24 August 2026

Electricity Authority

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CONSULTATION PAPER – CONNECTION PRICING FURTHER REFORM

Network Waitaki welcomes the opportunity to provide comments to the "*Further reform of distribution connection pricing*" consultation.

Network Waitaki also generally supports the submission made by the Electricity Networks Aotearoa (ENA).

Network Waitaki supports efficient, transparent and evidence-based connection pricing. We recognise the Authority's role in ensuring connection pricing settings appropriately balance the interests of new connectees and existing consumers.

However, Network Waitaki considers that further reform should be targeted, proportionate and supported by clear evidence of material and widespread issues. The fast-track connection pricing measures already introduce significant new requirements, including capacity rates, connection charge reconciliations and greater pricing methodology transparency. These measures should be given time to operate before further prescriptive reform is considered.

We are concerned that more prescription could increase compliance costs, complexity and create unintended consequences for customers (having to pay for compliance cost). Connection pricing is highly dependent on local network circumstances, customer requirements and the nature of the works required.

Network Waitaki therefore supports a principles-based approach focused on transparency and clear explanation. Distributor flexibility must be preserved, particularly for recovering customer-specific costs, recovery of shared upstream network capacity costs, and managing genuine commercial or asset stranding risks.

Network Waitaki's detailed responses to the consultation questions are provided in Appendix A.

Please contact us if you have any questions or require any clarification on our response.

Sincerely

[redacted]

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Appendix A

Questions	Comments
Q1. Do you agree with the background and context summary above? Why, why not?	Network Waitaki broadly agrees that connection pricing approaches have historically differed across distributors. This is not unexpected given the absence of a prescribed methodology and the differences in network characteristics, customer mix and connection types across the sector. However, we do not consider that inconsistency, in itself, demonstrates poor outcomes or justifies highly prescriptive reform. Differences in approach may reflect legitimate local circumstances such as ownership structure, customer demographics or network configuration rather than inefficient or inappropriate pricing. Network Waitaki supports improved transparency and evidence-based pricing. However, **further reform should be proportionate and targeted at clearly identified problems, rather than replacing local discretion with detailed prescription where the case for intervention has not been clearly established.**
Q2. Is there additional background, evidence or context relevant to the issues covered in this paper?	Network Waitaki does not have additional evidence to provide at this stage. However, we consider it important that the Authority recognises the diversity of distributor circumstances when assessing connection pricing approaches. Differences between distributors may reflect legitimate differences in network configuration, customer mix, historical capital contribution approaches, growth profile and connection types.

Questions	Comments
	For this reason, we consider that **further reform should focus on improving transparency and explanation, rather than assuming that differences in approach or outcomes necessarily indicate inefficient or inappropriate pricing.**
Q3. How should the Authority prioritise across possible options identified in this paper?	Network Waitaki considers the Authority should prioritise options that are targeted, proportionate and clearly linked to identified problems. The fast-track measures already introduce significant changes to connection pricing, including greater transparency, cost reconciliation and capacity rate requirements. These measures should be given time to bed in before further prescriptive reform is introduced. **Further reform should focus on areas where there is clear evidence that the fast-track measures will not be sufficient.**
4. Which options should have the highest or lowest priority, and why?	**Network Waitaki considers the highest priority should be the effective implementation of the fast-track measures already introduced**. These measures should be given time to bed in before further prescriptive reform is prioritised. We consider that **Section 3**, relating to costing methodologies and allocation methodologies, should be lower priority unless there is clear evidence that connection charges are increasing materially or that current approaches are producing inefficient outcomes. We also consider that **Section 4**, including network development, network modifications, connection downgrades and continuance of supply, should not be subject to prescriptive rules unless there is

Questions	Comments
	clear evidence of a material problem. These areas are operationally complex and closely linked to local network circumstances. Secondary networks, financial security, and the matters raised in **Appendix D** appear to cover a wide range of discrete issues. Network Waitaki considers these should be lower priority unless the Authority clearly identifies the specific problem, evidence of harm, and why existing fast-track measures are insufficient. In relation to **Section 6**, we consider that any assurance measures should be light-handed and proportionate. If additional assurance is considered necessary, self-certification is likely to be the most appropriate option. Independent reviews can involve significant cost and should only be required where there is clear evidence of a material issue or specific concerns with a distributor's approach.
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?	Network Waitaki does not consider that costing methodologies should be a high priority for further reform at this stage. The fast-track measures already introduce significant new requirements, including transparency, connection charge reconciliation and capacity rate requirements. These measures should be given time to operate before further prescriptive reform is considered. We note that the concerns identified in paragraph 3.8 are anecdotal. It is difficult to respond meaningfully to those concerns without clear evidence of the issue and its materiality, and whether it is widespread across all Electricity Distributors. From Network Waitaki's perspective, those concerns do not reflect its current practices. We provide transparent quotes, applies fixed rates and pass-through costs from our contracting department,

