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ERGANZ SUBMISSION ON FURTHER REFORM OF DISTRIBUTION CONNECTION PRICING

The Electricity Retailers' and Generators' Association of New Zealand ('ERGANZ') welcomes the opportunity to comment on the Electricity Authority's issues paper 'Further reform of distribution connection pricing', dated 13 July 2026.

ERGANZ is the industry association representing companies that generate and sell electricity to Kiwi households and businesses. Collectively, our members supply almost 90 percent of New Zealand's electricity. We work for a competitive, fair, and sustainable electricity market that benefits consumers.

Executive summary

ERGANZ supports this work and supports the Authority's decision to bring connection pricing inside the regulatory perimeter. Connection charges are the point at which a business' electrification investment either proceeds or does not, and the discretion distributors hold over this remains wider than the discretion market participants hold over any other charge a consumer pays.

ERGANZ wishes to make five points.

First, on what actually makes networks cheaper. Much of the current public debate treats network cost as a question of how much distributors spend or not. It is better to think of it as what each dollar of network spend delivers. Distribution costs are overwhelmingly fixed and are recovered from a slowly growing base. Connection growth and higher utilisation are the main levers available for reducing the cost each consumer bears, because they spread fixed costs further and raise the volume across which they are recovered. If higher connection charges deter efficient connections, it increases long-run costs for existing consumers as well as for new ones. ERGANZ considers enabling electrification the principal benefit of connection pricing reform, and ERGANZ asks the Authority to state it in the assessment framework at paragraph 2.5 rather than leaving it as a single bullet in the executive summary.

Second, on prioritisation, the Authority's own filter at Appendix E is the right one. Options with a DPP5 linkage that are not settled by the end of 2027 wait until 2035, and a nine-year gap covers most of the electrification build. ERGANZ's priorities are the standard process and allocation formula (B1 and B2), mandatory capacity costing (A1) with input assurance (A6) attached, an allocation band

(B6) incorporating a floor and a cap, and in-kind contribution costing (A7). Cost transparency (A4) and financial security should proceed alongside them because both are cheap, well precedented and independent of DPP5 timing.

Third, on the level of charges as distinct from their shape. ERGANZ supports cost-reflective connection pricing. A connection charge should vary one for one with the incremental cost of the individual connection, because that is what encourages access seekers to right-size connections, take flexible connections and consider alternatives to network capacity. That is an argument about the slope of the pricing line rather than its height. Recovering close to the full incremental cost through connection charges is a different matter and is not efficient. It places the entire financing task on the applicant, removes connection expenditure from the efficiency incentives that apply to every other dollar a distributor spends, and concentrates the cost at the moment of investment decision. The allocation formula at Appendix B separates these two questions and ERGANZ supports it.

Fourth, on deep costs and diversity, ERGANZ supports making capacity costing mandatory to improve cost reflection. It also creates a specific risk worth addressing. Capacity charges depend on the demand a connection is assumed to place on each upstream tier, and that assumption is currently set by the distributor with no external check. If a distributor assumes nameplate capacity flows through to zone substation peak, charges for public EV charging, fleet depots, controllable load and process heat will be inflated by a large multiple with no corresponding cost. Mandatory capacity costing should not be introduced without input assurance attached to both posted rates and diversity assumptions. ERGANZ also asks the Authority to strengthen the obligation on distributors to offer flexible connections, and to require distributors to publish the availability, pricing and uptake of those offers. Flexible connections are the principal means by which new load connects without new capacity being built, and at present there is no way to tell whether they are being offered.

Fifth, connection pricing also raises competition questions that the paper does not develop. Distributors control who may build connection assets, what those parties are paid, which standards apply and when a connection is energised. Several have related parties supplying connection works, and some hold interests in EV charging and flexibility services that compete with ERGANZ members and with their customers. The Commerce Commission's March 2026 letter to distributors on EV charging interests, cited at footnote 22, covers this point. ERGANZ asks the Authority to include contestability, related-party safeguards and technical access standards as part of this workstream.

