24 August 2026

Electricity Authority
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Re: Further reform of distribution connection pricing – Issues paper

Counties Energy Limited (CEL) welcomes the opportunity to comment on the Electricity Authority's (EA's) consultation on "Further reform of distribution connection pricing – Issues paper".

In its paper, the EA sets out further reform measures of connection pricing to address the residual issues not covered by the 'fast-track measures' recently implemented.[1] This includes multiple areas of reform relating to distributor costing methodologies for quantifying the incremental cost of a connection, and distributor's approach for allocating incremental costs between upfront charges and lines revenue.

The EA's proposed allocation methodology would result in greater cross-subsidies, not less

CEL currently conducts designs and cost estimates based on each individual customer request and determines the cost of required network investment needed. The incremental cost for each connection depends on multiple key drivers, including:

- Proximity to existing network assets eg infill or greenfield developments;
- Environmental/geographical constraints;
- Size of the connection capacity;
- Security of supply (eg N-1, N-2 etc.); and
- Existing network capacity expected to be taken up by future (known and unknown) new connections – reflected through the upstream growth charge, or network capacity cost.

In some cases, this can include substantial network reinforcement, while other times, could only involve minor costs to connect to a nearby asset.

CEL's current policy is to charge new connections for majority of "incremental costs" as upfront charges, with a reasonable allocation of upstream (growth) costs consumed by the connection.

[1] https://www.ea.govt.nz/projects/all/distribution-connection-pricing-reform/consultation/distribution-connection-pricing-fast-track-measures/

This ensures new connections, particularly large-scale commercial developments, do not impose significant network costs that unfairly fall on existing customers.

However, under the EA's proposed approach, benchmarking all connection prices against a 'representative connection' will impose significant challenges on existing EDB practice. This because in most cases there isn't a typical 'representative connection' that would apply in practice, except for simple residential subdivisions. Most mid- to large-sized connections (eg rural/remote connections, residential developments) typically require bespoke designs and cost estimates based on their location, proximity to network assets, and other relevant factors (as discussed above) which can vary significantly.

Generalising into broad 'connection types' would likely create cross-subsidies for the many connections that will deviate from the benchmark connection. This is less cost-reflective than the current approach whereby distributor's undertake connection design for each individual application, and price accordingly on a case-by-case basis.

Many of the proposed options will be challenging and costly to administer

Over time, connection types are likely to change for some networks – in practice, it will be difficult to ensure consistent treatment of new connections.

For example, most connection categories do not align well with consumer tariff groups.

Some aspects of the EA's options intervene with a distributor's operational processes that would not necessarily provide net benefits to consumers, given the complexity of the task involved.

For example, input assurance is difficult to administer across many distributors given the varying network standard requirements across distributors (and minimum scheme standards).

An alternative approach could instead focus on assurance of distributor's minimum scheme standards, and consistent application of respective distributor's distribution and connection code(s).

Some proposals also step too far into distributor's existing operational and business processes, in a way that may cause more disruption than it is worth.

Some issues could also be alternatively addressed (arguably, with less adverse consequences) through other, less intrusive, measures. This includes:

- Construction risk allocation – restrict ability for distributors to pass through increases relative to quoted costs.
- Could be more easily achieved through standardised template for connection agreements, combined with EA guidance on expected terms/conditions.

- Equivalence obligation – require distributors to take steps to ensure connection and regulatory works (including, equipment) are priced consistently.
    - Changes to costing, quoting, CRM, and billing systems may be required.
- Cost transparency – set standards for itemising extension costs, and other bespoke (ie not rate-based) input costs.
    - Mid-tier and larger distributors would incur significant costs to change their systems to accommodate the new standardised approach. This includes changes to costing/estimation systems, quoting processes, integrations required etc.

A focus on improving transparency would provide greater benefits to the sector

While CEL agrees in principle the current connection pricing environment is inconsistent, we consider there is more value in achieving a consistent information and transparency across the sector, than direct intervention in costing and allocation methodologies.

This is because strict price and cost control measures would impose significant costs on many distributors. This is because all distributors do not currently estimate costs for connection agreements using EA's proposed approach.

