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Electricity Authority
By email: connection.feedback@ea.govt.nz

Reducing barriers for new connections: up-front charges and distributor obligations

Introduction

Meridian welcomes the opportunity to comment on this consultation paper. As a generator-retailer, and an EV charge-point operator (CPO), Meridian supports efficient connection processes and pricing. As Aotearoa New Zealand increasingly decarbonises by replacing the use of fossil fuels with electricity, so too will demand for new connections. Efficient processes and price signals will deliver benefits to consumers.

Overall, Meridian strongly supports the proposals in this paper. We acknowledge the Electricity Authority's intention to reduce barriers to setting up new connections. We support this intention. However, we consider it a priority for the Authority to address these barriers now, wherever practical and possible, rather than wait until 2028. This is because we think that there is a risk that excessive up-front charges and other inefficiencies have the potential to hamper electrification and limit the associated consumer benefits and emissions reductions. We note that recent changes to improve efficiencies and transparency in distribution pricing are not yet in place. This means that access seekers are still waiting for improvements. Our view is that it is essential that changes are made much more quickly.

The paper is clear that there is evidence that costs are high and are being unfairly borne by access seekers. This has the potential to slow the energy transition and result in fewer benefits for consumers.

Our view is that the Authority should act swiftly to clarify what it considers to be a reasonable methodology for development of connection charges. Meridian agrees with the Authority that:

- There is a well-established case for regulatory oversight of distribution network pricing to promote efficient outcomes in the electricity industry for the long-term benefit of consumers.
- Network costs are larger than the sum of incremental costs, so some or all customers must be charged more than their incremental costs – that is, distributors must allocate shared network costs as between consumer groups and as between existing and new connections.

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- Consistency over time in shared network cost allocation (i.e. non discriminatory or ‘balance point’ pricing) promotes efficiency, because it supports the ability for access seekers to plan and invest in preparatory efforts that lead to connection growth. This supports the balance point as an efficient above-neutral point for connection pricing.
- This provides an efficiency rationale, consistent with the Authority’s statutory objective, for bringing connection charges back down to balance point (or lower) if allocation has been trending up – i.e. to unwind increases. Doing so is likely to increase growth in connections that both cover their costs and contribute to shared costs (over time) – supporting efficient electrification, and business and housing growth.

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Context for the consultation and the proposals

The consultation paper outlines two key problems in the form of high up-front costs for new connections, and unclear distributor obligations to connect and maintain supply. The paper also notes that the Authority is required to have regard to the Government Policy Statement, which highlights the importance of enabling efficient investment in new electricity consumption. Despite this recognition, inefficiencies in connections have persisted, and have also resulted in significant differences in costs and processes between regions and distributors in New Zealand.

Meridian’s experiences in establishing EV charge points and electrifying process heat also supports this analysis.

Meridian’s recent project data strongly supports the Authority’s analysis –

Across 22 high-capacity public DC charging connection projects (500kVA and 750kVA connections) undertaken in 2025, we have observed:

- **Median quote lead time**: 70 days, with several distributors taking 120-230 days to issue quotes.
- **Significant regional variation**: upfront customer contribution to network cost per kVA ranges from $0/kVA to $738/kVA.
- **Net cost** to Meridian ranges from $1k to $434k, driven mainly by inconsistent contribution practices.

These findings confirm that the challenges out lined in the consultation (high up-front costs, regional inconsistency, and inefficient processes are already materially affecting electrification projects.

Note: this data represents sites we initially deemed to be financially viable so excludes locations that were excessively high in costs. Some projects exclude small admin/connection charges from the reported net. Meridian has used a formulaic net (install + fees + levy – contribution) to check consistency. We have more detailed data which we would be happy to share with the Electricity Authority in confidence.

High up-front costs, as identified in the consultation, are a major barrier to EV charging and decarbonisation. EV chargers have high capacity but low utilisation. This means that business cases are highly sensitive to both up-front and recurring costs.