Questions	Comments
	discusses scope, timing and sizing with customers, and seeks to identify the minimum scheme required for the connection. Where Network Waitaki chooses to undertake additional works for wider network efficiency, those enhancements are not charged to the connecting customer. For these reasons, further reform of costing methodologies should be lower priority unless the Authority has clear evidence of material poor outcomes not addressed by the fast-track measures. Network Waitaki does not consider it would be proportionate to impose detailed costing rules in response to anecdotal concerns, that possibly apply to only a small number of distributors, without clear evidence that the issue is widespread and material.
Q6. What are your views on the merits of the identified costing methodology options?	Network Waitaki understands that the Authority has a role in considering whether connection pricing settings appropriately balance the interests of connection applicants and existing customers and distributors. However, the costing methodology options are broad and, in some cases, could involve detailed prescription of distributor pricing practices. We consider that the Authority should be cautious about moving from transparency-based requirements to highly prescriptive rules before the fast-track measures have been implemented and assessed. In Network Waitaki's view, the main merit lies in options that improve transparency and customer understanding, rather than options that prescribe detailed costing outcomes. For example, **A4 cost transparency** appears to be the most practical and

Questions	Comments
	proportionate option, provided it remains principles-based and does not require overly detailed or standardised quote formats. We are concerned with options such as **A2 construction risk allocation**, **A3 equivalence obligations**, **A5 detailed costing requirements**, **A6 input assurance**, and **A7 in-kind contribution costing**. These options could be complex to apply and may increase cost and compliance burden. Network Waitaki considers that any further reform should be targeted at clearly identified problems that are material and widespread. The Authority should avoid displacing existing approaches that are working appropriately in practice.
Q7. Are there any other costing methodology options you think the Authority should consider?	No other options are proposed. The options already identified are broad and cover a wide range of potential interventions. In Network Waitaki's view, the Authority should focus on whether any further reform is necessary, proportionate and supported by clear evidence, rather than expanding the scope further.
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?	Network Waitaki does not consider allocation methodologies should be a priority for further reform at this stage. Allocation methodologies are inherently connection-specific because the appropriate split between upfront recovery and future recovery depends on the nature of the works required for each connection. Network Waitaki would be concerned with any standardised approach that applies a pricing allocator at consumer group level without adequately distinguishing between customer-specific works and shared upstream network capacity costs. There is unlikely to

Questions	Comments
	be a single representative new connection within each consumer group, as connection requirements can vary materially depending on location, required works, and customer requirements. In Network Waitaki's view, customer-specific connection works should generally be recoverable upfront, while shared upstream network capacity costs may appropriately recognise future recovery through ongoing line charges. Dedicated transformer treatment is a practical example of why allocation methodologies should remain flexible. Network Waitaki shows dedicated transformer costs in the quote and reconciliation for transparency, but does not include those costs in the minimum scheme cost charged to the connecting customer. Customers supplied through distribution transformer capacity instead contribute through the distribution substation tier. A broad allocator applied to total incremental cost could produce distorted outcomes if it does not distinguish between customer-specific works, shared upstream network capacity costs, and costs shown for transparency but not charged through the minimum scheme.
Q9. How well do the identified allocation methodology options meet the allocation objectives discussed in this paper?	Further to our response to Q8, Network Waitaki does not consider that the identified allocation methodology options meet the allocation objectives. There is unlikely to be a single representative new connection within each consumer group, as connection requirements vary materially by location, customer requirements and the nature of the works required.

Questions	Comments
	Applying a standard allocator could create new inequities between new connectees and existing customers, rather than resolving them. Any allocation methodology must clearly distinguish between customer-specific works, recoverable upfront, and shared upstream network capacity costs, where future recovery through ongoing line charges may be relevant. Network Waitaki should not be required to finance customer-specific connection works without appropriate cost recovery.
Q10. Are there any other allocation methodology options you think the Authority should consider?	Network Waitaki does not propose any additional allocation methodology options. In our view, the key issue is whether the allocation approach fairly distinguishes between customer-specific connection works and shared upstream network capacity costs. Customer-specific works should generally be recoverable upfront, while shared upstream network capacity costs may appropriately recognise future recovery through ongoing line charges. Network Waitaki considers this approach is fair to both new connectees and existing customers. It avoids existing customers subsidising customer-specific works, while recognising that shared network capacity may be recovered over time through line charges.
Q11. Are you aware of any issues relating to network development funding? Please provide examples, evidence or analysis where possible.	Network Waitaki is not aware of specific network development funding issues that require further reform at this stage.

Questions	Comments
Q12. What options, if any, should the Authority consider for promoting efficient pricing for network development?	Network Waitaki does not propose any additional prescriptive options for network development pricing at this stage. We would not support detailed rules prescribing how network development costs must be allocated, unless there is clear evidence that existing approaches are causing material poor outcomes.
Q13. Are you aware of any issues relating to network modification charges? Please provide examples, evidence or analysis where possible.	Network Waitaki is not aware of specific issues relating to network modification charges. Where a customer requests a network modification, such as relocation of a pole or undergrounding of an existing service line, Network Waitaki recovers the full cost of that modification from the requesting customer. We consider this appropriate, as the cost is customer-specific and should not be recovered from existing customers.
Q14. What options, if any, should the Authority consider for promoting efficient pricing for network modifications?	Network Waitaki does not consider that prescriptive rules are required for network modifications. If the Authority considers guidance is needed, it should confirm that customer- or third-party-requested network modifications may be charged on a cost-recovery basis. This ensures the requesting party meets the efficient cost of the modification, rather than those costs being recovered from existing customers.
Q15. Are you aware of any issues relating to connection downgrade or disconnection charges? Please provide examples, evidence or analysis where possible.	Network Waitaki is not aware of specific issues relating to connection downgrade or disconnection charges.

