

Appendix B Proposed Code amendment

Part 1 Preliminary provisions

1.1 Interpretation

(1) In this Code, unless the context otherwise requires,—

connection charge balance point principle means the principle in clause 6B.11A.

shared network costs means the balance of costs of a **distribution network** that are not incremental to a single **connection**, including the cost of:

- (a) communal network development (eg, historical reticulation and grid connection); and
- (b) renewal of older **connections**; and
- (c) other shared business and network assets and operating expenses (including the balance of **network capacity costs**)

Part 6B Distributor pricing methodologies, information requirements and other requirements

6B.11A Connection charge balance point principle

- (1) The **connection charge balance point principle** is the principle that **connection charges** should be set at a level such that the contribution to **shared network costs** from new **connections** is commensurate with the contribution from existing **connections**.
- (2) Contributions to **shared network costs** from new **connections** are commensurate with contributions from existing **connections** when:
 - (a) new **connections** are not subsidised by existing **connections**; and
 - (b) new **connections** make a similar (or lower) contribution to **shared network costs** as similar existing connections
- (3) Contributions include **connection charges** and lines charges, including forecast lines charges.

6B.11B Consequence of not applying connection charge balance point principle

- (1) The **Authority** must direct a **distributor** to amend its pricing to make it consistent with the **connection charge balance point principle**:
 - (a) if the Authority considers that a distributor has not applied, or is likely to not apply, the connection charge balance point principle; and
 - (b) the materiality of the identified efficiency concerns, or the distributor's size or connection application volumes, justify the costs of intervention.
- (2) A **distributor** must comply with a direction under subclause (1).
- (3) The **Authority** may specify a timeframe within which a **distributor** must comply with a direction under subclause (1).
- (4) Before issuing a direction under subclause (1), the **Authority** must, in the following order:
 - (a) notify the **distributor** that it is considering investigating whether to issue a direction in respect of the **distributor**:
 - (b) give the **distributor** sufficient information about the reason why the **Authority** is considering an investigation, and an opportunity to respond within a reasonable timeframe specified by the **Authority** before commencing an investigation:
 - (c) following an investigation, give the **distributor** a draft report setting out the **Authority's** analysis of why the **distributor** is, or will be, in breach of the **connection charge balance point principle**, and an opportunity to respond within a reasonable timeframe specified by the **Authority**:
 - (d) give the **distributor** an opportunity to voluntarily address the issues identified in the draft report within a reasonable timeframe specified by the **Authority**.

6B.11C Clauses expire

Clauses 6B.11A and 6B11.B expire on 1 April 2030.