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New Zealand

30 August 2023

Manawa Energy's cross submission: Targeted reform of Distribution Pricing

Introduction

Manawa Energy (**Manawa**) thanks the Electricity Authority (**Authority**) for the opportunity to make a cross- submission on the submissions filed in response to its *Targeted reform of Distribution Pricing: Issues paper* (**Distribution Pricing Issues paper**).

Although the Authority has been working on reform of distribution pricing since its establishment it does not appear that we are any closer to a resolution of many of the core pricing issues.

Across the submissions, stakeholders appear to be very divided on:

- The pace of reform (too slow/too fast);
- The services distributors provide to retailers and retailers provide to end users;
- How and who should manage the trade-offs between existing and new customers, current and future customers, business and residential customers, peak and off-peak use, efficiency and affordability; and
- How and who should balance the desired outcomes for end users in a particular distribution network with the actions required to achieve the government's climate change objectives.

This is problematic given the criticality of this decade for the electricity sector and Aotearoa New Zealand's transition to net zero carbon.

Overview and scope of this submission

Our cross-submission continues our focus on connection pricing.

In their submissions on this topic, access seekers have:

- Requested more transparency about pricing practices;
- Shared their frustration about the lack of pro-active information sharing by distributors on network capacity;
- Called for more standardisation and consistency in connection policies;
- Expressed concern about the ongoing potential for abuse of monopoly power from distributors when setting access prices and terms; and
- Sought more regulatory intervention from industry regulators to address bottlenecks, guard against inefficient pricing and unfair contract terms, promote more innovative solutions to connection issues and ensure that the electrification momentum is maintained.

In contrast, the distributors' submissions:

- Suggest the Authority has not established that connection charging is an issue;

- Raise concerns that the Authority is seeking preferential treatment for one type of access seeker contrary to the interests of the end users on their networks;
- Reject calls for more standardisation (except in relation to terminology);
- Put forward mixed views on whether (a) it is possible to share information network capacity with current resources (b) customers want this information and (c) this is a priority issue for current resources.
- Provide different answers to the Authority's question about whether it is possible or appropriate to have third parties undertake connection work on distribution networks; and
- Express strong views that it is inappropriate to mandate connection pricing when the Authority has not previously given any guidance on its expectations.

Given the difference between access seekers and distributors on the nature of the issues to be addressed and the time available to address them, it is of no surprise that the parties are at opposite ends of the spectrum in relation to the next steps.

The Authority will have to choose issue by issue where the balance of competing interests resides. For our part, we cannot see how the industry will be able to deliver the Government's recently restated objectives for the sector of:¹

- Energy affordability and energy equity for consumers.
- Ensuring that our energy supply is secure and reliable, including as we adapt to the effects of climate change and in the face of global shocks.
- Our energy system transitions at the pace and scale required to support a net zero 2050.
- Our energy system supports economic development and productivity growth aligned with the transition.

without decisive action from the Authority to address the matters raised by access seekers in response to this consultation.

Views of access -seekers

Access seekers have drawn the Authority's attention to a number of connection issues.

Transparency about pricing practices

Submitters commented on the lack of transparency provided by many distributors on how connection pricing is established both initially and throughout the term of the connection contract. This lack of transparency applies to how costs are allocated amongst customer groups and which assets form the basis of the charge.

- Meridian advised:²

*Our public charging deployment has slowed, and in many locations has been unable to proceed due to the unreasonably high cost of new connections. **The underlying causes for such dramatic variability in connection costs are not always clear** but we presume that different approaches to capital contributions play a large role.*

¹ MBIES's August 2023 Measures for transition to an expanded renewable electricity system, page 15

² Meridian submission, page 3 (emphasis added)

- MEUG submitted:³
...with large Time of Use (ToU) sites, [connection] pricing is most often “price on application” (POA), with members noting that the process can be very uncertain.
- Contact’s submission supported:⁴
Better information on connection costs, including more detailed quotes, and more information in information disclosure reports.
- S Peterson submitted that in relation to large customer connections it is usually very hard to understand what the lines charges cover. He suggests the Authority consider:⁵
Requiring distributors to clearly define the scope and service paid for by line tariffs so access seeker can understand what connection costs they are expected to pay for over and above a standard line tariff.