Questions	Comments
	Where a customer requests a downgrade or disconnection, we generally recover only the actual costs reasonably incurred in carrying out the work while carrying the risk for stranded assets. Network Waitaki is, however, concerned about seasonal or intermittent disconnection being used to avoid lines charges. Our pricing schedule provides that where an ICP is disconnected for seasonal or intermittent use, we may charge the fixed charges that would have applied had the ICP remained connected for the year.
Q16. What options, if any, should the Authority consider for promoting efficient pricing for connection downgrades or disconnections?	Network Waitaki does not consider that additional prescriptive options are required. If the Authority considers guidance is needed, it should confirm that distributors may recover the actual costs reasonably incurred in carrying out customer-requested downgrades or disconnections. Guidance should also recognise the potential for seasonal or intermittent disconnection to create cost-shifting issues where it is used to avoid lines charges.
Q17. Are you aware of any issues relating to continuance pricing? Please provide examples, evidence or analysis where possible.	Network Waitaki considers that continuance pricing is an area where greater flexibility is required. There can be situations where the ongoing cost of maintaining or renewing network supply to a connection is materially higher than the revenue recovered from that connection, for example where a small connection is located a significant distance from the main supply point. In these situations, it would be more efficient if we could be able to engage with affected customers and consider alternative supply

Questions	Comments
	arrangements where the existing network supply is clearly uneconomic. Any reform should be principles-based and should allow case-by-case assessment of options that are fair to both the affected customer and existing customers more generally.
Q18. Should continuance pricing methodologies be a priority for further reform? Please provide reasons for your view.	As per our response to Q17, Network Waitaki considers that continuance pricing may be an area where further clarification would be useful, but does not consider that prescribed pricing methodologies should be a priority.
Q19. What options, if any, should the Authority consider for promoting efficient continuance pricing?	Network Waitaki considers the Authority should provide principles-based guidance on the use of non-network alternatives where continued network supply is clearly uneconomic. Where a business case shows that maintaining or renewing network supply is materially more costly than an alternative supply arrangement, distributors should be able to engage with affected customers and consider non-network alternatives while maintaining supply.
Q20. Are you aware of any issues relating to secondary network access? Please provide examples, evidence or analysis where possible.	Network Waitaki is not aware of specific issues relating to secondary network access and does not have evidence or analysis to provide on this matter at this stage.
Q21. Should secondary network access be a priority for further reform? Please provide reasons for your view.	We are not aware of specific issues in this area, and any reform should be targeted to clearly identified problems supported by evidence that the issue is material.

Questions	Comments
Q22. What options or approach, if any, should the Authority consider for addressing secondary network access issues?	Network Waitaki does not propose any specific options for addressing secondary network access issues at this stage.
Q23. Are you aware of any issues relating to financial security requirements? Please provide examples, evidence or analysis where possible.	Network Waitaki is not aware of specific issues relating to financial security requirements at this stage. We do not currently require prudential security from retailers and does not have evidence of financial security requirements creating barriers for connection applicants. We recognise, however, that financial security may be relevant for large, atypical or customer-specific connections where there is material investment, uncertain demand or potential asset stranding risk. Any reform should preserve distributor flexibility to manage genuine risks, while ensuring requirements are reasonable and proportionate.
Q24. Should financial security requirements be a priority for further reform? Please provide reasons for your view.	Further to our response to Q23, Network Waitaki does not consider that financial security requirements should be a high priority for further reform at this stage. We are not currently aware of specific issues in this area.
Q25. What options or approach, if any, should the Authority consider for financial security requirements?	Network Waitaki does not propose any specific options for financial security requirements at this stage. Any reform should be targeted and proportionate, and should preserve distributor flexibility to manage genuine commercial and asset stranding risks.

Questions	Comments
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)?	Network Waitaki has no further views beyond those expressed in responses above.
Q27. What measures, if any, should the Authority consider to ensure connection pricing methodology requirements are effective in practice?	Network Waitaki considers the Authority should focus on clear, practical guidance on what is expected in pricing methodologies, rather than adding further layers of compliance. Additional reporting, certification, review or assurance requirements would increase compliance cost and administration, with those costs ultimately borne by consumers. Any further measures should be integrated with existing pricing methodology disclosure and connection charge reconciliation requirements, and should focus on clear explanation and transparency rather than multiple overlapping obligations.
Q28. How should the Authority monitor, review or update connection pricing methodology requirements to ensure they remain fit for purpose over time?	Any substantive review should occur only after the fast-track measures have had sufficient time to operate in practice. Network Waitaki considers that aligning any review with existing regulatory reset cycles, such as the DPP reset cycle, would be more efficient than creating a separate review process and would help avoid continual regulatory uncertainty.