3 February 2026

Electricity Authority
PO Box 10041
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Submitted via email to connection.feedback@ea.govt.nz

Consultation Paper – Distribution Connection Pricing and Obligations

Introduction

1. Orion welcomes the opportunity to submit on the consultation paper 'Reducing barriers for new connections: up-front charges and distributor obligations"[1].
2. Orion owns and operates the electricity distribution infrastructure in central Canterbury, including Ōtautahi Christchurch city and Selwyn District. Our network is both rural and urban and extends over 8,000 square kilometres from the Waimakariri River in the north to the Rakaia River in the south; from the Canterbury coast to Arthur's Pass. We deliver electricity to more than 233,000 homes and businesses and are New Zealand's third largest Electricity Distribution Business (EDB).
3. The Electricity Authority (Authority) is consulting on:
    a. Proposed new Code clauses 6B.11A through 6B.11C, related to the addition of a targeted intervention framework for up-front connection charges as an alternative to the earlier plan for a blanket 47% reliance limit. This would see the Authority identifying where distributors are requiring excessively high up-front charges (e.g., >100% of direct cost up-front), in line with the balance point principle, and engaging directly with those distributors. The proposed Code amendment allows for the Authority to direct a distributor to make amendments to its connection pricing and includes a sunset expiry of 1 April 2030 to align with the next price-quality reset by the Commerce Commission.
    b. Distributor obligations to connect – the Authority's preferred direction for clarifying obligations on distributors to provide services to connection applicants to inform a future Code amendment proposal.
    c. Minor Code amendments to the recent Code amendments gazetted for connection pricing to apply from 1 April 2026
4. The Authority has signalled further reform through to 1 April 2030 on:
    a. Connection pricing
    b. Pricing arrangements for injection connections- amendments to distribution pricing principles

[1] https://www.ea.govt.nz/documents/8620/Reducing_barriers_for_new_connections_-_Consultation_paper.pdf

c. Network access arrangements- distributor processes, processing fees and export limits with a focus on small-scale distributed generation

5. We have answered the questions posed by the Authority in its submission table in Appendix A that pertain to Part A and B which has the 4 February submission deadline. Orion's response to Part C was submitted to the Authority under the 19 December 2025 deadline.

Additional Comments

Efficiency and the balance point

6. The balance point principle is fundamental to the Authority's view of an efficient approach to connection pricing. While Orion accepts that the term may relate to orthodox economic concepts, Orion is concerned that for EDBs, and by extension stakeholders, it is unclear what is the correct balance point when it comes to real world implementation. For example, the principle is difficult to apply when considering delivery charges in conjunction with up-front costs. If the balance point is based on equal contributions to shared costs, it is not clear how an EDB with time-of-use, peak-based charging is to anticipate how much each customer contributes to shared costs as it depends on how customers respond to pricing signals. Creating an ambiguous threshold for investigation by the Authority leaves EDBs with regulatory uncertainty and discomfort that the Authority will have free reign to investigate EDBs.

7. Not only does the consultation paper lack a sufficiently clear framework for assessing whether connection charges are excessive or inefficient, there is also ambiguity surrounding what is considered excessive or inefficient. The consultation paper shows that some distributors have increased connection charges, but this does not necessarily prove they are excessive or inefficient. Furthermore, the Authority has an asymmetric focus on up-front charges being excessive. The counterfactual is that up-front charges are insufficient meaning new connections do not pay their full costs and existing customers (who are by far the majority of customers) end-up carrying this cost over time. This is particularly so if it results in asset stranding from bespoke investments required by the new connections.

8. Orion is concerned that EDBs are being expected to undertake considerable work to ensure connection charges are aligned with a balance point principle (that is not well understood) to ensure charges are not excessive (which is undefined). Given this and given the short timeframe to implementation, there is a need to ensure enforcement is fairly balanced with advice during the connection pricing reform period through to 1 April 2030.

