricultural systems, and distributed storage all depend on electricity being a practical and economic improvement over incumbent options. If electricity-sector settings make electricity expensive, unpredictable, difficult to access, or difficult to optimise, electrification will be slower and more politically fragile.

This also has an energy-independence dimension. Electrification is more compelling where New Zealanders can substitute imported fossil fuels with domestically generated electricity. Distributed generation and storage can strengthen that effect by allowing households, businesses, and communities to participate directly in producing and managing the energy they use.

VIA therefore considers that DGPP reform should be assessed not only as a network-pricing exercise, but also by whether it supports the wider public-interest transition to electrification. In practical terms, that means asking whether the reforms support lower long-term electricity-system costs, efficient distributed generation and storage, fair reward for useful injection, transparent price signals, confidence in electricity as the preferred energy source for new technologies, and reduced dependence on imported fossil fuels.

VIA does not argue that vehicle importers should determine electricity-market design. Rather, we submit that the Authority should recognise electrification as one of the material downstream effects of electricity pricing reform, with transport electrification being VIA's direct and sector-specific interest.

3. Electrification should be commercially and politically durable

VIA agrees that New Zealand needs to decarbonise. Electrification will be an important part of that transition. However, electrification requires demand as well as supply.

Consumers and businesses will not abandon familiar fuels or technologies unless the alternative is credible and attractive overall. Existing fuels and systems have incumbency advantages: familiar operating routines, established infrastructure, known servicing pathways, predictable costs, and low cognitive burden. Electrified alternatives often require new equipment, new behaviour, new information, new infrastructure, and confidence in long-term electricity affordability.

VIA recognises that electricity price is not the only, or always the primary, determinant of electrification uptake. For EVs, upfront purchase price, battery condition and life, charging availability, range, model availability, and resale expectations are often central purchase factors. Similar capital-cost, infrastructure, and confidence barriers exist for other forms of electrification.

However, electricity price and electricity-system usability remain material. They affect total cost of ownership, payback confidence, operating-cost advantage over incumbent fuels, and the confidence consumers and businesses have in switching. Where upfront cost or infrastructure concerns already make electrification difficult, high or opaque electricity costs make the transition harder. Conversely, cheap, abundant, reliable, and easy-to-use electricity strengthens the case for electrification even where other barriers remain.

When VIA refers to cheap and abundant electricity, it is not arguing for subsidy or artificial price suppression. It is arguing for a market and regulatory system that encourages sufficient generation, storage, demand flexibility, and distributed participation so that ordinary supply-demand dynamics place downward pressure on electricity prices. High prices caused by genuine scarcity or real system cost are one thing. High prices preserved by barriers to entry, under-rewarding distributed generation, opaque network settings, or incumbent market power are another.

Cheap, abundant, reliable, and easy-to-use electricity also strengthens energy independence. It allows more of New Zealand's transport, household, commercial, agricultural, and industrial energy demand to be met from domestic electricity rather than imported fossil fuels.

VIA therefore supports electricity pricing reform that improves the consumer and business proposition for electrification. Policies that pressure households, businesses, or vehicle importers toward electrification cannot create durable demand if electricity is expensive,

difficult to access, or poorly integrated with distributed generation and storage. Stronger regulatory pressure will only be politically and commercially durable if electrified options are already attractive on their merits.

4. VIA's competition principle and why it is relevant to this consultation

VIA's position is grounded in fair competition. This submission concerns two distinct industries: the independent vehicle import and dealer sector, and the electricity sector. VIA does not suggest that these industries are the same.

VIA also recognises that the vehicle import market and electricity generation market are structurally different. Traditional electricity generation has high entry thresholds: capital cost, resource access, technical complexity, consenting, connection requirements, and operational capability make large-scale generation difficult for new entrants. VIA does not suggest that a household, SME, or community energy participant is equivalent to a large commercial generator, or that electricity generation can be opened to competition in the same way as vehicle importing.

The relevant comparison is narrower. In both sectors, regulation affects whether smaller independent participants can create consumer value alongside larger incumbent or vertically integrated firms.

In the vehicle market, smaller independent importers compete with global OEMs and help deliver consumer choice, affordability, and competition. New Zealand consumers have benefited from access to independently imported vehicles because the independent channel provides a real alternative to OEM-controlled supply. That competition expands choice, improves affordability, and reduces the risk that a small number of large incumbent firms control the practical options available to consumers.

In the electricity context, future innovation in small, independent, site-specific generation, storage, flexible demand, aggregation, and vehicle-to-grid capability may create similar competitive pressure and consumer choice, provided pricing and network settings allow those participants to participate fairly.

The connection is therefore twofold.

First, electricity-sector settings affect the consumer case for electrification generally, including the consumer case for EV ownership.

Second, VIA's sector demonstrates the consumer benefits that can result when smaller independent participants are able to compete with large incumbent or vertically integrated firms.

VIA submits that the same competition discipline is relevant to electricity-sector regulation, even though the form of participation is different. Households, SMEs, community energy schemes, batteries, aggregators, commercial generators, and future vehicle-to-grid participants can all contribute value if regulatory settings allow them to

participate on fair terms. In both sectors, regulation should be careful not to entrench incumbent market power by design or by accident.

This is not a claim that households and small generators are identical to large commercial generators. Scale may justify different technical requirements, metering arrangements, reliability obligations, connection processes, and dispatchability expectations. But scale should not be used to justify discrimination that systematically favours incumbent or large-scale participants where smaller distributed participants provide equivalent system value.

5. Response to the proposed direction of DGPP reform

VIA broadly supports the direction of reform where it improves efficient pricing, recognises both costs and benefits, reduces barriers to efficient distributed participation, and strengthens non-discrimination.

In principle, VIA supports pricing that:

- rewards electricity use when generation is abundant and network capacity is available;
- discourages avoidable peak demand where that demand creates unnecessary system cost;
- recognises the value of distributed generation, storage, and flexible demand;
- supports managed charging and other flexible electrified loads;
- enables household and commercial batteries to respond to real system conditions;
- rewards useful injection where it reduces network or system costs; and
- avoids blunt cross-subsidies that undermine efficient investment.

For the purposes of this submission, VIA uses “system value” to mean value to the efficient, reliable, resilient, and affordable operation of the electricity system for the long-term benefit of consumers. It does not mean value to any particular distributor, generator, retailer, or incumbent business model. A reduction in incumbent revenue or generator margins caused by efficient competition, distributed generation, storage, or flexible demand should not be treated as a loss of system value. Lower prices caused by efficient competition and increased supply should be treated as a consumer benefit, not as a loss of system value.

However, cost-reflective pricing must not become a justification for complexity, rent preservation, excessive connection charges, opaque tariff design, or barriers to consumer participation. Cost-reflective pricing is only useful where consumers and businesses can understand and respond to it. A charge that is technically cost-reflective but opaque, delayed, unpredictable, or unavailable to automated systems will not produce efficient behaviour.

VIA therefore supports reframing the incremental cost rule only if the revised approach is transparent, symmetrical, and monitored. If incremental costs are more fully allocated to injection, incremental benefits must also be properly recognised and rewarded. The

system should not become better at charging distributed participants for costs than it is at recognising the value they provide.

6. Consumers as residual payers: the principle must be bounded

VIA broadly accepts the Authority's position that residual costs should remain with offtake consumers where allocating those costs to producers would inefficiently deter generation and storage investment.

However, this principle must be carefully bounded.

Consumers should remain residual payers only for shared network costs where that is the least distortionary way to recover those costs. Consumers should not be required to fund generator-owned generation assets, private generation capability, or private upgrades to generation plant unless any such support is explicit, transparent, technology-neutral, and available on equivalent terms to all eligible participants.

