

Exemption Application: WEL Part 6A DECISION PAPER

17 November 2025

Executive Summary

Exemption

The Electricity Authority Te Mana Hiko (Authority) has approved an amendment to an existing exemption under section 11 of the Electricity Industry Act 2010 (Act) and to existing dispensations for senior management in common. The exemption is from Part 6A of the Electricity Industry Participation Code 2010 (Code) which requires any person involved in a distributor and any person involved in a connected generator to comply with corporate separation and arm's length rules if a connected generator has a total capacity of more than 50MW.

Applicants

WEL Networks Limited (WEL) and NewPower Energy Limited (NewPower).

Summary of applications

WEL (the distributor) and NewPower (a connected generator) have an existing exemption and dispensations from compliance with arm's-length rules 3G, 3H, 3I and 3J in Part 6A of the Code for generation assets (battery energy storage systems (BESS) and solar).

The exemption was initially granted in October 2024 for generation assets up to a total capacity of 65.963MW. An amendment to that exemption was granted in June 2025 to include additional battery sites and solar sites up to a total capacity to 93.013MW (an increase of 27.05MW).

WEL and NewPower have applied for a further amendment to the exemption to include the following additional generation assets:

- (a) one battery site - a 5MW BESS
- (b) three solar sites – one under a competitive process for 2.4MW solar, and two smaller rooftop solar (700kW and 220kW respectively)

(new generation assets).

This would increase the total capacity of existing exemption to 101.333MW (an increase of 8.32MW).

Summary of final decision

The Authority's final decision is to:

- (a) grant the WEL and NewPower applications under section 11(4) of the Act and clause 6A9(6) of the Code for an amendment to the existing exemption and the existing dispensations for the chief executive officer and the chief financial officer, (or persons holding equivalent) positions, to include the new generation assets, subject to the following conditions:
 - (i) the exemption and dispensations apply to the existing and new generation assets up to a nameplate capacity of 101.333MW
 - (ii) the exemption and dispensations from the requirement to comply with rule 3I only apply to the appointment of management to positions of material influence¹ over WEL and NewPower
 - (iii) WEL and NewPower must not engage in retailing, as that term is defined in the Act, to any customer connected to WEL's distribution network

¹ Section 7, Electricity Industry Act 2010 defines the meaning of "material influence"

- (iv) the exemption and dispensations apply while WEL is wholly-owned by the WEL Energy Trust
- (v) WEL or NewPower must issue a Request for Proposals (RFP) to develop or provide the proposed 5MW BESS
- (vi) the exemption and dispensations expire on 1 October 2040 or the day that any additional generation (other than generation installed for the purpose of providing network support) owned by WEL, NewPower or any of WEL's subsidiaries, or any "connected generators" as defined in cl 6A.3 in relation to WEL, is connected to WEL's network, or the day any amendments to the Code or the Act come into force which remove the need for the exemption and dispensations, whichever date is earlier
- (vii) WEL must comply with Part 6 and WEL and NewPower must comply with all other arm's-length rules in the Code.

A copy of the draft gazette and dispensation notices are attached as Appendix B.

Date of final decision

17 November 2025

Next steps

The Authority will publish the amended exemption in the New Zealand Gazette and publish the amended dispensations on our website. The amended exemption and dispensations will take effect from the day after they are published.

All exemptions and dispensations, including amendments and revocations, are decided on a case-by-case basis and may only be granted where the Authority is satisfied that the statutory test in section 11 of the Act and/or clause 6A.9 of the Code has been met.

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1. Purpose

- 1.1 This paper sets out the Authority's final decision on applications by WEL and NewPower (a wholly owned subsidiary of WEL) for an amendment to an existing exemption under section 11(4) of the Act, and to existing dispensations under cl 6A.9(6) of the Code, from the requirements to comply with the arm's-length rules 3G, 3H, 3I and 3J in Part 6A of the Code.

2. Summary

- 2.1 The arm's-length rules require parties that are involved with each other and transact with each other to act as if they were related only by the transaction, act independently, and act in their own best interests.
- 2.2 WEL and NewPower have an existing exemption and dispensations granted in October 2024, from the requirements to comply with specified arm's-length rules with a total generation capacity of 65.963MW (two solar farms, a BESS and various small-scale batteries and solar) (existing exemption). The existing exemption and dispensations were amended on 26 June 2025, to include additional new generation assets, (a solar farm, a solar rooftop and two BESS), increasing the total generation capacity to 93.013MW
- 2.3 WEL and NewPower seek a further amendment to the existing exemption and dispensations to include a 5MW BESS, a 2.4MW solar installation, and two rooftop solar installations (700kW and 220kW), which would bring the total generation capacity up to 101.333MW (an increase of 8.32MW).
- 2.4 The Authority may grant an amendment to an exemption and dispensations under section 11(4) of the Act and clause 6A.9(6) of the Code if satisfied the application of the arm's length rules is necessary or desirable for the purpose of meeting the Authority's objectives.
- 2.5 In assessing whether the relevant test is met, the Authority has analysed how granting the amendment affects competition, reliability and efficiency in the relevant markets. The Authority has specifically considered whether the increase in capacity sought in these amendment applications changes the analysis undertaken at the time the existing exemption was granted.
- 2.6 The Authority has concluded that granting the amendment to the existing exemption meets the test in section 11(4):
 - (a) compared to a factual where there is no exemption but the generation assets are developed, as it will result in improved efficiency and have no impact on competition and reliability
 - (b) compared to a factual where there is no exemption and the new generation assets are not developed, as there would be an improvement in competition, efficiency and reliability (noting less efficient network capacity options may be used).
- 2.7 The Authority also considers the analysis supporting the generation assets covered in the existing exemption remains applicable.
- 2.8 By granting the applications for the amendment the total generation capacity will exceed the 50MW threshold by a more than minor amount. However, the overall capacity remains relatively small and the increase sought under this amendment is small (8.32MW). Any potential risks can be addressed by the application of the remaining arm's length rules, the application of Part 6 of the Code, Commerce Commission information disclosure requirements and the proposed conditions.
- 2.9 The Authority also recognises the critical role investment in local generation plays in enabling local resilience. The proposed new generation assets improve local resilience; the BESS by

providing the lowest cost option for energy at peak in an industrial area facing capacity constraint (and thereby efficiently increasing reliability), and the solar installations (intended to be consumed by the tenants) by relieving pressure on the network to the extent used during peak periods.

- 2.10 It is also relevant that 5MW BESS is subject to a condition to go to a request for proposal (RFP). In the case of the two smaller solar installations, the tenants have not been able self-fund the build, so WEL is not crowding out another investor. The larger solar installation is a competitive tender, so the most efficient provider will build the generation.
- 2.11 The Authority is satisfied that the test in section 11(4) of the Act for WEL and NewPower is met, and the test in clause 6A.9(6) of the Code for directors and senior management is met. The Authority's decision is to therefore to grant the applications to amend the existing exemption and dispensations on the conditions set out in the executive summary.
- 2.12 For completion, if treated as a new application, the Authority would be satisfied the application would meet the test in section 11(1) of the Act on the grounds compliance is not necessary for achieving the Authority's objectives and / or exempting WEL and NewPower would better achieve the Authority's objective (for the same reasons set out in this decision).

