

19 December 2024



Submissions
Electricity Authority
PO Box 10041
Wellington 6143

Via email: connection.feedback@ea.govt.nz

Distribution Connection Pricing Consultation

Buller Electricity Limited (BEL) appreciates the opportunity to provide feedback on the Electricity Authority's (EA) proposed framework for charges for new load connections.

BEL receives few applications to connect new load greater than 69kVA. The Authority has assessed that BEL's capital contributions are 100% of connections and system growth capex in 2024.¹ The Authority also acknowledges that distributors with a high level of reliance (on capital contributions) have limited ability to reduce their reliance in the near term.²

The Authority's consultation document raises the matter of the pricing of capacity rights with respect to new connections. A wider examination of capacity rights is perhaps necessary to bring some context to how capacity, congestion & networks can be managed. Significant issues exist with the existing concept of capacity rights and how these rights are priced/managed. In relation to this the following points are made and questions raised:

- The determination of available capacity is predicated on the basis of the existing use of the network by consumers in aggregate.
- How each consumer (and new connection) makes use of existing capacity rights is different – not all consumers are not created equal – but capacity is deemed to have a fixed price.
- Changes in consumer consumption patterns/profiles over time (change in the use of capacity) can contribute to the development of capacity constraints.
- As there is asymmetric risk for access seekers in terms of significantly over requesting rather than under requesting capacity, how should this be accommodated within the proposed connection pricing regime with the calculation of capital contributions being heavily dependent on the determination of expected future revenue.
- It is in the interests of network owners to limit the headroom which exists between the capacity right a consumer has and the capacity which is actually needed/used. What does the Authority consider to be best practice in terms of networks managing this capacity headroom liability? If consumers decide to downgrade their connection (lower their capacity right) should they be entitled to a capacity rebate at the new connection capacity price?
- What does the Authority currently view as being the barriers to making capacity a tradeable quantity?

¹ Table 7.2 page 54 of consultation paper

² Paragraph 7.90 page 53 of consultation page

The Authority's proposed connection pricing framework is complicated. We understand the ENA may develop a template methodology once the EA has made policy decisions. BEL will retain its current approach and look to adopt the ENA's template methodology when that is available. BEL is 100% owned by our customers via the [Buller Electric Power Trust](#). Adopting any new approach to capital contributions will be approached in a way that has minimal impact on BEL's existing customer base.

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