

Further reform of distribution connection pricing

Submission by Subdivision Advocacy NZ Limited

To the Electricity Authority Te Mana Hiko

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24 August 2026

About this submission

1. Subdivision Advocacy NZ Limited (SANZ) represents more than 16,000 members. Most are small developers, project managers and landowners carrying out infill development in Auckland and elsewhere in New Zealand. The Auckland ones are the people who apply for the connections this issues paper is about, and almost none of them are electricity industry participants.
2. On 6 August 2026 SANZ hosted members of the Authority on a visit to Auckland infill sites. Developers spoke to their own sites with quotes, correspondence and contractor pricing in hand. This submission sets out what the Authority saw that day and what SANZ asks the Authority to do about it.
3. Only two of the four sites are described here (without naming the developers). The two that are not reviewed reinforce similar experiences. SANZ holds the quotes, invoices, engineering reports and correspondence behind every figure in this submission and will provide them to the Authority on request.
4. SANZ agrees with the framing in the issues paper. The purpose of this submission is to show the Authority how large the gaps are in practice. On the sites visited, the difference between what the distributor charged and what the same physical work costs in the open market ran from 25% to more than seven times. On several of them the delay cost the developer more than the charge did.
5. Our feature is the demand for CASH by Entrust (their primary focus), this drives CONDUCT, and as a result PRICING. The system is broken.

What the Authority saw on 6 August (1 of 4 seen)

Site A: a 12 unit infill development, central Auckland

6. Two villas were removed and resource consent was obtained for 12 units. Two blocks were completed. On the third block, with the foundations and slab poured and framing under way, the scaffolder raised the distance to the overhead conductors.
7. Vector attended, described the clearances as marginal, and required an engineering report. The developer approached other engineering firms. He was told they would not be accepted and that he would have to use the provider Vector accepts. He did.
8. The report confirmed the buildings cleared the conductors. A standard 12 metre scaffold would not. The developer designed a narrow scaffold with his main contractor, a health and safety consultant and a scaffold designer, and produced a method statement to go with it. Vector proposed instead that the line be placed underground from one pole to the next, indicated at around half a million dollars.
9. What followed ran for about two years:
 - (a) Requests for a meeting on site were refused. Meetings were held online at intervals of roughly 10 weeks.
 - (b) The developer formed the view, from the terminology used in those meetings, that the reviewers did not understand the construction method they were assessing.
 - (c) The narrow scaffold was shown to comply with 50 millimetres to spare. Vector rejected it as an insufficient margin for error. NZECP34 does not require a margin for error.
 - (d) A Vector officer drove past the site at a weekend and telephoned on the Monday alleging that construction was unlawful and threatening to have the site closed. Vector then sent its senior assessor, who said he saw no problem with the work done and that he could not issue a close approach consent because none was needed.
10. Roof purlins had been left long, as they ordinarily are, and did not clear the conductors. The assessor who attended accepted that a worker in a harness could pull them back. The close approach team did not. De-energisation for the few minutes required was refused. A tree contractor working on the same frontage offered to cut within centimetres of the live line and was told by Vector not to make that offer again.
11. The matter resolved when Vector agreed to cantilever the conductors further from the building. Two poles were assessed by the same accepted provider at further cost, and one had to be replaced. The cantilevered line was then modelled against

the same narrow scaffold the developer had proposed at the start. Vector charged \$125,000 for the work, and de-energised the line to carry it out.

12. Two points about those poles. They carried yellow condition tags, so they were already identified for replacement. And Vector has moved its condition inspection interval for this class of asset from every two years to twice in five years (noted by Kirsty from the AMP 2024 and 2026).
13. The developer put his total loss on the project at about \$623,000. That is extension of time costs, additional supervision, additional scaffold and finance costs. The units had been pre-sold with sunset dates.

