

Appendix A Format for submissions

Further reform of distribution connection pricing – issues paper

Please email your submission to distribution.pricing@ea.govt.nz by 5pm, Monday 24 August 2026.

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Questions	Comments
Q1. Do you agree with the background and context summary above? Why, why not?	Yes. Lyttelton Port Company Limited (LPC) supports the Authority's assessment that connection pricing will become increasingly important as New Zealand electrifies transport, industrial processes, Ports, freight hubs and other large energy users. Being a major industrial customer with significant planned electrification, LPC expects maximum demand at Lyttelton Port and its Inland Ports to increase from approximately 4.2 MVA today to approximately 12.2 MVA by 2031 and 27.8 MVA by 2055. Connection pricing and network investment signals will therefore materially influence the timing, scope and economic viability of decarbonisation investments. We agree that pricing methodologies should promote efficient investment, transparency, predictability and consistency. For major customers, uncertainty around future network upgrade contributions can become a barrier to investment and project sequencing.

Questions	Comments
Q2. Is there additional background, evidence or context relevant to the issues covered in this paper?	The paper could place greater emphasis on large industrial electrification projects. LPC's future electricity demand is being driven by: • Shore-2-ship power for vessels • Electrification of onshore container handling equipment • Electric tug charging • Data centre development • Electrification of Inland Port container handlers • Potential future hydrogen/methanol-related infrastructure These projects are often staged over 10–30-year investment horizons and require confidence that distribution network capacity will be available when needed and that connection pricing will remain stable. Large industrial customers frequently face a "capacity readiness" challenge whereby investment decisions depend on distributor-led network upgrades with long lead times, often three to five years or longer.
Q3. How should the Authority prioritise across possible options identified in this paper?	LPC recommends prioritisation according to: 1. Measures that improve investment certainty. 2. Measures that support electrification of strategic industrial infrastructure. 3. Measures that promote transparent and consistent pricing nationally. 4. Measures with strong interaction with DPP5 forecasting. 5. Administrative and assurance measures. 6. Decarbonizing activities, aligning commercial efforts with NetZero 2050. Priority should be given to reforms that directly influence future network expansion decisions.

Questions	Comments
Q4. Which options should have the highest or lowest priority, and why?	Highest Priority • A1 Mandatory Capacity Costing • A4 Cost Transparency • A5 Costing Requirements • B3 Allocation Floor (Neutral Point) • B4 Balance Point / Change Limit • Network Development Funding Framework These measures provide greater certainty and consistency for customers making long-term electrification investments. Lower Priority • B7 Negative Charges • Continuance Pricing Reform • Secondary Network Reform (except where industrial-scale networks exist) These issues are currently less material to LPC than capacity availability and network expansion pricing.
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?	Yes. For large industrial customers, the key issue is not necessarily the level of charges but confidence that charges are calculated consistently and reflect efficient costs. LPC is concerned that differing methodologies across distributors create uncertainty for investments that may span decades and involve significant electrification expenditure. In consideration of the monopoly position of EDB/Cs, a transparent cost-plus model is warranted.

Questions	Comments
Q6. What are your views on the merits of the identified costing methodology options?	Strongly Support A1 Mandatory Capacity Costing Provides an important cost-reflective signal, where EDB/C network capacity is scarce. A4 Cost Transparency Customers should receive detailed breakdowns of network extension, capacity and ancillary costs. A5 Costing Requirements Clear rules around margins, overheads, avoided costs and incidental benefits would improve confidence in distributor pricing. Support with Modification A2 Construction Risk Allocation Distributors should manage risks they control, but mechanisms should exist for genuine unforeseeable events. A6 Input Assurance Independent review may be appropriate for large or strategically significant projects. Neutral A3 Equivalence Obligation Useful where related-party concerns exist. A7 In-kind Contribution Costing Potentially valuable but likely less significant for most industrial customers.
Q7. Are there any other costing methodology options you think the Authority should consider?	Yes. The Authority should consider: • Standard treatment of strategic electrification projects. • Early capacity reservation frameworks. • Standardised treatment of staged network upgrades. • Greater alignment between distributor connection pricing and Commerce Commission DPP planning assumptions.

Questions	Comments
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. Allocation methodologies influence whether electrification projects proceed and how efficiently network investment is coordinated. Projects such as vessel shore-2-ship power and Port electrification often create benefits extending beyond the connecting customer and should not bear disproportionate network development costs.
Q9. How well do the identified allocation methodology options meet the allocation objectives discussed in this paper?	Strong Support • B3 Allocation Floor • B4 Change Limit These strike an appropriate balance between preventing subsidies and avoiding excessive cost shifts onto new customers. Support • B1 Standard Process • B2 Standard Allocation Formula Improves national consistency. Support with Caution • B5 Allocation Cap • B6 Allocation Band Potentially beneficial but should allow flexibility for large industrial projects and unique circumstances. Large Connections LPC supports development of: • B8 Network Cost Contribution parameters • B9 Prudent Discount guidance These are important protections against monopolistic outcomes for large industrial customers.
Q10. Are there any other allocation methodology options you think the Authority should consider?	The Authority should consider: • Strategic infrastructure classifications. • Electrification transition mechanisms. • Long-term staged contribution structures that reflect actual capacity utilisation over time.