A household that installs solar must generally pay for its own panels, inverter, battery, and installation. The same principle should apply to SMEs, community energy schemes, and commercial generators unless a clearly defined public or consumer-funded support mechanism is available on equivalent terms. Each participant should fund its own productive assets unless the policy choice to support those assets has been made openly and non-discriminatorily.

The Code should therefore maintain clear distinctions between:

- private generation and storage assets, which should generally be funded by the asset owner unless an explicit, technology-neutral, and non-discriminatory support mechanism applies;
- dedicated connection assets or connection works, which should generally be funded by the connecting party, subject to fair cost-sharing or pioneer-scheme arrangements where later users benefit; and
- shared network infrastructure, whose costs should be allocated transparently according to efficient, non-discriminatory pricing principles.

This distinction is essential to the integrity of the reform. Shared network costs should not become a hidden or selective mechanism for socialising private generation investment. Where public or consumer-funded support for generation, storage, or flexibility is justified, it should be explicit, transparent, technology-neutral, and available on equivalent terms to all eligible participants. Households, SMEs, community energy schemes, commercial generators, batteries, aggregators, and future vehicle-to-grid participants should be able to access comparable treatment where they provide comparable system value.

Equally, distributed participants should not be under-rewarded for useful injection or flexibility merely because they are small, non-incumbent, or outside existing electricity-sector business models.

7. Equivalent treatment for equivalent use of shared infrastructure

VIA supports the proposed non-discrimination principle and considers it central to the legitimacy of the reform.

Where a commercial generator, household, SME, community scheme, battery, aggregator, or vehicle-to-grid participant uses the same regulated network infrastructure in the same way and provides or imposes equivalent system value or cost, it should face equivalent pricing treatment.

For this purpose, system value should be assessed by reference to efficient system operation and long-term consumer benefit, not by reference to the profitability, revenue protection, or market position of distributors, incumbent generators, or other electricity-sector participants.

Differences in scale, timing, location, dependability, connection size, and technical requirements may justify different charges. Ownership type, incumbency, corporate scale, or profitability should not be used to justify preferential or discriminatory pricing.

This principle should apply to both up-front connection charges and ongoing lines charges. It should also inform how distributors recognise benefits from injection, storage, and flexibility.

VIA would be concerned if broad distributor discretion allowed network businesses to preserve incumbent advantages, favour related-party assets, or inhibit distributed participation. Non-discrimination should not be merely formal. It should be supported by usable methodology disclosures, monitoring, and the ability for affected parties to identify and challenge inconsistent treatment.

8. Fair value for useful injection and fair treatment of excess generation

VIA supports fair payment for electricity supplied back to the grid.

Fair value does not mean a fixed or inflated price in all circumstances. Exported electricity is not equally valuable at all times or in all locations. Injection during periods of scarcity, high demand, or network constraint may have significant system value. Injection during periods of excess generation or local export congestion may have lower immediate value.

VIA accepts that generators should not receive a high payment for electricity that provides little immediate system value. Fair value may be low, and in some circumstances close to zero, where electricity is supplied at a time or location where the system has little immediate use for it. However, low value should not become a charge. VIA does not support charging generators merely for supplying electricity.

Excess generation should be treated as an opportunity to increase flexible demand, storage, managed charging, and local use through transparent real-time pricing. Where excess generation creates network-management or stability risks, the preferred response should be to reward consumers, batteries, commercial systems, or other flexible loads for

absorbing electricity where doing so helps the system. In some circumstances, that may mean very low, zero, or negative prices for consumption. Such signals should be transparent, time- and location-sensitive, machine-readable, and available to all capable participants on equivalent terms.

Where technical export limits are genuinely necessary, they should be transparent, justified, non-discriminatory, and treated as a constraint to be managed or resolved rather than as a basis for penalising generation.

VIA considers that, where a unit of electricity provides equivalent system value, meaning equivalent contribution to efficient system operation and long-term consumer benefit, it should receive broadly equivalent treatment regardless of whether it is supplied by a household, SME, community generator, or commercial generator. Scale may affect connection requirements, metering costs, reliability obligations, and dispatchability. However, scale should not be used as a reason to systematically underpay small distributed generators for electricity that has equivalent time, location, and system value.

The pricing system should therefore be transparent, dynamic, and cost-reflective. Consumers and businesses should receive fair value for the electricity they export, reflecting the time, location, and system value of that injection. Fair value may include energy value, avoided network cost, avoided losses, resilience value, reduced curtailment, improved utilisation of available generation, support for electrification, or capacity value, provided those values are real, measurable, and assessed by reference to long-term consumer benefit.

A system that underpays consumers for useful injection will discourage distributed generation and storage. A system that pays high prices for injection that has little immediate system value may increase costs for other consumers. The correct solution is not blunt restriction, punitive injection charges, or blunt subsidy, but transparent value-based pricing, flexible demand, and fair competitive access.

9. Capacity pricing, pioneer schemes, and investment coordination

VIA recognises the Authority's concern about position-in-queue problems and first-mover disadvantage. However, VIA considers these issues should be treated as symptoms of cost-allocation and planning problems, not as the normal basis for a future distributed electricity system.

The correct hierarchy is planning first, cost classification second, and pioneer schemes only where a genuine residual first-mover problem remains.

Where a new connection or export arrangement requires a network upgrade, the first question should be what function the upgrade performs. A private or dedicated connection asset can properly be charged to the connecting party. A shared network upgrade that increases capacity for later households, SMEs, community schemes, batteries, EV chargers, generators, or other users should be treated as shared infrastructure. A general network-readiness upgrade required for foreseeable electrification and distributed

participation should be planned and funded as part of the network's transition, not loaded onto the first participant who happens to expose the constraint.

Pioneer schemes may still be useful where a specific first-mover problem already exists. In those cases, they should prevent one participant from bearing costs that later users should fairly share. But pioneer schemes should not substitute for forward-looking network planning, proper cost classification, or transparent allocation of shared network costs.

If distributed generation, storage, flexible electrified loads, and future vehicle-to-grid capability are expected parts of the electricity system, network planning and pricing should anticipate that participation. Shared network capacity should not depend on one early participant bearing costs that properly relate to broader system development.

The long-term objective should be to reduce the need for pioneer schemes by improving distributed-system planning, transparent capacity pricing, flexible demand, storage, and real-time price signals.

A non-prescriptive, enabling approach to capacity pricing may be appropriate at this stage because network circumstances differ. However, wide discretion creates risk where distributors have market power or related interests. Discretion should be constrained by transparency, non-discrimination, guidance, and monitoring of real-world outcomes.

Where distributors rely on network constraints to justify capacity charges, export limits, or other restrictions on distributed participation, those constraints should be transparent and subject to scrutiny. VIA recognises that distributors face real investment requirements. However, where network businesses have returned profits to shareholders, claims that the network lacks capacity or resources to support distributed participation should be assessed carefully. The Authority should distinguish genuine efficient network costs from costs arising because network planning or reinvestment has not kept pace with foreseeable electrification and distributed generation.

Capacity pricing and constraint management should not become indirect ways to penalise generators merely for supplying electricity. VIA accepts that connecting parties may properly face transparent charges for dedicated connection assets or for shared capacity they use or trigger, subject to fair cost-sharing where later users benefit. However, where the underlying issue is excess generation relative to local demand, inadequate demand flexibility, insufficient storage, weak price-signal design, or network planning that has not kept pace with distributed participation, the preferred response should be flexible demand, storage, transparent real-time pricing, and efficient network planning — not punitive injection charges.

10. Real-time information should be freely available and machine-readable

Dynamic pricing only works if households, businesses, and devices can see and respond to the relevant signals.

VIA supports the free and real-time publication of relevant system-level and tariff-level pricing, demand, and network-condition information in machine-readable form, subject to appropriate privacy, cybersecurity, and critical-infrastructure protections. Households, businesses, aggregators, and technology providers cannot respond efficiently to price and demand signals they cannot access.

