

4 February 2026

Electricity Authority  
PO Box 10041  
Wellington 6143

By email to: [connection.feedback@ea.govt.nz](mailto:connection.feedback@ea.govt.nz)

Dear Electricity Authority team,

## **Submission to the Electricity Authority (Authority) on the *Reducing barriers for new connections consultation paper (Parts A and B)***

### **Introduction**

We thank the Authority for the opportunity make a submission on the Authority's recent consultation paper on *Reducing barriers for new connections (Parts A and B)*.

ENA is the industry membership body that represents the 29 electricity distribution businesses (EDBs) that take power from the national grid and deliver it to homes and businesses (our members are listed in Appendix C).

EDBs employ over 7,800 people, deliver energy to more than two million homes and businesses, and have spent or invested \$6.2 billion in network assets over the last five years. ENA harnesses members' collective expertise to promote safe, reliable, and affordable power for our members' customers.

### **Broader context**

ENA supports well-targeted, proportionate interventions that promote greater competition and deliver benefits for electricity consumers.

ENA therefore supports the intent of the Authority, to ensure there are no barriers in the way as we electrify Aotearoa. We need to power more things — like our homes, cars and businesses — with electricity generated from renewable energy sources like solar, wind, hydro and geothermal. This will include many new connections to our electricity networks.

Efficient and cost-reflective distribution connection pricing is an important aspect of the electricity transition. Lines companies do — and will continue to — play a critical role in helping Aotearoa to achieve net carbon zero by 2050. ENA supports the Authority in clarifying how EDBs can ensure connection pricing is structured to allow efficient outcomes for all customers.

### **Connection pricing**

Whilst ENA understands what the Authority is trying to achieve with these proposals, we feel that the targeted intervention proposals are superfluous. The Authority's time and energy would be better redirected into further developing and refining the full reform of connection pricing. In the meantime, the Authority's existing powers can be used to gather the necessary information and evidence from EDBs to progress this workstream.

ENA is keen to work with the Authority to assist with this work, including workshopping how to better define, measure and apply the balance point, as well as developing a realistic workplan through to full reform. ENA's collaborative approach to implementing the July 2025 connection pricing Code amendments has shown the benefits of such an approach, increasing the overall efficiency of the project, ensuring greater consistency and therefore improving outcomes for customers.

### **Obligation to offer connections**

ENA supports the Authority's objective of improving clarity and consistency in core industry arrangements, including EDBs' obligations to connect to, and maintain connections on, distribution networks. These obligations are fundamental to the purpose and function of EDBs. At present, they are dispersed across multiple legislative and regulatory instruments, which contributes to uncertainty and inconsistency for both distributors and access seekers. If the Authority intends to clarify, amend or extend these obligations, ENA strongly prefers that this be done through a single, coherent and durable regulatory framework that reflects the importance of these responsibilities.

ENA is neutral on whether introducing a general obligation on distributors to connect all applicants is, in principle, a desirable intervention. However, if such an obligation is introduced, it would create new risks and burdens for EDBs that need to be explicitly recognised and carefully managed. In particular, obligations to connect and maintain supply—when combined with restrictions on connection pricing—may expose distributors to significant cumulative funding and risk management challenges, with potential implications for network investment, resilience, and long-term consumer outcomes.

ENA therefore considers it critical that any move to impose or clarify connection and maintenance obligations is accompanied by appropriate safeguards, clear boundaries, and complementary arrangements. These should ensure obligations are achievable in practice, risks are allocated efficiently, and EDBs retain the ability to sustainably finance, operate and maintain distribution networks in the long-term interests of consumers.

### **Format of our response**

ENA have summarised our key points above, but elaborate on connection pricing further in Appendix A. Please also see Appendix B for our responses to the specific consultation questions for both Parts A and B.

If you have any questions about ENA's submission please contact Richard Le Gros, Policy and Innovation Manager ( ( )) or Gemma Pascall, Regulatory Manager ( ( )).