Obligation to supply

9. The consultation paper appears to mix an obligation to supply and maintain connections[2] with an obligation to provide connection offers[3]. These are distinctly different steps in the connection process. If the former is contemplated and an obligation to connect all accepted offers is created, then an exception process will be required. It would also appear to be at odds with the recent decision paper[4] from the Authority that has made changes to clarify that a distributor is not required to approve load applications.
10. In CEPA's report[5] to the Authority it concludes that providing a connection offer at cost reflective prices negates stakeholder concerns around forcing connection of uneconomic connections or building and maintaining technically infeasible connections. Whilst this may be true in the majority of cases, cost reflective pricing may in some instances not fully capture the negative impacts a new connection could make. For example, a new connection could result in uneconomic costs being shared across other customers or result in connected equipment that may have flow on consequences to the wider network (even if a cost-reflective offer was provided). Circumstances like these are rare but given the potential negative consequences it would be appropriate to ensure there is an exception process from any obligation to connect.
11. The proposal for distributor supply obligations surmises that distributors are minded to refuse connection or not make connection offers due to the lack of governing controls. Orion submits that this risk is overstated. In practice, with a risk management lens, refusal to connect has associated risks for distributors, and in Orion's case goes counter to our organisational purpose, *Powering a cleaner and brighter future with our community*. Orion works in its communities and understands connection growth supports economic prosperity. It is Orion's view that the examples of why a distributor would systematically take a position that prevents connections, or offers of connection, to its network provided in sections 10.11 and 10.12 in the consultation paper are more academic than common practice. In practice, EDBs connect around 30,000 connections on a national basis per annum (see Appendix B).

12. It is also important to keep in mind that whilst the goal is to reach cost-reflective prices, the industry is not there yet and so if an obligation to offer, with an obligation to connect accepted offers, is required before the full distribution network connection pricing reform is complete then there is a heightened risk of uneconomic connections.

Concluding remarks

13. This submission is not confidential and can be publicly disclosed.

If you have any questions or queries on aspects of this submission which you would like to discuss, please contact us on [redacted]

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[2] https://www.ea.govt.nz/documents/8620/Reducing_barriers_for_new_connections_-_Consultation_paper.pdf point 10.15 page 63
[3] https://www.ea.govt.nz/documents/8620/Reducing_barriers_for_new_connections_-_Consultation_paper.pdf point 11.1 (a) page 64
[4] Network connections project (stage one) technical consultation
[5] https://www.ea.govt.nz/documents/8623/Appendix_C_CEPA_independent_report.pdf

Yours sincerely,

Dayle Parris
Head of Revenue and Regulation

Appendix A

Submitter	Orion New Zealand

Questions	**Comments**
Background and context	
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?	Orion agrees there is a balance to be had between distributor contribution (it's financing task) and customer contribution to connections. Distributor concern about financeability during the most recent price-quality reset was related to the balance between debt, equity and revenue from line charges. This has led the Authority to conclude that distributors will use high up-front connection charges to reduce initial price impacts for existing customers. Orion agrees that this is one possible avenue; however, this is not true for all distributors in practice, and the Authority's analysis (Figure 5.1) bears this out. Orion agrees that new connections should at least meet their own costs (over time), rather than expecting a subsidy from existing users. Regulatory reform will guide and drive standardisation; however, we would like to understand how the Authority plans to balance enforcement with advice during the reform period for connection pricing through to 1 April 2030.
PART A – Connection charges	
Q2. Do you agree with the rationale for considering interim restraint on connection charges described in section 5? Why, why not?	Orion agrees in principle with the rationale for considering interim restraint on connection charges; however, the balance point concept is difficult to understand and, if it is anchored in historical policy settings, is influenced by the consistent application of those settings rather than the fact they are assessed case-by-case. Orion also notes that the Authority hasn't sufficiently considered the point that pricing using the balance point concept is unlikely to allow third parties to be competitive.