If current and forecast price signals are available, household batteries, commercial batteries, smart chargers, flexible electrified equipment, and future vehicle-to-grid systems can be programmed to draw electricity when supply is abundant and prices are low, and to reduce demand or export when electricity is scarce and prices are high.

Where electricity is abundant and the system needs additional load, real-time prices should be capable of falling very low, to zero, or where justified becoming negative for consumption. That allows automated systems to absorb electricity when doing so improves system operation. This is a system-management tool, not a subsidy to wasteful consumption.

This would improve utilisation of available generation, reduce avoidable peak pressure, reduce curtailment, and make electrification more valuable for consumers.

A price signal that is not visible, timely, and machine-readable is not an effective price signal.

11. EVs as one part of the future distributed-energy system

Although VIA's broader argument concerns electrification generally, EVs are directly relevant to VIA's sector and are one important example of how electrified technologies may interact with the electricity system.

EVs are not only transport devices. They are large batteries attached to a mobility function.

Even before vehicle-to-grid capability becomes common, managed EV charging can shift substantial demand away from peak periods. As bidirectional charging matures, vehicles may also provide household resilience, peak shaving, and grid support.

New Zealand should ensure that regulatory settings do not prevent capable vehicles, chargers, batteries, aggregators, or related technologies from participating in electricity services where they can do so safely and reliably.

This is particularly important for independent imports. Many vehicles imported into New Zealand are sourced from Japan, where vehicle technology, charging standards, and energy-use features may differ from those in OEM-controlled New Zealand new-vehicle channels. VIA is not suggesting that all imported EVs will be suitable for distributed-energy services, or that safety and interoperability requirements should be relaxed. The point is that regulatory settings should not unnecessarily exclude capable vehicles or technologies merely because they sit outside OEM-controlled New Zealand new-vehicle channels.

Regulatory settings should be technology-neutral and outcome-based wherever possible. They should not create unnecessary barriers that favour OEM-controlled channels, proprietary systems, or incumbent energy-sector participants.

12. The Code should be designed for transition

VIA considers that the DGPP reforms should be designed for transition.

VIA does not assert that all electricity generation will become distributed. However, it is plausible that generation and storage will become increasingly distributed over time through household solar, SME and community generation, stationary batteries, flexible electrified loads, managed charging, and future vehicle-to-grid capability.

The regulatory framework should not entrench a centralised model if technology and consumer participation are moving in a more distributed direction. Instead, it should enable a smooth transition from the system we have today to a system in which many more participants can generate, store, use, and export electricity on fair and transparent terms.

A more distributed system also has potential energy-independence benefits. It can allow more energy demand to be met from domestic generation and local storage, while reducing exposure to imported fossil fuels and the price shocks associated with them.

This does not require the Authority to predict the final structure of the electricity system. It requires rules that do not foreclose efficient distributed participation as technology evolves.

This has practical implications. Pricing should be technology-neutral. Charges should distinguish private assets, dedicated connection assets, and shared network assets. Equivalent use of shared network infrastructure should receive equivalent pricing treatment. Real-time information should be open and machine-readable. Non-discrimination should be monitored and enforced. Pioneer schemes and capacity pricing should reduce first-mover disadvantage where shared infrastructure is being developed. Constraint management should prioritise flexible demand, storage, transparent price signals, and efficient network planning before treating distributed generation as a problem to be charged for. Where constraints are relied on to justify new charges or restrictions, the Authority should be able to test whether those constraints reflect genuine efficient network cost or whether they reflect avoidable underinvestment, weak planning, or insufficient reinvestment in foreseeable distributed participation.

13. Implementation and monitoring

VIA supports reform only if it is implemented in a way that consumers and businesses can understand and use.

The Authority should ensure that distributor pricing methodologies are not merely published, but usable. A technically available methodology that ordinary businesses cannot interpret will not provide the predictability needed for investment.

Implementation should include:

- clear explanations of how injection charges and credits are calculated;
- standardised disclosure of relevant tariff structures;
- accessible information for households and small businesses;
- machine-readable real-time and forecast price signals;
- transparency about congestion, capacity constraints, export value, and any technical export limits;
- safeguards against excessive or discriminatory connection charges;
- adequate transition time for businesses investing in charging, solar, batteries, or other distributed energy assets;
- guidance on distinguishing private generation assets, dedicated connection assets, shared network infrastructure, and any explicit support mechanisms for generation, storage, or flexibility;
- guidance on assessing system value by reference to efficient system operation and long-term consumer benefit, not incumbent revenue protection;
- transparency about whether claimed network constraints reflect genuine efficient cost, or whether they reflect avoidable underinvestment, weak planning, or insufficient reinvestment in foreseeable electrification and distributed generation;
- monitoring of whether any support or cost-sharing arrangements are available on equivalent terms to comparable participants; and
- monitoring of whether the reforms actually improve consumer outcomes and support electrification.

The Authority should monitor whether distributors recognise benefits as well as costs, whether methodologies are consistently applied, whether small participants can understand and respond to pricing signals, and whether pricing supports electrification and distributed participation.

Monitoring should include evidence on whether useful injection is being fairly rewarded, whether low-value injection is treated through low or zero payment rather than punitive charges, whether flexible demand is being enabled to absorb excess generation, and whether non-incumbent participants are receiving equivalent treatment where they provide equivalent system value.

The Authority should also monitor whether “system value” is being assessed by reference to consumer benefit and efficient system operation, rather than by reference to distributor revenue protection, incumbent generator profitability, or preservation of existing market structures.

14. Summary of VIA's position on the reform direction

VIA broadly supports reform of distributed generation pricing where it:

- lowers long-term electricity-system costs;
- increases the practical value of electricity use;
- supports New Zealand's ability to rely more on domestically generated electricity and less on imported fossil fuels;
- rewards efficient distributed generation and storage;
- supports managed charging, flexible electrified loads, and future vehicle-to-grid services;
- makes electricity materially cheaper and more attractive than fossil fuels and other incumbent energy sources by enabling abundant generation, storage, flexible demand, and fair competition;
- improves transparency, consumer participation, and open access to actionable price signals;
- prevents discriminatory treatment by network businesses;
- defines system value by reference to efficient system operation and long-term consumer benefit, not incumbent revenue or profitability;
- treats excess generation as an opportunity to activate flexible demand, storage, managed charging, and local use rather than as a reason to penalise generation;
- requires scrutiny of distributor claims that network constraints justify new charges, export limits, or restrictions on distributed participation;
- maintains clear boundaries between private generation investment and shared network infrastructure;
- ensures any public or consumer-funded support for generation, storage, or flexibility is explicit, transparent, technology-neutral, and available on equivalent terms to all eligible participants; and
- avoids shifting electricity-sector barriers onto vehicle importers, consumers, or businesses seeking to electrify.

VIA would be concerned if the reforms:

- increase complexity for households and small businesses without giving them useful tools to respond;
- allow distributors to recover costs without equivalent transparency or accountability;
- blur the boundary between private generation assets, dedicated connection assets, shared network infrastructure, and explicit support mechanisms;
- create hidden or selective mechanisms for socialising private generation investment;
- use "system value" to protect distributor revenue, incumbent generator margins, scarcity rents, or existing market structures;
- impose charges on generators merely for supplying electricity;

- convert avoidable underinvestment, weak planning, or insufficient reinvestment in network readiness into charges on new distributed participants;
- weaken the economics of distributed solar, batteries, smart charging, or other forms of fair distributed participation;
- underpay consumers for useful injection;
- create regional inequities that distort electrification uptake;
- favour incumbent electricity-sector participants over independent, household, SME, community, or other distributed participants; or
- make electrified technologies less financially attractive relative to fossil-fuel alternatives.

15. Conclusion

VIA supports decarbonisation and recognises that electrification is central to that transition. But the transition must be commercially and socially workable.

