

Information request for changes to capital contribution policies

23 December 2025

- 1.1. On 6 May 2025, the Electricity Authority Te Mana Hiko (Authority) requested information from all distributors regarding changes to capital contribution policies and its application over a 10-year period (1 April 2015 to 31 March 2025). The table below summarises the responses from the distributors who voluntarily supplied the requested information.
- 1.2. The Authority requested historical information on changes to in-kind contribution policies and system growth charges,¹ the rationale for each change, and the effect of each change on up-front connection charges.
- 1.3. Table 1.0 below includes the information received from distributors regarding their policies on in-kind contributions during the survey period.
- 1.4. Note that, following further analysis of the information received, we identified 14 distributors had in-kind contribution policies rather than 10 as referred to in paragraph 5.22 of the consultation paper. The approaches observed are consistent with the conclusions in paragraphs 5.21 to 5.22.

Table 1. Information provided by distributors on changes to in-kind contribution policies (1 April 2015 - 31 March 2025)

| Distributor | Summary of information provided on in-kind contributions |
|---------------------------|--|
| Alpine Energy | No change in policy over period. Alpine Energy take ownership of off-property subdivision network assets without treating them as capital contributions. In-kind contributions (eg, vested subdivision assets excluding on-property) accepted upon completion but not formally tracked or counted towards capital contributions. |
| Aurora Energy | Aurora Energy has not made any changes to its capital contributions policy within the timeframe specified. Aurora Energy retains ownership of all assets constructed on the network regardless of the value of the capital contribution. |
| Buller Electricity | Buller Electricity's approach to vested assets has not changed during the period of the survey. Vested assets are accepted provided they meet design standards and compliance requirements. Certification of compliance is required. |

¹ Also be referred to as network capacity charges, development charges or infrastructure development contributions.

| | |
|------------------------|---|
| | <p>No changes have occurred; therefore, there has been no impact on the level of up-front charges.</p> <p>There is no material change to report. Buller continues to receive vested assets where appropriate, although it does not track kVA or dollar-value trends in a way that can be reported without further analysis.</p> <p>Buller Electricity does not currently anticipate any changes in its capital contribution or connection pricing policies, methodologies or rate structure over the next five years.</p> |
| Centralines | No change in last 10 years. |
| Counties Energy | <p>Counties Energy Limited's (CEL) policy is for all work on network assets that will be owned by CEL to be constructed by CEL.</p> <p>CEL does not accept responsibility or ownership of assets built by independent contractors directed by the customer because CEL needs the certainty that network standards are met to ensure low future repairs and maintenance costs.</p> <p>Changes to upstream contributions have not affected CEL's in-kind contributions or vested assets.</p> |
| EA Networks | <p>Connection policy does not include any vesting of assets. Network assets that are to be network owned are procured by EA Networks (either using its contracting division, or using an external contractor).</p> <p>The underlying basis is that ongoing network charges cover access to and reinforcement of the upstream network, and upfront charges cover the connecting and extension assets. Aim is to allow new customers to join the existing pool of customers on an equitable basis.</p> <p>We expect to apply changes to comply with the signalled regulation in this area. At this time we also intend to review the average cost to connect for the specified categories to take account of significant cost inflation that we have experienced in recent years.</p> |
| Electra | <p>While our current connection pricing framework has been in place for the last ten years, we are looking into changes that will provide the framework that allows us to continue investing into the future in an equitable and transparent manner.</p> <p>There have been no material movements in the value and volume of vested assets over the last ten years.</p> <p>Our connection pricing policy has not changed since 2017.</p> <p>The company fixed assets register has a value of vested assets reflecting fair value of the vested assets, (\$25m as at 31 March 2025).</p> <p>Vested assets on the Regulatory Asset Base (RAB) are valued reflecting the consideration paid for assets received, (\$5m as at 31 March 2025).</p> <p>In most instances the consideration paid (recognised on the RAB) is for a nominal sum for a vested asset.</p> <p>For the specific case of a transformer upgrade, we pay a consideration determined using a similar building block approach that recognises the 2008 ODV for the transformer being upgraded. ie. the consideration is</p> |

| | |
|-------------------------------------|---|
| | either a nominal sum, or a derived value for a transformer of a similar voltage and capacity. |
| Electricity Invercargill | <p>Electricity Invercargill Limited does not vest assets.</p> <p>If a developer or connected customer has incurred the cost externally any transfer of asset occurs through a payment for the asset by the EDB and an offsetting capital contribution from the developer / customer.</p> |
| Firstlight Network | <p>No change in the period.</p> <p>Assets are fully vested to Firstlight Network.</p> <p>Connection applicants have a choice of Network approved contractors to carry out works. Commercial arrangements for new connection is between applicant and Network Approved Contractor</p> |
| Horizon Networks² | <p>Horizon Networks requires connecting parties to provide and vest assets that are solely for their use.</p> <p>Vested assets are referred to as 'direct capital contributions' in the capital contribution policy. Most connections are fully paid for by the connecting party via vested assets, which are solely for the connecting customers use. So capital contributions (where Horizon Networks builds the assets with a capital contribution from the connecting party) are typically zero or very low.</p> <p>No change to capital contribution policy over this survey period.</p> |
| MainPower | <p>Customers can use third party contractors to construct network extension and upgrades. MainPower will take ownership of the network extension and upgrade assets as per section 3 of the capital contribution policy.</p> <p>Changes were made to the Capital Contributions Methodology in 2023 including alignment of the methodology for connection charges for subdivisions and a reduction of life of a reapportionment (pioneer scheme), from 15 years to five years.</p> <p>Prices for application and design fees are updated periodically.</p> |
| Marlborough Lines | <p>Marlborough Lines has not changed its approach to vested assets over the period of the survey.</p> |
| Nelson Electricity | <p>There has been minimal growth on the Nelson Electricity (NEL) network so the level of vested assets has been extremely low.</p> <p>For a subdivision development, NEL will contribute HV works including transformer, developer vests all of LV network.</p> <p>NEL revised its capital contribution policy last year but this did not result in a change to the approach for vested assets.</p> |