Yours sincerely

Richard Le Gros

Policy and Innovation Manager

Gemma Pascall

Regulatory Manager

## Appendix A: more detail on our key points for Part A's connection charges proposals

### 1.1 ENA supports efficient connection pricing and subsidy-free connections to ensure fairness for both existing and new customers

ENA agrees that pricing below incremental cost and above standalone cost is inefficient. We also support increased transparency, using standardised language to demonstrate to connecting parties how EDBs' pricing decisions represent efficient prices that are in the long-term interests of consumers.

Nevertheless, we do continue to have some reservations about the manner in which the Authority is approaching this reform.

### 1.2 The Authority's existing powers can be used with a need for new Code amendments

ENA supports the intent of targeted intervention and does believe that targeted investigations can produce more efficient outcomes than blanket rule changes. However, the Authority already has powers to obtain information from participants and has recently exercised those powers through section 46 notices under the Electricity Industry Act 2010 and clause 2.16 notices under the Code. We therefore question whether these new Code amendments are necessary. The additional process of consulting on new Code amendments, and the associated engagement required of all stakeholders, risks diverting time and resources away from progressing the design of full reform, including clearly defining the intended end state for connection pricing.

We also feel that the information the Authority is referring to should arguably have already been requested and analysed as part of their due diligence prior to last year's connection pricing consultation. Raising these information needs at this stage raises questions about whether the evidentiary base underpinning the Authority's problem definition and proposed interventions was sufficiently developed during the earlier consultation process.

### 1.3 Authority proposals appear to anchor future pricing to past pricing

ENA is concerned that aspects of the proposed Code amendments risk anchoring future connection pricing outcomes to historical pricing practices that the Authority itself has characterised as inefficient. We are unsure how the Authority intends to shift the dial towards the balance point, if many of the components of connection pricing, and the associated Code amendments, are anchored to an EDB's (apparently undesirable) past pricing practices.

Whilst we're aware the Authority is more concerned about EDBs who have what they perceive to be an inefficiently high reliance on upfront connection charges than on those with inefficiently low reliability, the Authority has acknowledged through its various papers on connection pricing that EDBs can also be inefficiently low with their charges, resulting in existing customers subsidising new connections. The proposed amendments therefore risk entrenching cross-subsidisation outcomes for affected customers, rather than facilitating a transition toward more efficient pricing over time.

## 1.4 The Authority should spend time developing the balance point principle into a measurable and implementable benchmark

ENA has significant concerns with the proposal to codify the balance point in circumstances where there is no agreed or operational method for calculating it. It seems an example of poor regulatory practice to codify a requirement that neither side can quantify. Absent a measurable and agreed methodology, the requirement risks being non-operational and difficult to enforce, creating uncertainty for both the Authority and EDBs.

ENA are very keen to work with Authority staff to workshop the balance point and come up with a workable solution for measuring it and implementing the proposed connection pricing amendments more effectively. However, that should happen *before* a currently abstract concept becomes codified.

Even with best intentions, throughout the last few months of work on implementation of the July decisions, EDBs and our engaged consultants have been unable to get any closer to understanding how to quantify the balance point. We have had multiple discussions with the Authority staff over this period, so the Authority are very aware of this challenge.

## 1.5 Competition trade-offs should be addressed in future consultations

We note that several submitters raised competition concerns in the previous rounds of consultation in 2024 and 2025. We don't feel the July decision or this paper directly address these concerns.

Until recently, it had been our interpretation that the Authority are aware of the competition risks, but that they are making a conscious policy choice, on the basis of the belief that the benefits of the proposed reforms outweigh the risks of lessening third-party competition. Without expressing a view on that position, ENA considers that the Authority should be more explicit about how it has weighed competition and contestability impacts against other policy objectives.

However, we also now note that there is a proposal for how to promote competition for new network connections to be reviewed as part of the Energy Competition Task Force work programme within the next 12 months.<sup>1</sup> We support consideration of competition and contestability, but urge caution with locking in Code amendments in the meantime that may create inconsistent messaging. In this context, greater reliance on guidance rather than prescriptive Code amendments may reduce the risk of inconsistent signals while these related workstreams are underway.

For example, the targeted intervention proposed and codification of the balance point is further suggesting that the “ $CC = (IC - IR) + NC$ ” formula remains the Authority’s desired full reform methodology. Under this approach, the “IR” component requires the offset of net incremental revenue from ongoing line charges. As non-EDB connection providers do not have access to future line-charge revenue streams, this creates an inherent asymmetry. All else being equal, EDBs are therefore likely to be able to offer lower connection prices than third-party providers under the proposed changes. While lower prices may benefit customers, this outcome should not be conflated with increased competition or contestability.