Q3. Have you observed or experienced signs of connection stress where current connection charging arrangements caused problems when seeking to connect to the network (e.g. projects delayed or deterred as a result of price-related barriers)? If so, please describe.	Orion has connection charge methodologies that have been consistently applied over a long period of time. The main challenge to any connection charge methodology is that new types of connections may not fit neatly into existing approaches. It is important to create approaches that are repeatable for similar types of customers. As connection pricing methodologies are generally updated on an annual basis, it can be challenging to create newly published approaches until the following year. Orion is interested in the Authority's view of publishing addendum updates to pricing methodologies during a financial year if customer activity necessitates it.
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?	A key risk the Authority is looking to mitigate is that increasing capital contributions provides an avenue for sustaining near-term dividend payments by sourcing more cash from connection applicants. The options the Authority has considered are; no specific intervention, improved reliance limits, methodology locks, targeted intervention and allocation limits. Further, the Authority has concluded that forecast increases in connection charges by some EDBs risks other EDBs following suit. Orion disagrees and does not consider that this is a material risk. However, we accept that setting efficient connection charges is important and, in the absence of regulatory guidance, it is challenging to determine appropriate levels. Orion submits, with caveats, in support of the proposal for a targeted intervention. It does remove a blanket approach that may be excessive and inefficient for EDBs and the Authority. It also allows others to reform away from a status quo base, where needed, in line with regulatory guidance. However, we are not supportive of an intervention regime until the parameters for that intervention are made clear. As previously discussed, it is unclear what balance point the Authority will use to determine an intervention is required, given the prior reliance assessment is anchored in the use of past data, and the balance point concept is an economic construct. As such clarity around how the Authority plans to balance enforcement with advice during the connection pricing reform period through to 1 April 2030 is required.

Q5. Do you have any comments on the proposed Code amendment and approach to implementation?	**Appendix B- Proposed Code amendment** **Clause 6B.11A(2)(b)-** we question the addition of "or lower" as this seems to imply the Authority is fine with existing connections subsidising new ones, but not the other way around. **Clause 6B.11B-** this new clause provides the Authority with wide/broad discretion into pricing. The only equivalent level of discretion in the Code currently is the Authority's discretion under clause 5.2 to intervene in an undesirable trading situation. Accordingly, we submit that the Authority should consider including an equivalent of clause 5.2(5) of the Code to the drafting of Clause 6B.11B. The Authority's Appendix B Code drafting for clause 6B.11B says; *6B.11B Consequence of not applying connection charge balance point principle* *(1) The Authority must direct a distributor to amend its pricing to make it consistent with the connection charge balance point principle:* *(a) if the Authority considers that a distributor has not applied, or is likely to not apply, the connection charge balance point principle; and* *(b) the materiality of the identified efficiency concerns, or the distributor's size or connection application volumes, justify the costs of intervention.* The connection charge balance point principle is anchored in shared network charge costs. We submit that 6B.11B(1)(b) has no need to call out the size of a distributor or the volume of connection applications. This is not relevant to whether shared network costs have been contributed by a customer in an economic way, and suggests that consumer harm is acceptable if it is relatively limited. We also consider the test of "or is likely to not apply" to be a subjective and unmeasurable hurdle. We submit alternative wording for clause 6B.11B(1); *6B.11B Consequence of not applying connection charge balance point principle* *(1) The Authority must direct a distributor to amend its pricing to make it consistent with the connection charge balance point principle:* *(a) if the Authority considers that a distributor has not applied, or is likely to not apply based on its published connection pricing methodology, the connection charge balance point principle; and*