For example, distributors only started implementing costing approaches that are more aligned with the EA's charge reconciliation requirements from 1 April 2026. This has involved considerable resources to retrofit existing systems to align with the new Code requirements, including changes to job costing models and reporting functions to output the appropriate cost itemisations (eg 'minimum scheme costs', customer-selected enhancements, distributor-selected enhancements, network capacity costs), re-training staff to develop quotes based on the EA's charge reconciliation formula, and updating contracts to align with Part 6B of the Code.

In contrast, improving price (and non-price) factors affecting the connection process would be a lower cost form of regulatory intervention, while still significantly beneficial to consumers and distributors to make more informed decisions.

For distributors, this puts downward pressure on distribution businesses to put more emphasis on own connection activities. For example, publishing data on the average cost of connection for each region and identifying key cost drivers (eg high growth vs unconstrained areas) enable distributors to identify cost inefficiencies and to improve their own internal processes and systems.

A lighter-touch approach focused on improving consistency and transparency is a lower risk option that allows flexibility to intervene further if needed

The difference levels of regulatory intervention measures, from least to most restrictive, include:

- Transparency/disclosure requirements – eg reconciliation requirements, fast-track measures;

- Pricing principles/rules-based – eg distribution pricing reform
- Prescribed methodology/stringent regulations/compliance – eg ComCom's price-quality regime for non-exempt distributors

Regulatory mechanisms can be either ex-post (eg monitoring) or ex-ante (eg prescribing a universal methodology)

In our view, we consider a focus on consistency and transparency would yield much better outcomes.

Transparency enables dynamic efficiencies to occur – eg EDBs can compare and benchmark against peers to ensure a more consistent approach, which also places downward pressure on cost management to ensure alignment with the wider sector.

This involves enacting a high-level framework for distributors to set connection prices – which is in some part already in place with some inconsistencies.

In contrast, a formulaic approach would provide greater certainty, transparency and consistency for distributors and access seekers.

As proposed, this is likely to be too complex and disruptive for many distributors to practically implement.

Many distributor systems would need to change, with some significant changes and training needed, to facilitate a new approach.

There is a risk the many regulatory changes end up as an overly complex solution to a quite a simple problem that we're trying to solve.

For effective regulation, it is necessary to evaluate whether implementation costs of a more stringent regulatory intervention would be right-sized and well-suited to address the underlying problem that we are looking to address.

A more stringent regulatory intervention would require more regulatory, enforcement and compliance resourcing to administer – all costs that would ultimately be borne by consumers.

Yours sincerely,

[redacted]

Allen Sneddon
Commerccial Manager

Annex – Response to questions

Questions	CEL comments
Background and context	
Q1. Do you agree with the background and context summary above? Why, why not?	While the economic principles outlined by the EA are broadly sound, the Issues Paper does not appear to establish a sufficiently strong evidence base that there is a widespread or material problem with the existing connection pricing framework. Differences between EDB methodologies do not, of themselves, demonstrate inefficiency or consumer harm, particularly given the substantial differences in network characteristics, geographic constraints, growth rates, capacity requirements and operating models. CEL's experience is that connection costs can vary materially between individual connections, reflecting factors such as location, network capacity, security requirements and the scale and timing of growth. These differences are particularly important as CEL manage significant growth in demand and new connections. The EA should therefore distinguish between theoretical concerns and demonstrated market failure, and provide evidence of the scale, prevalence and materiality of any problem before introducing further prescriptive regulation. This is particularly relevant to concerns raised by some connection applicants, including EV charging providers. Such concerns may reflect the commercial risks associated with deciding where and when to locate new infrastructure, rather than evidence that EDB connection pricing is inefficient. Transferring these risks from applicants to EDBs would ultimately transfer them to existing consumers and could weaken incentives for applicants to make efficient location, sizing and investment decisions. This is especially important in a high-growth environment, where EDBs need to balance enabling new investment with ensuring that the costs of network expansion are appropriately allocated between new and existing customers. Before further intervention, the Authority should demonstrate that existing arrangements are materially distorting investment decisions or causing consumer harm. A proportionate approach would be to retain the existing framework, improve transparency and monitor outcomes, with further intervention only where clear evidence of material and persistent inefficiency emerges.
Q2. Is there additional background, evidence or context relevant to the issues covered in this paper?	See above