Response to consultation questions

Questions	Comments
Q1. Do you agree with the background and context summary above? Why, why not?	Broadly yes. The description of the problem is accurate, and ERGANZ agrees the three issues identified at paragraph 2.12 are real and material. Two further points: The paper describes connection growth as an input to economic growth but does not draw the link between connection growth and the cost of the network to existing consumers. This is an additional

Questions	Comments
	argument in favour of the reforms proposed and it belongs in the framework at paragraph 2.5, not only in the executive summary. The paper also frames connection pricing as an economic regulation question and does not address the competition question. Distributors control access to a monopoly input, several have related parties supplying connection works, and some hold commercial interests in services that connection applicants also supply.
Q2. Is there additional background, evidence or context relevant to the issues covered in this paper?	The paper does not quantify the connection pipeline. ERGANZ suggests the Authority anchor the analysis to published electrification and demand forecasts, and test each option against whether it supports the connection volumes those forecasts assume. Table 4.1 records capital contributions for consumer connections rising from $149 million in 2020 to $284 million in 2024, an increase of about 90 percent in nominal terms across four years. Contributions for asset relocations were flat over the same period. This divergence supports the Authority's finding at paragraph 2.12(c) and is worth stating directly. The paper treats offtake and injection connection pricing as separate exercises with some crossover. Yet, a growing share of new and upgraded connections are both, eg. solar with battery storage, charging sites with batteries, commercial and industrial sites with on-site generation. The binding physical constraint at each network tier is a net capacity requirement, not two independent ones. See Q10. The Commerce Commission's March 2026 letter to distributors regarding EV charging interests, cited at footnote 22, is directly relevant context that the Authority could develop further.
Q3. How should the Authority prioritise across possible options identified in this paper?	By the DPP5 linkage first, then by dependency, then by impact. The DPP5 filter should be close to decisive. The Authority's point at E.1(a) is that options with a revenue path linkage not settled by 2027 wait until 2032 for effect from 2035. A nine-year gap covers a significant electrification build. ERGANZ's view is that options with a DPP5 linkage should be confirmed by the end of 2027 even where the analysis is not fully formed, because a workable rule now is worth more to consumers than a better rule in nine years. The second filter is dependency. A1, A7, B1 and B2 are prerequisites for the options that change what parties actually pay.

<table>
<tr><th>Questions</th><th>Comments</th></tr>
<tr><td></td><td>They should be settled first even though, on their own, they change very little.

Options with neither a DPP5 linkage nor anything depending on them should not compete for space in the 2027 package unless they are cheap to implement. For example, cost transparency and financial security.</td></tr>
<tr><td>Q4. Which options should have the highest or lowest priority, and why?</td><td>Highest priority, in order:
● B1 and B2, standard process and standard allocation formula. Prerequisite for everything else in Table 3.2, DPP5-linked, and delivering consistency benefits in their own right.
● A1, mandatory capacity costing, with A6 attached. Prerequisite, DPP5-linked, and the largest single improvement in cost-reflectivity available.
● B6, allocation band, incorporating B3 and B5. The only option that addresses subsidy and over-allocation together, and rated highest for DPP5 linkage.
● A7, in-kind contribution costing. Prerequisite wherever vesting models are used.
● Financial security. No DPP5 linkage, but the risk of migration rises directly as the other options bind, and the Code already contains three worked precedents.
● A4, cost transparency. Cheap, independent, and the foundation for benchmarking and for fewer disputes.

Lowest priority: continuance of supply pricing, which should be deferred until the supply obligation framework is settled; connection downgrade and disconnection charges, subject to the single exception at Q16; and network modification charges, where monitoring is sufficient for now.</td></tr>
<tr><td>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?</td><td>Yes, but the priority attaches to a small number of costing options that other reforms depend on, rather than to the topic as a whole.

Costing determines the size of the number that allocation then divides. Regulating allocation while leaving costing open allows a distributor to hold α constant and still raise charges by inflating the incremental cost estimate. A1, A5, A6 and A7 close that gap and should move with the allocation package.

A2, A3 and A4 address conduct and information rather than the mechanics of pricing. ERGANZ supports all three.