² Information extracted from Horizon Network's submission to the Authority's October 2024 *Distribution connection pricing proposed Code amendment consultation paper* as limited information was provided through the information request.

| | |
|------------------------|--|
| Network Tasman | <p>Where works are needed to connect an ICP to the distribution network (network extension), the extension is normally designed and built by an independent line contractor and funded by the consumer.</p> <p>These assets are then vested with Network Tasman (NTL). Consumers are also responsible for arranging and funding the necessary easements for their network extensions.</p> <p>NTL makes a contribution towards the cost of transformers (contribution depends on the situation) and provides 11kV switch gear. For large subdivisions, NTL also funds the cost of high voltage cables (>400V).</p> |
| Network Waitaki | <p>There has not been any change in capital contribution policy with respect to vested assets over the period.</p> <p>There are no 'in-kind' contributions.</p> <p>Network Waitaki requires an upfront capital contribution (excluding the capital cost of transformers) to cover the cost of assets required to deliver supply to the point of connection required by and for a customer's exclusive use (or pro-rated based on share of use). These assets will be owned by Network Waitaki.</p> |
| Northpower | <p>The customer pays for the cost of network extensions to the proposed point of connection, and the assets are then vested in Northpower.</p> <p>Before July 2021, a network rebate was paid towards the new connection if the assets would be vested in Northpower. From July 2021, the network rebate was removed.</p> |
| Orion | <p>Vested assets only apply for greenfield subdivisions within Orion's network. This approach has remained consistent between 2013-2025.</p> <p>Note: removal of vesting when cost revenue test applied is under consideration by Orion.</p> <p>The 2023 changes did not increase the prevalence of in-kind contributions, only the value applied, reflecting updated costs. Vested assets continue to apply solely to Greenfield subdivision developments</p> |
| OtagoNet | <p>OtagoNet Limited does not vest assets.</p> <p>If a developer or connected customer has incurred the cost externally any transfer of asset occurs through a payment for the asset by the EDB and an offsetting capital contribution from the developer / customer.</p> |
| Powerco | <p>Powerco does not have any vested assets. This is unchanged over the period of the survey.</p> <p>The capital contributions policy has not changed over the past 10 years.</p> |
| Scanpower | <p>Scanpower does not currently accept in-kind contributions (vested assets) as part of its capital contribution policy.</p> <p>There has been no change in policy regarding in-kind contributions.</p> <p>Scanpower will own assets associated with the capital contribution, and the payment of a capital contribution does not confer ownership of the assets</p> |

| | |
|-------------------------------|---|
| | <p>to the customer. There have been no changes to this approach over the past ten years.</p> <p>Scanpower continues to own all assets associated with capital works, and customers do not provide or retain ownership of network assets.</p> |
| The Lines Company | <p>Once construction is complete and verified by us as compliant with our Network Code, all assets upstream of the point of connection must be vested in The Lines Company prior to livening.</p> <p>For new subdivisions, distribution transformers are funded by the network but developer to pay all other costs of high and low voltage reticulation.</p> |
| The Power Company | <p>The Power Company does not vest assets.</p> <p>If a developer or connected customer has incurred the cost externally any transfer of asset occurs through a payment for the asset by the EDB and an offsetting capital contribution from the developer / customer.</p> |
| Top Energy | <p>There has not been any change in capital contribution policy with respect to vested assets over the period.</p> <p>Top Energy's policy regarding vested assets is that the customer funds the direct installation cost of all extension assets associated with their connection and the assets are vested to Top Energy.</p> |
| Unison | <p>No change in the last 10 years.</p> |
| Vector | <p>For the period of the survey Vector has not had vested assets as part of its capital contribution policy.</p> |
| Waipā Networks | <p>Waipa Networks does not have vested assets.</p> <p>Capital contributions are all dollar amounts paid to Waipa Networks who carries out all capital works.</p> |
| WEL Networks | <p>WEL Networks has not changed the approach to in-kind contributions/vested assets over the survey period.</p> |
| Wellington Electricity | <p>Wellington Electricity does not have in-kind contributions.</p> |
| Westpower | <p>Westpower has made no significant changes to its policy over the last ten years.</p> <p>Westpower capital contribution requires a new connecting customer to pay the full cost of a network extension required to provide supply to the customer's point of supply, noting that Westpower will provide the transformer and upgrades to the transformer, (see below).</p> <p>Westpower will take ownership and operation of the extension works, to provide ongoing maintenance.</p> <p>Westpower has made no significant changes to its policy over the last ten years other than the to the size of transformer funded. In 2023 Westpower increased the size of the transformers they provided r from 200kVA to 1MVA.</p> |

| | |
|--|--|
| | Subdivisions are treated in the same way as any other commercial connection. |
|--|--|