Q3. How should the Authority prioritise across possible options identified in this paper?	The EA should first define the desired 2030 end-state for connection pricing at a high level, including the principles, outcomes and prescribed rules it ultimately intends to achieve. It should then identify the necessary steps, dependencies and sequencing required to transition from the current framework to that end state. This is particularly important for EDBs facing significant growth, as connection pricing settings need to support substantial investment while maintaining appropriate incentives for efficient network development and cost allocation. Establishing the end goal first would provide greater certainty and ensure that any interim reforms are deliberate steps towards the 2030 framework rather than standalone changes that may subsequently need to be unwound
Q4. Which options should have the highest or lowest priority, and why?	Between 2027 and 2030, the EA should prioritise measures that are necessary to enable the 2030 end-state, address clearly demonstrated problems or improve transparency and information. It should avoid substantive changes where the benefits are uncertain and comprehensive reform is already intended for 2030. This staged approach would minimise duplication, regulatory disruption and implementation costs, while allowing EDBs sufficient time to adapt systems and processes. This is particularly important for growing EDBs, which are already investing significant resources in network planning, connection processes and implementation of recent fast-track requirements. Interim measures should not inadvertently constrain the ability of EDBs to respond efficiently to changing growth patterns or pre-empt the design of the 2030 framework.
Q5. Do you consider costing methodologies should be a priority for further reform, and do you have any evidence or analysis to support your view?	CEL does not consider costing methodologies should be a priority for substantive further reform before 2030. While there are legitimate questions around consistency, transparency and efficiency, the evidence presented does not establish a sufficiently widespread or material problem to justify further prescriptive intervention at this stage. Much of the evidence appears anecdotal and reflects concerns raised by particular access seekers rather than robust evidence of systemic consumer harm. This should also be considered against the significant variation in actual connection circumstances. For a growing EDB such as CEL, many connections are bespoke and may require materially different levels of network investment depending on location, capacity, security requirements and the extent to which existing or future growth is driving network reinforcement. The EA should first allow the recently implemented fast-track requirements—including charge reconciliation and capacity costing—to operate and assess their

	effectiveness before introducing another layer of regulation.
Q6. What are your views on the merits of the identified costing methodology options?	The EA should use the period to 2030 to establish the desired end-state for costing methodologies, supported by better information, benchmarking and monitoring of actual connection costs and outcomes. Any interim measures should be limited to those necessary to support that end-state or address clearly demonstrated problems, such as improved transparency or targeted assurance. This would avoid imposing significant compliance and system costs on EDBs shortly before comprehensive reform, while giving the EA a much stronger empirical basis for determining whether more prescriptive costing requirements are justified. It would also allow the Authority to better understand how costing methodologies operate in high-growth environments, rather than designing rules primarily around a limited number of reported connection experiences
Q7. Are there any other costing methodology options you think the Authority should consider?	The preferred approach should be to collect better data and test whether a systemic problem actually exists before introducing further regulation. From 2027 to 2030, the EA could standardise information requirements, benchmark actual connection costs and outcomes, and identify genuine outliers or persistent areas of concern. This would allow the Authority to distinguish legitimate differences arising from network circumstances from inefficient practices. It would also provide a much stronger basis for determining the appropriate 2030 framework, while avoiding unnecessary compliance costs and preserving EDB flexibility to manage significant and variable growth efficiently.
Q8. Do you consider allocation methodologies should be a priority for further reform, and do you have any evidence or analysis to support your view?	Allocation should be a priority for analysis and design of the 2030 regime, but not necessarily a priority for additional regulation before then. The EA already has mechanisms intended to prevent inefficient allocation changes through to 2030, together with the recently introduced reconciliation requirements that will provide significantly better information on actual outcomes. These mechanisms should be allowed to generate evidence before the E determines whether a more prescriptive permanent regime is warranted. This is particularly important for growing EDBs, where a significant proportion of network investment may be driven by new connections and growth, and where shifting too much of the cost to existing customers could create material cross-subsidies and weaken incentives for efficient connection decisions and network investment.