## 1.6 Coordinated work programmes are essential

Our views on the proposed inclusion of connection pricing within the Task Force forward work programme will be covered in more detail in our response to the Task Force open letter. However,

<sup>1</sup> Energy Competition Task Force, [Open letter on Task Force work programme](#), 15 December 2025, page 3

we want to flag in this submission too, that it is essential that the work programme for connection pricing, and pricing more generally, is coordinated.

The Task Force's open letter states that criteria for work to be within scope of their work programme is that it is "discrete, in the sense that they can be completed or deliver material improvement within 12 months."<sup>2</sup> That is quite different to the timeframes indicated within *this* consultation. We encourage the Authority and the Task Force to ensure the work is coordinated and consistently messaged. Carving out elements of a broader work programme risks an overall disconnect and other unintended consequences. As noted in section 1.4, the Authority appears to be trying to 'run before it can walk' with these reforms and further carve outs may exacerbate that risk.

ENA is keen to work with the Authority (and Task Force, if relevant) to develop an achievable project plan for full reform, which factors in milestones like reporting requirements, system upgrades, communication with customers and how the reforms link with other related workstreams like DPP5, other pricing reforms and Part 6 process changes. Please refer to our response to question 4 in Appendix B for more on this.

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<sup>2</sup> Energy Competition Task Force, [Open letter on Task Force work programme](#), 15 December 2025, page 2

## Appendix B: Responses to specific consultation questions

Questions	ENA Comments
<b>Background and context</b>	
<p>Q1. Do you agree with the assessment of the current situation and context for connection pricing described in section 4? Why, why not? What, if any, other significant factors should the Authority be considering?</p>	<p>ENA partially agrees with the Authority's assessment and context. However, we are disappointed that the Authority is still using anecdotal evidence of supposed 'high costs of connections'. Unfortunately, just because costs are 'high', doesn't mean they aren't justified.</p> <p>For example, the Authority does raise some interesting points, such as the reference to traffic management costs with "some access seekers [saying that] the costs were disproportionate to the work undertaken."<sup>3</sup> ENA agrees with this statement. We also believe that traffic management costs are disproportionate – they can sometimes account for 20-30% of a job's costs. But EDBs do not determine these costs. Councils and third-party traffic management companies do. ENA and EDBs have been advocating for changes in this area for some time.</p> <p>However, these costs are the costs charged to EDBs and therefore they are factored into the charges passed onto customers. They are outside of our control, but they are genuine costs of connecting. Nothing about the 1 April 2026 changes or currently proposed direction of full reform will change that reality.</p> <p>As EDBs are working through the implementation of the first tranche of connection pricing reforms, the requirements are actually demonstrating in several areas that the changes will mean connection costs are actually going to <i>increase</i>. We're not sure the Authority's characterisation of the alleged problem has taken this outcome into account and its narratives may be setting unrealistic expectations for customers/ access seekers.</p> <p>We do agree that the new requirements will provide some increased transparency, although there is likely to be a period of increased confusion during the transition, with differences between the way charges are actually calculated and the new disclosure-only methodology.</p>
<b>PART A – Connection charges</b>	
<p>Q2. Do you agree with the rationale for considering interim restraint on</p>	<p>No, ENA does not agree with the rationale.</p>

<sup>3</sup> Electricity Authority, [Reducing barriers for new connections: up-front charges and distributor obligations](#), page 14, paragraph 4.9(c)

