

Addendum to the Distribution Connection Pricing Code amendment – Decision paper

1. This addendum explains the changes to the draft Electricity Industry Participation Code (Connection Pricing Requirements) Amendment 2025 that have been made following the technical consultation. The relevant documents relating to this technical consultation are:
 - a. the Decision paper available on the Authority's website at:
[https://www.ea.govt.nz/documents/7857/Distribution_connection_pricing_Code_amendment - Decision paper.pdf](https://www.ea.govt.nz/documents/7857/Distribution_connection_pricing_Code_amendment_-_Decision_paper.pdf)
 - b. the exposure draft of the Code amendment available on the Authority's website at:
[https://www.ea.govt.nz/documents/7854/Appendix A Proposed Code amendment.pdf](https://www.ea.govt.nz/documents/7854/Appendix_A_Proposed_Code_amendment.pdf)
2. The final version of the Electricity Industry Participation Code (Connection Pricing Requirements) Amendment 2025 is available on the Authority's website at: [Electricity Industry Participation Code 2010 | Electricity Authority](#).
3. Getting the rules around connection pricing methodologies right is one essential building block to support the growth of businesses and critical infrastructure, and efficient electrification of the economy. The Authority opened a technical consultation to ensure that the Code drafting accurately reflects the policy intent outlined in the Decision paper.
4. We received two submissions on the technical consultation – from ChargeNet and Electricity Networks Aotearoa (ENA).
5. ChargeNet suggested retaining reference to 'good electricity industry practice' under the definition of 'minimum scheme' to encourage innovation across electricity distribution businesses.
6. We have not made the change requested by ChargeNet in its submission. We referenced 'distributor's connection and operation standards' in the exposure draft of the Code amendment to reflect October 2024 consultation feedback and to clarify a distributor's obligation to consider a non-firm or flexible connection. Reference to connection and operation standards also aligns with the Authority's parallel work on network connection processes under Part 6 of the Electricity Industry Participation Code 2010.
7. ENA suggested a number of minor changes to the Code drafting to better align with drafting conventions, improve clarity and remove additional or unnecessary wording. Other changes were suggested to give clearer effect to the policy intent outlined in the Decision paper.
8. We have made most of the changes suggested by the ENA to improve the Code drafting. All other changes were identified by the Authority in finalising the amendment.
9. The amendments made to the exposure draft of the Code do not change the policy intent of the decisions outlined in the Decision paper.

10. The terms used in this addendum align with the definitions in the Decision paper noted above and with the defined terms under Part 1 of the Code. This addendum should be read in conjunction with the Electricity Industry Participation Code 2010.
11. Table 1 below sets out changes to elements of the Code drafting and the rationale. Underlined terms are insertions, strikethroughs are deletions, and bolded terms are defined terms under Part 1 of the Code.

Table 1 Modifications to the Electricity Industry Participation Code (Connection Pricing Requirements) Amendment 2025

Element of proposal or Code	Description of modification
<p>1.1 Interpretation</p> <p>acquired pioneer scheme means a pioneer scheme established by a distributor (the selling distributor) in accordance with clause 6B.7, relating to pioneering connection works carried out by a distributor that relate to the distribution network of a distributor where ownership of the whole or part of the distribution network on to which the pioneer is established or relates or the part of a distribution network on which the pioneer scheme is established or relates is transferred to another distributor (the buying distributor)</p>	<p>Definition has been rationalised, so it is clearer and more concise.</p>
<p>connection <u>administration</u> fee means an amount paid by a connection applicant to a distributor for the administrative aspects relating to connection or increasing the security or capacity at a new point of connection, including <u>assessing and</u> processing connection applications and completing connection inspections</p>	<p>Addition of 'administration' better distinguishes between fees and charges.</p> <p>This has been applied across the Code drafting in instances where 'connection fees' was referenced.</p>
<p>connection applicant means a person who—</p> <p>...</p> <p>(b) is a consumer, and applies to a distributor—</p> <p>(i) to increase the security, or change the capacity of, the load connection provided to the consumer connection applicant at the point of connection between the consumer installation owned or operated by the consumer connection applicant and the distributor's distribution network; or</p> <p>...</p>	<p>Removed circularity in definition.</p>