Q9. How well do the identified allocation methodology options meet the allocation objectives discussed in this paper?	The identified allocation options generally align with the EA's objectives, particularly avoiding subsidisation, improving cost-reflectivity and providing greater consistency and predictability. However, alignment with an objective does not establish that further intervention is warranted. The options vary considerably in their impact and in the strength of the evidence supporting them. A subsidy-free principle and improved transparency appear relatively well supported; the case for more interventionist measures such as an allocation cap or band is less clear. These would materially alter the allocation of financing risk between new and existing customers and could affect EDB investment incentives, revenue paths and financing costs. Before adopting such measures, the EA should demonstrate that the current settings are producing material inefficiencies and that the proposed intervention would generate benefits exceeding its costs. The EA should therefore define the desired 2030 allocation framework first, then use the period to 2030 to test the options against actual data. This should include assessing whether current arrangements are genuinely resulting in subsidisation, excessive cost allocation to new customers, or inefficient deterrence of connections.
Q10. Are there any other allocation methodology options you think the Authority should consider?	An additional option worth considering is a benefit-based allocation test, under which an EDB would identify how much of an investment is genuinely attributable to the applicant and how much provides capacity or benefits reasonably expected to be used by other customers. This would address concerns about allocating shared network costs to individual applicants without assuming that those costs should automatically be transferred to existing customers. A default methodology with a documented departures process could also be a practical option for the 2030 framework. This would improve consistency and transparency while recognising that EDBs operate in materially different environments and are experiencing different growth pressures. CEL would caution against moving directly to a universal allocation cap or band without stronger evidence, as those options implicitly assume that there is a single optimal split between new and existing customers. A more robust sequence would be to collect evidence through the new reconciliation regime, establish the 2030 principles, develop a default methodology that accommodates legitimate network differences, and then determine whether hard allocation limits are actually justified
Q11. Are you aware of any issues relating to network development funding? Please provide examples, evidence or analysis where possible.	The funding framework should consider who causes the investment, who benefits from it, over what period costs should be recovered, and how the risks associated with

	future network growth should be allocated. It should recognise that EDBs may have significant debt commitments based on expectations of continued network growth and investment, while growth may not materialise for reasons outside an EDB's control. The framework should therefore avoid placing disproportionate financial risk on EDBs or existing consumers, while ensuring that new customers make an appropriate contribution to the network investment required to serve them. The framework should also account for the efficiency of network planning, sequencing, staging and sizing of works. Poor optimisation—for example, missing opportunities to install ducting or other infrastructure while trenches are already open—can increase the cost of accommodating future growth. This creates particular challenges where minimum scheme obligations and contestability requirements encourage EDBs to procure works from third parties. Third-party providers may have limited incentive to incorporate broader network optimisation or future-proofing into their designs or quotes where they are primarily pricing to meet the immediate connection requirement. This can result in a short-term least-cost solution that is more expensive for the network and customers over time. Funding arrangements should therefore provide sufficient scope for EDBs to identify and undertake efficient, proactive and appropriately scaled future-proofing, including where this goes beyond the immediate minimum scheme. This should be balanced against the need to ensure that customers are not required to fund inefficient or unnecessary investment. Where such investment supports greater future network utilisation, the resulting costs can ultimately be spread across a larger customer base, contributing to lower average lines charges for all customers.
Q12. What options, if any, should the Authority consider for promoting efficient pricing for network development?	The EA should aim to move beyond a "lowest upfront connection cost" approach towards a "lowest reasonable whole-of-life network cost" approach. This would allow EDBs to undertake efficient and proportionate proactive investment where justified, while maintaining appropriate safeguards against unnecessary over-investment. The framework should also recognise that efficient network development can benefit all customers. Where investment is appropriately sized and growth is stronger than anticipated, greater utilisation can spread network costs across a larger customer base and reduce average lines charges. Conversely, where anticipated growth does not materialise for reasons outside an EDB's reasonable control, the framework should avoid placing disproportionate financial risk on EDBs or existing