Site B: connection charges and civil works, south Auckland (two developers with a pricing discussion focus)

14. A developer applied for connections to an 11 unit site. Vector advised that a line upgrade was needed. It took more than a month to be told which part of the network the upgrade would run from. Vector then required \$3,000 plus GST to produce a design before it could give a price. That was paid. Seven months later, neither the design nor the price had been issued.
15. On a second site the same group applied and paid for a single three phase 100 amp fuse into an existing pit. When they followed up months later they were told the job had been cancelled and were offered a refund. The fuse was installed about six months after payment. The charge was \$26,000. There was no excavation, no reinstatement and no traffic management plan.
16. On a third site, four connections were quoted at \$41,000, of which \$19,000 was the growth charge. The developer put the remaining scope to a civil contractor and a traffic management provider he had no prior relationship with. The price for the same work, including the growth charge, was \$29,683.
17. Traffic management is the clearest single comparison. On one job Vector quoted between \$10,000 and \$12,000. The developer arranged the same traffic management himself for \$1,600 for one day, and the crew finished in half a day. On another job the quoted daily rate for traffic management was several times the \$1,800 the developer went on to pay. A section of concrete footpath 1.5 metres by 2 metres was quoted at \$4,700 and built for \$600.
18. The developers described the chain as Vector, then a head contractor, then a subcontractor to that contractor, then the crew who do the work. Each layer prices the layer below it.
19. Developers stage their consents to keep unit numbers below the threshold at which a job is handed to Vector's projects team, because project management becomes the largest single line in the quote once it applies. Staging a development to avoid a charge is not an efficient investment signal.

20. Across these sites the pattern was consistent. Construction takes four to six months. The power connection takes eight. Holding costs on a site of this size run at around \$35,000 a month. Developers also told the Authority that the position has become worse over the last three years, not better.

Price

21. SANZ supports the costing methodology options and asks the Authority to treat three of them as high priority: cost transparency (A4), the equivalence obligation (A3), and costing requirements dealing with avoided costs (A5).

Cost transparency, option A4

22. A developer who receives a quote cannot see what is in it. To get an itemised breakdown he must lodge a further application, pay another \$300, and wait. On the sites visited that wait ran from two weeks to three and a half months. In one case the fee was refunded only after the delay was raised publicly.
23. The growth charge is not shown as a separate line. It is published on the distributor website, but a developer has to know it exists and know where to look.
24. Clause 2.4.7 of the information disclosure determination already requires a distributor to give a reasonable explanation of the components of a connection charge on reasonable query. On this evidence it is not producing one. SANZ asks the Authority to set a standard requiring the breakdown to appear on the face of the quote, at no extra charge, with the growth charge, traffic management, civil works, project management and any margin or financing component shown separately.

Equivalence obligation, option A3

25. The traffic management figures are the reason SANZ rates A3 highly. If a distributor procures traffic management at multiples of the market rate for connection work, the obvious question is whether it procures at those rates for its regulated maintenance and capital work as well.
26. If it does, the inflated costs increase the revenue allowances of a distributor which means higher lines charges for consumers. An Authority staff member concurred with us on this point. It is the single strongest reason for an equivalence obligation, and it is a consumer interest, not only a developer one.
27. SANZ supports A3 being backed by reporting and by director certification, as the issues paper contemplates.

Costing requirements and avoided costs, option A5

28. At Site A the poles carried yellow condition tags. Renewal was already required. The developer paid \$125,000 for work that included replacing an asset the distributor would have had to replace anyway, at its own cost, within its renewal programme.

29. SANZ asks that A5 require avoided costs to be netted off the incremental cost estimate, and that the distributor be required to disclose the recorded condition of any asset that connection works will renew or bring forward. A developer cannot claim an avoided cost he is not told about.