Our experience has also been that some distributors provide insufficient information for us to reconcile our annual connection charges.

Confidence in the level of connection charges

Access seekers have also expressed concerns about the level of connection charges and the appropriateness of requested capital contributions particularly deep connection charges.

- MEUG’s states there is an active issue at the moment about ‘overly high’ capital contributions:⁶
*With the move to greater electrification, the process and pricing for connections is also an area of interest to MEUG. As the paper notes, there is a great variation in the share of capital contributions required by EDBs, and some **EDBs have concerningly required new customers to “contribute to the cost of upgrading capacity beyond their immediate connection.”** MEUG members have experienced this issue when working on both greenfield and brownfield projects, **with EDBs requiring members to pay disproportionately high costs to expand a network’s overall capacity in an area (beyond what is needed for a particular project or site).***
- Meridian submitted:⁷
*Depending on available network capacity, large **new connections may also face wider network upgrade costs** that do not exclusively benefit the connecting party.*

Another issue which is troubling access seekers is the lack of standardisation in connection pricing.

- Meridian submitted:⁸

³ MEUG submission, page 3

⁴ Contact submission, page 9

⁵ S Peterson submission, page 5

⁶ MEUG submission, page 3 (emphasis added)

⁷ Meridian submission, page 3 (emphasis added)

⁸ Ibid

*Unlike transmission pricing, there is no standard approach to first-mover disadvantage for distribution pricing and **no standardised method to fairly allocate network upgrade costs** between existing users, an access seeker connecting to the network now, and new connections that might be anticipated in future.*

Manawa strongly agrees with Meridian that⁹:

*...it should be possible to develop a **standardised set of cost building blocks or a standardised pricing toolbox which each distributor could deploy to suit their situation**, or to limit things that drive variation such as the four different capital contribution policies. Without standardised building blocks, each distributor could implement different pricing reform, each with unique and complex pricing schedules.*

Manawa notes that the issue of standardisation of tariffs has been around since the Authority was established (see the original section 42(e) of the Electricity Industry Act 2010). This section has now been repealed but in our view the original requirement was sound and so the matter should be revisited.

Information-sharing about network capacity

Manawa has previously made a number of submissions seeking more ex ante information about network capacity. We note Meridian's submission describes the significant information challenges it has had in deploying a public charging network:¹⁰

*We also strongly support additional efforts such as providing GIS data, and more information about capacity in different areas. Currently, access seekers suggest potential sites to distributors for analysis, with little or no knowledge of what network capacity is available or what potential upgrades would be required. Trying to establish whether there is capacity in a particular location can attract fees of around \$3,000. This is charged per location, per request. **Costs can quickly mount with multiple requests if we are unable to find a location that has sufficient capacity. These requests are inefficient for both access seekers and for distributors and can lead to delays and frustration on both sides.** Processing unqualified and speculative requests is an inefficient use of distributor time and resource, which instead could be focused on facilitating viable and well researched projects....*

Many distributors maintain some form of geographic information system with the location and characteristics of their infrastructure mapped within it. However, public access to these systems is currently not widely available. Increased transparency and access would enable access seekers to focus on more suitable locations, which would reduce the administrative burden and time taken by both access seekers and distributors.

Use of approved third party contractors

The Authority sought feedback on whether it should allow access seekers to contract connection works directly from a large pool of approved providers. The purpose of this initiative is to provide surety that connection costs are being set at an efficient level.

⁹ Meridian submission, page 2 (emphasis added)

¹⁰ Meridian submission, page 4-5 (emphasis added)

Access seekers had divided views on whether this was a practical option for all types of access.

Meridian submitted:¹¹

We also strongly support the idea to allow for a larger pool of approved providers, through which access seekers could directly contract for work. Our experience is that quotes for works can vary widely among distributors, and that this proposal would inject some positive competitive pressures and help to keep prices reasonable.