Questions	Comments
Q11. Are you aware of any issues relating to network development funding? Please provide examples, evidence or analysis where possible.	Yes. LPC's strategic review identified that the existing Orion network may support only approximately 6.5 MVA without significant upgrades, while LPC's demand could reach 27.8 MVA by 2055 as a function of decarbonization and Port expansion. Required upgrades include: • An additional 11kV feeder through the Lyttelton Tunnel. • Broader Orion network reinforcement. • Potential future high-voltage supply solutions. The boundary between connection-driven investment and wider network development can be difficult to determine.
Q12. What options, if any, should the Authority consider for promoting efficient pricing for network development?	The Authority should: • Develop a clearer framework distinguishing connection assets from broader network development. • Encourage proactive network investment where future growth is foreseeable. • Allow staged cost recovery mechanisms. • Recognise strategic economic infrastructure such as ports, airports and logistics hubs.
Q13. Are you aware of any issues relating to network modification charges? Please provide examples, evidence or analysis where possible.	LPC has observed significant variability in how modification and upgrade costs are presented and justified within the industry. Customer confidence would be improved through greater consistency and transparency. LPC has experienced recent changes to HV network drawings and costs at the behest of the EDB/C, irrespective of independent electrical engineers' design.
Q14. What options, if any, should the Authority consider for promoting efficient pricing for network modifications?	Requirements should include: • Detailed cost breakdowns. • Treatment of avoided costs. • Treatment of betterment. • Standardised quote structure. • Independent challenge rights for significant projects.

Questions	Comments
Q15. Are you aware of any issues relating to connection downgrade or disconnection charges? Please provide examples, evidence or analysis where possible.	Only limited experience. However, electrification projects may evolve over time and flexible treatment of future capacity changes is important. Customers should not face punitive charges that discourage efficient resizing of connections.
Q16. What options, if any, should the Authority consider for promoting efficient pricing for connection downgrades or disconnections?	Charges should: • Recover genuine direct costs. • Recognise released network capacity value. • Avoid penalties unrelated to actual cost impacts.
Q17. Are you aware of any issues relating to continuance pricing? Please provide examples, evidence or analysis where possible.	No specific issues. However, continuity of supply is highly important for major Port infrastructure and should remain a consideration in any future framework.
Q18. Should continuance pricing methodologies be a priority for further reform? Please provide reasons for your view.	No. Compared with capacity availability, network development funding and connection pricing methodology, continuance pricing is a lower priority.
Q19. What options, if any, should the Authority consider for promoting efficient continuance pricing?	Principles should focus on: • Transparency. • Cost reflectivity. • Early engagement. • Consideration of strategic infrastructure impacts.
Q20. Are you aware of any issues relating to secondary network access? Please provide examples, evidence or analysis where possible.	Not directly. However, major infrastructure sites, ports and airports can exhibit some of the characteristics discussed in the paper.
Q21. Should secondary network access be a priority for further reform? Please provide reasons for your view.	Moderate priority. Any future work should focus on larger secondary networks where meaningful access and pricing issues exist.
Q22. What options or approach, if any, should the Authority consider for addressing secondary network access issues?	LPC supports a staged approach: 1. Information gathering. 2. Visibility of network activity. 3. Targeted regulation only where evidence demonstrates customer harm.

Questions	Comments
Q23. Are you aware of any issues relating to financial security requirements? Please provide examples, evidence or analysis where possible.	Yes. For large industrial projects, excessive financial security requirements can become a material barrier to investment even where the underlying project is economically efficient.
Q24. Should financial security requirements be a priority for further reform? Please provide reasons for your view.	Yes. As connection pricing becomes more regulated, there should also be safeguards preventing inappropriate use of financial security requirements.
Q25. What options or approach, if any, should the Authority consider for financial security requirements?	The Authority should: • Establish proportionality principles. • Consider customer creditworthiness, particularly real estate developments. • Limit security to genuine stranding risk. • Adopt standardised forms of acceptable security.
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)?	Additional focus should be placed on: • Large industrial customers. • Electrification projects of regional significance. • Contestability of network works. • Real estate developments pose a higher risk on EDB/Cs. Investment to provide network connection at planned offtake capacity, can be scuppered if the developer fails or chooses to terminate the project. • Early engagement obligations for future capacity planning. • Alignment between distributor planning and customer decarbonisation programmes. • Relaxing access to networks for new generators to increase commercial TOU and retail NTOU competition. • Ensuring the homeowner distributed generation is based upon the home design, not the number of occupants.

Questions	Comments
Q27. What measures, if any, should the Authority consider to ensure connection pricing methodology requirements are effective in practice?	LPC supports: • Standardised reporting. • Director certification. • Independent review of major methodologies. • Benchmarking between EDB/Cs. • Improved dispute-resolution pathways for large projects.
Q28. How should the Authority monitor, review or update connection pricing methodology requirements to ensure they remain fit for purpose over time?	The Authority should: • Review methodologies every DPP cycle. • Maintain industry benchmarking at a higher rate than current. • Monitor connection costs and processing times, from EDB/Cs through inclusion into annual regulator reporting. • Track pricing methodology impacts on electrification uptake. • Establish regular engagement with major electricity users undertaking long-term decarbonisation investments.

Overall LPC Position

LPC strongly supports reforms that improve pricing transparency, investment certainty, cost-reflectivity and consistency. As a major electricity user planning substantial electrification across port, logistics and maritime operations, LPC's primary concern is ensuring that connection pricing frameworks encourage timely network expansion and do not create unnecessary barriers to economically efficient decarbonisation projects.