	(b) the materiality of the identified efficiency concerns~~, or the distributor's size or connection application volumes,~~ justify the costs of intervention. The Authority's Appendix B Code drafting for clause 6B.11B(4) says; *(4) Before issuing a direction under subclause (1), the Authority must, in the following order:* *(a) notify the distributor that it is considering investigating whether to issue a direction in respect of the distributor:* *(b) give the distributor sufficient information about the reason why the Authority is considering an investigation, and an opportunity to respond within a reasonable timeframe specified by the Authority before commencing an investigation:* *(c) following an investigation, give the distributor a draft report setting out the Authority's analysis of why the distributor is, or will be, in breach of the connection charge balance point principle, and an opportunity to respond within a reasonable timeframe specified by the Authority:* *(d) give the distributor an opportunity to voluntarily address the issues identified in the draft report within a reasonable timeframe specified by the Authority.* We submit that a step seems to be missing in the sequence of steps before issuing a direction under clause 6B.11B(1). We submit alternative wording and ask the Authority to consider improving clarity around when the 'direction' would be issued and on what basis, within the sequence of steps described in 6B.11B(4). For instance, what actions by a distributor, while voluntarily addressing issues, would constitute a move to a direction under subclause(1)? *4) Before issuing a direction under subclause (1), the Authority must, in the following order:* *(a) notify the distributor that it is considering investigating whether to issue a direction in respect of the distributor:* *(b) give the distributor sufficient information about the reason why the Authority is considering an investigation, and an opportunity to respond within a reasonable timeframe specified by the Authority before commencing an investigation:* *(c) notify the distributor whether the Authority will or will not be undertaking an investigation to determine if a direction is needed and when that investigation will be concluded:* *~~(c)~~ (d) following an investigation, give the distributor a draft report setting out the Authority's analysis of why the*

	distributor is, or will be, in breach of the connection charge balance point principle, and an opportunity to respond within a reasonable timeframe specified by the Authority: *~~(d)~~ (e) give the distributor an opportunity to voluntarily address the issues identified in the draft report within a reasonable timeframe specified by the Authority:* *(f) where the Authority is dissatisfied with an EDBs remedial actions under (a) to (e) issue a direction under subclause (1).*
Q6. Are there other alternative means of achieving the objective you think the Authority should consider? If so, please describe.	No comment
PART B – Distributor supply obligations	

Q7. Do you have any comments on the Authority's rationale for clarifying distributor obligations to connect and supply?	Orion submits that the consultation paper creates confusion between an obligation to connect and an obligation to make connection offers. They have differing implications. While agreeing that the two essential complements to an obligation to offer are cost-reflective connection charges and appropriate access standards, if an obligation to connect is also to be required then an exception process will be required, as discussed in points 9 and 10 of our cover letter. The consultation takes a strong focus on connection charges but in the context of an obligation to make a connection offer, the number of connections on average is a more useful metric. We note that according to the Commerce Commission's information disclosure data, EDBs on average connected more than 30,000 connections per year over the last five years. The largest six EDBs are dealing with consistent or increasing connections over time[6]. This indicates that EDBs are actively enabling new connections, and not applying policies that unnecessarily deter new connections.

[6] See Appendix One below for a detailed breakdown of connection numbers.

Q8. Do you have any comment on the Authority's preferred direction for clarifying distributors' supply obligations?	Orion agrees with an obligation to provide connection offers that are cost reflective and supported by appropriate access standards, including continuance of supply policies. EDBs are generally not predisposed to ceasing supply, but there are instances where failing to do so can increase costs for consumers. Orion supports continuance of supply obligations that are underpinned by: • Guiding principles in the Code • Continuance of supply policies developed by EDBs and publicly disclosed • Repeal of Subpart 3 (Continuance of supply) of Part 4 of the Electricity Industry Act 2010 (the Act) *Guiding principles* Embedding a set of principles (similar to the pricing principles approach) within the Code would provide useful guidance to EDBs when developing continuance of supply policies, including specifying policy constraints or 'no-go' areas. Orion considers that an important guiding principle would be to specify that an EDB may withdraw supply if a connection has not been active and billable for a specified period (preferably not greater than 24 months). This is expanded on below. The principles should also address supply from alternative energy sources. *Repeal of Subpart 3 of Part 4 of the Act* Continuance of supply obligations are currently inconsistent, with some connections subject to the continuance of supply obligations set out in sections 105 to 108 of the Act, and others unprotected by any continuance obligation. The driver for withdrawing supply generally involves the need to undertake asset renewals (e.g., pole replacements) for connections that have not been active for extensive periods. A common example is a high voltage overhead line of several hundred metres to a connection that has not taken a billable supply for years. The removal of supply is easily blocked by stakeholders (who, in the example above, wish to retain the line 'just in case'). This forces continued asset renewals and