Contestability

30. Appendix D treats contestability as competition to supply connection equipment and works. On the evidence of the visit, that scope is too narrow.
31. At Site A the constraint was never who would build the line. It was who was allowed to write the engineering report, and who decided whether to accept it. Those two questions controlled two years of programme and the whole of the \$623,000.
32. Vector operates an approval scheme for close approach engineering reports. In practice one provider is accepted. Developers report fees from that provider running into the tens of thousands of dollars, and turnarounds measured in months. Other qualified firms told the developer at Site A that their reports would not be accepted, so he did not obtain a competing quote.
33. The applicant is not told who assesses the report. Correspondence on Site A recorded comments on the presentation of the report rather than on its engineering content.
34. SANZ asks the Authority to extend the contestability work to cover the technical assessment that gates a connection, not only the construction that follows it. At a minimum a distributor that requires an engineering report should be required to:
- publish the criteria for approving a report provider, and apply them objectively;
 - publish the list of providers it currently accepts;
 - identify the person assessing a report and the basis of any rejection; and
 - meet a stated turnaround for accepting or rejecting a report.
35. An Authority staff member observed on the day that this series of related processes sits close to extension work and the scope of the contestability work is important.. SANZ agrees and asks that the scope of the contestability work is such that the related processes are included.
36. A second point on scope. NZECP34 sets clearances from a structure in Table 2 and, where an engineering report is required, tighter figures in Table 3. Developers report being pushed into an engineering report even where the structure clears Table 2, on the basis of conductor sag. Sag is a function of how the distributor maintains its line, not of how the developer builds. Requiring a report in that situation moves a network cost onto the applicant.

Time

37. The connection process measures set timeframes from application to approval. They do not cover what happens after approval, and that is where the time goes. An Authority staff member acknowledged this on the day and said the Authority intends to look at it.
38. The evidence from the visit: seven months for a design that had been paid for and still had not arrived, six months for one fuse, three and a half months for a cost breakdown, and about two years for a scaffold approval.
39. Holding cost is the measure of the harm. At \$35,000 a month, a seven month delay costs about \$245,000 on a single small site. Nothing in the current arrangements makes that cost visible to the distributor or gives it any reason to avoid it.
40. SANZ asks the Authority to extend Code timeframes past the approval step to cover issue of the detailed quote, issue of the design where the distributor has been paid to produce one, and the works date. The distributor should be required to state a date and to report against it.
41. SANZ supports the capacity map and network connections pipeline work. Developers on the day contrasted it with the wastewater position, where a published map and a one week response tell them what they can build before they buy the land. The transformer threshold of 500 kVA will not help an 11 unit infill site. The value for this group is at the distribution transformer and low voltage level, and SANZ asks that the programme keep working down to it.

Redress

42. Clause 6B.13 is the whole of the redress available to a small developer. The distributor must attempt to resolve the dispute in good faith. The applicant may report a suspected Code breach. Neither produces a corrected quote and neither compensates the delay. The Takanini site visit demonstrated an example of this failure.
43. Utilities Disputes cannot consider the price a provider sets. The determination route in Schedule 6.3, and the ability to have the Authority or the Rulings Panel require charges to be set consistently with the mandatory methodologies, is available to participants. Almost no applicant for an infill connection is a participant, and none of them will become one.
44. What is left is the Disputes Tribunal. The developer funds the case himself (modest), the jurisdictional limit is well below the sums in question on most of these sites, and the outcome binds nobody else. That is not a workable check on a monopoly supplier.
45. SANZ asks the Authority to give non-participant applicants a determination route. Either extend Schedule 6.3 to non-participants in a low cost form, or empower the

Authority to require a distributor to re-quote where a quote is found to be inconsistent with its published methodology.

46. The charge reconciliation disclosures will help. They will show what people paid and make outliers visible, and SANZ supports them. They will not, on their own, get anyone a corrected quote.

Timing

47. SANZ notes that the process is far too slow. We have real cash-conduct-pricing crises now
48. The arrangements described in this submission are the arrangements that produced a \$623,000 loss on one small site and a \$26,000 charge for one fuse on another.
49. The measures SANZ ranks highest, cost transparency and redress, are not revenue path linked. There is no reason to wait on those at all.

Contact

50. SANZ is willing to appear, to provide the underlying documents for any example in this submission, and to arrange further site visits. The developers who hosted the Authority on 6 August have offered to speak to their own files directly.

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