S Peterson supports:¹²

A national pool of certified contractors ... would support a common standard of competence and support creating scale, innovation and competition in network delivery and maintenance capacity

However, Contact has reservations about the practicality of this proposal for some connections:¹³

However, contracting work directly may prove difficult in practice. There are few companies that have the specialised expertise and equipment required to provide high-voltage connections. Furthermore, these few companies will often have established partnerships and long-standing relationships as preferred suppliers for EDB(s) - placing them in a position that they are unwilling to risk for a direct quote request from an access seeker. This creates a commercial barrier and prevents access seekers from experiencing a truly competitive market and facing difficulties obtaining competing quotes to validate the connections charges presented by the Distributor...

We are also unsure how a competitive access arrangement would work, given that most connections rely on existing assets to a greater or lesser extent. Such a regime would also need to set out access arrangements, detailed pricing for what upstream assets are used, and coordinate usage of shared assets.

As an alternative Contact Energy proposes:¹⁴

*'When pricing a new large connection, a requirement that the cheapest possible connection is identified and priced. A direct connection into a zone sub-station or GXP can sometimes be the lowest cost solution, however, does not provide any benefit to the wider network. In these situations, it may be an overall efficient outcome to complete an alternative connection option, at a higher price, that provides wider benefit to the existing network and users. However, **the cost used for the determination of connection pricing and contributions should be capped at the lowest cost solution** – any additional expenditure can be considered anticipatory CAPEX for the EDB that is outside the connection request.*

Regardless of which approach is chosen access seekers would like a regulatory arrangement that ensures connection costs are able to be tested, either by way of third party sourcing, or by the production of objectively verifiable evidence that the chosen option is the lowest possible cost.

¹¹ Meridian submission, page 5

¹² S Peterson submission, page 11

¹³ Contact submission, pages 8 (emphasis added)

¹⁴ Contact submission, page 7-8

Incentives for innovative connection services

Submitters noted the lack of incentives for distributors to offer different connection terms for access seekers who are able to take a different service such as non-firmed capacity connections.

- Ecotricity submitted that connection incentives should be provided for those who specifically include flexibility assets in their capital plans:¹⁵

For example, simply moving from gas / coal boilers to electricity can create material challenges to the network. If those customers added battery storage, then this could be used to offset peak period issues and result in better outcomes for everyone. Our view is that these should be incentivised through lower connection charges at a level of materiality that allows businesses to develop a robust business case for including a storage solution.

- Stephen Peterson said:¹⁶

Efficient connection costs are a function of both the design (scope) and the cost to build. For large new loads often associated with decarbonisation projects using flexible load to support resilience and redundancy in the network can provide a material cost saving and underpin project viability.

- Contact also notes that need to improve incentives for distributors to offer flexible capacity connections:¹⁷

This would better utilise existing network infrastructure for clients who do not need a firmed capacity, either because their operations are extremely flexible, or they have flexibility built into their operation that allows them to adjust demand in real-time to what is available. These clients are unlikely to trigger any upgrades to network assets (outside investment in new control systems, such as a special protection scheme). As such, both the capital contributions requested and ongoing distribution charges should reflect the lower level of service being accepted by the access seeker."

We agree that this issue requires further consideration as it may have a key role to play in reducing connection bottle necks and ensuring most efficient network usage. Given the overlap with the Commerce Commission's requirement on SAIDI and SAIFI (noted later in this submission), joint work between the regulatory agencies will be required.

General concern about misuse of monopoly power and/or non-price access matters

More generally a number of access seekers shared our concerns about the potential for distributors to abuse their monopoly power in setting connection requirements as well as pricing.

Contact said:¹⁸

¹⁵ Ecotricity submission, page 6

¹⁶ S Peterson submission, page 6

¹⁷ Contact submission, page 7 (emphasis added)

¹⁸ Contact submission, page 7 (emphasis added)

As well as the price, the access terms provided to the connecting party are also **a very critical part of the investment decision by access seekers** and should be considered alongside pricing and capital contribution considerations.