Element of proposal or Code	Description of modification
<p>connection charge means—</p> <p>...</p> <p>(b) excludes any connection <u>administration</u> fees or pioneer scheme contributions</p> <p>...</p>	<p>Addition of 'administration' better distinguishes between fees and charges.</p> <p>This has been applied across the Code drafting in instances where 'connection fees' was referenced.</p>
<p>customer-selected enhancement means any improvement <u>enhancement</u> to the relevant minimum scheme requested, and agreed to in writing, by a connection applicant</p>	<p>'Improvement' was not defined.</p>
<p>dedicated assets means any assets owned or operated by a distributor that were built for a <u>one or more connections</u> for the same person (for example, where <u>two connections</u> are provided under a single connection application) consumer and are not subsequently used to support another <u>person's connection</u></p>	<p>Amended to accommodate potential for dedicated assets for more than one connection</p>
<p>distributor-selected enhancement means any improvement <u>enhancement</u> to the relevant minimum scheme chosen by a distributor</p>	<p>'Improvement' was not defined.</p>
<p>EDB ID determination means the <i>Electricity Distribution Information Disclosure Determination 2012</i> [2012] NZCC 22, and any revision or replacement <u>amendment</u> of this determination</p> <p>EDB IMs means the <i>Electricity Distribution Services Input Methodologies Determination 2012</i> [2012] NZCC 26, and any revision or replacement <u>amendment</u> of this determination</p>	<p>Amended to improve consistency with phrasing used by the Commerce Commission.</p>

Element of proposal or Code	Description of modification
<p>extension means—</p> <p>(a) works or operating arrangements to:</p> <p>(i) provide a connection; <u>or</u></p> <p>(ii) of, or to increase the security or capacity of or at:</p> <p>(A) a point of connection; or</p> <p>(B) of any assets owned or operated by a distributor</p> <ul style="list-style-type: none"> that do not increase the capacity of the shared network; or <p>(b) an extension-like upgrade; or</p> <p>(c) incremental transmission works; but</p> <p>(d) does not include works or operating arrangements associated with customer-owned assets or work covered by a connection administration fee</p>	Amended to improve clarity and consistency within the definition.
<p>flexible connection means an arrangement whereby a connection applicant's export or import of electricity through the connection is managed (often through real-time control) based upon contracted and agreed principles of available security or capacity <u>agreed to in writing with the distributor</u></p>	Amended to improve clarity.
<p>load means, for the purposes of Part 6B, any connection to a distribution network or to a consumer installation that consumes electricity, other than distributed except as provided for in clause 6B.2(3)(b)</p>	Clause 6B.2 sufficiently provides for the intent of the deleted words
<p>minimum scheme means the least-cost solution for any connection works provided by a distributor, including for security and firmness of capacity, in accordance with the distributor's connection and operation standards or a lower different standard if agreed to in writing between the connection applicant and the distributor</p>	Amended to make it clear connection applicants and distributors can agree any different standard, it does not need to be lower.

Element of proposal or Code	Description of modification
<p>network capacity upgrade means—</p> <p>(a) works or operating arrangements to:</p> <p>(i) provide a connection; <u>or</u></p> <p>(ii) of, or to increase the security or capacity of or at:</p> <p>(A) a point of connection; or</p> <p>(B) of any assets owned or operated by a distributor</p> <p>...</p> <p>(c) does not include—</p> <p>(i) extension-like upgrades; or</p> <p>(ii) works or operating arrangements associated with customer-owned assets or work covered by a connection <u>administration</u> fee</p>	Redrafted for mirror drafting structure with the definition of 'extension'
<p>network tier means any one of the following functional components of a distribution network</p>	Amended for conciseness.
<p>operating cost loading means estimated incremental operating costs associated with a connection, where the estimate is either—</p> <p>(a) zero if the customer consumer or customers consumers at the connection will pay posted tariffs; or</p> <p>(b) if the customer consumer or customers consumers at the connection will not pay posted tariffs, based on a reasonable assessment of incremental operating costs associated with the connection—</p> <p>...</p>	'Posted tariff' bolded as now included as a defined term.