	consumers. Importantly, contestability should promote genuine cost efficiency without compromising network integrity or transferring inappropriate risk to EDBs and existing consumers. The lowest upfront contestable price should not necessarily be considered the most efficient outcome where it results in higher whole-of-life costs, misses opportunities for future network optimisation or future-proofing, or leaves the EDB carrying risks associated with assets designed or delivered by third parties. The framework should therefore ensure that contestable works are subject to appropriate standards, accountability and consideration of the wider network impacts, while enabling EDBs to make efficient decisions that minimise costs for customers over the life of the network.
Q13. Are you aware of any issues relating to network modification charges? Please provide examples, evidence or analysis where possible.	CEL considers the current framework for network modification charges to be fit for purpose. CEL does not believe there is empirical evidence that the current approach is giving rise to implicit or explicit systemic issues, including inefficient cost allocation, material under- or over-recovery from third parties, or adverse outcomes for consumers. Accordingly, CEL does not consider that there is a case for significant regulatory intervention at this time. The existing framework provides EDBs with appropriate flexibility to respond to the circumstances of individual network modifications, while existing legislative and regulatory requirements provide appropriate safeguards around cost recovery and the treatment of betterment. This flexibility is important given the diverse nature of network modification works and the different parties and circumstances that can give rise to them.
Q14. What options, if any, should the Authority consider for promoting efficient pricing for network modifications?	CEL acknowledges that greater transparency and information availability could nevertheless be beneficial, particularly as connection-pricing requirements evolve and there may be potential for costs to move between different charging categories. However, any additional reporting or disclosure requirements should be proportionate and should not be introduced on the basis of assumed problems where there is no supporting evidence
Q15. Are you aware of any issues relating to connection downgrade or disconnection charges? Please provide examples, evidence or analysis where possible.	CEL's view is that the current approach to downgrade and disconnection charges is broadly fit for purpose. Any charging methodology should clearly distinguish between direct costs, unavoidable fixed network costs, and any genuine loss of revenue. It should also recognise that EDBs generally provide connection capacity in good faith based on requirements specified by customers and their electrical contractors, which are typically significantly higher than the customer's eventual utilisation. For disconnections, the framework should distinguish

	between routine or temporary disconnections, customer-driven reconfigurations, tactical disconnections intended to avoid charges, and permanent stranding of network assets. It is not unusual for certain connections, such as irrigation pumps, to be operated on an ad-hoc or seasonal basis, with customers seeking to disconnect and subsequently reconnect regularly to minimise ongoing lines charges while retaining their reserved capacity for when it is required. This creates a potential disconnect between the customer's payment for network availability and their actual periods of network use, and may result in other customers bearing a greater share of the fixed costs during periods of disconnection. Accordingly, there may be circumstances where appropriate disconnection or reconnection charges should be increased, particularly where the customer continues to retain reserved capacity or where repeated disconnection and reconnection is primarily intended to avoid ongoing network charges. However, charges should remain proportionate to the underlying costs and network impacts and should distinguish genuine temporary or seasonal use from deliberate charge avoidance
Q16. What options, if any, should the Authority consider for promoting efficient pricing for connection downgrades or disconnections?	CEL considers the objective should be to ensure that customers pay for the network capacity and costs they cause or continue to reserve, The framework should also avoid creating incentives for customers to over-specify capacity initially and subsequently use downgrades or repeated disconnections to minimise their lifetime network charges. This is particularly important for seasonal or ad-hoc connections where the customer seeks the benefit of reserved capacity without paying the full ongoing cost of maintaining that capacity.
Q17. Are you aware of any issues relating to continuance pricing? Please provide examples, evidence or analysis where possible.	Yes. Across New Zealand there are likely to be a number of remote connections supplied by long spur lines that are uneconomic, or close to uneconomic, to continue supplying. Many of these connections are likely to have been established prior to 1993, meaning existing statutory protections may require supply to continue. This can create a situation where the cost of maintaining, renewing or hardening network assets materially exceeds the revenue recovered from the customers supplied by those assets. CEL supports the EA investigating the merits of alternative supply solutions for uneconomic connections, particularly where off-grid or distributed energy solutions may provide a more efficient long-term outcome for customers and other consumers. However, this should be approached carefully given the importance of supply continuity, customer protections and the practical challenges of transitioning customers to alternative arrangements. CEL does not consider continuance pricing to be a high-priority reform area at

