



15 December 2025

Electricity Authority

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

Tēnā koutou,

Response to “Distribution connection pricing and obligations”

Thank you for the opportunity to respond to the “Distribution connection pricing and obligations” consultation.

We welcome the Authority’s exploration of proposals to address the high up-front charges that some customers face when wanting to connect to distribution networks. A key focus of Contact Energy’s “Contact31+ strategy” is to lead New Zealand’s energy transition, including by empowering our customers to shift their energy use. We believe that distribution networks have a critical role to play in electrification, and that efficient connection pricing is a key enabler of the transition of certain commercial and industrial processes away from fossil fuels.

We consider that the Authority has presented a sound assessment of the current situation, and a thoughtful evaluation of the options. We support the rationale for interim restraint on connection charges, with targeted intervention as the preferred approach.

In our view, better visibility and transparency of connection pricing is of key importance. It is also important to give connecting customers the choice of financing additional connection costs themselves, or having the EDB build those costs into the up-front costs and/or ongoing charges.

We provide detailed responses to the consultation questions below.

Please contact me at [REDACTED] if you wish to discuss further.

Ngā Mihi

Helen Roberts

Senior Specialist, Regulatory
Contact Energy

Appendix A Format for submissions

Submitter	Contact Energy Ltd
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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?	<p>Contact Energy agrees that distribution networks have a critical role to play in electrification, and that efficient pricing is a key to unlocking more network connections and promoting efficient investment enabling those connections.</p> <p>As New Zealand moves towards a lower carbon future, cost-effective electricity connections will be a key driver of electrification to support the transition of certain commercial and industrial (C&I) processes away from fossil fuels and the continued expansion of an electric vehicle charging network.</p> <p>Currently, there is no standardised charging system for C&I connections at the distribution level, and EDBs have a wide range of approaches to determining a connection charge for each new customer.</p> <p>We understand that the high costs associated with establishing a connection make potential connecting parties hesitant to transition to electricity. This hesitation is amplified when EDBs incorporate additional network reinforcement costs during the process of providing connection capacity to new customers.</p>

PART A – Connection charges

<p>Q2. Do you agree with the rationale for considering interim restraint on connection charges described in section 5? Why, why not?</p>	<p>Yes, we agree. The current rules do not prevent EDBs from creating inefficiencies by increasing upfront connection charges. These high upfront charges can deter or delay investments in business expansion and electrification projects. Interim intervention could unwind recent increases and restore confidence for investors ahead of the 2030 reforms. Predictable and fair connection pricing reduces “hold-up risk” for large projects, including industrial electrification.</p> <p>An interim measure is sensible as it addresses immediate risks without locking in long-term rules that might conflict with future frameworks.</p>
<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.</p>	<p>Through our subsidiary Simply Energy we are supporting large businesses to decarbonise. This team has seen examples of very high connection costs being quoted to customers considering electrification of process heat, which are delaying investment and in some cases resulting in projects being cancelled. Part of the issue is the lack of transparency of that pricing, which is reducing trust between the parties. We are happy to share these examples with the Authority on a confidential basis.</p>
<p>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>	<p>We support the Authority's evaluation of the options and selection of targeted intervention as the preferred approach. This will deter adverse pricing changes across all distributors and directly reduce inefficiently high charges. Contact believes that better visibility and transparency of connection pricing is of key importance. This will reduce information asymmetry and allow retailers and customers to make rational investment decisions.</p> <p>Contact also believes it is very important to provide optionality for connecting customers: they should have the choice of whether to finance additional connection costs themselves, or to have the EDB build those into the up-front costs and/or ongoing charges. A high level of pricing transparency will allow them to make that choice.</p>

Q5. Do you have any comments on the proposed Code amendment and approach to implementation?	We support the proposed amendment and believe that it will encourage transparency, efficiency and fairness, and support electrification goals by lowering upfront connection costs.
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?	We agree with the imposition of an obligation to connect, but note that the requirement for fair and proportionate pricing must underpin this obligation.
Q8. Do you have any comment on the Authority's preferred direction for clarifying distributors' supply obligations?	No further comment

PART C – Minor amendments to the Code (connection pricing requirements)

Q9. Do you have any comments on the drafting of the proposed amendments?	Contact is happy with the current drafting.
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