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Electricity Authority | Te Mana Hiko

By email to:
connection.feedback@ea.govt.nz

Tēnā koutou,

SUBMISSION ON REDUCING BARRIERS FOR NEW CONNECTIONS: UP-FRONT CHARGES AND DISTRIBUTOR OBLIGATIONS

Unison Networks Limited (Unison) and Centralines Limited (Centralines) are consumer-owned electricity distribution businesses serving communities in Hawke's Bay, Taupō, Rotorua, and Central Hawke's Bay. We appreciate the opportunity to respond to the Electricity Authority's: Reducing Barriers for New Connections: Up-front Charges and Distributor Obligations. As a New Zealand electricity distribution business, we support measures that facilitate timely and efficient new connections to promote electrification and growth. It is vital, however, that changes maintain cost-reflectivity, fairness between new and existing customers, and regulatory certainty for all stakeholders.

As consumer-owned entities, we operate in the best interests of the communities we serve. Guided by our vision, and values, we strive to deliver economic benefits to both our customers and community shareholders, while championing a sustainable energy future. We are committed to maintaining the right balance between keeping electricity affordable and making strategic investments that secure the long-term reliability and resilience of our network. In all aspects of our operations, we place strong emphasis on meeting industry compliance requirements, ensuring we uphold all relevant standards. This approach not only supports New Zealand's transition to new energy solutions but also enables our communities to access cleaner, smarter, and more flexible energy options, now and for generations to come.

Key Points on Draft Code Amendments

We acknowledge the Authority's commitment to improving affordability, advancing electrification, and providing regulatory certainty. Our submission addresses the draft amendments to Part C, with a focus on areas where additional clarity, consistency, or

implementation safeguards could further strengthen the Code. We provide constructive commentary and practical recommendations to help ensure the final Code delivers fair outcomes for all stakeholders, while supporting the financial stability and operational resilience of electricity networks.

Clarity and Consistency

The proposed amendments generally enhance legal clarity and promote fairer, more efficient connection pricing. Their effectiveness, however, will depend on the provision of clear guidance, consistent interpretation, and proportionate implementation.

Cost-Reflectivity

It is crucial that the changes maintain cost causation, prevent unintended cross-subsidies, and appropriately manage first-mover risk.

Support for Amendments

We support the clarifications to key definitions such as “connection applicant,” “minimum scheme,” and “pioneering connection works” and endorse the following changes:

- Excluding customer-selected enhancements from pioneer scheme cost sharing
- Allowing costs from adjacent pioneer schemes to be included when relevant
- Requiring fair allocation of pioneer scheme rebates and establishing clear processes for unclaimed contributions
- Clarifying the application of discount rates and operating cost factors

These refinements will help ensure the Code is robust, practical, and equitable in its application.

Code Provision	Proposed Amendment (Summary)	Commentary (EDB perspective)	Suggestions / Clarifications
Interpretation – “connection applicant”	Clarifies that the definition applies only for the purposes of Part 6B.	This amendment improves legal clarity and avoids unintended application of Part 6B concepts to other Parts of the Code. It supports more precise interpretation of distributor obligations in connection pricing contexts.	No further change required. We support this clarification as proportionate and low risk.
Interpretation – “minimum scheme”	Clarifies that both distributor connection & operation standards and network connection standards apply when determining a minimum scheme.	This clarification appropriately recognises that the two standards serve complementary purposes (safety, operability, reliability). It strengthens consistency and reduces scope for	We support the amendment. The Authority may wish to confirm that these standards must be published and applied consistently to support transparency and non-discrimination.

		dispute over minimum technical requirements.	
Interpretation – “pioneering connection works”	Updates definition to reflect amendments to clause 6B.8(4)(a), including CPI-indexed threshold (\$50,000 in Dec 2025 dollars, or lower if specified by distributor).	Aligns definitional thresholds with updated pioneer scheme mechanics. CPI indexation appropriately maintains real value over time and avoids erosion of the threshold.	Consider clarifying expectations around evidence and disclosure where a distributor specifies a lower threshold, to ensure predictability for applicants.
6B.8(4)(iv) – Exclusion of connection enhancements	Explicitly excludes customer-selected enhancements from pioneer scheme cost apportionment.	This is economically efficient and consistent with cost-causation principles. It avoids inefficient cross-subsidisation of bespoke or higher-specification assets chosen by individual customers.	We support this amendment. It would be helpful to include worked examples or guidance distinguishing minimum scheme works from enhancements in practice.
6B.8(4)(v) – Adjacent pioneer schemes	Allows costs incurred by a pioneer under other adjacent pioneer schemes to be included where subsequent works rely on those assets to connect.	This amendment appropriately addresses the first-mover disadvantage and aligns with the underlying rationale of pioneer schemes. Without this change, early connectors may be unfairly penalised.	Support. The Authority may wish to clarify how distributors should define “directly connect to” to reduce interpretation risk.
6B.8(5) – Rebate allocation	Requires pioneer scheme contributions to be shared among all pioneers proportionate to costs incurred, net of reasonable administration fees.	Reinforces fairness and proportionality. Explicit recognition of administration costs is appropriate and reflects real scheme management effort.	Consider clarifying what constitutes “reasonable” administration costs or signalling expectations via guidance.
6B.8(5A) – Missing pioneers	Requires distributors to return contributions to those who paid if a pioneer cannot be located, and to cease collecting corresponding contributions.	This amendment improves efficiency and avoids unnecessary transfer of unclaimed funds to the Crown. It aligns outcomes with contributor expectations and simplifies scheme closure.	Support. It may be helpful to clarify what constitutes a “reasonable attempt” to locate a pioneer.
6B.8(6) – Transfer of pioneer status	Requires distributors to determine circumstances where pioneer status may transfer or be	Provides flexibility to reflect real-world commercial and ownership arrangements,	Support. Guidance on common scenarios (e.g. land subdivision, ownership changes)