	this stage. It is a legitimate issue for further investigation, but it should sit behind higher-priority connection pricing reforms, particularly those with DPP5 linkage or more immediate impacts on connection growth, capital recovery and line pricing. The EA's own paper recognises that work on continuance pricing may be best deferred until other elements of the preferred direction for supply obligations are progressed
Q18. Should continuance pricing methodologies be a priority for further reform? Please provide reasons for your view.	No. As noted in our response to Q17, continuance pricing is a legitimate issue for the EA to consider, particularly where remote connections on long spur lines are uneconomic to supply. However, CEL does not consider this should be a high-priority area for reform at this stage. The issue is not likely to be as significant or widespread as other connection pricing matters, and any changes would need to be considered carefully. Continuance of supply involves important customer protections, practical supply obligations, and potentially complex engagement with affected customers. Any alternative supply solution would need to be developed in close consultation with customers and assessed on a case-by-case basis.
Q19. What options, if any, should the Authority consider for promoting efficient continuance pricing?	The EA should focus any continuance pricing work primarily on new connections, particularly where the proposed connection is remote or likely to be uneconomic over the long term. In these cases, the EDB should be able to recover an appropriate upfront capital contribution that reflects the long-term cost or potential loss associated with supplying the customer. This approach would provide a clear price signal at the point the customer is making its investment decision. The customer could then consider whether a grid connection remains the most efficient option, or whether alternative supply arrangements, such as solar and batteries, may be more appropriate. This is increasingly relevant as the cost of solar panels and battery storage continues to reduce
Q20. Are you aware of any issues relating to secondary network access? Please provide examples, evidence or analysis where possible.	In addition to the potential network access issues identified, the EA should recognise that secondary networks can impose costs and operational complexity on the primary network, particularly where customers do not clearly understand the distinction between the two networks. Any future regulatory framework should therefore consider not only access pricing and cost shifting, but also customer communication, fault responsibility, operational interfaces and the allocation of costs created for primary networks by secondary network arrangements. A proportionate first step could be improved information and disclosure requirements for secondary networks, including clear identification of network ownership, customer responsibilities, fault

	contacts and the treatment of primary network customer benefits such as discounts
Q21. Should secondary network access be a priority for further reform? Please provide reasons for your view.	The continued formation of embedded networks is inconsistent with the Government's current focus on improving the efficiency, collaboration and standardisation of New Zealand's 28 EDBs. While the Government is questioning whether the existing EDB structure is sufficiently efficient, the EA continues to permit the creation of new, smaller de facto EDBs within existing network areas. Embedded networks create ongoing duplication through separate registry, pricing, metering, retailer interface and market reconciliation arrangements, particularly where multiple retailers are involved. These costs and complexities provide little or no enduring benefit to consumers, with the primary benefit instead accruing to developers through lower upfront reticulation costs but this isn't passed on through lower section costs. International experience in the United Kingdom has highlighted concerns around increased system complexity, reduced regulatory oversight, higher whole-of-system costs, stranded assets following network failures, and a lack of focus on long-term network stewardship. The EA should amend the Code to prevent the formation of new embedded networks. CEL considers that the strongest case for further work would arise where a secondary network is large, has significant open-access activity, or has the potential to create material costs or risks for the primary network or its customers. This is more likely to be relevant to large pocket networks or major infrastructure sites than private networks serving a single building or site. Accordingly, CEL would support the EA monitoring continuance arrangements and improving information about secondary networks, rather than introducing prescriptive pricing requirements at this stage. Any future intervention should be targeted at networks where there is clear evidence of consumer harm, inefficient cost allocation or material risk to the primary network
Q22. What options or approach, if any, should the Authority consider for addressing secondary network access issues?	Overall, CEL supports a principles-based framework underpinned by appropriate transparency and financial security, rather than prescriptive continuance pricing requirements. Any further intervention should be targeted at secondary networks where there is a demonstrable risk that material costs, risks or obligations could be transferred to the primary EDB or its customers, particularly where the secondary network does not operate to the standards, service levels or regulatory expectations that apply to the primary network