ERGANZ does not hold systematic data on connection cost outturns. The evidence the Authority sets out at paragraph 3.8 is consistent with what members and their customers report.</td></tr>
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Questions	Comments
Q6. What are your views on the merits of the identified costing methodology options?	**A1 mandatory capacity costing. Support, conditional on A6.** Cost-reflectivity at the upstream tiers is what makes a flexible connection visibly cheaper than a firm one. Without it, a flexi connection saves the applicant nothing at the point of quote, and the tool the Authority is relying on to defer network investment carries no price. Two conditions apply. Capacity charges must be based on after-diversity demand at each tier rather than nameplate capacity or fuse rating, for the reasons set out in the executive summary. And a distributor with genuine headroom should be posting a rate at or near zero, with the Authority able to see whether that is happening. Deepening the cost base raises average charges unless allocation moves with it, so A1 should be introduced together with B2 using the offsetting mechanism at B.14(b). **A2 construction risk allocation. Support.** The current position, in which a distributor may pass on overruns against its own quote, leaves the party controlling delivery with no exposure to the outcome and leaves the applicant exposed to hold-up once committed. ERGANZ supports restricting pass-through, with carve-outs for applicant-initiated scope change, genuinely unforeseeable ground or consenting conditions, and a defined tolerance band. Quotes should be firm for a stated validity period. Variation rates should be disclosed, so that firm quoting is not used as cover for padded estimates. **A3 equivalence obligation. Support, with certification.** This is the option that addresses spillover market power directly. Where a distributor procures the same work more cheaply for its regulated programme than it charges a connection applicant, the difference is not a cost. ERGANZ supports an obligation to price consistently, with the ability to demonstrate justified differences rather than an identical-price rule, backed by reporting and director certification. The obligation can reasonably be relaxed where the relevant works are genuinely contestable. **A4 cost transparency. Support, and the highest priority among the options without a DPP5 linkage.** Standardised itemisation is inexpensive, improves access seeker confidence, gives applicants something concrete to negotiate against, and creates the dataset needed for benchmarking. It should take the form of a prescribed template rather than a principle. **A5 costing requirements. Support.** The netting rules matter most. Where connection works bring forward a renewal that would have occurred anyway, or incidentally

Questions	Comments
	add shared capacity, the connecting party should not fund the portion that benefits everyone. Absent a rule, network improvement is funded by whoever happens to connect next. Margins and financing charges should be permitted only where a cost is actually incurred, and the basis for each should be disclosed. **A6 input assurance. Support, and treat as inseparable from A1.** ERGANZ recommends independent engineering certification of posted capacity rates and of the diversity assumptions used to convert connection capacity into upstream demand, and director certification of the process for determining minimum scheme and minimum flexi scheme designs, supported by selective independent review. Minimum flexi schemes warrant particular attention. The obligation to offer one where the distributor can reasonably supply it is not observable from outside, and ERGANZ is not aware of any published information on how often flexi schemes are offered, at what price differential, or how often they are taken up. ERGANZ recommends the Authority replace the reasonableness test with an obligation to offer a flexi scheme wherever one is technically feasible, and to record the reasons in writing where an offer is declined. A test that relies on the distributor's own view of what is reasonable cannot be assured, certified or enforced. **A7 in-kind contribution costing. Support.** A necessary input to allocation regulation and to pioneer schemes wherever vesting is used. The practical difficulty with shared costs such as trenching and traffic management is real, but it is solved by a prescribed apportionment convention rather than by leaving the cost unrecorded.
Q7. Are there any other costing methodology options you think the Authority should consider?	Three. Comparative benchmarking. Once A4 is in place, require annual disclosure of typical costs and charges for a defined set of standard connection types, for example a standard residential connection, a 150 kW charging site and a 1 MVA commercial connection. Ofgem publishes comparative connection cost information for this purpose. Benchmarking disciplines costs more effectively than case-by-case scrutiny and is far cheaper for the Authority to operate. Published network capacity information. Mandatory capacity costing only produces good decisions if access seekers can see where capacity exists before committing to a site. Several distributors already publish capacity maps. The practice should be standardised, with a common format and update cycle. It is also