3. Legal Framework

- 3.1 Clause 6A.3(2) of Part 6A of the Code requires distributors that also own generation connected to their network to comply with the arm's-length rules set out in clause 3A to 3M of Schedule 6A.1 of the Code if that generator has a "total capacity" of more than 50MW of generation. Clause 6A.8 of the Code requires a person to report on compliance with the arm's length rules.
- 3.2 Connected generators and any person involved in both a distributor or a connected generator, must also comply with the arm's-length rules and reporting requirements.
- 3.3 The Authority may exempt a participant from compliance with the Code, including Part 6A under section 11 of the Act, if satisfied that:
 - (a) it is not necessary, for the purpose of achieving the Authority's objectives under section 15, for the participant to comply with the Code or the specific provisions of the Code; or
 - (b) exempting the participant from the requirement to comply with the Code or the specific provisions of the Code would better achieve the Authority's objectives than requiring compliance.
- 3.4 Clause 6A.9(3) of the Code allows the Authority to grant dispensations for individuals from compliance with Part 6A and repeats the test in section 11 of the Act.
- 3.5 The Authority may amend an exemption under section 11(4) of the Act if it is satisfied that the amendment is necessary or desirable for meeting the Authority's objectives. The Authority may amend a dispensation under clause 6A.9(6) of the Code applying the same test.
- 3.6 The Authority's main objective is to promote competition in, reliable supply by, and the efficient operation of, the electricity industry for the long-term benefit of consumers. We have assessed WEL's and NewPower's application against this objective.
- 3.7 We do not consider the additional objective in section 15(2) - to protect the interests of domestic and small business consumers in relation to the supply of electricity to those

consumers - applies in this instance because the existing exemption and dispensations do not involve direct dealings between WEL and NewPower and small consumers².

- 3.8 In assessing the impact of any exemption on statutory objectives, the Authority also considers the purpose of Part 6A which is to promote competition in the electricity industry by restricting relationships between a distributor and a generator or a retailer, where those relationships may not otherwise be at arm's length.³
- 3.9 The Authority may impose specific conditions on an exemption or dispensation to address competition concerns that are identified in the Authority's analysis,⁴ where those conditions allow the Authority to be satisfied the statutory criteria and the purpose of Part 6A of the Code are met.

4. WEL and NewPower's applications

The existing exemption

- 4.1 WEL and NewPower have an existing exemption and dispensations for senior management involved in for generation assets. The existing exemption applies to the following generation owned by WEL or Newpower (as specified) with a total rated capacity of up to 93.013MW:
- (a) a BESS up to maximum capacity of 32.945MW (Newpower)
 - (b) Taiohi solar farm in Huntly up to a nameplate capacity of 22.4MW (Newpower)
 - (c) Rangimarie solar farm in Maramarua up to a nameplate capacity of 10MW (Newpower)
 - (d) various specified small scale solar, battery storage with a total capacity of 0.61789MW (WEL)
 - (e) BESS up to a maximum capacity of 50kW (WEL)
 - (f) BESS up to a maximum capacity of 2MW (WEL or NewPower)
 - (g) a solar farm up to a nameplate capacity of 24MW (NewPower)
 - (h) a rooftop solar system to a nameplate capacity of 1MW (WEL).
- 4.2 The WEL and NewPower existing exemption and dispensations exempt compliance with the following arm's length requirements:
- (a) rule 3G: the requirement to have two independent directors
 - (b) rule 3H: restrictions on cross-directors having input into the day-to-day operations of each business
 - (c) rule 3I: restrictions on managers being involved in each business
 - (d) rule 3J: restrictions on placing obligations on the directors/managers of the other business from time to time.
- 4.3 The remaining arm's length rules continue to apply (rules 3A to 3F and 3K to 3M) which, among other things, impose requirements not to prefer the interests of one business over the other or discriminate or transact on terms other than those that would be agreed by an unrelated party.

² Section 15(3) *The additional objective applies only to the Authority's activities in relation to the dealings of industry participants with domestic consumers and small business consumers.*

³ Cl 6A.1, Part 6A, Electricity Industry Participation Code 2010.

⁴ Under Section 11(3) of the Act the Authority may grant an exemption on any terms and conditions that it reasonably considers necessary. Under cl 6A.9(5) of the Code, the Authority may also grant a dispensation on any terms and conditions that it reasonably considers are necessary,

4.4 The exemption is subject to the conditions as outlined in the Gazette notice.

The amendment sought

4.5 The application for an amendment to the existing exemption is to enable the following proposed generation assets to be connected to its distribution network:

- (a) One battery site: WEL is seeking to install a 5MW BESS (designed to be relocatable) at its Tasman Road substation to enable electrification in the most cost-efficient way.
- (b) Three solar sites:
 - (i) WEL is seeking to invest in a up to 2.4MW solar installation at the [REDACTED]
 - (ii) WEL is seeking to invest in a 220kW rooftop solar installation at [REDACTED]
 - (iii) WEL is seeking to invest in a 700kW rooftop solar installation at [REDACTED].

4.6 The primary purpose of these generation assets is stated to be as follows:

- (a) 5MW BESS (5MW): to provide WEL with the most cost efficient and timely way to increase the capacity of the Tasman Road substation while ensuring it is set up to be mobile when either there is a freeing up of capacity through deindustrialisation or a longer- term capacity solution is built.
- (b) For all three solar sites: to sell the generation directly to the tenant through a Power Purchase Agreement with WEL.

4.7 WEL has provided additional context for its application including that:

- (a) WEL has experienced an acceleration of electrification requests putting pressure on traditional infrastructure build times and noting a new Substation takes about three years to commission. WEL refers to two recent applications for up to 74MW of gas process heat conversions. WEL also notes that deindustrialisation is happening and could release capacity on currently constrained assets. It notes it needs to be mindful of building additional capacity for electrification only for another customer in the same area to de-industrialise and release capacity.
- (b) Given this WEL is investigating options to enable electrification while considering timeframes and cost to build additional infrastructure. It states that the Tasman Road substation site is being explored for the 5MW BESS to help peak shave and push out the need to invest in the capacity of that substation. The BESS would be designed so that it can be relocated to other Zone Substations as the need arose.
- (c) WEL states that the Tasman Road substation was selected due to the customer load increases being experienced in the industrial area it serves and its load profile.
- (d) In relation to the solar sites, customers seeking to decarbonise are looking for partners to assist with behind the meter generation options. Some of these customers are capital constrained so their public request for information includes the partner to build and contract a Power Purchase Agreement (PPA) back to them.

4.8 WEL has provided additional information around seeking third party providers to provide the BESS:

- (a) WEL intends to issue an RFP to build the 5MW BESS and will select a third party where there is a more efficient option.

- (b) The BESS is not being initially set up to provide resilience but WEL to consider whether it can be engineered to also be used for network resilience.

WEL and NewPower submit that the test for an amendment to the existing exemption is met

- 4.9 WEL and NewPower submit that the section 11(4) test is met as granting the amendment to the existing exemption would have no negative impact on competition or reliability (noting the 2MW BESS is designed to improve reliability of supply in Raglan) and have a positive impact on efficiency. The WEL application submits that:
- (a) the exemption does not create risk of foreclosure in the relevant markets
 - (b) there is no opportunity or incentive for WEL to leverage its monopoly distribution business to cross-subsidise the contestable activities that it will undertake with the new generation assets
 - (c) the generation capacity added by WEL to the national wholesale market (being the increment by which WEL's generation capacity would exceed the 50MW threshold) is small relative to the total generation in the market
 - (d) the estimated cost of compliance is substantial compared to any purported benefits of the arm's length rules.
- 4.10 WEL also refers to the need for increased investment in renewable generation in New Zealand to meet increasing electricity demand, saying this requires support for industry participants, and particularly distributors, to invest in network-level generation and storage. In this respect, WEL notes the Government's proposal to remove current regulatory caps of 50MW and 250MW from being connected to a distributor's own networks or Transpower's grid⁵ because of:
- (a) concerns the current rules are deterring investment in generation and because removing the rules would reduce the administrative burden on distributors, increasing opportunities for new generation and developing resilience at a local level
 - (b) other safeguards exist in the Code and the Commerce Act which address concerns about the impact on competition.