In terms of evidence of the misuse of monopoly power, Manawa notes:

- Andrew Body's submission¹⁹ outlines the challenges he has observed in relation to new residential connections in the Auckland district including inefficient capital works planning, lack of cost transparency, uncompetitive pricing, and unfair contract terms.
- Stephen Peterson's submission describes projects that he has seen where distributors proposed network connection costs that exceeded the estimated cost of a direct connection to Transpower and where connection upgrades were scoped that were materially more expensive than the upgrade required to meet the access seekers requirements.²⁰

These views suggest that the Authority's interest in this area is well-founded and we support it in further scrutinising around the approach being adopted by distributors.

Views of distributors on connection pricing

In contrast to the views of access seekers, distributors do not think there are any systemic issues on connection access or connection pricing.

Disagreement on problem definition

From their perspective, the wide range of connection pricing practices across New Zealand is not a problem.

- Aurora submitted:²¹

Each EDB has different pricing and regulatory allowances to reflect the individual characteristics of their networks and it is a natural consequence that each EDB will have individual capital contribution policies to complement these allowances.

- ENA said:²²

ENA does not agree with the Authority's problem statement. ENA believes the existence of different connection pricing approaches represents the application of cost-reflective pricing and is not a problem to be addressed.

Enforced standardisation of connection prices both within EDBs and across different EDBs conflicts with the Authority's often repeated calls for more disaggregated and location-specific prices

Other distributors made similar points.

¹⁹ A Body, submission page 1

²⁰ S Peterson submission, page 4

²¹ Aurora submission, pages 4 and 10

²² ENA submission page 11

Perception that the Authority is favouring some access seekers

Some distributors were concerned that the Authority's interest in connection pricing was inappropriate as it was driven by a desire to favour one type of access seeker (EV charging infrastructure) over the interests of existing users or other access seekers.

- EA Networks said:²³

We are concerned that the Authority has included this area of focus in response to a small subset of our new connections – electric vehicle fast chargers. We accept that this customer group would like to pay less to connect, but we are not in a position to support one commercial initiative over another, or one decarbonisation technology over another.

- Network Waitaki said:²⁴

Network Waitaki follows a load agnostic principle and perceives any notion to benefit a certain type of customer as discriminatory and not in the interest of the overall consumer base. For example, we would ask the question as to why must existing network users subsidise EV charging stations getting connected without connection levies?.

- Wellington Electricity said:²⁵

Public EV charging is just one of the decarbonisation-related growth that networks need to manage and they are comparatively small in number compared to providing new capacity for home charging (where most, 80%, EV charging will occur), the electrification of gas and electrification of public transport.

Transparency about pricing practices

Distributors appear to have some awareness of the issues access seekers are having in getting information about, and understanding, the different connection pricing practices of distributors.

Many agreed with ENA that:²⁶

there is room for greater consistency between distributors in their terminology, processes, and approaches to connection pricing.

To address this ENA is proposing to develop a connection pricing guide in conjunction with its members.

Confidence in the level of connection charges and fairness of allocations

Setting aside transparency issues, distributors do not believe there are any issues in relation to the level of connection charges set for individual access seekers. Their working assumption appears to be that their charges *are set at the efficient level*, the only issue is how connection costs *should be allocated* between existing users and access seekers.

²³ EA Networks submission, page 4

²⁴ Network Waitaki submission, page 2

²⁵ Wellington Electricity submission, page 17

²⁶ ENA submission, page 11

For example, Counties Energy submitted that it:²⁷

Does not believe it is fair, reasoned or reasonable to burden existing consumers (either fully or in part) with significant future infrastructure costs [arising from connection growth]

When considering allocation issues Manawa notes that the lens that many distributors apply is that of an advocate for existing end users within their network region.

In most cases it was not clear to us that this lens included consideration of the benefits provided by access seekers to these existing customers (let alone NZ Inc) of activity such as, electrification of the transport fleet or industry, supply resilience, or access to more renewable generation. It is possible that if distributors were required to factor these matters into their decision-making they would approach access requests, and the establishment of access terms, differently.

Information-sharing about network capacity

Distributors appear to have very mixed views on whether (a) it is possible to share information network capacity with current resources, (b) this should be a priority issue for them and/or (c) customers find this information valuable.