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	the practical check on whether zero rates are being posted where headroom exists. Flexi connection disclosure. Of the three, this is the option ERGANZ supports most strongly. ERGANZ recommends the Authority require distributors to publish the availability, technical basis and price differential of minimum flexi schemes by connection type, and to report annually on the offers made, the offers taken up, and the pricing applied to each. Flexibility is the principal tool for holding down network investment, and a flexi connection is how new load connects without new capacity being built. At present neither the Authority nor an access seeker can tell whether flexi schemes are offered, on what terms, or how often they are accepted. A distributor that does not offer them is loading capacity costs onto connecting parties that need not be incurred at all.
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?	Yes. This is the highest priority topic in the paper. Allocation determines both what a new connection pays and who finances new network assets. It carries the strongest DPP5 linkages in Appendix E. And the balance point principle expires on 1 April 2030, so the Authority either builds an enduring replacement in this cycle or reverts to no constraint at all during a period of significant electrification. The evidence in the paper is sufficient to justify taking action. The Authority has already found that distributors have been shifting cost recovery to connection charges, and has legislated a time-limited framework in response. The question now is what replaces it, not whether anything needs to.
Q9. How well do the identified allocation methodology options meet the allocation objectives discussed in this paper?	The objectives at paragraph 3.37 are the right ones. ERGANZ's assessment turns on the distinction between the shape of the charge and its level, stated in the executive summary. **B1 standard process. Support.** Consistency has independent value for any party connecting across multiple networks, which includes ERGANZ members developing distributed generation and storage, and many of their commercial customers. The transitional cost to distributors is a one-off. **B2 standard allocation formula. Support, strongly.** ERGANZ supports preserving a one-for-one relationship between the charge and the incremental cost of the individual connection, so the marginal signal remains fully cost-reflective, while reducing the level of allocation to a single explicit parameter that can be published, compared and constrained. That separation is what allows the cost base to be deepened without raising the overall

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	burden on new connections. The alternatives at Table B.1 do not achieve both, and ERGANZ does not support them. **B3 allocation floor. Support at methodology level. Oppose as a per-connection side constraint.** Applied connection by connection, a floor reintroduces the position-in-queue and lumpiness problems the fast-track measures were designed to remove, and impacts the hardest on remote and atypical connections. The floor's integrity depends on the revenue assumptions behind it. As tariffs become more variable and more time-differentiated, expected revenue becomes less certain and more contestable, and a distributor seeking higher charges has an incentive toward conservatism. ERGANZ recommends the Authority prescribe or constrain the revenue life assumption, require the assumptions to be published, and require them to be applied consistently across consumer groups. **B4 change limit. Support.** The appropriate successor to the second limb of the balance point principle. The 43-year accounting life reference at footnote 50 is a reasonable anchor for the permitted rate of change. ERGANZ would not support a materially faster rate without evidence that the flexibility is needed and that the benefit accrues to consumers rather than to distributors. **B5 allocation cap. Support in principle, delivered through B6.** Full applicant funding is not an efficient setting. ERGANZ accepts the trade-off that costs moved off connection charges are paid by existing consumers in the interim, and considers it resolves in favour of a cap because the connections being funded contribute to shared costs across their lives. **B6 allocation band. Preferred landing point.** A band with a floor at the neutral point and a cap below full recovery, combined with a rate-of-change limit, does the work of B3, B4 and B5 and removes the extremes that are most likely to be inefficient. ERGANZ favours a relatively narrow band. The principal argument for a wide band is distributor capital management flexibility, which is a benefit to the distributor rather than to consumers, and the Commission's revenue path arrangements already provide for it. **B7 negative charges. Support with published criteria.** This should be understood as an electrification measure. Where a network holds stranded headroom, attracting load into it lowers unit costs for everyone on that network. Two conditions: published