5. The analysis adopted by the Authority

- 5.1 The Authority has assessed how granting an amendment to the existing exemption to the arm's-length rules 3G, 3H, 3I and 3J would affect competition, reliability and efficiency in the relevant markets. It has then applied this analysis to the relevant test which is whether the amendment is necessary or desirable for the purpose of meeting the Authority's objectives.
- 5.2 To answer the question, we require:
- (a) a factual and a counterfactual scenario
 - (b) identification of the relevant markets
 - (c) making a judgement about the state of competition, reliability and efficiency under each scenario in each market.

⁵ Cabinet Paper – Investigating Options to Amend or Remove the Amount of Generation that Electricity Distribution Businesses May Own 8 April 2025.

- 5.3 For these exemption applications, we have assessed the factual (the exemption is not granted, the BESS and two rooftop solar are not built, the larger solar installation not built) against two counterfactuals:
- (a) Counterfactual-1: Exemption not granted and WEL and NewPower proceed with the new generation assets but are not exempt from the arm's length rules so incur the costs of compliance.
 - (b) Counterfactual-2: Exemption granted and WEL and NewPower proceed with the new generation assets but do not have to comply with the relevant arm's length rules.

5.4 The impacts on the relevant markets are considered in the section below.

6. Summary of Authority's analysis

6.1 Table 1 shows a summary of the analysis. It shows that the new generation assets are beneficial, and that the amendment to the existing exemption should be granted because it reduces compliance costs and includes an RFP condition to ensure a competitive process to provide the BESS is undertaken.

Table 1: Summary of analysis

	Factual: BESS not built and two rooftop solar not built	Counterfactual-1 WEL ownership of solar farm, roof solar and BESS	Counterfactual-2 WEL ownership of solar farm, roof solar BESS
	Amendment not granted	Amendment not granted	Amendment granted
Network services market	Likely none	Grows market	Grows market
Over the counter forward market	No impact	No impact	No impact
Retail market	No Impact	No impact	No impact
Spot market	No Impact	Improvement in competition	Improvement in competition
Generation market	No impact	No impact	No impact
Ancillary services market	No impact	Improvement in competition	Improvement in competition
Reliability	No impact	Improvement in reliability	Improvement in reliability
Efficiency		Impact of compliance costs - approximately \$1.5M. BESS most efficient network alternative	No compliance cost due to exemption. BESS most efficient network alternative
Cross subsidisation	No impact	Commerce Commission rules make cross subsidies unlikely	Commerce Commission rules and remaining arm's length rules make cross subsidies unlikely

7. Assessing the impact of each market:

Competition

7.1 **Network services market:** WEL intends to issue an RFP for the build of the 5MW BESS. The BESS is a network substitution asset and delays the need for network infrastructure for up to 10 years. By issuing an RFP for the BESS, WEL is stimulating the network services market. This is true under both counterfactuals.

- 7.2 **OTC market:** WEL intends to use the 5MW battery to arbitrage the spot market, provide reserves and to meet peak demand. It will not use it to back OTC forward contracts. The solar installations are underwritten by PPAs with the tenants, so the energy from them will not be sold through the OTC market.
- 7.3 **Retail market:** The energy from the solar installations will not be retailed. However, the energy from the solar installations competes with energy from retailers, so there is a small increase from competition. This is true for both counterfactuals.
- 7.4 **Spot market.** Spot market competition improves under both counterfactuals though the 5MW BESS being used to arbitrage the spot price.
- 7.5 **Ancillary Services Market:** Reserve market competition improves under both counterfactuals through the 5MW BESS being offered in the reserve market.
- 7.6 **Generation market:** The Authority considers there would be no impact on the generation market under the Factual or Counterfactual. In the case of the two smaller solar installations, the tenants have not been able to self-fund the build, so WEL is not crowding out another investor. The larger solar installation is a competitive tender, so the most efficient provider will build the generation.

Reliability

- 7.7 The 5MW BESS is primarily intended to provide a timely increase in capacity at the Tasman Road substation, which services an industrial area that has experienced load increases and is facing capacity constraint. It is the lowest cost option to provide energy at peak and thereby efficiently increasing reliability.
- 7.8 The solar installations are intended to be consumed by the tenants, so relieve pressure on the network to the extent that they generate during peak periods. This is true under both counterfactuals.

Efficiency

- 7.9 Under Counterfactual-1, the cost of complying with the arm's-length rules would not be incurred. If compliance and these costs are unnecessary, then avoiding them is an efficiency gain. These compliance costs are therefore a cost of Counterfactual-1.
- 7.10 In the application for the existing exemption, WEL estimated the cost of complying with arm's length rules to be in the region of \$1.24 million, largely due to costs of duplicating directors and staff. WEL estimates the costs would now be in the region of \$1.5 million. Given the Authority's assessment on the impacts on competition and reliability, this is an unnecessary cost that could negatively impact on WEL's further investment in new generation, resilience and efficient capacity.
- 7.11 There is also a positive impact on efficiency under each counterfactual scenario due to the BESS being the most efficient network alternative.
- 7.12 WEL building and selling the energy from the two smaller solar installation should have no impact on efficiency as these are commercial arrangements and there are no barriers to participating in these arrangements—i.e. WEL has no advantage in these arrangements due to its distribution monopoly. Likewise purchasing the larger solar installation should have no impact on efficiency as it is a competitive tender.

8. Additional matters

Cross subsidisation

- 8.1 The Authority considers there is a low risk of WEL using network prices to subsidise generation investments for the same reasons set out in its decision on the existing exemption. WEL, as a consumer-owned trust, has low incentives to cross-subsidise given this would result in higher prices for its consumers. While not subject to a Commerce Commission default price path, WEL is also subject to information disclosure regulation and the threat of default price path regulation. Information disclosure requirements include the requirement to provide information on cost allocation between related and unrelated parties (as required under the relevant cost allocation methodology).
- 8.2 As set out below, a number of arm's length rules will continue to apply, including requirements not to discriminate or prefer interests of one business over the other.

Remaining arm's-length rules and Part 6 will still apply

- 8.3 The remaining rules that would continue to apply to WEL and NewPower and their directors and senior managers require that the distributor and connected generator:
- (a) take all reasonable steps to ensure the arm's-length objective is met
 - (b) ensure transactions between the parties are entered into on terms that are consistent with each party acting independently
 - (c) not exercise power or act in a manner they reasonably know prefers the interests of the related party
 - (d) not favour the related party when providing services or benefits
 - (e) ensure staff do not take into consideration their dual capacity across the two businesses when making decisions on behalf of either business
 - (f) not disclose information to the related party that they would not reasonably have access to as a separate business.
- 8.4 In addition to the arm's-length rules, WEL is still subject to the obligations in Part 6. In particular, clause 6.11 requires distributors to act at arm's length and requires a distributor to use, in respect of all distributed generators, the same reasonable efforts in processing and considering applications for connection. This rule applies regardless of whether the distributor has an ownership interest or a beneficial interest in the distributed generator and regardless of who the distributed generator is.

9. The tests in the Act and Code are met

- 9.1 The Authority is satisfied that amending the existing exemption is necessary or desirable for the purpose of meeting its objectives and, accordingly, the test in section 11(4) is met.
- 9.2 The application of the relevant arm's length rules is not necessary for the purpose of achieving the Authority's main objective, which is to promote competition in, reliable supply by, and efficient operation of, the electricity industry for the long-term benefit of consumers. Granting the amendments to the exemption and dispensations would not affect competition or reliability, and there would be efficiency gains as a result of the costs of compliance with the arm's-length rules being avoided.
- 9.3 It is also relevant that building the 2.4MW solar installation is subject to a competitive tender and that the two smaller solar installation are commercial arrangements where WEL has no

advantage due to its distribution monopoly. These factors further reduce any risk of an adverse impact on competition, reliability or efficiency and any justification for the compliance costs.