VIA also recognises the importance of improving New Zealand's energy independence. Electrification is more compelling where it allows households, businesses, and communities to rely more on domestically generated electricity and less on imported fossil fuels.

Households and businesses are more likely to electrify where electricity is cheap, abundant, reliable, easy to use, and visibly improves the overall value proposition compared with incumbent fuels or technologies. The same principle applies to vehicles, heating, business energy use, process heat, agricultural systems, and distributed storage.

For VIA, this principle is most directly relevant to electric vehicles. Independent importers and dealers can supply affordable electrified vehicles where consumers want them. They cannot force households to buy vehicles whose upfront cost, battery concerns, charging access, operating costs, or electricity arrangements do not make sense.

VIA recognises that electrification ultimately depends on public consent as much as technical feasibility. Policies that pressure consumers, businesses, or importers toward electrification will not be politically durable unless electrified options are already attractive on their merits. The more compelling electricity becomes as an energy source, the less government needs to rely on more interventionist policy; and the more politically viable any future regulatory tightening becomes.

VIA therefore supports DGPP reform where it empowers consumers, enables distributed generation and storage, provides fair value for useful injection, makes real-time information openly available, promotes fair competition between distributed and commercial generation where equivalent value is provided, and strengthens the operating-cost advantage of electricity over fossil fuels and other incumbent energy sources.

That approach will support genuine electrification demand, preserve consumer choice, improve the political durability of decarbonisation policy, improve New Zealand's energy

independence, and allow the independent vehicle import sector to play its proper role in supplying affordable lower-emissions vehicles to New Zealanders.

It is also consistent with VIA's broader position that markets work best when smaller independent participants can compete fairly with larger incumbent or vertically integrated firms. New Zealand consumers have benefited from that principle in the vehicle market through access to independent imports. The DGPP reforms should apply the same competition discipline in the electricity context by enabling fair participation by households, SMEs, community energy schemes, batteries, aggregators, commercial generators, and future vehicle-to-grid participants.

In this submission, that principle is applied separately to vehicle supply and to electricity generation, with the causal link being that a more competitive, abundant, and consumer-responsive electricity system makes electrification easier.

VIA direct responses to consultation questions

This table should be read alongside VIA's main submission. VIA's direct interest is transport electrification, but the electricity-system issues raised by this consultation are relevant to electrification generally. Electricity pricing, distributed generation, storage, charging access, network-use incentives, and real-time price signals affect whether households and businesses choose electrified technologies across vehicles, process heat, household energy, commercial energy use, agricultural energy systems, and distributed storage.

VIA has not attempted to answer every technical drafting question in detail. Where a question is outside VIA's core expertise, VIA responds only to the policy principle relevant to its sector, its members, and the consumers they serve.

VIA's position is based on five related but distinct propositions.

First, electrification depends on consumer and business demand. Electricity price and usability are not the only determinants of that demand. For EVs, upfront purchase price, battery condition and life, charging availability, range, model availability, and resale expectations are often central purchase factors. Similar capital-cost, infrastructure, and confidence barriers exist for other forms of electrification. However, cheap, abundant, reliable, easy-to-use electricity materially strengthens the overall value proposition for electrification by improving total cost of ownership, payback confidence, operating-cost advantage, and consumer and business confidence in switching.

Second, electricity-sector regulation should enable fair participation by households, SMEs, community energy schemes, batteries, aggregators, commercial generators, and future vehicle-to-grid systems. VIA recognises that vehicle importing and electricity generation are structurally different markets. Traditional electricity generation has high entry thresholds, including capital cost, resource access, technical complexity, consenting, connection requirements, and operational capability. VIA's comparison is not that the markets are the same, but that regulation in both sectors affects whether smaller independent participants can create consumer value alongside larger incumbent or vertically integrated firms.

Third, the regulatory framework should distinguish clearly between private generation assets, dedicated connection assets, and shared network infrastructure.

Fourth, consumers may appropriately remain residual payers for shared network costs where that is least distortionary, but they should not be made residual funders of generator-owned productive assets or private generation upgrades unless any such support is explicit, transparent, technology-neutral, and available on equivalent terms to all eligible participants.

Fifth, system value should mean value to efficient, reliable, resilient, and affordable electricity-system operation for the long-term benefit of consumers. It should not mean

value to distributor revenue protection, incumbent generator margins, scarcity rents, or existing market structures.

VIA also considers that the Code should be designed for transition. VIA does not assert that all electricity generation will become distributed. However, it is plausible that generation and storage will become increasingly distributed over time through household solar, SME and community generation, stationary batteries, managed charging, flexible electrified loads, and future vehicle-to-grid capability. The regulatory framework should not entrench a centralised model if technology and consumer participation are moving in a more distributed direction. Instead, it should enable a smooth transition from the system we have today to a system in which many more participants can generate, store, use, and export electricity on fair and transparent terms.

Question	VIA response
Q1. Do you agree with the background and context summary? Is there additional background, evidence, or context relevant to the proposals?	Broadly yes. VIA agrees that electrification, rooftop solar, consumer batteries, EVs, and distributed generation justify reconsidering the DGPPs. Additional context is that electricity-sector pricing and access settings materially affect the overall value proposition for electrified technologies generally, including EVs. Electrification uptake depends not only on product availability and capital cost, but also on whether electricity is cheap, abundant, reliable, easy to use, and visibly improves the overall value proposition compared with fossil fuels or other incumbent technologies. For EVs, upfront purchase price, battery condition and life, charging availability, range, model availability, and resale expectations are often central purchase factors; electricity price and usability remain material to total cost of ownership and switching confidence. VIA also considers that the background should recognise the transition from a primarily centralised electricity system with passive consumers toward a system in which households, SMEs, community schemes, batteries, aggregators, flexible loads, and EVs may become active participants. This also supports New Zealand's energy

	independence by reducing reliance on imported fossil fuels where domestic electricity can be used instead.
Q2. Do you agree there are workability challenges with defining incremental costs under the current DGPPs? Are there additional challenges?	VIA accepts the Authority's view that current arrangements create workability challenges. VIA's concern is that any revised approach must be workable not only for distributors and large generators, but also for households, SMEs, dealers, charging providers, aggregators, and other smaller participants. Complexity that cannot be understood or acted on by smaller participants will reduce the practical value of reform. Workability should include clear boundaries between private generation assets, dedicated connection costs, shared network costs, and any explicit support mechanisms for generation, storage, or flexibility.
Q3. Do you agree the current DGPPs cause costs and benefits to be under-allocated to injection connections?	VIA accepts that current settings may under-allocate some costs and benefits. VIA's key concern is symmetry: if incremental costs are more fully allocated to injection, incremental benefits must also be properly recognised and rewarded. The system should not become better at charging distributed participants for costs than it is at recognising the value they provide. Benefits should be assessed by reference to efficient system operation and long-term consumer benefit, not incumbent revenue protection or generator margins.
Q4. Do you consider it remains appropriate to regulate injection pricing methodologies?	Yes. Injection pricing should remain regulated because distributors have market power and pricing methodologies can materially affect competition, investment, and consumer outcomes. Regulation is especially important where distributors or related parties may have interests in generation, batteries, flexibility services, or charging infrastructure. Regulation should also prevent shared