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	criteria for when a below-zero charge applies, and a non-discrimination requirement so that the offer is available to any qualifying applicant rather than to a distributor's related party. **B8 network cost contribution for large connections. Support an upper limit and publication of the methodology.** Large industrial electrification projects, process heat conversions and large charging depots negotiate individually with a monopoly that has no obligation to explain how it arrived at the number. There is a risk of deterring electrification, particularly the projects with the largest electrification benefit. ERGANZ agrees with the Authority that a lower limit would be counter-productive. **B9 prudent discount policy. Support.** Bypass is a live constraint and becoming more so. Solar and storage now make partial or full self-supply credible for a wider set of customers than when prudent discount policies were first developed, and a customer who bypasses removes their entire contribution to shared costs. Discount policies should be published and applied against stated criteria, since a discretionary discount is also a mechanism for discriminating in favour of a related party.
Q10. Are there any other allocation methodology options you think the Authority should consider?	The paper's recurring formulation is that an option could also be applied to injection connections. A connection that both imports and exports needs one framework, not two applied in parallel. ERGANZ asks the Authority to confirm how incremental cost is estimated where the same assets serve both directions, to confirm that the same physical capacity is not charged for twice, and to set out how a connection that reduces a distributor's incremental cost, for example storage that defers an upstream upgrade, is recognised in the estimate. This is not a marginal case. It is the configuration most new commercial and industrial connections will take. ERGANZ asks the Authority to confirm the interaction between α and contestable works along the lines set out at D.10, so that an applicant who builds their own connection works receives the same effective distributor contribution as one who pays cash. Without that, the allocation cap applies only to applicants who take the distributor's delivery model.
Q11. Are you aware of any issues relating to network development funding? Please provide examples,	ERGANZ does not hold case evidence and defers to distributors' direct customers. The demarcation between what is incremental to a connection and what is network development determines how much cost can be placed in connection charges, and it currently rests with the

Questions	Comments
evidence or analysis where possible.	distributor. As allocation settings are constrained, that demarcation becomes the remaining degree of freedom. The Authority should anticipate this rather than address it later. Localised historical cost recovery schemes warrant attention. As provided for, a distributor may add historical network development costs to the incremental cost estimate for subsequent connections with no published rules on quantum, duration, or the basis of allocation, and no reconciliation against the original cost.
Q12. What options, if any, should the Authority consider for promoting efficient pricing for network development?	Three, in ascending order of intervention. ● Require distributors to publish their demarcation policy and to apply it consistently. ● Establish a presumption that works sized above the minimum scheme, or that will be shared with later connections, are network development unless the distributor documents why not. ● Set rules for localised historical cost recovery schemes: published in advance, time-limited, capped by reference to the original cost, and reconciled so that total recovery cannot exceed it.
Q13. Are you aware of any issues relating to network modification charges? Please provide examples, evidence or analysis where possible.	No. This is not a matter that affects ERGANZ members directly. As oversight of connection charges tightens, cost recovery may migrate toward charges that remain unregulated. The Authority's own data suggests this has not yet occurred: asset relocation contributions were broadly flat between 2020 and 2024 while consumer connection contributions rose sharply.
Q14. What options, if any, should the Authority consider for promoting efficient pricing for network modifications?	Disclosure first by extending reporting of network modification expenditure and contributions, and revisit if the reliance level moves materially. ERGANZ does not support extending pricing methodology requirements to network modifications in this cycle. The reform window to the end of 2027 should be reserved for the options with DPP5 linkages.
Q15. Are you aware of any issues relating to connection downgrade or disconnection charges? Please provide examples, evidence or analysis where possible.	Paragraph 4.33(b) treats conversion from a firm to a flexible connection as a downgrade. On that framing a distributor may charge a customer for accepting a flexible connection, and paragraph 4.36(b) contemplates a charge calibrated to the distributor's lost lines revenue. That is the wrong signal. A customer who converts to flexi releases capacity, defers network investment and lowers the cost the network carries. Charging them for the distributor's revenue loss

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	makes flexibility a cost to the customer and a benefit to the distributor, which runs directly against the Authority's flexibility work and against the case for flexi connections made elsewhere in this paper.
Q16. What options, if any, should the Authority consider for promoting efficient pricing for connection downgrades or disconnections?	• Charges for converting a connection from firm to flexible should be limited to the direct cost of the associated works and control arrangements, with no adjustment for forgone lines revenue. • Where a customer has paid a network capacity component in their original connection charge and later releases that capacity, there should be provision for rebate or credit. It is not tenable to charge for capacity as it is consumed under the capacity costing rules and retain the payment when the capacity is handed back. Beyond those two points, guidance rather than rules, and low priority. The Authority is right that a downgrade charge can be efficiency-enhancing where it deters deliberate oversizing, and that is better handled through principles than prescription.
Q17. Are you aware of any issues relating to continuance pricing? Please provide examples, evidence or analysis where possible.	No. ERGANZ has no evidence to offer on this topic.
Q18. Should continuance pricing methodologies be a priority for further reform? Please provide reasons for your view.	No. It should be deferred, as the Authority suggests at paragraph 4.56. Continuance pricing cannot sensibly be settled ahead of the supply obligation framework, and the Authority has already decided to stage that work. Pricing for the withdrawal of supply also carries consumer protection and equity considerations that reach well beyond pricing efficiency. Working through the mechanics before the obligation and process are settled could start a public debate about whether the Authority is enabling networks to disconnect remote communities. Retailers are the first point of contact for consumers affected by any withdrawal decision, so ERGANZ has an interest in the framework being settled properly rather than quickly.
Q19. What options, if any, should the Authority consider for promoting	None at this stage. When the work does proceed, ERGANZ recommends that the test at paragraph 4.52(b), whether under-recovery can reasonably be