Element of proposal or Code	Description of modification
<p>pioneer means—</p> <p>...</p> <p>(b) any connection applicant who subsequently connects to the pioneering connection works <u>or vested pioneering works</u> (a subsequent pioneer) and—</p> <p>(i) who makes a pioneer scheme contribution of more than the amount of \$25,000 in December 2025 dollar terms, adjusted each year by the CPI movement, or a lesser amount specified by the distributor; and</p> <p>(ii) is determined by the relevant distributor to be a subsequent pioneer under clause 6B.7(1)(b); <u>and</u></p> <p>(c) <u>any other person to whom the status of first pioneer or subsequent pioneer has transferred in accordance with clause 6B.8(6)</u></p>	<p>Amended to clarify that distributors have discretion in their pioneer scheme policy to attach eligibility for rebates to the connection applicant to the connection.</p>
<p>pioneering connection works means an extension where—</p> <p>...</p> <p>(e) excludes any portion of extension cost relating to a benefit-based charge adjustment event <u>as defined in the transmission pricing methodology</u></p>	<p>Added cross-reference to relevant part of the Code</p>
<p>posted extension rate means a unit rate that has been published by a distributor for use in building up extension cost estimates for connections of a type specified by the distributor that meet requirements specified by the distributor</p>	<p>Amended for conciseness as a type of connection can be a requirement specified by the distributor</p>
<p>posted tariff means a price or rate schedule published by <u>a distributor that sets out standard charges for use of a distribution network</u></p>	<p>Added “posted tariff” as a defined term</p>
<p>real estate development means the development of land for a commercial purpose <u>the purpose of on-selling</u> including its development in one or more of the following ways:</p> <p>...</p>	<p>Amended to narrow scope of definition to instances to address the complexity of a developer who on-sells and no longer has an enduring relationship to the connections</p>
<p>Part 6B Distributor pricing methodologies, information requirements and other requirements for load connections</p>	<p>Deleted ‘for load connections’ to provide flexibility for future amendments, if any</p>

Element of proposal or Code	Description of modification
<p>6B.2 Application of this Part</p> <p>...</p> <p>(2) For the avoidance of doubt—</p> <p>(a) this Part applies in addition to Part 6 and applies to all connection applications for load and, if there is any inconsistency with Part 6, <u>this Part prevails despite how an application is treated under Part 6:</u></p> <p>...</p> <p>(3) If an application under Part 6 includes both load and distributed generation—</p> <p>(a) the connection enhancement cost allocation requirements and the capacity costing requirements must be applied to the load component of the application before the requirements of Part 6 are is applied to the distributed generation component of the application; and</p> <p>(b) the pioneer scheme pricing methodology requirements and connection charge reconciliation methodology requirements must be applied, with all necessary modifications, to the connection as a whole.</p>	<p>Amended to improve clarity and intent as drafting was broad enough such that it allowed any modifications to the requirements.</p>

Element of proposal or Code	Description of modification
<p>6B.4 Allocation of connection enhancement costs allocation requirements</p> <p>(1) Subject to subclauses (2) to (4), each distributor in determining the connection charges that it requires a connection applicant to pay for or in respect of a connection or any increase in security or capacity at a point of connection or for an asset—</p> <p>(a) must determine those connection charges on the basis of the relevant minimum scheme, unless the connection applicant agrees in writing to improvements <u>modifications</u> to the relevant minimum scheme; and</p> <p>(b) if improvements <u>modifications</u> are made to the relevant minimum scheme, must allocate only the customer-selected enhancement costs to the connection applicant, in addition to the costs of the relevant minimum scheme; and</p> <p>...</p> <p>(5) If a distributor publishes posted extension rates it must use those rates to determine the costs under a relevant minimum scheme or for any customer-selected enhancement costs, where the connection works are of the type and meet the requirements specified by the distributor for the posted extension rate, <u>unless otherwise agreed in writing with the connection applicant.</u></p>	<p>Amended for consistency with the Decision paper and intent of the requirement (paragraphs 6.6 – 6.8)</p>
<p>6B.6 Distributors must establish <u>develop</u> a pioneer scheme policy</p> <p>(1) Each distributor must establish <u>develop</u> a pioneer scheme policy by 1 April 2026.</p> <p>...</p>	<p>Amended for consistency with the Decision paper (paragraph 8.12) and standard drafting convention.</p>