Q23. Are you aware of any issues relating to financial security requirements? Please provide examples, evidence or analysis where possible.	The risk of default or financial distress should not be assumed to disappear at commissioning. Large industrial customers can experience financial difficulties shortly after commissioning, particularly where substantial investment has been made in new facilities. Where a distributor has incurred significant expenditure to construct a new substation and associated network infrastructure specifically to accommodate a large industrial customer, a subsequent reduction or cessation of the customer's operations could leave the distributor exposed to significant unrecovered costs. For example, CEL incurred significant expenditure to construct a new substation and associated network infrastructure to accommodate a large industrial connection, with the customer experiencing financial difficulties shortly after commissioning. This supports retaining the ability to require proportionate post-commissioning financial security for large or otherwise high-risk connections, subject to appropriate limits and periodic review
Q24. Should financial security requirements be a priority for further reform? Please provide reasons for your view.	The case for further reform of financial security requirements should be approached cautiously. The Issues Paper does not provide sufficient evidence that EDB financial security requirements are widespread or materially deterring new connections. Differences between EDB approaches reflect legitimate differences in network characteristics, growth, location, capacity and customer-specific investment requirements. Financial security can be appropriate where an EDB is making significant investment for a large or specialised connection and faces a genuine risk of customer default or stranded costs. Customers should not be able to transfer their own commercial or financial risks to EDBs and, ultimately, existing consumers. The EA should therefore distinguish between genuine market failure and the legitimate allocation of commercial risk. Before introducing prescriptive regulation, it should demonstrate evidence of material consumer harm or inefficient investment outcomes
Q25. What options or approach, if any, should the Authority consider for financial security requirements?	A proportionate approach would be to retain EDB discretion, improve transparency around financial security requirements, and monitor outcomes, with further intervention only if clear evidence of material and persistent problems emerges
Q26. Do you have views on any other measures the Authority should put in place to address connection pricing methodology issues (including Appendix D issues relating to contestability, in-kind contributions, large connections, and real estate developments)?	The EA should focus on principles, transparency and accountability rather than further detailed prescription. CEL's experience is that connection costs can vary materially between individual projects because of location, network capacity, security requirements and the scale and timing of growth. A methodology that is too rigid could produce inefficient outcomes, particularly in a high-growth environment. The key objective should

	be to ensure that new customers pay an appropriate share of the costs and risks they create, while existing customers are protected from costs associated with new connections that they did not cause. This is particularly important for large connections and real estate developments, where the EDB may need to commit substantial expenditure ahead of, or in reliance on, the customer's proposed investment.
Q27. What measures, if any, should the Authority consider to ensure connection pricing methodology requirements are effective in practice?	The EA's objective should be to establish a framework that provides cost-reflectivity, efficient cost allocation, predictability, appropriate incentives, consistency and transparency. However, this needs to be balanced against the cost and uncertainty created by further regulatory intervention. A key implication is that more regulation is not necessarily better regulation. The EA should first use guidance, transparency, monitoring, self-certification and targeted assurance to address implementation issues, reserving more prescriptive requirements and enforcement for demonstrated problems
Q28. How should the Authority monitor, review or update connection pricing methodology requirements to ensure they remain fit for purpose over time?	The EA should adopt a proportionate monitoring and review framework that allows the new connection-pricing requirements to bed in before further changes are made. Monitoring should focus on actual outcomes and evidence of consumer harm or inefficient investment, rather than differences in EDB methodologies alone. Existing information-disclosure and charge-reconciliation arrangements should be used wherever possible, supplemented by targeted reporting and EDB self-certification where necessary. The EA should use guidance and clarification to address implementation issues in the first instance, with formal Code changes reserved for material and persistent problems. Periodic reviews should assess whether requirements remain effective, proportionate and fit for purpose, while explicitly considering the costs and uncertainty created by regulatory change