Questions	ENA Comments
connection charges described in section 5? Why, why not?	<p>If the Authority stands by its claim that what it is proposing is efficient, then the perceived risk should not arise.</p> <p>The Authority has already stated its intentions and imposed Code requirements in July 2025. EDBs understand this and it would be against their best interests, as well as those of their customers, to deliberately act against the clear direction of the Authority's intentions.</p> <p>The Authority already has powers to investigate participants and require information, so the proposed Code amendments in this consultation appear to be superfluous.</p> <p>Moreover, the Authority appears to be codifying the 'balance point' without a clear definition of how this point is calculated, meaning it is not possible for either the Authority or the participants to comply with. As such, ENA are not sure any perceived 'non-compliance' from targeted intervention would be enforceable anyway.</p> <p>Please refer to Appendix A for more on this.</p>
Q3. Have you observed or experienced signs of connection stress where current connection charging arrangements caused problems when seeking to connect to the network (eg. projects delayed or deterred as a result of price-related barriers)? If so, please describe.	ENA assumes the Authority is seeking feedback from connecting parties with this question, so refrains from comment.
Q4. Do you agree with the Authority's evaluation of the options? Why, why not? Do you have any feedback on the expected impact if the status quo remains?	<p>Please refer to response to Q2.</p> <p>We encourage the authority to cease this process for targeted intervention and instead use the time and resources to complete the analysis it needs to move in a more considered and robust way towards full reform.</p> <p>This includes obtaining a better understanding of the outcomes of the July decision when the new pricing and disclosure requirements come into force from 1 April 2026, as well as refining the 'implementability' of the 'balance point'.</p> <p>For example, we are less than 2 months away from implementation of the 1 April 2026 requirements and the Authority has still not confirmed its reporting requirements. It has allowed itself to become 'distracted' by the 'next phase', without completing the 'first phase'.</p> <p>We strongly encourage the Authority to consider all phases of implementation when setting timelines. EDBs have developed models and templates for the 1 April 2026 implementation and are now faced with a potential requirement to change these to build in additional asks from the Authority for the reporting requirements that have not been previously communicated. This results in inefficient rework and system redevelopment,</p>

Questions	ENA Comments
	<p>and therefore an increased cost and disruption to customers and access seekers, less than 60 days from implementation.</p> <p>From its original consultation paper in late 2024, the Authority has known it has wanted reporting – this should have been scoped and built into requirements before now.</p> <p>ENA are keen to work with the Authority on a clearer project management plan for full reform to ensure a ‘backwards exercise’ is undertaken so that all milestones are achievable by both the Authority and the EDBs, and appropriately factor in interplay with related workstreams, communication plans and reporting requirements.</p>
Q5. Do you have any comments on the proposed Code amendment and approach to implementation?	Please refer to responses to Q2 and Q4, as well as Appendix A of this submission.
Q6. Are there other alternative means of achieving the objective you think the Authority should consider? If so, please describe.	Please refer to responses to Q2 and Q4, as well as Appendix A of this submission.
<b>PART B – Distributor supply obligations</b>	
Q7. Do you have any comments on the Authority’s rationale for clarifying distributor obligations to connect and supply?	<p>ENA supports the Authority’s objective of bringing greater clarity and consistency to core industry arrangements, including electricity distribution businesses’ (EDBs’) obligations to connect to, and maintain connections on, distribution networks.</p> <p>As ENA has noted in previous submissions to the Authority, obligations relevant to connections are currently dispersed across multiple instruments. For example, obligations to maintain certain existing connections sit in section 105 of the Electricity Industry Act 2010, while obligations to offer connections for distributed generation are set out in Part 6 of the Electricity Industry Participation Code. This fragmentation contributes to uncertainty and inconsistency for both distributors and access seekers.</p> <p>If the Authority considers that these obligations should be clarified, extended, or otherwise changed, ENA strongly prefers that this be done through a single, coherent and internally consistent regulatory instrument. The connection of new customers to the distribution network, and the ongoing maintenance of existing connections, are fundamental to the purpose and function of an EDB. Changes to these obligations therefore warrant a clear, durable and well-integrated regulatory framework.</p>

