

# **Fonterra submission on the Electricity Authority Network connections project**

December 2024

Fonterra welcomes the opportunity to comment on the Electricity Authority consultation on the Network connections project. We trust that this submission will provide constructive feedback into the review process.

Fonterra supports the proposed code amendments that aim to make new or changed distribution connections simpler and affordable at lowest cost possible to support the decarbonisation of New Zealand.

Fonterra is a dairy co-operative owned by around 8,500 New Zealand farming families with 27 manufacturing sites across the country, making us the country's largest exporter and a major supplier of dairy products to the domestic market.

Fonterra is unique in New Zealand as we are a major electricity user at 1.2GWh per year from our 27 sites in 18 of the electricity distribution business (EDBs) areas, with the remainder of the 8 EDBs hosting our Farm Source retail stores and fresh milk hubs.

We have seen significant differences between EDBs on their processes for new or changed connections and the contractual arrangements to achieve these. This adds significant cost and effort to ensure that Fonterra is not being unfairly disadvantaged in the contractual terms and is paying only for the direct equipment needed for its electricity supply.

Fonterra supports the EA in its proposed solution to formalise a large load application system and prioritisation as outlined in Proposal B and C. The need for a prioritisation system is already evident, with several EDBs having limited resources to support the connection requests.

The prioritisation process will succeed if it allows constant reprioritisation in the list as projects move through stages and get closer to implementation, where projects that are moving rapidly and backed by clearly motivated parties are able to advance ahead of less certain projects. Transpower's prioritisation process would also benefit from adopting this approach.

The capacity rights proposed in Process 5 make logical sense and can be the basis for reprioritisation as project stages are reached. We support the ability of the capacity rights owner to transfer those rights to others with compensation.

There are costs and benefits to both DG developers and load end users if EDBs use their knowledge of the total connection requests in their pipeline to optimise the final network design. This can be achieved by bringing the parties together and co-designing the network changes.

The three different classes of applications are appropriately sized, but there should also be alignment to the network voltage level i.e. a small connection on the Low Voltage (LV) network needs to be simple and fast tracked versus a small connection on the Medium or High Voltage (MV, HV) networks.

Regarding Proposal B proposed timeframes, we believe the ability of the EDBs to accept later applications at their discretion is important as it can take more than 12 months to get a project design costed and ready for board approval.

Fonterra supports the EA's push to introduce performance KPIs to hold EDBs accountable to progress connection requests in a timely manner.

For Proposal C, we support the prioritisation system and its alignment to the Transpower CMF. However, Fonterra is concerned about confidentiality and the risk to existing commercial energy supply arrangements that might not have been formally notified due to the potential lead time to final project decision or implementation.

As mentioned above, there is value in both DG and Load connections having visibility of the potential changes to the networks at common locations. Fonterra supports Proposal D, as we have had to spend significant money to engage consultants to conduct network capability studies at various sites because there is no easily accessible information in the public domain of the existing network capacity.

We welcome further engagement on our submission.