



This legislation is administered by the Electricity Authority. For more information please see:

Website: <https://www.ea.govt.nz/>

Contact phone: +64 4 460 8860

Contact address: PO Box 10041, Wellington 6143

Electricity Industry Participation Code (Connection Charge Balance Point Principle and Reconciliation) Amendment 2026

This amendment to the Electricity Industry Participation Code 2010 (Code) is made under section 38 of the Electricity Industry Act 2010 (Act) by the Electricity Authority having complied with section 39 of the Act.

Contents

1	Title	2
2	Commencement	2
3	Code amended	2

Part 1

Amendments to Part 1 of the Electricity Industry Participation Code

4	Clause 1.1 amended (Interpretation)	2
---	-------------------------------------	---

Part 2

Amendments to Part 6B of the Electricity Industry Participation Code

5	Clause 6B.11 amended (Connection charge reconciliation requirements)	2
6	New clauses 6B.11A to 6B.11C and cross-heading inserted	3
	<i>Connection charge balance point principle pricing methodology</i>	3
	6B.11A Connection charge balance point principle pricing methodology	3
	6B.11B Consequence of not applying connection charge balance point principle	3
	6B.11C Clauses expire	4

Amendment

1 Title

This is the Electricity Industry Participation Code (Connection Charge Balance Point Principle and Reconciliation) Amendment 2026.

2 Commencement

This amendment comes into force on 1 August 2026, except for clause 5 which comes into force on 1 October 2026.

3 Code amended

This amendment amends the Electricity Industry Participation Code 2010.

Part 1

Amendments to Part 1 of the Electricity Industry Participation Code

4 Clause 1.1 amended (Interpretation)

In clause 1.1(1), insert in their appropriate alphabetical order:

connection charge balance point principle means the pricing methodology in clause 6B.11A

shared network costs means the costs of a **distribution network** that are not incremental to a single **connection**, including the cost of—

- (a) communal **network** development (eg, historical reticulation and **grid** connection); and
- (b) renewal of older **connections**; and
- (c) other shared business and **network assets** and operating expenses (including **network capacity costs**)

Part 2

Amendments to Part 6B of the Electricity Industry Participation Code

5 Clause 6B.11 amended (Connection charge reconciliation requirements)

Replace clause 6B.11(4)(c)(ii) with:

- (ii) a discount rate equal to the most recent available estimate of vanilla WACC (being the weighted average cost of capital) determined by the Commerce Commission under clause 2.4.5(4) of the **EDB IMs** less an adjustment to remove inflation consistent with inflation projections for the year ahead from the most recent Monetary Policy Statement published by the Reserve Bank of New Zealand at the time the determination is published by the Commerce Commission; and

6 New clauses 6B.11A to 6B.11C and cross-heading inserted

After clause 6B.11, insert:

Connection charge balance point principle pricing methodology

6B.11A Connection charge balance point principle pricing methodology

- (1) The **connection charge balance point principle** is the principle that a **distributor's** pricing methodologies should provide that the contribution to **shared network costs** from new **connections** and upgraded **connections** is commensurate with the contribution from existing **connections**.
- (2) Contributions are commensurate when—
 - (a) the costs of new **connections** and upgraded **connections** are not subsidised by existing **connections**; and
 - (b) new **connections** and upgraded **connections** otherwise make a similar (or lower) contribution to **shared network costs** as similar existing **connections**.
- (3) Contributions include **connection charges** and **lines** charges, including forecast **lines** charges.