Questions	Comments
efficient continuance pricing?	addressed through some combination of one-off charges and more targeted lines charges, be mandatory before withdrawal can be considered rather than discretionary.
Q20. Are you aware of any issues relating to secondary network access? Please provide examples, evidence or analysis where possible.	Yes, although the issue ERGANZ is closest to is retail access rather than connection pricing. Consumers on customer networks have no ICP recorded in the registry and therefore no choice of retailer. Consumers on other secondary networks may have choice in principle but face practical constraints on exercising it. Those consumers sit outside a number of the protections that apply to everyone else, and under clause 6B.2 they also sit outside the connection pricing rules now being extended to the rest of the sector. The tariff coherence point at paragraph 5.7(a) is well made and is the mechanism ERGANZ would expect to be driving aggregation. Where the contribution to shared costs falls away as connection size increases, consolidating many small connections behind one large connection shifts shared cost recovery onto everyone else without producing anything.
Q21. Should secondary network access be a priority for further reform? Please provide reasons for your view.	Medium priority overall, but the first phase should start now. There is no DPP5 linkage and nothing else depends on it, so this does not need to compete for space in the 2027 package. The information gathering at 5.17(a) should begin regardless, because it takes time to run and everything the Authority might do afterwards depends on having it.
Q22. What options or approach, if any, should the Authority consider for addressing secondary network access issues?	ERGANZ supports the phased approach at paragraph 5.17, with two additions. ● The demarcation test at 5.17(b) should include whether end consumers on the network have access to retail competition, not only the scale and nature of the network. A network whose consumers cannot switch retailer has a stronger case for oversight than one whose consumers can, whatever its size. ● The initial information gathering should capture whether the operator passes through or mirrors the parent network's charges. That is the direct test of whether the arbitrage described at paragraph 5.8 is occurring, and it is a question the operator can answer without significant cost.
Q23. Are you aware of any issues relating to financial security requirements? Please provide examples,	Yes. This is a direct ERGANZ interest. Members developing distributed generation and grid-scale storage on distribution networks negotiate financial security terms with distributors as a

Questions	Comments
evidence or analysis where possible.	routine part of connecting, as do their larger commercial customers. There is no regulatory constraint on the form, level, timing or duration of security a distributor may require, and no requirement that the amount bear any relationship to the risk. Security is not free. A bond or bank guarantee consumes balance sheet capacity and carries a fee, so an excessive requirement raises the effective cost of the connection without appearing anywhere in the connection charge. This is also the most obvious way for cost and risks to transfer as connection charges themselves are constrained. The Authority identifies the risk at paragraph 5.22(b) and ERGANZ agrees it will grow.
Q24. Should financial security requirements be a priority for further reform? Please provide reasons for your view.	Yes, and it should be in the package confirmed by the end of 2027. ● There is no DPP5 dependency, so the work does not compete with the analysis required for the allocation package. ● The Code already contains three worked precedents at Parts 12, 12A and 14A, each using the same rationale the Authority sets out at paragraph 5.31. Most of the design work has already been done in other contexts.
Q25. What options or approach, if any, should the Authority consider for financial security requirements?	ERGANZ recommends the following. ● Code obligations on distributors rather than default contract terms, consistent with the approach the Authority proposes for access standards generally. ● A presumption against post-commissioning security for offtake connections, rebuttable only where the distributor can demonstrate material stranding risk of the kind described at paragraph 5.33. ● Limits on pre-commissioning security and prepayment. A distributor holding an applicant's cash ahead of incurring the cost is being financed by the applicant, and that should be recognised as part of the effective connection charge. ● Where security is justified, a requirement that it be proportionate to economic stranding risk rather than to the value of the assets. The Authority's reasoning at paragraph 5.29 is correct and should be written into the rule: an abandoned connection is usually taken up by another user, so the exposure is materially smaller than the outstanding asset value.