- Counties Energy does not believe it is realistic to ask distributors to share more information about network capacity²⁸:

*Determining network capacity is complex and requires load flow analysis and changes continuously as customers demand patterns change and new customers are connected. In addition, there are thermal constraints and voltage constraints with most capacity asset information only looking at thermal constraints. This is particularly true for DG connections where complex analysis is required on every location to determine if sufficient capacity exists. For these reasons, **Counties Energy believes that where distributors have published capacity maps that they are likely to be misleading.***

- WEL Networks said;²⁹

*Asset and capacity information is evolving but the accessibility of it to access seekers **must be balanced against the cost and other competing priorities***

- ENA submitted:³⁰

*Making this information available is not costless for EDBs. **The Commission's current opex and capex allowances limit the ability of EDBs to invest the significant new resources needed to develop the systems needed to make this data available, without the expenditure first being included in the Commission's allowances at the DPP reset (once every 4 or 5 years).***

- Northpower and Top Energy were willing to supply more information but said they thought customers would prefer face – to face interaction³¹.

²⁷ Counties Energy submission, page 6

²⁸ Counties Energy submission, page 7 (emphasis added)

²⁹ WEL Networks submission, page 10 (emphasis added)

³⁰ ENA submission, page 12 (emphasis added)

³¹ Joint submission, para 49 (emphasis added)

*In relation to the complementary measures discussed at 7.28, we have no objections to publishing further asset information (noting much of this is already included in our Asset Management Plan). However, in **our experience with customers, they find it more useful to have individualised conversations around their capacity needs and how the network can accommodate them**, including different options for upgrades and connections. For load customers, it is generally not capacity on the network that drives investment decisions, unlike distributed generation customers where this is a primary consideration.*

- Wellington Electricity's submission noted that the capability to needed to map current LV congestion and forecast future congestion will take time and additional regulatory funding:³²

*To provide a meaningful static congestion map an EDB must first have ICP level data to provide the current network status (both the network capacity and power quality). An EDB then needs visibility of DER locations (EDBs currently only have the location of solar installations provided by the distribution generation application process) to forecast their impact of available capacity. There is no process to advise EDB's or where large EV chargers are being connected. Specialised low-voltage ADMS software is then needed to combine the ICP and DER location data with spatial GIS data to provide the tools to forecast capacity constraints and model the impact of using flexibility services as a demand management response. Experience from our sister company shows **this is a five-year development process and a significant investment. Networks will not be funded to start this development until April 2025 when the network price path is set.***

We do agree that heat maps of network congestion could provide useful tools to provide access seekers with their own investment planning. However, this type of map should only be used for high-level guidance. An EDB will consider many other factors that won't be included on the map when considering whether there is capacity to connect a customer.

- Orion was willing to supply this information but suggested that it might be problematic for smaller distributors to do so:³³

In terms of the publication of heat maps, increased access to smart meter data will help with the development of this information on the LV network. Connections to the HV network are less common and are typically very complex so will be of less value to access seekers. Some smaller EDB's may have concerns that the proposed complimentary measures have not been fully explored or understood, given their geographics and relative size.

- Vector submission describes how it is currently meeting this requirement:³⁴

³² Wellington Electricity submission, page 16 (emphasis added)

³³ Orion submission, page 13

³⁴ Vector submission, page 11

To support customer and stakeholder engagement, Vector publishes key network information on its open data portal where users can not only visualise detailed geospatial information of the network but also conveniently download the raw information for use in their own systems or more detailed analysis in expert tools. The information available includes location of assets (ZSS and 11 kV feeders), the boundary of our coverage area and ongoing and future works for network projects (within the next 2 years).

Based on customer and stakeholder feedback, the open data portal now also hosts two new interactive maps for network headroom and all system growth projects covered by this 10-year AMP. The network headroom map indicates the headroom in the 11 kV network for winter and summer peak conditions. The expectation is that this map supports early-stage customer engagement. For system growth projects, the AMP always provides a comprehensive view of expected expenditure, timing and options considered. The new interactive map will complement this information by providing a spatial visualisation, which ensures the stakeholders and customers can easily identify the projects planned in their area of interest.