	network pricing from becoming a mechanism for protecting incumbent electricity-sector positions.
Q5. Do you consider that consumers should remain residual payers?	VIA broadly accepts the Authority's position that residual costs should remain with offtake consumers where allocating those costs to producers would inefficiently deter generation and storage investment. However, this principle must be carefully bounded. Consumers should remain residual payers only for shared network costs where that is the least distortionary way to recover those costs. Consumers should not be required to fund generator-owned generation assets, private generation capability, or private upgrades to generation plant unless any such support is explicit, transparent, technology-neutral, and available on equivalent terms to all eligible participants. A household that installs solar must generally pay for its own panels, inverter, battery, and installation. The same principle should apply to SMEs, community energy schemes, and commercial generators unless a clearly defined public or consumer-funded support mechanism is available on equivalent terms. Each participant should fund its own productive assets unless the policy choice to support those assets has been made openly and non-discriminatorily. Shared network costs should be allocated transparently and should not become a hidden or selective mechanism for socialising private generation investment.
Q6. Do you consider that reframing the incremental cost rule to "must reflect a reasonable estimate of" incremental costs is appropriate?	Conditional yes. VIA supports reframing incremental cost as an anchor rather than a strict cap if this improves workability and reduces inefficient subsidies. However, the phrase "reasonable estimate" must be supported by transparent methodologies,

	clear assumptions, and monitoring. Otherwise the change could create excessive discretion and weaken confidence among smaller participants. The test should be applied to network costs and benefits, not used to blur the boundary between shared network infrastructure and privately owned generation assets. It should also avoid treating reduced incumbent revenue caused by efficient competition as a system cost.
Q7. Do you consider that the proposed amendments to language and framing would support more efficient pricing?	Broadly yes. VIA supports language that focuses on injection and offtake rather than specific technologies, because this is more durable as vehicles, batteries, chargers, solar, flexible loads, and other technologies evolve. VIA also supports recognising both cumulative costs and cumulative benefits. This technology-neutral framing should help the Code remain fit for purpose if generation and storage become increasingly distributed over time.
Q8. Do you consider that a non-prescriptive, enabling approach to capacity pricing is appropriate at this stage?	Conditional yes. Some flexibility is appropriate because network circumstances differ. However, broad distributor discretion should be balanced by strong disclosure, guidance, monitoring, and enforceable non-discrimination. An enabling approach should not allow inconsistent or opaque practices that deter smaller distributed participants, entrench incumbent positions, preserve current network-use patterns by default, or convert avoidable underinvestment into charges on new distributed participants. Capacity pricing should support the transition toward greater distributed participation.
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?	Yes, but only as a residual or remedial tool. VIA considers position-in-queue problems and first-mover disadvantage to be symptoms of cost-allocation and planning

	problems, not the normal basis for a future distributed electricity system. The correct hierarchy is planning first, cost classification second, and pioneer schemes only where a genuine residual first-mover problem remains. Pioneer schemes may be useful where a specific participant has funded shared network capacity that later users will benefit from. However, they should not substitute for forward-looking network planning, proper classification of private, dedicated, and shared assets, or transparent allocation of shared network costs.
Q10. Do you consider that pioneer schemes should also cover network injection capacity?	Yes, where a genuine residual first-mover problem remains. If a network upgrade is private or dedicated to one connection, it can properly be charged to the connecting party. If an upgrade creates shared network capacity for later households, SMEs, community schemes, batteries, EV chargers, generators, or other users, it should be treated as shared infrastructure. If it is a general network-readiness upgrade required for foreseeable electrification and distributed participation, it should be planned and funded as part of the network's transition, not loaded onto the first participant who happens to expose the constraint. Pioneer schemes should therefore cover injection capacity only where they prevent one participant from bearing shared costs that later users should fairly share.
Q11. Do you consider that the proposed non-discriminatory pricing requirements would improve confidence that investors are safeguarded from discriminatory pricing?	Yes. VIA strongly supports a non-discrimination requirement. Pricing should not favour distributor-owned, related-party, or incumbent-backed electricity assets over independent participants. This is important for confidence, competition, and innovation. VIA recognises that smaller distributed participants are not equivalent to large commercial generators.

	Traditional generation has higher entry thresholds and may involve different technical, operational, and connection requirements. The relevant principle is equivalent treatment where different participants use shared infrastructure in the same way or provide equivalent system value. Where a commercial generator, household, SME, community scheme, battery, aggregator, or vehicle-to-grid participant uses the same regulated network infrastructure in the same way and provides or imposes equivalent system value or cost, it should face equivalent pricing treatment. System value should mean efficient, reliable, resilient, and affordable system operation for the long-term benefit of consumers, not value to distributor revenue, incumbent generator margins, or market position. Differences in scale, timing, location, dependability, connection size, and technical requirements may justify different charges. Ownership type, incumbency, corporate scale, or profitability should not be used to justify preferential or discriminatory pricing.
Q12. Do you agree with the proposed application provisions, including opting out, retrospectivity, and secondary networks?	VIA supports limiting opt-outs where bilateral arrangements would shift costs to other consumers or undermine fair competition. VIA does not take a detailed position on retrospectivity or secondary networks, except to note that changes should preserve legitimate investment expectations while allowing efficient pricing reform to proceed. Opt-out arrangements should not become a mechanism for incumbent or related-party participants to secure preferential treatment, avoid transparency, or socialise private investment costs selectively.
Q13. Do you agree with the proposed commencement provisions?	VIA supports reasonable transition periods. Implementation should allow

	distributors, retailers, households, SMEs, and businesses investing in solar, batteries, EV charging, flexible electrified loads, or related assets to understand the new settings before material charges or credits apply. Transition should be smooth enough to avoid chilling distributed investment, but not so slow that inefficient or discriminatory settings are preserved unnecessarily.
Q14. Do you have suggestions for supporting successful implementation?	Yes. Implementation should include plain-language guidance, worked examples, standardised disclosure templates, accessible explanations for households and SMEs, and machine-readable price and tariff data. Methodologies should be practically usable, not merely published. Guidance should explain the distinction between private generation assets, dedicated connection assets, shared network infrastructure, and any explicit support mechanisms for generation, storage, or flexibility. It should also explain how system value is assessed by reference to efficient system operation and long-term consumer benefit, and how low-value injection is treated without becoming a punitive charge on generators.
Q15. Do you have suggestions for effective monitoring and reporting?	Yes. The Authority should monitor whether distributors recognise benefits as well as costs, whether methodologies are consistently applied, whether small participants can understand and respond to pricing signals, and whether pricing supports electrification and distributed participation. Monitoring should include evidence on whether useful injection is being fairly rewarded, whether low-value injection is treated through low or near-zero payment rather than charges merely for supplying electricity, whether flexible demand is being enabled to absorb excess generation, whether claimed network

	constraints reflect genuine efficient cost rather than avoidable underinvestment or weak planning, and whether non-incumbent participants receive equivalent treatment where they provide equivalent system value. The Authority should also monitor whether "system value" is being assessed by reference to consumer benefit and efficient system operation, rather than distributor revenue protection, incumbent generator profitability, or preservation of existing market structures.
Q16. Do you agree it is appropriate to give distributors relatively wide discretion as to how they implement capacity charges for injection connections?	Conditional yes. Distributor discretion may be necessary because networks differ. However, wide discretion creates risk where distributors have market power or related interests. Discretion should be constrained by transparency, non-discrimination, guidance, and monitoring of real-world outcomes. The Authority should be cautious that broad discretion does not allow network businesses to preserve incumbent advantages, inhibit distributed participation, or convert avoidable underinvestment, weak planning, or insufficient reinvestment in network readiness into charges on new distributed participants.
Q17. Do you agree that larger connections need a more bespoke approach than the broad-based approach for residential and small business consumers?	Yes. Larger connections may require more bespoke treatment because dependability, location, dispatchability, and network effects differ. However, bespoke treatment must be transparent and non-discriminatory. It should not be used to favour incumbent or related-party assets. The principle should be equivalent treatment for equivalent use, value, or cost impact, with differences justified by real technical or economic differences rather than ownership, incumbency, or scale where scale is not causally relevant to cost or value.
Q18. Is there specific guidance that would	VIA recommends guidance on how to value