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	● A range of acceptable instruments, including credit rating tests and parent company guarantees, on the model already used in Parts 12 and 14A. ● An express non-discrimination requirement covering related parties, so that a distributor cannot impose security on a third party that it does not impose on its own affiliate for an equivalent connection.
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)?	**Contestability.** This belongs in the workstream rather than beside it, because connection pricing rules determine what an applicant who builds their own works is paid for them. ERGANZ supports the direction at D.10. Beyond pricing, ERGANZ supports an accredited independent connection provider regime along the lines of the Ofgem model the Authority cites at footnote 129, under which a distributor must accept compliant works designed and built by an accredited provider. In the interim, distributors should be required to publish the boundary between contestable and non-contestable works, the accreditation criteria they apply, and the basis for any restriction, so that restrictions can be tested against the risk they manage. **Related-party safeguards.** Option A3 is the pricing response and ERGANZ supports it. The Authority should also confirm with the Commerce Commission which agency carries responsibility for the conduct questions raised in the Commission's March 2026 letter, so that the issue does not fall between two regimes. **Large connections.** In addition to the position at Q9, ERGANZ asks that connections covered by a large connection contract remain subject to the neutral point, to charge reconciliation and to the dispute resolution arrangements, even where exempt from the pricing methodology. Mutual agreement is not a sufficient safeguard where one party is a monopoly supplier of an input the other cannot obtain elsewhere. **Technical access standards.** Network standards drive connection cost before any pricing rule takes effect, and variation between distributors is a cost borne by anyone building at scale nationally. ERGANZ supports the Authority's work with the Electricity Engineers' Association and asks the Authority to set out what it will do if voluntary harmonisation does not deliver.
Q27. What measures, if any, should the Authority	ERGANZ supports the mix of guidance, assurance and enforcement described at paragraph 6.17.

Questions	Comments
consider to ensure connection pricing methodology requirements are effective in practice?	On assurance, ERGANZ recommends director self-certification of the connection pricing methodology as a whole, on the model used for the Consumer Care Obligations, and specifically for options A3, A6 and B9. Independent engineering certification should apply to posted capacity rates and diversity assumptions, which are the inputs least visible from outside the distributor and the ones most capable of moving a charge materially. On dispute resolution, ERGANZ makes two points. ● The Utilities Disputes Commissioner cannot consider the price a provider sets for its services. That was a sensible limit while there were no rules governing connection prices. ERGANZ asks the Authority to work with Utilities Disputes to extend the jurisdiction so that the Commissioner can consider whether a charge has been set in accordance with the distributor's published methodology and the Code. That is a compliance question rather than a merits question. ● The $50,000 monetary limit is too low for connection disputes. The paper's own examples include a $72,000 quote. A limit that excludes most of the disputes the reform is aimed at leaves the majority of access seekers with no practical remedy short of reporting a Code breach, which is not a remedy for the applicant.
Q28. How should the Authority monitor, review or update connection pricing methodology requirements to ensure they remain fit for purpose over time?	Publish a small and consistent set of metrics annually. On metrics, ERGANZ suggests: α by consumer group for each distributor; reliance levels drawn from charge reconciliations; posted capacity rates and the diversity assumptions behind them; variance between quoted and final charges; flexi connection offers and take-up; and connection dispute volumes and outcomes. On review, the Authority is right at paragraph 6.14 that frequent refinement carries cost, and that cost falls on parties already implementing a large body of change. ERGANZ recommends a single post-implementation review timed to inform DPP6, with the metrics collected in the interim. That gives distributors a stable period to build to, and gives the Authority the evidence base to make the next set of decisions on something better than anecdote.

Conclusion

ERGANZ thanks the Authority for the opportunity to comment on this issues paper.

If there are any outstanding questions or a need for further follow-up, please let me know.

Yours sincerely,

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