Questions	ENA Comments
	<p>In ENA's view, if the Authority proposes to clarify or amend connection and maintenance obligations, it should do so through an instrument that is appropriate to the importance of those obligations, provides certainty over time, and avoids further fragmentation of responsibilities across legislation and the Code.</p>
<p>Q8. Do you have any comment on the Authority's preferred direction for clarifying distributors' supply obligations?</p>	<p>ENA is neutral on whether introducing a general obligation on distributors to connect all applicants is, in principle, a desirable intervention. However, if the Authority decides to proceed with such an obligation, it is important to recognise that it would impose new risks and burdens on EDBs. These risks would need to be explicitly acknowledged and appropriately managed to avoid unintended consequences for consumers, network reliability, and long-term investment outcomes.</p> <p>In particular, ENA highlights the following considerations.</p> <p>First, EDBs are not financial institutions and do not have unlimited access to low-cost capital. An obligation to connect, when combined with prescriptive connection pricing methodologies that require distributors to contribute to the cost of new connections, may expose EDBs to very substantial cumulative funding obligations. If an EDB is required to deliver a series of high-cost connections and has exhausted its capacity to raise efficient debt, it is unclear what options would remain available. Reliance on higher-cost or short-term financing, or ad-hoc funding arrangements, may not be in the long-term interests of consumers or network owners.</p> <p>Secondly, an obligation to connect, coupled with an obligation to contribute to connection costs, may expose EDBs to effectively uncapped aggregate liability for connection expenditure. If an EDB's financial resources become constrained or exhausted over a period of high connection demand, difficult trade-offs may arise. These could include deferring other critical expenditure such as network maintenance, renewal, resilience investment or storm preparedness; seeking regulatory reopeners (for price-quality regulated EDBs); or recovering additional costs from existing customers in later periods while relying on interim or sub-optimal funding arrangements. The Authority should consider how such outcomes would be avoided or mitigated.</p> <p>Thirdly, when an obligation to connect is combined with an obligation to maintain supply, questions arise about how EDBs</p>

Questions	ENA Comments
	<p>can ensure that connection assets—particularly high-cost assets serving a sole customer—remain economically sustainable over their full asset life. For example, if such an asset is significantly damaged in a severe weather event, would the EDB be obliged to reinstate it at its own expense regardless of cost? If so, should the EDB be permitted to price this risk explicitly into the relevant tariff, noting that it would have no ability to decline the connection or withdraw supply in future?</p> <p>In addition to these high-level issues, ENA considers that a number of detailed matters would need to be carefully worked through in any subsequent consultation on implementation, including:</p> <ul style="list-style-type: none"> <li>• whether any applicant would be able to approach any EDB for a connection offer, and the administrative burden this could impose on distributors required to cost and respond to inefficient or distant requests;</li> <li>• how obligations to connect would operate in areas where multiple EDBs are geographically proximate, and whether more than one distributor would be required to offer a connection;</li> <li>• whether the “local” EDB would effectively become a supplier of last resort, bearing a disproportionate share of marginal, complex or uneconomic connections while other networks avoid them;</li> <li>• whether an obligation to connect could reduce or eliminate the limited but valuable competition that sometimes occurs between EDBs or embedded networks to attract new customers on favourable terms;</li> <li>• how embedded networks would be treated, including whether they would carry equivalent obligations, and whether host networks would be required to offer connections within embedded networks;</li> <li>• whether there would be a clearly defined mechanism allowing an EDB to decline a connection in rare circumstances where connection is technically, logically or safety-wise inappropriate; and</li> <li>• if EDBs are required to develop a “continuance of supply” policy, whether this could be applied consistently across all connections, rather than carving</li> </ul>

Questions	ENA Comments
	<p>out legacy pre-1993 connections under the Electricity Industry Act, and whether the Authority could engage with MBIE on this issue.</p> <p>Finally, ENA considers it important to be explicit that EDBs should not be required to maintain supply indefinitely to connections that are no longer paying for supply or contributing appropriately to the costs they impose on the network.</p>

## Appendix C: ENA Members

Electricity Networks Aotearoa makes this submission along with the support of its members, listed below:

- Alpine Energy
- Aurora Energy
- Buller Electricity
- Centralines
- Counties Energy
- EA Networks
- Electra
- Electricity Invercargill
- Firstlight Network
- Horizon Networks
- MainPower
- Marlborough Lines
- Nelson Electricity
- Network Tasman
- Network Waitaki
- Northpower
- Orion New Zealand
- Powerco
- PowerNet (which manages The Power Company, Electricity Invercargill, OtagoNet and Lakeland Network)
- Scanpower
- Top Energy
- The Lines Company
- Unison Networks
- Vector
- Waipa Networks
- WEL Networks
- Wellington Electricity
- Westpower