help distributors implementing capacity charges for injection?	injection benefits, when to use congestion pricing versus capacity charges, how to avoid double-counting, how to treat storage, managed charging, flexible electrified loads, and future vehicle-to-grid capability, and how to present charges in ways that smaller commercial participants can understand. Guidance should prevent private generation asset costs from being recovered through shared network charges while still allowing fair recovery and sharing of genuine shared network costs. Guidance should also prevent capacity pricing from becoming an indirect charge on generators merely for supplying electricity where the real issue is inadequate demand flexibility, insufficient storage, weak price-signal design, or network planning that has not kept pace with foreseeable distributed participation.
Q19. Do you consider that inconsistent treatment of transmission connection charges for large generation projects may distort investment?	VIA agrees in principle that inconsistent treatment may distort investment where similar projects face materially different costs because of connection ownership or network classification rather than underlying system value. VIA does not take a technical position on the preferred solution. The relevant principle is that regulatory settings should not create artificial incentives to select less efficient connection arrangements merely to avoid charges. System value should be assessed from the perspective of efficient system operation and long-term consumer benefit.
Q20. Do you have a view on the best option to address the connection charge distortion issue?	VIA does not propose a detailed technical solution. The principle should be that connection pricing should support efficient investment decisions and should not create artificial incentives to select less efficient connection arrangements merely to avoid charges. Equivalent use of shared infrastructure should receive equivalent treatment, while private generation assets

	should generally remain the responsibility of their owners unless explicit, technology-neutral, and non-discriminatory support applies.
Q21. Do you consider that the restriction on recognising transmission benefits should be reconsidered if the other proposed Code amendments are made?	Yes, cautiously. If the Code is amended to better allocate incremental costs, it should also be open to reconsidering whether transmission benefits can be recognised where they are real, measurable, and not already rewarded through another mechanism. The risk of double-counting should be managed, but it should not be used as a reason to ignore genuine benefits. Benefits should be assessed by reference to efficient system operation and long-term consumer benefit, not incumbent revenue or profitability.
Q22. Are there any other matters important for reform of the DGPPs?	Yes. The Authority should consider the role of DGPP reform in electrification generally, future distributed electricity participation, and energy independence. Demand for electrified technologies is strengthened where electricity is cheap, abundant, reliable, easy to use, and visibly improves the overall value proposition compared with fossil fuels or other incumbent technologies. Electricity price and usability should not be treated as the sole determinants of uptake, but they materially affect total cost of ownership, payback confidence, operating-cost advantage, and switching confidence. Reform should support abundant generation, distributed participation, fair payment for useful injection, fair treatment of low-value injection, and open real-time information that allows batteries, smart chargers, flexible loads, and future V2G systems to respond efficiently. Excess generation should be treated as an opportunity to activate flexible demand, storage, managed charging, and local use, not as a reason to penalise generation. In some

	circumstances, very low, zero, or negative prices for consumption may be an efficient system-management tool where they help absorb excess generation. The Code should not assume that generation will remain predominantly centralised; it should enable a smooth transition toward a system in which many more participants can generate, store, use, and export electricity on fair and transparent terms.
Q23. Do you have comments on the consumer impact analysis methodology or findings?	VIA does not provide a detailed methodological critique. VIA notes, however, that consumer impact analysis should consider dynamic effects over time, including whether fairer pricing encourages more distributed generation, storage, flexible demand, managed charging, and electrification uptake, thereby reducing long-term system costs. Consumer impact analysis should not treat electricity price as the sole determinant of electrification uptake, but it should recognise that electricity price and usability affect total cost of ownership, payback confidence, operating-cost advantage, and consumer confidence. Consumer impact analysis should also distinguish between shared network costs, which may appropriately be recovered from consumers, and private generation asset costs, which should not be socialised through network pricing except through explicit, technology-neutral, and non-discriminatory support. For VIA, the relevant consumer impact includes whether electricity pricing strengthens or weakens the overall value proposition for electrification, including EV ownership. Lower prices caused by efficient competition and increased supply should be treated as a consumer benefit, not as a loss of system value.
Q24. Do you agree with the objectives of the proposed amendment?	Broadly yes. VIA supports objectives that improve efficiency, competition, reliability,

	affordability, resilience, and long-term consumer benefit. VIA particularly supports the objective of reducing electricity supply costs and improving electricity-system usability where this strengthens the overall consumer and business value proposition for electrification and energy independence. VIA also supports the objective of future-proofing the Code so it can accommodate increasing distributed generation, storage, managed charging, flexible loads, and V2G participation without entrenching incumbent market structures.
Q25. Do you agree the benefits of the proposed amendments would outweigh the costs?	VIA broadly agrees, provided implementation is proportionate and does not create excessive complexity for smaller participants. The benefits are most likely to outweigh costs if the reform recognises both costs and benefits, supports distributed participation, improves long-term affordability, maintains clear boundaries between private productive assets and shared network infrastructure, avoids punitive injection charges, enables flexible demand to absorb excess generation, and scrutinises distributor claims that network constraints justify new charges or restrictions.
Q26. Do you agree the proposed amendment is preferable to the other options?	VIA broadly supports the proposed amendment over retaining the status quo or removing regulation entirely. VIA does not support removing DGPPs if that would increase uncertainty or distributor market power. VIA also does not support strict parity between injection and offtake where that would inefficiently deter generation and storage investment. However, strict parity is different from equivalent treatment for equivalent use of shared network infrastructure. VIA supports equivalent treatment where a household, SME, community scheme, commercial

	generator, battery, aggregator, or future V2G participant uses shared network infrastructure in the same way or provides equivalent system value.
Q27. Do you agree the proposed amendment complies with section 32(1) of the Electricity Industry Act 2010?	VIA does not provide a legal assessment. At a policy level, VIA considers the proposal appears consistent with promoting competition and efficient operation for the long-term benefit of consumers, provided non-discrimination, transparency, fair benefit recognition, clear cost-allocation boundaries, proper assessment of system value, and fair treatment of low-value injection are properly implemented.
Q28. Do you consider the preferred high-level settings for injection pricing are consistent with the distribution pricing principles?	Broadly yes. VIA considers the settings are consistent with economic-cost signalling, provided prices reflect benefits as well as costs, are transparent, and enable efficient network alternatives such as distributed generation, storage, managed charging, flexible demand, and demand response. The settings should also be applied in a technology-neutral and transition-ready way, so the Code remains fit for purpose as distributed participation grows. They should not allow "system value" to be used as a proxy for distributor revenue protection, incumbent generator margins, scarcity rents, or preservation of existing market structures. Low-value injection may properly receive low or near-zero payment, but it should not become a charge merely for supplying electricity.
Q29. Do you consider consolidating distribution pricing methodology requirements into Part 6B would improve clarity and consistency?	Yes, in principle. Consolidation should improve clarity and consistency if it makes the Code easier to navigate and supports coherent treatment of injection, offtake, connection charges, lines charges, price signals, capacity pricing, and system value. Consolidation should also help maintain clear distinctions between private generation assets, dedicated connection

	costs, shared network costs, and any explicit support mechanisms for generation, storage, or flexibility.
Q30. Do you have comments on the drafting of the proposed Code amendment?	VIA has no detailed drafting comments. VIA's concern is that the final Code drafting should give clear effect to fair competition, non-discrimination, transparent methodologies, recognition of both costs and benefits, fair treatment of low-value injection, and clear boundaries between private generation investment and shared network infrastructure. Drafting should avoid ambiguity that would allow charges merely for supplying electricity, hidden or selective socialisation of private generation investment, or use of "system value" to protect incumbent revenue, profitability, scarcity rents, or existing market structures.

Model-to-outcome comparison: Authority preferred DGPP settings and VIA recommended safeguards — Version 1.2

Purpose of this note

This note compares two regulatory models and projects the likely system dynamics each would create if extended into the future.