As a charge point operator, Meridian aims to work nationwide, focusing on delivering in locations where customers require the use of a charging station. However, our experience in developing sites has shown that some regions are significantly more difficult and cost prohibitive than others. This has led us to focus on sites that can be established easily and at lower cost. Ultimately this is likely to result in fewer charge points being delivered. Our concern is that this could lead to a post-code lottery for consumers, where those that are lucky enough to live in areas where it is more feasible to establish charge points will be better served. Aotearoa needs a public EV charging network built for EV driver experience rather than based on electrical network connection pricing methodologies.

There is also a wide range in costs according to EDB and geographic location. The following charts plot connection costs across 22 projects undertaken in 2025. Even within a relatively small and like-for-like set of commercial connections, median costs differ significantly between distributors, highlighting persistent regional inconsistency in pricing practices.

Graph 1: [redacted] *– COMMERCIALLY SENSITIVE*

[redacted]

Graph 2: [redacted] *– COMMERCIALLY SENSITIVE*

[redacted]

These differences are driven by network-specific pricing practices and cost-allocation approaches, and they highlight the need for clearer guidance on efficient connection pricing and earlier targeted intervention. Connection outcomes in New Zealand are highly dependent on region.

Part A – Connection Charges

Meridian strongly supports the Authority's preferred option of targeted intervention. However, we believe that the approach needs to be strengthened and accelerated to address the current significant barriers to electrification. We have the following recommendations as suggested ways to strengthen the preferred option.

Regulatory action should be taken as soon as practicable

The proposed Code amendment is likely to take effect in mid-2026. The consultation notes that the impact of these changes would then not be seen until 1 April 2028, as the Authority would allow 18 months for distributors to make changes based on the new Code.

Although it is reasonable to allow time for participants to adapt to changes, and for the regulator to build its evidence base, our view is that the Authority should take regulatory action as soon as possible and that faster implementation by distributors should be achievable and will be in the interests of consumers. Our view is that targeted regulatory action is justified in the short term. This is because there is clear evidence that up-front costs are excessive. An effective check on up-front costs is needed now, in order to remove barriers to electrification. Many of the problems set out in the consultation are well supported by evidence, demonstrating that the issues that are of concern are happening at present.

A data driven approach should support targeted interventions

The Authority should base targeted interventions on empirical evidence and data, along with forecasts and policy documents. There are many ways in which the Authority could do this. We recommend that the Authority require distributors to provide:

- Data on actual connections and quotes (including projects that did not proceed).
- Up-front capital contributions and ongoing use-of-system charges.
- Capacity nominated and any penalty provisions.

The Authority could use section 2.16 notices to gather this information quickly. The Authority could also engage directly with consumers and industry working to enable connections (such as charge point operators) to build the evidence base of data.

Transparency and comparability

Similar to our point above regarding the use of data, we think that there is enormous benefit to requiring distributors to publish more information, such as pricing methodologies, and typical cost ranges for common connection types.

We note that distributors are now required to provide connection charge reconciliation information. However, the consultation contains worrying examples where requests for itemised breakdowns have either been not met or only met after multiple requests. Requiring itemised quotes from distributors would be a simple and valuable win for consumers and access seekers.

Ensure that interventions address strategic behaviour

The Authority should monitor for strategic cost shifting, where distributors move recovery from up-front charges into ongoing use-of-system charges for new connections only. Although costs need to be recovered, there is a risk that inefficient charges may be shifted to another recovery method. This could have the effect of undermining the intent of the intervention and distorting business cases for electrification.

Benefits of targeted intervention

Meridian is supportive of targeted intervention and is concerned that going further into uniform connection pricing could unintentionally raise prices in networks that currently offer low-cost connections. Meridian's view is that the EA should adopt a targeted and nuanced approach, by:

- Screening for excessively high charges.
- Considering the interaction between up-front contributions and ongoing charges.
- Preserving flexibility for networks that already provide efficient pricing, while addressing the outliers identified in data collection.

Part B – distributor obligations

Meridian supports the Authority's proposal to introduce explicit obligations for distributors to offer and maintain connections.