9.4 In addition to WEL’s application for an amendment to the existing exemption and dispensations meeting the test in the Act and Code (as applicable), there are other checks and balances in place, including the proposed conditions, the remaining arm’s-length rules and Part 6 applying, and WEL’s ownership structure. All of these factors should incentivise WEL and NewPower to act in good faith and avoid anti-competitive behaviours that are not in the long-term benefit of consumers.

10. Attachments

10.1 The following appendices are attached to this paper:

Appendix A	WEL and Newpower’s exemption application
Appendix B	Draft gazette notice and dispensations

APPENDIX A - WEL and NewPower applications

PUBLIC VERSION

Application for an Exemption pursuant to Section 11 Electricity Industry Act 2010

Date: 26 September 2025

Applicant: WEL Networks Limited
114 Maui Street
Te Rapa
Hamilton

Applicant's Contact: Michelle Allfrey (General Manager Commercial Engagement)
<Michelle.Allfrey@wel.co.nz>

Application: Pursuant to section 11(2) of the Electricity Industry Act 2010 (**Act**), application is hereby made to the Electricity Authority (**Authority**) for an amended exemption from compliance with Schedule 6A.3(2) Clauses 3G, 3H, 3I and 3J under Part 6A of the Electricity Industry Participation Code 2010 (**Code**).

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1. EXECUTIVE SUMMARY

- 1.1 In October 2024 WEL Networks Limited ("**WEL**") was granted an exemption by the Authority to Schedule 6A.1 Clauses 3G, 3H, 3I and 3J under Part 6A of the Code for its generation assets to a maximum capacity of 65.963MW which included our network battery ("**BESS**") Rotohiko, our two large solar farms Taiohi and Rangimarie and some incidental generation assets on our own buildings. During WEL's original exemption application we did make note to the Authority that we were exploring more options for generation but did not have any specific information we could provide at the time.
- 1.2 In April 2025 WEL sought an amendment to the existing exemption to include further generation that we could not specify in the original application. This new generation totalled a further 27.05MW taking the overall total to 93.013MW. This exemption was granted by the Authority in July 2025.
- 1.3 Due to rapidly declining gas reserves WEL is experiencing electrification requests from customers far earlier than anticipated. In addition to many smaller electrification requests, WEL has two very large requests for up to 74MW of gas process heat conversions. To efficiently meet the demand created by these requests, WEL is seeking a further amendment to our existing exemption condition (i) (*the exemption and dispensations apply to the existing and new generation assets up to a nameplate capacity of 93.013MW*) to include new generation assets as further detailed under paragraph 4.3 and defined together as the "**New Generation Assets**". WEL is seeking an increase of this exemption condition from 93.13MW to 101.333MW. WEL is not seeking an amendment to any other conditions.
- 1.4 Industrial businesses have seen electricity prices increase by approximately 27%¹ from 31 March 2024 to 31 March 2025 and are seeking ways to decarbonise and reduce their electricity bills through solar installations.
- 1.5 On 8 April 2025 Ministry of Business Innovation & Employment ("**MBIE**") released the Cabinet Paper which states that under the upcoming Energy and Electricity Security Bill they are seeking to remove the current generation threshold of 50MW threshold in Part 6A of the Code. However, until the Bill passes and is enacted WEL and the Authority must abide by the existing requirements under the Code.
- 1.6 WEL continues to deem the costs and inefficiencies associated with WEL complying with the full arm's-length rules are material and WEL's exemption does not inhibit competition in the electricity market. The findings of MBIE in their Cabinet paper back this position and through safeguards in other regulatory requirements, such as the Code and the Commerce Act, the intent of Arm's length can be met.

2. CONTEXT OF EXEMPTION AMENDMENT APPLICATION

Changes in the electricity industry

- 2.1 The demand for electricity in New Zealand is increasing significantly due to a range of contributing factors, including population and economic growth, and the electrification of transport and process heat as part of meeting New Zealand's target of net-zero carbon

¹ Ministry of Business, Innovation and Employment Price Data Tables Energy Prices ending 31 March 2025

emissions by 2050.² MBIE has stated that achieving the 2050 net-zero emissions target will require "rapid expansion and major acceleration of renewable electricity infrastructure".³

- 2.2 While the rate of investment in renewable generation is increasing, it is estimated that renewable electricity generation needs to increase by 50% to 70% by 2035, and by 170% by 2050.⁴ To put it another way, New Zealand must increase its renewable generation capacity by around 400 to 500 megawatts (MW) every year until 2050.⁵ As observed by the Authority, this growing electricity demand will increase the required sizes of distribution networks and "create new challenges for managing the congestion on those networks".⁶
- 2.3 To ensure that New Zealand can achieve this required growth, it is critical that a wider range of industry participants are encouraged and supported to invest in renewable electricity generation. The development of distributed generation assets will help New Zealand to reach its 2050 net-zero emissions target while also creating greater resilience in New Zealand's distribution networks. In the case of distributors, this is especially important given the responsibility on distributors to manage the operation and maintenance of local networks.
- 2.4 While the advancement of new technologies is driving more efficient use of New Zealand's existing generation capacity (such as demand aggregation and increased network visibility), these developments are unlikely to be sufficient on their own to address the inefficiencies associated with centralised generation in New Zealand. Accordingly, industry participants, and particularly distributors, must be supported to invest in network-level generation and storage now, for the long-term benefit of New Zealand consumers.
- 2.5 This has been recognised by the Australian Energy Regulator ("**AER**") as part of its recent decision to introduce a class waiver to its 'ring-fencing guideline' (which we understand is broadly equivalent to the arm's-length rules) for battery assets funded under the Australian Government's Community Batteries for Household Solar Program.⁷ In its decision, the AER acknowledges that "strict adherence to ring-fencing obligations might, in some circumstances, result in outcomes that are not in the long-term interest of consumers", and that waivers provide "flexibility to support opportunities for genuine innovation".⁸ Ultimately the AER determined that "the benefits to consumers of requiring [distributors] to comply with each of the requirements in the Guideline are outweighed by the costs of compliance with these obligations".⁹
- 2.6 As done by the AER in the Australian context, the Authority can similarly support distributors to contribute to the innovation of renewable energy solutions in New Zealand. WEL is committed to dealing with the challenges facing the New Zealand electricity industry alongside other industry participants, including by investing in renewable generation to meet the rapid growth in electricity demand. However, as described in the Sapere Report, the requirement on WEL to comply with the arm's-length rules would have the effect of adding avoidable

² The Climate Change Response Act 2002 was amended in 2019 to set three targets: net-zero carbon emissions by 2050, and biogenic methane emissions reduced below 2017 levels by 10% by 2030 and by 27-47% by 2050.

³ Ministry of Business, Innovation and Employment *Strengthening National Direction on Renewable Energy Generation and Electricity Transmission* (12 April 2023) at page 1 (<https://www.mbie.govt.nz/dmsdocument/26387-strengthening-national-direction-on-renewable-energy-generation-and-electricity-transmission-consultation-doc-pdf>).

⁴ *Ibid.*

⁵ Electricity Authority *Promoting competition in the wholesale electricity market in the transition toward 100% renewable electricity – Issues Paper* (2022) at para [4.5] (<https://www.ea.govt.nz/documents/2243/Promoting-competition-in-the-wholesale-electricity-market.pdf>).

⁶ Electricity Authority, *Energy Transition Roadmap* (December 2021) at para [3.17].

⁷ Australian Energy Regulator *Decision, Distribution ring-fencing class waiver for DNSP-led projects funded under the Australian Government's Community Batteries for Household Solar Program* (February 2023) at page 1 (<https://rb.gy/t2ps6>).

⁸ *Ibid* Page 3.