<p>6B.7 Requirements for a pioneer scheme</p> <p>(1) For the purposes of clause 6B.6, this clause and clause 6B.8—</p> <p>...</p> <p>(a) a pioneer scheme continues from its start date until the expiry date set by the distributor, which must be not less than 7 years from the start date, unless each pioneer to a <u>the pioneer scheme</u> and the distributor agree in writing that the scheme shall cease <u>at an earlier date</u>; and</p> <p>(b) a distributor may determine which <u>persons</u> connection applicants, other than the first pioneer, are subsequent pioneers.</p> <p>(2) For the purposes of this clause and clause 6B.8, a distributor must—</p> <p>(a) determine whether a pioneer scheme exists in accordance with this Part and its pioneer scheme policy; and</p> <p>(b) record the location of each pioneer scheme on its distribution network or connection to the grid <u>that the pioneer scheme covers</u>.</p> <p>(3) Each distributor must determine for each pioneer scheme additional or more detailed pricing methodologies to those set out in clause 6B.8 specifying how it will, in a way that is consistent with clause 6B.8—</p> <p>...</p> <p>(b) determine <u>and apply rebates</u>; and</p> <p>(c) determine which <u>persons</u> connection applicants are eligible for rebates.</p> <p>(4) A distributor must treat all connection applicants applications that to connect to assets that are subject to a pioneer scheme pioneering connection works or vested pioneering works as subject to the <u>relevant pioneer scheme</u>.</p> <p>(5) If a pioneer scheme is an acquired pioneer scheme, the purchasing distributor—</p> <p>(a) must not change any aspect of the matters determined for the pioneer scheme by the selling distributor or the pioneer scheme policy for that scheme set by the selling distributor, <u>unless each pioneer to a pioneer</u></p>	<p>Amended to improve clarity and format.</p> <p>Subclause (5) amended for consistency with subclause (1) over time.</p>
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Element of proposal or Code	Description of modification
<p><u>scheme and the distributor agree in writing to any change;</u> and</p> <p>(b) must continue to administer, and comply with, those requirements and that pioneer scheme policy in complying with <u>this clause and clauses 6B.8 and 6B.9.</u> clauses 6B.8, 6B.9 and this clause.</p>	

6B.8 Determining connection charges, contributions and rebates for pioneer schemes

Amended to improve clarity and consistency with other sections in the Code amendment.

- (1) From 1 April 2026, where there is a **pioneer scheme**, the **distributor** must, ~~in determining determine the~~ **connection charges** and, where applicable, any other charges, for—
- (a) the **first pioneer** to the scheme, ~~comply in accordance~~ with subclause (2); and
 - (b) for each **subsequent pioneer** to the scheme and each other **connection applicant** that **connects to the pioneering connection works or vested pioneering works** covered by the scheme, ~~comply in accordance~~ with subclause (3).
- (2) The **distributor** must, ~~in determining determine~~ the **connection charges** and any other charges payable by the **first pioneer** to a **pioneer scheme** ~~in accordance with the following—~~
- ~~(a) —the distributor must determine the connection charges in accordance with the connection enhancement cost requirement, the capacity costing requirements and the distributor's connection pricing methodology:~~
 - (a) from the time that any other **pioneer** or other **connection applicant connects to the pioneering connection works or vested pioneering works** covered by the scheme, ~~in determining any remaining connection charges or any other charges that the first pioneer must pay, the distributor must apply a rebate determined in accordance with subclause (5); and~~
 - (b) ~~the distributor must~~ otherwise comply with its **pioneer scheme policy** and the matters determined under clause 6B.7; ~~and~~
 - (c) ~~the distributor must~~ determine the costs of **the pioneering connection works or vested pioneering works** in accordance with subclause (4)(a).

Element of proposal or Code	Description of modification
<p>(3) The distributor must, in determining determine the connection charges and any other charges payable by each subsequent pioneer or other connection applicant that connects to the <u>pioneering connection works or vested pioneering works</u> covered by a pioneer scheme in accordance with the following—</p> <p>(a) comply with the pioneer scheme contribution requirements set out in subclause (4); <u>and</u></p> <p>(b) the distributor must continue to apply the capacity costing requirements and the distributor's connection pricing methodology;</p> <p>(b) <u>in the case of a</u> subsequent pioneer, from the time that any other pioneer or other connection applicant connects to the <u>pioneering connection works or vested pioneering works</u> covered by the scheme, in determining any remaining connection charges or any other charges that the pioneer must pay, the distributor must apply a rebate determined in accordance with subclause (5); <u>and</u></p> <p>(c) the distributor must otherwise comply with its pioneer scheme policy and the matters determined under clause 6B.7</p>	