The first model is the Electricity Authority's preferred reform pathway, assessed on its own terms. It is not treated as hostile to distributed generation. It is treated as a reform model built around cost-reflective pricing, distributor methodology discretion, continued regulation of injection pricing, residual cost recovery from offtake consumers, recognition of injection costs and benefits, non-discrimination, and pioneer schemes.

The second model is VIA's recommended pathway. It accepts the Authority's broad movement toward cost-reflective pricing, but adds stronger safeguards around system value, cost classification, distributor discretion, low-value injection, flexible demand, real-time information, and long-term consumer benefit.

This is not a factual forecast. It is a systems projection. It asks what incentives, behaviours, and end-states are likely to emerge if each model is applied consistently over time.

1. Model A: the Authority's preferred settings

1.1 Stated settings

The Authority's preferred model appears to rest on the following settings.

Injection and offtake connections should both face price signals for the economic cost consequences of connecting to and using the network.

Residual network costs should continue to be recovered from offtake consumers, rather than being allocated to injection in a way that could deter generation or storage investment.

Injection pricing should remain regulated through the DGPPs. The Authority is not proposing full deregulation of injection pricing.

The incremental cost rule should be reframed so that charges must reflect a reasonable estimate of incremental cost, rather than being treated as a strict cap.

Incremental costs allocated to injection should be net of recognised benefits from injection.

Distributors should have more ability to use capacity pricing, congestion pricing, and other locally appropriate pricing tools.

Pioneer schemes should be available to address first-mover disadvantage where one participant funds capacity that later participants may benefit from.

A non-discrimination requirement should prevent distributors from setting prices by reference to ownership or beneficial interests.

1.2 Implied system logic

The Authority's model is built around economic signalling. Its basic logic is that distributed generation, storage, and other injection connections should receive more accurate signals about where and when they impose network costs or provide network benefits.

The model assumes distributors are best placed to identify local network conditions and design methodologies suited to those conditions. It therefore gives distributors discretion, but within a regulated framework.

The model also assumes that better price signals will support better investment decisions. If a distributed resource imposes costs, the cost signal should discourage inefficient connection or operation. If it provides benefits, the pricing framework should be capable of recognising those benefits.

The model also accepts that not all costs should be pushed onto injection. Residual network costs remain with offtake consumers because allocating those costs to producers could deter efficient generation and storage investment.

In this model, the distributor remains the central coordinator of local network pricing. Distributed participation is allowed and may be encouraged where it provides measurable value, but it is largely mediated through distributor-designed methodologies.

1.3 Incentives created by Model A

For distributors, the model creates stronger tools to manage injection, capacity, and congestion. Distributors can better signal network costs and may be able to discourage connections or exports that impose local constraints.

For large generators, large batteries, commercial aggregators, and sophisticated energy users, the model creates incentives to analyse network methodologies, locate assets where price signals are favourable, negotiate connection arrangements, and optimise operation around local network charges.

For households, SMEs, community schemes, smaller charging providers, and small aggregators, the model creates a more conditional participation environment. These participants may benefit if methodologies are simple, transparent, and machine-readable. They may struggle if methodologies are complex, localised, frequently changing, or difficult to challenge.

For consumers generally, the model may reduce inefficient cross-subsidies and improve long-term network efficiency if distributors recognise benefits as well as costs and if pricing methodologies are practically usable.

For distributed generation, the model creates a mixed incentive. Injection that provides clear network value may be better recognised. Injection that occurs at constrained times or places may face stronger cost signals. That is not inherently wrong, but the practical effect depends heavily on how those signals are calculated and communicated.

1.4 Model A projected forward

If extended into the future, Model A would likely produce a more technically sophisticated network-pricing system than the current DGPPs.

The distribution network would remain the organising centre. Distributors would hold substantial interpretive power over local cost, local value, capacity constraints, congestion, and connection requirements. The system would become more granular and potentially more economically accurate, but also more complex.

Large commercial actors would likely adapt first and best. They have the resources to model charges, engage with distributors, understand connection economics, and optimise their assets.

Smaller participants would depend on the quality of implementation. If distributors provide clear, accessible, machine-readable signals, households and SMEs may participate effectively through technology providers and automation. If signals are opaque or methodologies are difficult to understand, smaller participants may remain passive or dependent on intermediaries.

Distributed generation would grow where the economics remain favourable after capacity and congestion signals are applied. Growth may be stronger in areas where network conditions are favourable and weaker where distributors classify injection as costly or constrained.

The model may reduce some inefficient investment by discouraging poorly located or poorly timed injection. It may also improve recognition of high-value distributed resources. However, it may not by itself ensure that the network actively evolves toward broad distributed participation.

1.5 Model A end-state

The likely end-state of Model A is a more cost-reflective, distributor-mediated electricity distribution system.

It is likely to be better than the current DGPPs in technical terms. It would have more tools to identify costs and benefits, more room for capacity pricing, and a formal non-discrimination principle.

However, the end-state remains heavily dependent on distributor judgement. Distributed participation is possible, but conditional. The system is more open than before, but still largely organised around distributor-defined network access and value.

The strongest version of this end-state is a flexible system where distributors recognise costs and benefits symmetrically, consumers receive clearer signals, distributed resources connect where they provide value, and first-mover problems are reduced.

The weaker version is a system where pricing becomes technically published but practically inaccessible, where smaller participants cannot easily test or respond to charges, where low-value injection is treated mainly as a network-management problem, and where distributor discretion preserves much of the existing centralised structure.

The model therefore improves the current framework, but does not fully resolve the risk that distributed participation will remain uneven, complex, and dependent on distributor interpretation.

2. Model B: VIA's recommended settings

2.1 Stated settings

VIA's recommended model accepts cost-reflective pricing, but adds stronger principles to govern how costs, benefits, and system value are defined and applied.

System value should mean value to efficient, reliable, resilient, and affordable electricity-system operation for the long-term benefit of consumers. It should not mean value to distributor revenue protection, incumbent generator margins, scarcity rents, or preservation of existing market structures.

Private generation and storage assets should generally be funded by their owners, unless there is an explicit, transparent, technology-neutral, and non-discriminatory support mechanism.

Dedicated connection assets can properly be charged to the connecting party.

Shared network infrastructure should be allocated transparently and non-discriminatorily.

Consumers may remain residual payers for shared network costs where that is least distortionary, but should not become residual funders of private generation assets or hidden subsidies for selected participants.

Low-value injection may receive low or near-zero payment, but should not become a charge merely for supplying electricity.

Excess generation should be treated as an opportunity to activate flexible demand, storage, managed charging, and local use.

Real-time and forecast price signals should be accessible, timely, and machine-readable, so devices and service providers can respond automatically.

Distributor claims about network constraints should be transparent and testable, especially where constraints may reflect avoidable underinvestment, weak planning, or insufficient reinvestment in foreseeable distributed participation.

Pioneer schemes should be residual tools. The preferred hierarchy is planning first, cost classification second, and pioneer schemes only where a genuine first-mover problem remains.

2.2 Implied system logic

VIA's model is also built around price signals, but it treats price signals as part of a broader transition design.

The model assumes distributed participation is not an exceptional add-on to the electricity system. It is a foreseeable direction of travel. Household solar, SME generation, community energy, commercial batteries, managed charging, flexible loads, aggregators, and future vehicle-to-grid capability should therefore be anticipated in network planning and pricing.

The model distinguishes carefully between different kinds of cost. Private asset costs remain private. Dedicated connection costs can be charged to the connecting party. Shared network costs should be allocated transparently. General network-readiness costs for foreseeable distributed participation should not be loaded onto the first participant who exposes a constraint.

The model treats low-value electricity differently from harmful electricity. If electricity has little immediate value, it may attract little or no payment. But that is different from penalising the act of supplying electricity. Where excess electricity creates a system-management problem, the first response should be to activate demand, storage, or local use where efficient.