⁹ Australian Energy Regulator *Decision, Distribution ring-fencing class waiver for DNSP-led projects funded under the Australian Government's Community Batteries for Household Solar Program* (February 2023) at page 14 (<https://rb.gy/t2ps6>).

inefficiencies into the electricity industry, which would be inconsistent with the Authority's objectives under the Act.

Current natural gas situation

- 2.7 In June 2025 the Ministry of Business, Innovation and Employment (MBIE) released data that showed natural gas reserves had reduced 27% compared to the year prior. Gas reserves are reducing faster and sooner than had previously been forecast.
- 2.8 WEL has experienced an acceleration of electrification requests from customers. Recently a major customer converted 3MW of gas boilers to electricity and anecdotal evidence from other customers is that they are being told that they will not get a further gas contract unless they have plans to convert. WEL also has requests from two other customers for up to 74MW of gas process heat conversions. These two requests will involve Substation work, among other substantive work, to create the capacity for the connections.
- 2.9 Customer timeframes and the size of the load increases are putting pressure on traditional infrastructure build times. A typical time to build a new Substation is around three years to acquire land, gain consent, build and commission. We are also currently being informed that the time, from order to shipment, for a new Substation Transformer is two years.
- 2.10 While some customers are choosing to electrify, we are aware that some customers will choose to close as the cost to convert equipment to an alternative to natural gas makes their business commercially unviable. Deindustrialisation is happening and could release capacity on currently constrained assets.
- 2.11 WEL is investigating options to enable electrification while considering timeframes and cost to build additional infrastructure. WEL are also mindful of building additional capacity for electrification only for another customer in the same area to de-industrialise and release capacity. One Zone Substation site (Tasman) is being explored for utilisation of a 5MW BESS to help peak shave and push out the need to invest in the capacity of the Zone Substation. The BESS would be designed so that it can be relocated to other Zone Substations as the need arose.
- 2.12 Tasman Road substation was selected due to the customer load increases being experienced in the industrial area it serves and its load profile. The load profile showed a BESS at this site would create the greatest capital deferral impact for not upgrading the Zone Substation capacity through traditional means.

Customers seeking options

- 2.13 Industrial businesses have seen electricity prices increase by approximately 27% from 31 March 2024 to 31 March 2025.
- 2.14 As customers seek to decarbonise and with electricity prices increasing, they are looking for partners to assist with behind the meter generation options. Some of these customers are capital constrained so their public request for information includes the partner to build and contract a Power Purchase Agreement (PPA) back to them.
- 2.15 WEL has currently three further commercial PPA opportunities as detailed below:
- (a) One 220kW solar array for [REDACTED];

- (b) One (currently under a competitive tender process) for up to 2.4MW solar array for [REDACTED]; and
- (c) One 700kW solar array for [REDACTED]

3. ENERGY AND ELECTRICITY SECURITY BILL

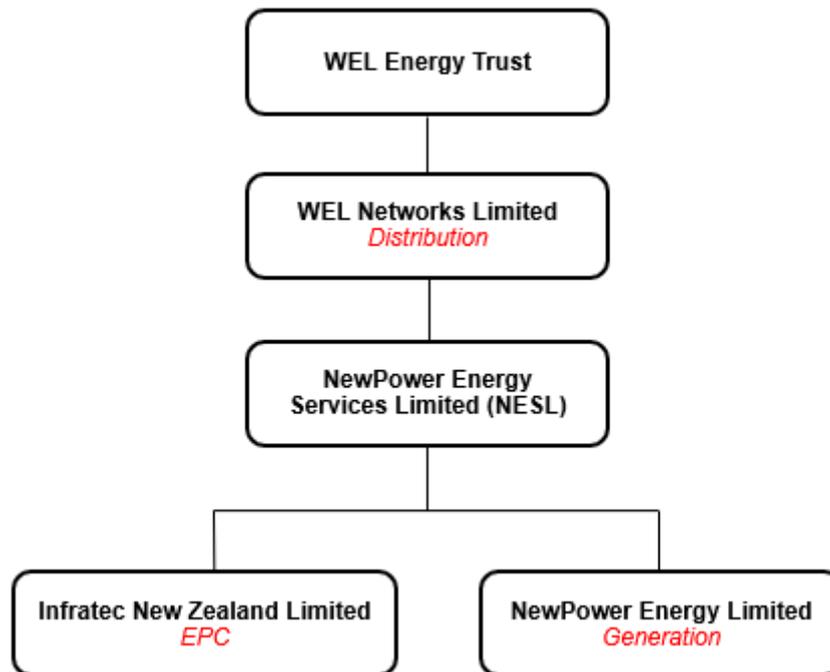
- 3.1 MBIE, in consultation with the Authority the Commerce Commission and many others was asked to investigate options for inclusion in the Energy and Electricity Security Bill with respect to the amount of generation an electricity distribution business (“EDB”) may own.
- 3.2 In the Cabinet paper¹⁰ released 8 April the recommended options were the removal of the current regulatory caps of 50MW and 250MW from being connected to an EDB’s own network or Transpower’s grid respectively.
- 3.3 The Cabinet paper noted that the current rules were deterring investment in generation at a time when distributed generation should be encouraged to promote regional resilience of the electricity sector. It noted that removing the rules would reduce the administrative burden on EDB’s, increasing opportunities for new generation and assist in developing resilience at a local level.
- 3.4 The justification for the removal was, whilst there was concern on the impact of competition, other safeguards exist in the Code through Part 6 and the Commerce Act which imposes cost allocation, related party and information disclosure requirements.
- 3.5 Whilst the Energy and Electricity Security Bill was initially looking to be put forward in the first half of 2025, it is currently unknown as to when it may come into force and what amendments may be made to it. As such both the Authority and WEL must abide by the existing requirements under the Code which currently enforce Arm’s Length for over 50MW.

4. DESCRIPTION OF WEL'S BUSINESS

- 4.1 WEL and its subsidiaries (together, the “WEL Group”) build, own and operate over \$750M worth of electricity network infrastructure. A company structure of the WEL Group is set out in the diagram in Figure 1 below.

¹⁰ Cabinet Paper – Investigating Options to Amend or Remove the Amount of Generation that Electricity Distribution Businesses May Own 8 April 2025

Figure 1: WEL Group company structure



4.2 The relevant entities within the WEL group are as follows:

- (a) **WEL:** WEL, a company incorporated in New Zealand, carries on the business of a regulated electricity distributor and owns and operates a local distribution network in the Waikato region. Through its nearly 7,000 kilometres of lines, WEL services more than 100,000 residential and small business connections and close to 1,000 commercial/industrial sites. Through delivering innovative and sustainable energy solutions WEL has played an essential role in the economic and social development of local communities for over 100 years.
- (b) **WEL Energy Trust ("Trust"):** WEL is wholly owned by the Trust whose beneficiaries are electricity customers connected to the WEL network. The Trust was established in 1993 and has a Trust Deed to ensure that the company now known as WEL operates as a 'successful company'. Under the Trust Deed, the definition of a 'successful company' includes not only profitability but the need to exhibit a sense of social responsibility by having regard to the interests of the community. The Trust is governed by a board of up to seven trustees, who are elected every three years.
- (c) **NewPower Energy Limited ("NewPower"):** NewPower is WEL's electricity generation business and is a wholly owned subsidiary of WEL. NewPower owns the following generation assets that are, or will be, connected to WEL's network. The 22.4MW Taiohi solar farm (currently in the final stages of works prior to connection), 10MW Rangimarie solar farm (currently starting construction) and the 35MW Rotohiko BESS. NewPower also has a conditional Sale and Purchase Agreement in place for the 24MW Cambridge solar farm. NewPower Energy Services Limited is the holding entity for NewPower.