Element of proposal or Code	Description of modification
<p>6B.8 Determining connection charges, contributions and rebates for pioneer schemes</p> <p>...</p> <p>(3) The distributor must determine, in determining the connection charges and any other charges payable by each subsequent pioneer or other connection applicant that connects to <u>pioneering connection works or vested pioneering works</u> covered by a pioneer scheme in accordance with the following:</p> <p>...</p> <p>(4) (c) the distributor must take into account shares of extension length distance (along an extension) and capacity of each pioneer or connection applicant that connects to <u>pioneering connection works</u> of the pioneer scheme among the parties connected or connecting to the pioneer scheme; and</p> <p>(5) The rebate due to a pioneer must be determined in a way that shares any pioneer scheme contribution received by a distributor among all pioneers who are connected to a pioneer scheme covered by the <u>pioneer scheme</u> proportionate to the extent to which each pioneer has met the costs of the pioneering connection works or the vested pioneering works and after deducting any fee to cover the reasonable costs of administering the scheme.</p> <p>(6) <u>A distributor must determine whether and in what circumstances the status of first pioneer or subsequent pioneer may transfer to a different person or persons (for example, where the status is to be apportioned between multiple people).</u></p> <p>...</p>	<p>Amended to reflect the policy set out in the Decision paper (paragraph 8.7(b)).</p> <p>Amended to address potential ambiguity to whom or what the distance and capacity relates.</p> <p>Amended to clarify that distributors have discretion in their pioneer scheme policy to attach eligibility for rebates to the connection applicant to the connection.</p>

Element of proposal or Code	Description of modification
<p>6B.9 Distributors must publish information on pioneer schemes</p> <p>(1) Each distributor must—</p> <p>(a) publish its pioneer scheme policy, which must include <u>how it will</u>:</p> <ul style="list-style-type: none"> (i) determine how pioneer scheme contributions are to be determined: (ii) how it will administer and collect pioneer scheme contributions: (iii) how it will determine <u>and apply rebates</u>: (iv) how it will determine which <u>persons</u> connection applicants are eligible for rebates: (v) how it will distribute funded asset rebates it receives in accordance with clause 29 of the transmission pricing methodology related to incremental transmission works to pioneers (vi) <u>determine whether and in what circumstances the status of the first pioneer or subsequent pioneer may transfer to a different person to persons</u>: <p>(c) publish the details of each pioneer scheme it administers, applying the requirements in clause 6B.7, including the following information:</p> <ul style="list-style-type: none"> (vii) the <u>part of location of the pioneer scheme</u> on its network <u>that the pioneer scheme covers</u>: <p>...</p>	<p>Amended to improve clarity and make clear what details needs to be in the distributor's published policy.</p>
<p>6B.10 Distributor must provide connection charge reconciliation on request</p> <p>(1) If requested by a connection applicant <u>during the connection process</u>, or as otherwise required under subclause (2), a distributor must provide a written connection charge reconciliation.</p>	<p>Clarify that the obligation on a distributor to supply a charge reconciliation is linked to a particular time and not possible at all times.</p>

Element of proposal or Code	Description of modification
<p>6B.11 Connection charge reconciliation requirements</p> <p>...</p> <p>(4) (d) for incremental distribution revenue only, <u>and only where the incremental cost estimate includes an operating cost loading which is not zero</u>, multiplying the amount derived after the application of paragraph (c) by the distributor's incremental opex scaling factor calculated in accordance with subclause (5) to adjust for incrementation operational expenditure costs, unless the incremental cost estimate includes an operating cost loading.</p> <p>...</p> <p>(6) A distributor may further adjust the calculation of the amounts of the <i>CC</i>, <i>IC</i> and <i>IR</i> in subclauses (1) and (2), <u>as applicable</u>, to recognise differences in the timing of cashflows using a discount rate for each year consistent with the rate determined in subclause (34)(c)(ii).</p>	<p>Amended for clarity.</p> <p>There will always be an operating cost loading, but it could be zero.</p> <p>Inserted "as applicable" in subclause (6) because subclause (2) only refers to IC. It does not refer to CC or IR.</p>
<p>6B.12 Disputes between distributors and connection applicants that are participants</p> <p>(2) Subclause (1) does not apply to disputes about the following clauses:</p> <p>...</p> <p>(b) Clause 6B.6 (requirement to establish <u>develop</u> a pioneer scheme policy):</p> <p>...</p>	<p>Amended for align with wording in cross-reference.</p>