	maintenance to assure continued safety, with the costs borne by 'active' consumers. EDBs' only recourse is to seek Ministerial approval to withdraw supply. Our understanding from EDBs that have sought Ministerial approval is that the process is both arduous and slow. Orion acknowledges that changes to primary legislation are not easily achieved; however, in Orion's view, doing so, in conjunction with published and guided continuance of supply policies, would result in a more standardised approach for all electricity consumers as well as limit avoidable costs that increase consumer bills.
PART C – Minor amendments to the Code (connection pricing requirements)	
Q9. Do you have any comments on the drafting of the proposed amendments?	Previously, submitted to EA under the 19 December 2025 deadline

Appendix B

EDB connections per annum 2014 to 2025

ICP Additions	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Alpine Energy		259	27	30	65	62	111	155	165	158	73	76
Aurora Energy		1,062	959	1,136	1,467	1,278	1,215	1,032	1,194	1,036	918	1,060
Buller Electricity		8	- 1	- 26	45	43	16	26	48	58	74	46
Centralines		41	27	30	65	62	111	155	165	158	73	76
Counties Energy		708	891	1,047	903	754	1,025	1,029	1,280	1,178	1,184	803
EA Networks		331	355	212	230	224	231	329	246	291	567	252
Electra		- 2,317	4,541	359	- 170	404	393	369	389	383	415	334
Electricity Invercargill		116	55	- 8	40	16	- 9	8	72	71	83	78
Firstlight Network		- 58	23	- 8	105	85	61	125	- 8	97	63	98
Horizon Networks		29	58	95	75	126	117	161	- 312	99	120	72
MainPower NZ		4,398	- 5,887	631	789	1,392	891	1,602	1,015	978	809	715
Marlborough Lines		151	196	263	241	255	226	571	205	200	205	140
Nelson Electricity		43	- 8	- 4	5	11	27	24	16	12	15	42
Network Tasman		460	521	493	547	392	311	315	1,030	602	592	484
Network Waitaki		432	87	69	16	120	107	57	191	143	102	51
Northpower		1,844	762	705	472	950	887	848	931	962	780	695
Orion NZ		929	2,812	3,564	3,405	3,116	3,043	3,584	4,100	4,558	4,820	4,609
OtagoNet		- 1	659	183	374	588	617	637	728	794	668	731
Powerco		2,793	3,192	3,465	2,720	3,232	3,786	4,007	4,777	4,080	3,214	3,078
Scanpower		- 6	- 8	9	- 25	- 7	10	28	35	40	20	23
The Lines Company		- 11	68	39	62	- 237	96	151	236	17	129	100
The Power Company		476	384	33	186	260	324	302	318	430	393	237
Top Energy		103	254	340	13	523	390	324	648	477	354	293
Unison Networks		547	470	797	907	893	926	1,124	1,201	1,555	734	1,446
Vector Lines		414	5,429	5,760	5,733	7,709	8,659	9,623	9,988	10,267	12,998	9,288
WEL Networks		929	965	1,376	1,515	1,371	1,533	1,724	1,672	1,707	1,649	1,251
Waipa Networks		395	501	515	461	595	545	335	483	1,096	- 156	861
Wellington Electricity		893	901	- 247	552	1,015	1,120	1,143	1,781	1,557	1,737	826
Westpower		122	86	46	78	92	117	132	140	137	182	237
NZ Total		15,087	18,319	20,906	20,877	25,322	26,885	29,921	32,731	33,140	32,813	28,000
5-year average												31,321