6B.11B Consequence of not applying connection charge balance point principle

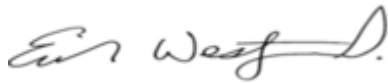
- (1) If the **Authority** considers that a **distributor** has not applied, or is likely to not apply, the **connection charge balance point principle**, it must direct the **distributor** to amend its pricing methodologies to make them consistent with the **connection charge balance point principle** provided the Authority has identified material efficiency concerns with the **distributor's** prices and the costs of the **distributor** applying the **connection charge balance point principle** do not outweigh the benefits of doing so.
- (2) A direction under subclause (1) may—
 - (a) provide for the **distributor** to amend its pricing methodologies in a way that allows for consistency with the **connection charge balance point principle** to be achieved over time, for example, by changing the allocation of costs between existing and new **connections** in steps; and
 - (b) specify a reasonable timeframe or timeframes within which consistency must be achieved; and
 - (c) specify a timeframe that extends beyond 1 April 2030.
- (3) If the **Authority** issues a direction under subclause (1), the **distributor** must make its pricing methodologies consistent with the **connection charge balance point principle** within any timeframes and consistent with any other requirements specified in the direction.
- (4) Before issuing a direction under subclause (1), the **Authority** must, in the following order:
 - (a) notify the **distributor** that it is considering close examination of whether to issue a direction in respect of the **distributor's** pricing methodologies;
 - (b) give the **distributor** sufficient information about the reasons why the **Authority** is considering close examination, and an opportunity to respond within a reasonable timeframe specified by the **Authority** before commencing close examination:

- (c) following close examination and, if the **Authority** provisionally decides to make a draft direction, give the **distributor**—
 - (i) a draft report setting out the **Authority's** analysis of why the **distributor's** pricing methodologies are not, or will not be, consistent with the **connection charge balance point principle**; and
 - (ii) the reasons for the **Authority's** proposed direction, proposed timeframes for it to apply and other requirements that the Authority proposes to set under subclause (2); and
 - (iii) an opportunity to respond within a reasonable timeframe specified by the **Authority**;
- (d) give the **distributor** an opportunity to voluntarily address the issues identified in the draft report within a reasonable timeframe specified by the **Authority**.

6B.11C Clauses expire

- (1) Clauses 6B.11A and 6B.11B expire on 1 April 2030.
- (2) Despite subclause (1), a **distributor** must continue to ensure that its pricing methodologies are consistent with the **connection charge balance point principle** until the end of the timeframe specified in a direction given under clause 6B.11B(1).

Made at Wellington on 26 June 2026



Erik Westergaard
Acting Chair
Electricity Authority

Certified in order for signature:



Nicholai Mumford
Senior Legal Counsel
Electricity Authority
19 June 2026



Nick Crang
Consultant
Duncan Cotterill
25 June 2026

Explanatory Note

This note is not part of the amendment but is intended to indicate its general effect.

This amendment to the Electricity Industry Participation Code 2010 comes into force on 1 August 2026, except for clause 5 which comes into force on 1 October 2026.

The amendment amends Part 6B of the Electricity Industry Participation Code 2010 to—

- (a) provide for a new connection charge balance point principle pricing methodology, including the connection charge balance point principle, which is the principle that a distributor's pricing methodologies should provide that the contribution to shared network costs from new connections is commensurate with the contribution from existing connections;
 - (b) empower the Authority to direct distributors to amend their pricing methodologies to make them consistent with the principle; and
 - (c) align the discount rate calculation used in the connection charge reconciliation required by clause 6B.11 with the most recent available estimate of vanilla WACC determined by the Commerce Commission under its input methodology determination that applies to electricity distribution services.
-

Electricity Industry Participation Code (Connection Charge Balance Point Principle
and Reconciliation) Amendment 2026

This is secondary legislation issued under the authority of the Legislation Act 2019 .	
Title	Electricity Industry Participation Code (Connection Charge Balance Point Principle and Reconciliation) Amendment 2026
Principal or amendment	Amendment
Consolidated version	No
Empowering Act and provisions	Electricity Industry Act 2010, section 38
Replacement empowering Act and provisions	Not applicable
Maker name	Electricity Authority
Administering agency	Electricity Authority
Date made	26 June 2026
Publication date	1 July 2026
Notification date	1 July 2026
Commencement date	1 August 2026
End date (when applicable)	Not applicable
Consolidation as at date	Not applicable
Related instruments	Electricity Industry Participation Code 2010