	apportioned (e.g. multiple parties).	particularly for staged or joint developments.	would assist consistent application.
6B.11(4)(c) – Discount rate for reconciliation	Clarifies that the discount rate (vanilla WACC midpoint, inflation-adjusted) only needs updating annually when the Commission releases WACC estimates.	This improves operational certainty and avoids unnecessary recalculation volatility. Alignment with Part 4 WACC determinations supports regulatory coherence.	Support. No further changes recommended.
6B.11(4)(d) – Incremental opex scaling factor	Clarifies that the incremental opex scaling factor is applied only where operating cost loading is non-zero.	This clarification reduces ambiguity and improves consistency in reconciliation calculations. It appropriately limits use of the scaling factor to relevant cases.	Support. No further changes recommended.
6B.11(5) – Incremental opex scaling factor formula	Introduces formula for OSF based on average selected opex (ASO) over five disclosure years relative to average expected distribution revenue (AEDR).	Provides transparency and consistency in how incremental opex effects are reflected. Reliance on audited disclosure data enhances robustness.	Support. Guidance on common scenarios.

Key Recommendations

Based on our review of the proposed Code amendments, we recommend the following actions to ensure the reforms are practical, equitable, and effective for all parties:

- *Define essential terms* such as “incremental cost,” “connection applicant,” and “minimum scheme” within the Code or supporting materials to prevent inconsistent interpretations among distributors.
- *Align with Industry Standards:* Use terminology and calculation methods that are consistent with Commerce Commission definitions and established industry practices, especially for cost allocation and reliance metrics.
- *Increase Transparency:* Mandate the publication of connection standards and processes and provide clear guidance on how materiality thresholds and administration costs should be calculated and applied.
- *Ensure Fairness and Non-Discrimination:* Clearly state that similar applicants must receive similar treatment unless cost differences justify otherwise and ensure all types of contributions (cash or in-kind) are treated equally in reliance calculations.
- *Clarify Operational Procedures:* Specify the circumstances under which supply may be discontinued or applications refused and extend obligations to cover both upgrades and new connections.
- *Strengthen Regulatory Guidance:* Empower the Electricity Authority to issue practice notes or methodologies that promote national consistency and reduce interpretation risk.

- *Refine Pioneer Scheme Provisions:* Offer further guidance on distinguishing minimum scheme works from enhancements, clarify the treatment of adjacent pioneer schemes, and set clear expectations for the transfer and allocation of pioneer status and rebates.

Implementing these recommendations will help the Code deliver more efficient, fair, and transparent connection processes benefiting both new and existing customers, while supporting the financial stability and operational resilience of electricity networks.

Conclusion

In summary, we support the Authority's proposed Code amendments, particularly the improvements to clarity, consistency, and cost-reflectivity. With the additional refinements we have recommended clearer definitions, enhanced guidance, and stronger implementation safeguards. The amendments will establish a robust and equitable framework for connection pricing. We are confident these changes will deliver practical benefits for all stakeholders and ensure the Code remains effective as the sector evolves.

We remain committed to engaging constructively as the amendments are finalised. Our priority is to comply with new requirements and support a smooth transition for all parties involved.

Should further discussion or additional operational details be required, we are available to assist. This submission is not confidential and will be published. Please contact us if you need any further information.

Nā māua noa, nā

Jason Larkin / Tarryn Butcher
GM Commercial and Regulatory / Regulatory Manager



Submitter	Unison Networks Limited
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Questions	Comments
PART C – Minor amendments to the Code (connection pricing requirements)	
Q9. Do you have any comments on the drafting of the proposed amendments?	<p>We generally support the proposed drafting but recommend:</p> <ul style="list-style-type: none">• Further clarification of key terms (e.g., connection, network assets, incremental/shared costs, reliance metric).• Alignment of terminology with Commerce Commission definitions to ensure consistency.• Explicit treatment of in-kind contributions and vested assets in reliance calculations.• Clear guidance on the calculation and application of materiality thresholds.• Support for Transparency by requiring the publication of standards and processes, with clarity around administration costs and allocation of rebates.• Worked examples or case studies, especially around minimum scheme works from enhancements, would help ensure consistent application in practice. <p>Overall, the proposed drafting is well-targeted and largely clarificatory. With these additional clarifications and guidance, the amendments will provide a robust and practical framework for both distributors and applicants.</p>