- (d) **Infratec New Zealand Limited ("Infratec")**: Infratec, where appropriate, conducts the engineering, procurement and construction business of the WEL Group and is a wholly owned subsidiary of NewPower Energy Services Limited.

New Generation Assets

4.3 The WEL Group, is developing the following generation assets which will be connected to its distribution network:

- (a) One Battery site:
 - (i) WEL is seeking to install a 5MW BESS (which will be designed to be relocatable) at our Tasman Road Substation to enable electrification in the most cost-efficient way.
- (b) Three solar sites:
 - (i) WEL is seeking to invest in a up to 2.4MW solar opportunity at [REDACTED]
 - (ii) WEL is seeking to invest in a 220kW rooftop solar opportunity at [REDACTED]
 - (iii) WEL is seeking to invest in a 700kW rooftop solar opportunity at [REDACTED]

(together, the "New Generation Assets").

See **Appendix 2** for a map which sets out the approximate locations of the New Generation Assets.

4.4 The primary purposes of the New Generation Assets are as follows:

- (a) **Tasman Road BESS (5MW)**, to provide WEL with the most cost efficient and timely way to increase the capacity of the substation while ensuring it is set up to be mobile when either there is a freeing up of capacity through deindustrialisation or a longer-term capacity solution is built.
- (b) [REDACTED] generate and sell the generation directly to the tenant through a Power Purchase Agreement with WEL.
- (c) [REDACTED]: generate and sell the generation directly to the tenant through a Power Purchase Agreement with WEL.
- (d) [REDACTED]: generate and sell the generation directly to the tenant through a Power Purchase Agreement with WEL.

4.5 For this application, WEL's working assumption is that the combined capacity of the New Generation Assets would take it beyond the 93.013MW of connected generation under our current exemption to a total of 101.333MW.

5. DESCRIPTION OF EXEMPTION AMENDMENT SOUGHT

Why WEL is seeking an exemption from clause 6A.3 of the Code

STRICTLY CONFIDENTIAL VERSION

5.1 Pursuant to section 11(2) of the Act, this application seeks, in respect of WEL's involvement in NewPower, WEL is seeking an exemption amendment to our existing exemption from compliance with Schedule 6A.3(2) Clauses 3G, 3H, 3I and 3J under Part 6A of the Electricity Industry Participation Code 2010 (**Code**). ("**Proposed Exemption Amendment**").

5.2 As mentioned above, and as detailed in our original exemption application, WEL is a suitable candidate for exemption from compliance with Schedule 6A.3(2) Clauses 3G, 3H, 3I and 3J of the Code, because it is not necessary for the purpose of achieving the Authority's objectives under section 15 of the Act for WEL to comply with the arm's-length rules.

When is WEL seeking the amended exemption

5.3 WEL is seeking a decision to our exemption application to be made by 28 November, this will enable us to progress with our plans for our New Generation Assets as soon as possible.

How long the exemption is required for

5.4 WEL is requesting the exemption from the date at which the final New Generation Asset is connected to its distribution network and for a minimum period of twenty-five (25) years (based on the life of the assets being 25 to 30 years) for WEL to make a reasonable return on its investment.

Previous similar exemptions by the Authority

5.5 The Authority has previously considered applications for exemption from the arm's-length rules, including (for example) a recent application by Top Energy Limited ("**Top Energy**") in relation to the expansion of its geothermal generation assets at the Ngāwhā Springs Power Station¹¹ for generation up to 117MW.

What alternatives did WEL seek

5.6 An alternative to this exemption would be to move to have complete separation of Governance and Management. The estimated cost of this alternative was substantial compared the purported benefits of Arm's Length. Sapere's report, which was part of WEL's initial exemption application, showed no negative impact on competition from WEL's exemption request to Arm's Length.

Impact on overall scheme of the Code

5.7 The purpose of Part 6A the Code is to promote competition in the electricity industry by restricting relationships between a distributor and a generator where those relationships may not otherwise be at arm's-length. We consider that the Proposed Amended Exemption is consistent with the objectives of Part 6A of the Code, given that the arm's-length rules are not necessary to promote competition in the electricity industry in relation to WEL's involvement in NewPower, as described in WEL's original exemption application.

No adverse effects on other participants

5.8 As described further below, the Proposed Amended Exemption would not result in any adverse effects on other participants in the electricity industry. In particular:

¹¹ Electricity Authority, *Final Decision No. EA 333 in relation to Top Energy Limited* (15 December 2023).

- (a) The generation capacity added by WEL to the national wholesale market (being the increment by which WEL's generation capacity would exceed the 50MW threshold) is small relative to the total generation in the market. The relative significance of the incremental increase of WEL's generation capacity will be further diminished as the Government continues to fast-track new renewable generation projects to meet New Zealand's emissions reduction targets.¹²
- (b) The Proposed Amendment Exemption does not create any risk of foreclosure in any of the relevant markets.
- (c) Furthermore, there is no opportunity or incentive for WEL to leverage its monopoly distribution business to cross-subsidise the contestable activities that it will undertake with the New Generation Assets. This would effectively require WEL to undermine its business model by overcharging its distribution customers (which are also its owners under the consumer-owned trust model and which would attract increased and unwanted scrutiny from the Commerce Commission) or by operating at below-cost pricing, which WEL clearly has no incentive to do.

6. EFFECTS OF THE PROPOSED EXEMPTION ON THE AUTHORITY'S STATUTORY OBJECTIVES

(a) The exemption does not undermine competition in the electricity industry

- 6.1 In WEL's first exemption application a competition impact assessment was sought from Sapere which showed that the exemption would have no negative impact on competition.

(b) The exemption does not undermine the reliability of supply by the electricity industry

- 6.2 The New Generation Assets would be operated and contribute to the supply of electricity under WEL's network connection standards and would not reduce the reliability of supply. The substation BESS is designed to improve the reliability of supply.

(c) The exemption seeks to promote the efficient operation of the electricity industry

- 6.3 The substation BESS is designed to improve WEL's understanding of non-network solutions enabling WEL to go out to market for these potential solutions in the future, therefore seeking more efficient use of investments made by WEL and third parties and the operation of the network

(d) The exemption seeks to promote the interests of domestic consumers and small business consumers.

- 6.4 The substation BESS is designed to improve WEL's understanding of non-network solutions enabling WEL to go out to market for these potential solutions in the future. Therefore, seeking more efficient use of investments made by domestic and small business consumers in distributed energy resources.

¹² For example, since late 2021 the Government has referred five significant renewable generation projects through the COVID-19 Recovery (Fast-track Consenting) Act 2020, including two large solar farm projects in the Waikato region, which could collectively add more than 635MW to the national grid. See *Government refers solar energy projects for fast-track consenting* (14 April 2023) at <https://www.beehive.govt.nz/release/government-refers-solar-energy-projects-fast-track-consenting>.

7. CONFIDENTIALITY

- 7.1 This application is being provided to the Authority on a confidential basis. WEL requests that it is notified in writing prior to the release of any of the information contained in this application, and that WEL's views on confidentiality are considered before any such disclosure takes place.

8. DECLARATION

- 8.1 Please see **Appendix 1** to this application for a declaration completed by WEL (in the form prescribed under the former section 90 application process).
- 8.2 Please let us know if you have any questions or if you require any further information.

APPENDIX 1: DECLARATION

THIS APPLICATION is made by:

WEL Networks Limited

WEL Networks Limited hereby confirms that:

- all the information requested by the Electricity Authority (**Authority**) is provided;
- all relevant information known to the applicant is provided; and
- all information provided is true and correct as at the date of this application.