- Waipā Networks said:³⁵

*increased information regarding assets and capacity will benefit access seekers. Distributors including **Waipā Networks are investing in network information systems and planning tools to improve this area.***

Given the variance of views, we think that intervention will be required to promote overall system efficiency. This is an area where we would have hoped to have already collaboration amongst distributors in the design of network information systems and planning tools. Absent intervention, there is a risk we will have a patchwork of different arrangements creating a further (information) barrier for multi-site access seekers and increased costs for end users.

We consider there could be a useful role here for Flex Forum to assist the authority in making these decisions by teasing out some of these issues and providing a cross-industry view.

Use of approved third party contractors

The response from distributors on whether it would be a practical option to test the efficiency of connection pricing by the use of a pool of approved contractors was also mixed.

Some distributors did not think the contracting resources were available in their regions to do this.

- Northpower and Top Energy were of this view. They noted:³⁶

quality, technical competencies and safety requirements limit the range of services these regional contractors are able to provide.

Other distributors do not think that the use of a pool of approved contractors would result in more competitive pricing:

- Wellington Electricity said: ³⁷

³⁵ Waipā Networks submission, page 3

³⁶ Joint submission para 4.3

³⁷ Wellington Electricity submission, page 16

We don't think a contractor pool of approved providers would provide customers with a better outcome:

- *Currently, we tender large connection jobs and choose the least expensive. A customer also has the choice of selecting a supplier directly but then they wouldn't benefit from a competitive tender process.*

- *We have a flat connection fee for small connections and carry the price risk of any cost variations. The flat fee is based on historical actual costs from tendered projects.*

- PowerNet said;³⁸

There may be scope to improve market sourcing of build resources however where this is practical within a limited pool of resources EDBs will often leverage competitive tendering.

- Vector said;³⁹

Vector issues multiple civil quotes for each connection, strives to continuously improve processes, and implements efficient network designs for long-term resilience. Vector provides options to large customers like data centres and allows them to arrange civil works themselves...

- Unison and Centralines said;⁴⁰

In respect of the proposal to approve contractors, in many instances the most efficient connection outcomes are achieved through in-house, or sole source models. The Commission has oversight of the prudence and efficiency of network expenditure and related party transactions.

Counties Energy thought the deployment on third party contractors would create both long term quality issues and health and safety issues. It submitted⁴¹:

Allowing contract workers to connect would create significant long-term issues for distributors because distributors need to maintain the assets for their 50-to-60-year life and non-standard or poor construction will increase equipment faults leading to long-term increased outages and high costs for the customers. For these reasons Counties Energy ensures the reliability and quality of the network by limiting 3rd party contractors undertaking vital work on the network. In addition, Counties Energy's previous experience is that the Health & Safety standards we mandate to our employees are not typically consistent with the standards exhibited from 3rd parties or "approved providers."

However, Orion said it already has these arrangements in place;⁴²

Orion already has a pool of approved contractors that can be used by customers to seek prices for connection especially for non-standard connections. Orion has a prequalification and audit system to ensure our pool of contractors meet the network standards. We also run a contract performance program that meets monthly to share and review safety and performance issues.

For its part, Orion was concerned about regulatory overlap:

³⁸ Powernet submission, page 11

³⁹ Vector submission, page 9

⁴⁰ Unison and Centralines submission, page 2

⁴¹ Counties Energy submission, page 7

⁴² Orion submission, page 12

Proposals to regulate this area risks conflicting with the “large connection contract” mechanism which allows connection assets to be excluded from the RAB where certain conditions around competition are met. This has been noted by the Electricity Authority in Appendix B, but not within the complimentary measures identified. Any regulation in this area would be considered regulatory overreach.

Innovation in connection approaches

There were also different views on whether there was any scope for innovation in relation to connection pricing.

- ENA said:⁴³

EDBs have extremely little ability to trade off cost and quality for the majority of consumers. The Commission’s quality regime’s SAIFI and SAIFI metrics make no allowance for customers opting for a lower quality (i.e. “N” security) of service. EDBs have occasionally offered customers with large site-specific load needs alternate service quality (i.e. “N” security) in return for customised (lower) pricing.