The model also treats competition as a consumer benefit. If distributed participation increases supply, reduces scarcity rents, or lowers incumbent margins, that should not be framed as a loss of system value merely because incumbent revenue falls.

2.3 Incentives created by Model B

For distributors, the model creates a stronger obligation to plan for distributed participation. Distributors would still recover genuine efficient costs, but would need to distinguish those costs from avoidable under-readiness or historical planning choices.

For households, SMEs, community schemes, batteries, aggregators, and charging providers, the model creates a clearer basis for participation. These participants would not be promised high payments or free network access, but they would have stronger protection against opaque, discriminatory, or punitive treatment.

For commercial generators and larger participants, the model preserves cost-reflective pricing and dedicated connection-cost recovery. It does not create a blanket subsidy for

smaller participants. It instead requires equivalent treatment where equivalent value or shared-network use exists.

For consumers generally, the model aims to make electricity more useful. It encourages more generation, more storage, more flexible demand, and better use of low-price periods. It also protects consumers from being made hidden funders of private generation assets unless support is explicit and available on equivalent terms.

For electrification, the model improves the operating environment. Electricity price and usability are not the only determinants of electrification uptake, but they materially affect total cost of ownership, payback confidence, operating-cost advantage, and switching confidence.

2.4 Model B projected forward

If extended into the future, Model B would likely produce a more distributed, flexible, and consumer-responsive electricity system.

The network would remain central, but its role would shift. Instead of primarily delivering centrally generated electricity to passive consumers, distributors would increasingly coordinate a system with many active participants.

Sites would become more dynamic. A household, business, depot, farm, or community scheme might consume, generate, store, export, or reduce demand depending on price and system need.

Flexible demand would become more important. Batteries, hot-water systems, commercial processes, EV charging, agricultural loads, and other controllable uses could absorb excess electricity when prices are low or negative for consumption. This would make excess generation more useful and reduce the need to treat injection as a problem.

Distributed generation and storage would grow where they provide genuine system and consumer value. Not every distributed asset would be valuable in every location or at every time. The model does not guarantee high export prices or unlimited export rights. It requires transparent value-based treatment.

Electrification would be supported indirectly. The model does not assume electricity price is the only driver of EV or electrification decisions. Upfront cost, battery life, charging access, infrastructure, model availability, and confidence factors remain important. However, the model strengthens the overall value proposition by making electricity more affordable, more usable, and more responsive to real system conditions.

2.5 Model B end-state

The likely end-state of Model B is a transition-ready electricity system in which distributed participation is a normal design assumption.

Consumers and businesses would have more opportunity to participate through generation, storage, flexible demand, managed charging, and aggregation. Small participants would still need automation and intermediaries in many cases, but the regulatory framework would be designed to make that participation possible on fair terms.

Distributors would remain powerful and necessary, but their discretion would be bounded by clearer definitions, transparency, and monitoring.

The system would likely be more complex than today. That is a real cost. However, the complexity would be directed toward activating useful behaviour rather than merely allocating charges.

The strongest version of this end-state is a system where abundant electricity is used well, flexible demand absorbs excess generation, distributed participants compete fairly, consumers benefit from lower long-term costs, and electrification becomes more commercially durable.

The weaker version is a system where governance, data, and automation fail to keep up with complexity; where network planning overbuilds ahead of demand; or where passive consumers bear costs without receiving practical opportunities to benefit.

VIA's safeguards are intended to prevent that weaker version.

3. Direct comparison of projected outcomes

3.1 Treatment of distributed participation

Model A allows distributed participation, but keeps it largely mediated through distributor-designed pricing methodologies.

Model B treats distributed participation as a foreseeable system feature and asks distributors, regulators, and pricing methodologies to plan around that future.

Model B is preferred because it is more likely to prepare the system for technological change rather than treating each new distributed resource as an exception to be priced around.

3.2 Treatment of system value

Model A relies on identifying costs and benefits, but does not by itself fully define system value in a way that excludes incumbent revenue protection or scarcity rents.

Model B defines system value as efficient, reliable, resilient, and affordable electricity-system operation for the long-term benefit of consumers.

Model B is preferred because the definition reduces the risk that lower incumbent revenues are mistaken for lower system value.

3.3 Treatment of low-value injection

Model A creates tools that could distinguish high-value and low-value injection, but without VIA's safeguard there is a risk that low-value injection is managed through charges or restrictions that operate as penalties.

Model B accepts that low-value injection may receive low or no payment, but rejects charging generators merely for supplying electricity. It instead prioritises flexible demand, storage, managed charging, and local use.

Model B is preferred because it treats excess electricity as a potential resource to be used, not merely as a network problem to be discouraged.

3.4 Treatment of smaller participants

Model A may work well for large and sophisticated participants. Smaller participants benefit only if distributor methodologies and price signals are accessible, transparent, and actionable.

Model B makes accessibility, machine-readable information, and non-discrimination central design requirements.

Model B is preferred because it is more likely to allow households, SMEs, community schemes, and smaller aggregators to participate in practice rather than only in theory.

3.5 Treatment of network constraints

Model A gives distributors more tools to price and manage network constraints.

Model B allows genuine efficient costs to be recovered, but requires constraint claims to be transparent and testable. It distinguishes real efficient cost from avoidable underinvestment, weak planning, or insufficient reinvestment in foreseeable distributed participation.

Model B is preferred because it lowers the risk that network-readiness failures are converted into charges on new distributed participants.

3.6 Treatment of electrification

Model A may support electrification where price signals improve network efficiency and where participants can respond to those signals.

Model B more deliberately aligns distributed generation, storage, flexible demand, and real-time pricing with the broader conditions for electrification.

Model B is preferred because it is more likely to make electricity a more useful and attractive energy source across transport, households, commercial activity, agriculture, process heat, and distributed storage.

4. Overall assessment

The Authority's model is a real improvement over the current DGPPs. It retains regulation, recognises that injection can create both costs and benefits, allows more nuanced pricing tools, preserves residual cost recovery from offtake consumers, adds non-discrimination, and addresses some first-mover problems.

However, when projected forward, the Authority's model tends toward a more sophisticated but still distributor-mediated system. It improves technical pricing but leaves significant practical questions about discretion, accessibility, system value, smaller participants, low-value injection, and network-readiness accountability.

VIA's model keeps the useful parts of the Authority's approach but changes the projected end-state. It turns the reform from a distributor pricing-methodology exercise into a transition framework for distributed participation, electrification, energy independence, and long-term consumer benefit.

The difference is not whether cost-reflective pricing should exist. Both models accept efficient pricing.

The difference is what cost-reflective pricing is allowed to become.

Under Model A, cost-reflective pricing may become a more technically precise way for distributors to manage access to the network.

Under Model B, cost-reflective pricing is constrained by a public-interest definition of system value, clear asset-cost boundaries, fair treatment of low-value injection, accessible real-time information, and scrutiny of distributor constraint claims.

5. Preferred outcome

Model A is not wrong. It is incomplete. It may improve the current DGPPs, but its projected end-state remains too dependent on distributor discretion and too uncertain for smaller distributed participants.

Model B is more likely to produce the system New Zealand needs for durable electrification: a system where electricity is cheaper, more abundant, reliable, easier to use, and integrated with distributed generation, storage, flexible demand, and consumer participation.

Model B also better reflects VIA's competition principle. The point is not that electricity generation and vehicle importing are structurally identical. They are not. Traditional electricity generation has high entry thresholds. The point is that where technology makes smaller, independent, site-specific participation possible, regulation should not preserve incumbent control by default.

For that reason, VIA's recommended safeguards are not rhetorical additions. They materially change the likely future system. They make it more likely that distributed

participation will create consumer value, support energy independence, improve electrification conditions, and prevent the costs of network under-readiness or incumbent protection from being shifted onto new entrants.