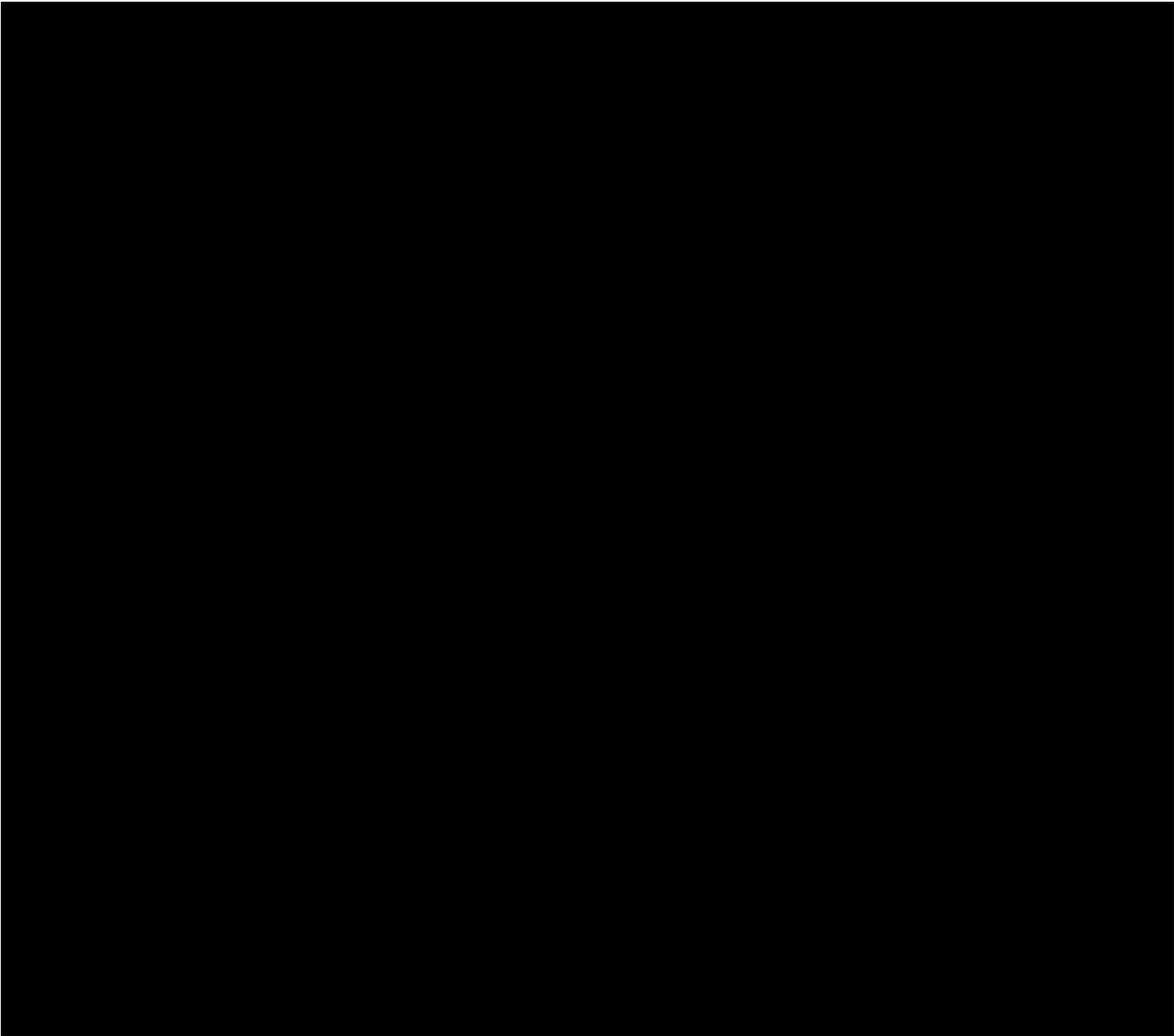
WEL Networks Limited undertakes to advise the Authority immediately of any material change in circumstances relating to the application.

Company name: WEL Networks

Date: 26/9/2025

Signed by:  _____

Position: Michelle Allfrey
GM Commercial Engagement



7 November 2025

Dear Compliance Team

APPLICATION FOR PART 6A EXEMPTION – NEWPOWER ENERGY SERVICES LIMITED

Application

1. Pursuant to section 11(2) of the Electricity Industry Act 2010 ("**Act**"), this application is hereby made to the Electricity Authority ("**Authority**") for an amended exemption from compliance with Schedule 6A.3(2) Clauses 3G, 3H, 3I and 3J under Part 6A of the Electricity Industry Participation Code 2010 ("**Code**").

Details of the person filing the application

2. This application is made by NewPower Energy Services Limited ("**NewPower**") in respect of its involvement in WEL Networks Limited ("**WEL**").
3. In addition, pursuant to clause 6A.9 of the Code, NewPower makes an application on behalf of the following persons for dispensation from compliance with Part 6A of the Code in respect of their involvement in NewPower and WEL:

- (a) the directors of NewPower; and
- (b) the Chief Executive (currently Acting Chief Executive) of NewPower.

(together, the "**Dispensation Applicants**").

Background to application

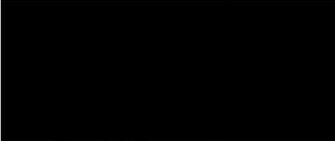
4. WEL has applied to the Authority, dated 26 September 2025, for an amended exemption from compliance with Schedule 6A.3(2) Clauses 3G, 3H, 3I and 3J under Part 6A of the Electricity Industry Participation Code 2010 ("**Code**") ("**WEL Application**"). As set out in the WEL Application:
 - (a) WEL has a current exemption from compliance Schedule 6A.3(2) Clauses 3G, 3H, 3I and 3J under Part 6A of the Code up to a maximum capacity of 93.013MW.
 - (b) WEL has additional generation they are looking to develop totalling 8.32MW which includes 1 battery energy storage system, and three rooftop solar opportunities on its network (together the "**New Generation Assets**");
 - (c) the total capacity of the New Generation Assets will exceed the current maximum capacity of 93.013 under WEL's current exemption; and
 - (d) NewPower is regarded as a "connected generator" under Part 6A of the Code.
5. For the reasons described in the WEL's initial Application and its amended exemption application, NewPower considers that:
 - (a) it is a suitable candidate for exemption from compliance with clauses Schedule 6A.3(2) Clauses 3G, 3H, 3I and 3J under Part 6A of the Code; and

(b) the Dispensation Applicants are suitable candidates for dispensation from compliance with Schedule 6A.3(2) Clauses 3G, 3H, 3I and 3J under Part 6A of the Code,

in each case, because it is not necessary for the purpose of achieving the Authority's objectives under section 15 of the Act for NewPower or the Dispensation Applicants, respectively, to comply with the arm's-length rules, and, in some cases, granting the exemption and dispensations would better achieve the Authority's objectives under the Act than requiring compliance.

6. If you have any questions or if any part of this application requires explanation, please contact Michelle Alfrey, General Manager - Commercial Engagement at WEL: +64 7 850 3143; michelle.alfrey@wel.co.nz.

Yours sincerely



David Barnett
Acting Chief Executive
NewPower Energy Services Limited

Appendix B Draft gazette and dispensation notices

DRAFT

Amendment to Exemption Under Section 11(4) of the Electricity Industry Act 2010 to Exemption No. 346 (WEL Network Limited and NewPower Energy Limited)

In accordance with section 11(4) of the Electricity Industry Act 2010 (“Act”), the Electricity Authority (“Authority”) gives the following notice.

Notice

1. Principal dispensation and commencement

- (1) This notice amends the exemption granted by the Authority on 18 October 2024, under section 11(2) of the Electricity Industry Act 2010 entitled ‘Electricity Industry (Exemption No. 346 (WEL Networks Limited and NewPower Energy Limited)) Exemption Notice 2024’ as amended on 26 June 2025 (“principal exemption”).
- (2) This Notice comes into force on the day after the date it is notified in the *New Zealand Gazette*”.