However, there is some evidence in submissions that distributors are introducing innovation to lower connection costs.

- For example, Vector’s submission notes:⁴⁴

47. The Panmure bus depot formerly housed 44 diesel buses (and diesel tanks), but now it is home to 35 electric buses – each one able to be charged up to 502kWh each night, via fast DC chargers. If all of them plugged in at peak time, it would require a significant investment in the network. Along with AT we conducted a Grid Impact Study, we assessed the requirements of a high-voltage connection to the depot and the charging infrastructure needed to supply it.

48. Together with NZ Bus we adopted a smart-charging system, which will be connected to our DERMS. This will manage e-bus charging dynamically to avoid increasing peak demand, while guaranteeing full charging overnight and during times of the year when the network is unconstrained. This was achieved through the development of a non-standard DERMS tariff which helped inform our new DER tariff.

This is clearly an area where the Commerce Commission and the Authority need to work closely together for the benefit of end users.

Nature of reform sought

Access seekers

Access seekers do not think that the status quo (with or without extended practice notices) will produce the outcomes they need in a reasonable timeframe. Instead they seek a backstop regulatory intervention which provides flexibility for mutual agreement on particular terms.

For example:

⁴³ ENA submission, page 11

⁴⁴ Vector submission, page 10

- Ecotricity said:⁴⁵

We believe that control will be required, potentially with some call-in availability, while being mindful to avoid inconsistency across New Zealand.

- Contact said there needs to be:⁴⁶

A default connection agreement, akin to the Default Distribution agreement, would ensure that a minimum set of terms were able to be relied upon by any access seeker and create a default/backstop position that is a nationwide standard and does not preclude individual agreements that both parties can negotiate.

- Drive Electric's submission suggests that the Authority urgently mandates an access regime for public charging which is similar to DG access rules in Part 6.⁴⁷

These suggestions are similar to our suggestion that the Authority consider a negotiate/arbitrate regime and reinforce the need to prioritise this work.

Distributors

In contrast the overarching conclusion of distributors was that any regulatory intervention was inappropriate. Instead they thought the Authority should allow more time for distributors to amend their pricing methodologies in accordance with new guidance from the Authority.

- WEL Networks said⁴⁸:

This Issues Paper is the first time the Authority has raised any concerns about distributors' approaches to connection charges.

- ENA said:⁴⁹

The issues paper raises issues not previously discussed between the Authority and the sector and indicates the Authority's views on these key matters for the first time. Reflecting any Authority views or guidance into EDB pricing decision-making processes and the resulting prices, including appropriate transitions mechanism, takes time. EDBs only have the opportunity to change their prices once a year. Developing and transitioning to efficient cost-reflective pricing requires patience and certainty. EDBs are turning round the ship.

ENA is concerned that the threat of regulatory intervention via the Authority's proposed control or call-in options may lead to delays in pricing reform. If EDBs perceive that the Authority is likely to act either via changed guidance or regulatory intervention, they may delay reform until they have certainty over the reform path to avoid having to backtrack if the Authority guidance changes.

And also:⁵⁰

⁴⁵ Ecotricity submission, page 7

⁴⁶ Contact submission, page 9

⁴⁷ Drive Electric submission, page 3

⁴⁸ WEL submission, page 10

⁴⁹ ENA submission, page 3

⁵⁰ ENA submission, page 12

Given the Authority has been largely silent on what efficient connection pricing looks like, the Authority should not be critical of EDBs' approaches developed in the absence of any advice to the contrary.

Therefore, the only acceptable option is for the Authority to provide unambiguous guidance to EDBs on its expectations for connection pricing and allow EDBs sufficient time to respond and incorporate this guidance into their connection policies and prices. As such, ENA views options 1a) and 1b) as the only viable options.

We would be pleased to elaborate on the points set out in this cross-submission and look forward to participating in any further discussions of these issues.

If you have any questions regarding the content of this submission, please contact Grace Burtin, Regulatory Manager (grace.burtin@manawaenergy.co.nz).