Electricity distribution is an essential service with monopolistic characteristics. Unclear obligations can create uncertainty. For Meridian, delays and inconsistent processes have been the main pain points in the context of network connections, rather than refusals to connect. However, we think that there is value in clarifying distributor roles and obligations. An obligation to connect is also likely to be very positive in that it would place an incentive on networks to consider flexible options for connections. We also see a risk in that if up-front charges are effectively capped, distributors may want to refuse connections.

As noted above, Meridian agrees that clear pricing principles and guidance will support better outcomes for connecting parties and ultimately consumers. There may be a case for the Authority to also consider principles or guidance in respect of distribution pricing for flexible new connections.
Our experience with requests for flexible options have typically led to weeks of delays and multiple rounds of design work. A lack of network visibility and inconsistent hardware requirements have also added complexity and cost. Our view is that more standardisation would be helpful.

Concluding remarks

In general, it is clear that voluntary, light-touch regulatory approaches have not resulted in efficient connections and pricing at the distribution level. This has the potential to derail New Zealand's electrification and harm consumers. Meridian's view is that the Authority should regulate towards efficient, high-performing standards, rather than leave these matters to distributor discretion.

This submission contains some graphs which are commercially sensitive and therefore should not be released. These have been clearly marked. The rest of this submission can be released.

I can be contacted to discuss any of the points outlined above.

Nāku noa, nā

[redacted]

Evealyn Whittington
Senior Regulatory Specialist

	Consultation question	Meridian response
1	**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?**	Yes. We have found that high up-front connection charges and unclear distributor obligations have persisted, with significant regional inconsistency in costs and processes. Other points we would like to make: • We would like to see regulatory action taken as soon as possible, ideally ahead of the 2028 proposed timing for making changes to connection points. • EV charging business cases are highly sensitive to both up-front and recurring charges; some regions are cost-prohibitive, risking a postcode lottery for consumers. • Meridian's supports the proposed balance point principle for distribution connection pricing, since consistency over time in shared network cost allocation promotes efficiency.
2	**Do you agree with the rationale for considering interim restraint on connection charges described in section 5? Why, why not?**	Yes. Interim restraint on connection charges is warranted because there is clear evidence of excessive up-front costs and a risk that delays will undermine electrification. An effective check on charges is needed now. Meridian recommends the Authority codifies the proposed pricing principle as soon as possible and seeks to implement it as soon as practicable, including exploring options for distributors to implement changes ahead of 1 April 2028.
3	**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.**	Yes. As a nationwide CPO and in process-heat electrification, some regions are cost-prohibitive, which effectively forces prioritisation of lower-cost sites and likely results in fewer charge points. This also has the potential for a postcode lottery, where some areas will be very well served by public charging infrastructure and others less so. EV chargers have high capacity but low utilisation, so business cases are highly sensitive to

		up-front capital contributions and ongoing charges.
4	**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?**	Meridian supports targeted intervention and we think that keeping the status quo would perpetuate excessive/inefficient pricing and regional inconsistency, which will then hamper electrification. We would also like to see targeted regulatory action implemented sooner than 2028. We recommend that intervention is supported by a data-driven approach.
5	**Do you have any comments on the proposed Code amendment and approach to implementation?**	As noted in the body of this submission, Meridian supports the proposed balance point principle.
6	**Are there other alternative means of achieving the objective you think the Authority should consider? If so, please describe.**	Meridian would support the following: • Transparency requirements: mandatory itemised breakdowns of quotes, and requiring distributors to publish methodologies and typical cost ranges. • Early guidance and engagement: the EA should signal its expectations in this space as soon as possible, begin structured data collection (building on from the evidence outlined in the consultation paper) and engage directly with industry to build this evidence base. •
7	**Do you have any comments on the Authority's rationale for clarifying distributor obligations to connect and supply?**	Meridian supports clarification here. While this has not been a practical problem for us, given that distribution is an essential monopoly service, we think it is helpful to have clear obligations to offer and maintain supply. This will reduce uncertainty and encourage flexible connection options.
8	**Do you have any comment on the Authority's preferred direction for clarifying**	Meridian supports a code change to establish a distributor obligation to connect and supply.

	distributors' supply obligations?	
9	**Do you have any comments on the drafting of the proposed amendments?**	None.