2. Amendments to principal exemption

- (1) Delete and replace the condition 2 of the principal exemption with the following:

- a. This exemption applies to the following generation owned by WEL or NewPower (as specified):
 - i. a battery energy storage system up to a maximum capacity of 32.945MW (NewPower);
 - ii. Taiohi solar farm in Huntly up to a nameplate capacity of 22.4MW (Newpower);
 - iii. Rangimarie solar farm in Maramarua up to a nameplate capacity of 10MW (NewPower); and
 - iv. various small scale solar and battery storage with a total capacity of 0.6178 MW as follows (WEL):

Location	Type	Capacity (kW)
Hamilton (Maui Street)	Solar	15
	Solar	60
	Solar	2
	Solar	59.8
	BESS	91
Pukete	Diesel	120
	Solar	10
Hamilton (Avalon Drive)	Solar	15
	BESS	15
	Diesel	80
Hamilton (McKee)	Solar	110
	Bess	40

- v. BESS up to a maximum capacity of 50kW (WEL);

- vi. BESS up to a maximum capacity of 2MW (WEL or NewPower);
 - vii. a solar farm up to a nameplate capacity of 24MW (NewPower);
 - viii. a rooftop solar system to a nameplate capacity of 1 MW (WEL);
 - ix. BESS up to a maximum of 5MW (NewPower);
 - x. a solar farm up to a nameplate capacity of 2.4MW (WEL);
 - xi. a rooftop solar up to a nameplate capacity of 220K (WEL); and
 - xii. a rooftop solar up to a nameplate capacity of 700Kw (WEL).
- b. the exemption applies to the existing and new generation assets up to a nameplate capacity of 101.333MW;
 - c. the exemption from the requirement to comply with rule 3I only applies to the appointment of management to positions of material influence over WEL and NewPower;
 - d. WEL and NewPower must not engage in retailing, as that term is defined in the Act, to any customer connected to WEL's distribution network;
 - e. WEL or NewPower must issue a Request for Proposals (RFP) to develop or provide the proposed 2MW BESS in the Raglan region;
 - f. WEL or NewPower must issue RFP to develop or provide the proposed 5MW BESS;
 - g. the exemption applies while WEL is wholly-owned by the WEL Energy Trust;
 - h. the exemption expires on 1 October 2040 or the day that any additional generation (other than generation installed for the purpose of providing network support) owned by WEL, NewPower or any of WEL's subsidiaries, or any "connected generators" as defined in cl 6A.3 in relation to WEL, is connected to WEL's network, or the day any amendments to the Code or the Act come into force which remove the need for the exemption and dispensations, whichever date is earlier.
 - i. WEL must comply with Part 6 and WEL and NewPower must comply with all other arm's-length rules in the Code.

(2) Add new clause 3(c) to section 3 of the principal exemption as follows–

- a. The reasons for granting the amendment to the dispensation on [17 November 2025] under section under clause 6A.9(6) of the Code are the Authority is satisfied that granting the amendment to the dispensation is necessary or desirable for meeting the Authority's objectives because:
 - i. competition and reliability are expected to be unaffected by the granting of the amendment;
 - ii. efficiency is expected to be improved by the granting of the amendment;
 - iii. the increase in generation as a result of this amendment is small (8.32MW);
 - iv. while total generation capacity will exceed the 50MW threshold by a more than minor amount, the overall capacity remains relatively small;
 - v. any potential risks, incentives or opportunities to inhibit competition can be addressed by the application of the remaining arm's length rules in Schedule 6A.1 of the Code, Part 6 of the Code, information disclosure requirements under the Commerce Act 1986 and the conditions set out in paragraph 2 of this notice.

Dated at Wellington this 27TH day of November 2025
 For and on behalf of the Authority:

ANNA KOMINIK, Chair,
Electricity Authority

DRAFT

Amendment to dispensation under clause 6A.9(6) of Part 6A of the Electricity Industry Participation Code 2010 (WEL Network Limited and NewPower Limited)

In accordance with clause 6A.9(6) of Part 6A of the Electricity Industry Participation Code 2010 (“Code”) the Electricity Authority gives the following notice:

Notice

1. Principal dispensation –

- (1) This notice amends the principal dispensation granted by the Authority on 1 October 2024 under clause 6A.9(6) of the Electricity Industry Participation Code 2010 (WEL Network Limited and NewPower Limited) as amended on 26 June 2025 (“principal dispensation”).

2. Amendments to the principal dispensation –

- (2) Delete and replace the condition 2(a) of the principal dispensation with the following:

(2) **Conditions** - This dispensation is subject to the following conditions

- a. This dispensation applies to the following generation owned by WEL or NewPower (as specified):

- i. a battery energy storage system up (BESS) to maximum capacity of 32.945MW (New Power);
- ii. Taiohi solar farm in Huntly up to a nameplate capacity of 22.4MW (Newpower);
- iii. Rangimarie solar farm in Maramarua up to a nameplate capacity of 10MW (NewPower); and
- iv. various small scale solar and battery storage with a total capacity of 0.6178 MW as follows (WEL):

Location	Type	Capacity (kW)
Hamilton (Maui Street)	Solar	15
	Solar	60
	Solar	2
	Solar	59.8
	BESS	91
	Diesel	120
Pukete	Solar	10
Hamilton (Avalon Drive)	Solar	15
	BESS	15
	Diesel	80
Hamilton (McKee)	Solar	110
	Bess	40

- v. BESS up to a maximum capacity of 50kW(WEL);
- vi. BESS up to a maximum capacity of 2MW (WEL or NewPower);
- vii. a solar farm up to a nameplate capacity of 24MW (NewPower);
- viii. a rooftop solar system to a nameplate capacity of 1MW (WEL);

- ix. BESS up to a maximum of 5MW (NewPower) (WEL);
 - x. a solar farm up to a nameplate capacity of 2.4MW (WEL);
 - xi. a rooftop solar up to a nameplate capacity of 220kW (WEL);
 - xii. A rooftop solar up to a nameplate capacity of 700kW (WEL).
- b. the dispensation from the requirement to comply with rule 3I only applies to the appointment of persons identified in clause 2(c) to (f) to positions of material influence over NewPower;
 - c. the dispensation only applies while WEL and NewPower are wholly owned by the WEL Energy Trust;
 - d. the exemption expires on 1 October 2040 or the day that any additional generation (other than generation installed for the purpose of providing network support) owned by WEL, NewPower or any of WEL's subsidiaries, or any "connected generators" as defined in cl 6A.3 in relation to WEL, is connected to WEL's network, or the day any amendments to the Code or the Act come into force which remove the need for the exemption and dispensations, whichever date is earlier.
- (3) Add new clause 3(c) to section 3 of the principal dispensation as follows—
- c. The reasons for granting the amendment to the dispensation on [17 November 2025] under section under clause 6A.9(6) of the Code are the Authority is satisfied that granting the amendment to the dispensation is necessary or desirable for meeting the Authority's objectives because:
 - i. competition and reliability are expected to be unaffected by the granting of the amendment;
 - ii. efficiency is expected to be improved by the granting of the amendment;
 - iii. the increase in total capacity as a result of this amendment is small (8.32MW);
 - iv. while total generation capacity will exceed the 50MW threshold by a more than minor amount, the overall capacity remains relatively small;
 - v. any potential risks incentives or opportunities to inhibit competition can be addressed by the application of the remaining arm's length rules in Schedule 6A.1 of the Code, Part 6 of the Code, information disclosure requirements under the Commerce Act 1986 and the conditions set out in paragraph 2 of this notice.

Dated at Wellington this day of November 2025
 For and on behalf of the Authority:

ANNA KOMINIK, Chair,
 Electricity Authority