

20/12/24

Electricity Authority Te Mana Hiko
Wellington
New Zealand



Sent via email: connection.feedback@ea.govt.nz

To whom it may concern,

This letter outlines CentrePorts submission to the Electricity Authority for the following:

- A. Distribution Connection Pricing: Proposed Code Amendments
- B. Network Connections Project: Stage One Amendments

CentrePort would like to thank the Electricity Authority for engaging with organisations who are directly affected by the connection processes and pricing methodologies used by Electricity Distribution Businesses (EDBs). We endorse the process that the Electricity Authority is undertaking and wish to provide some additional insights that may serve in further refinement of the new connection charges project.

About CentrePort

CentrePort provides essential infrastructure services to the heart of New Zealand. It works for the region as a key Wellington lifeline, providing safe, efficient, and low emission capacity within New Zealand's freight and supply chain. Our infrastructure supports New Zealand's North - South connection and is a gateway to the world.

CentrePort also has committed emissions reduction targets which are supported by a well-defined energy transition pathway. Current energy transition activities include:

1. Developing onsite/distributed electricity generation and electricity storage systems to improve energy system resilience and mitigate risks associated with:
 - a. Future electricity price path and market volatility.
 - b. Triggering upstream network capacity upgrades (noting that CentrePort has a constrained network supply).
2. Implementing an on-port electric vehicle programme for heavy duty container handling mobile plant.
3. Investigating on-road electric trucking services for key export customers.

CentrePorts Submission on Distribution Connection Pricing

CentrePort generally supports the Electricity Authority's proposed Code amendment for Distribution Connection Pricing. Attached to this letter is CentrePorts completed response form.

CentrePort highlights the following key points:

1. CentrePort endorses the proposal to improve transparency of recovery of upstream costs where multiple consumers require significant capacity enhancements within the same sub transmission zone.

2. It is CentrePorts view that:
 - a. a criticality rating for each consumer type has merit, with the ability to then prioritise capacity on constrained networks to priority consumers.
 - b. the Code should ensure the benefit/value that embedded generation and storage brings to EDBs (in respect of alleviating network constraints and improving network resilience) should be compensated.
 - c. there should be a clear process to facilitate the valuation and transfer of ownership of assets that have already been established.
 - d. there needs to be further clarity on where and how the reform impacts the determination of WACC for EDBs.

CentrePorts Submission on Network Connections Project

CentrePort generally supports the Electricity Authority's Network Connections Project and the proposed Code amendments.

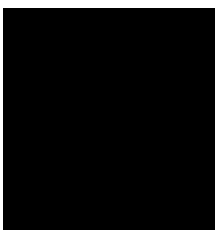
Our general notes are that it is CentrePort's view that:

1. There needs to be a consistent approach across all EDBs for application, assessment and certification of proposed distributed generation and storage developments.
2. In addition to current performance measurements, EDBs should also be measured against asset utilisation as this helps to improve the value provided by existing assets rather than simply investing in more.
3. The Code needs to better recognise the long-term value that embedded storage offers, and therefore should (at least) have equal footing to embedded generation in any application, assessment and certification process.
4. EDBs imposed network capacity limits for a given connection should be verified either by EDBs being transparent in the underlying constraints that result in these limits, or by independent assessment.
5. New Zealand can benefit from all EDBs operating under a common data management standard, and for that standard to offer transparency to all connected parties.
6. Any penalty charges levied against customers for issues including power quality and/or capacity limit exceedance, are applied consistently across all EDBs, and are calculated so in a transparent manner such that the actual issue can be shown to be material to the EDB at that time.

Closure

Again, CentrePort would like to thank the Electricity Authority for engaging with organisations who are directly affected by the connection processes and pricing methodologies used by EDBs.

Best regards



Andrew Steele

GM Strategy and Stakeholder Relations

Appendix A Format for submissions

Submitter	CentrePort Limited, Wellington
Questions	Comments
<p>Q1. Do you agree with the assessment of the current situation and context for connection pricing? What if any other significant factors should the Authority be considering?</p>	<p>Yes.</p> <p>CentrePort sees a need to consider various other general factors, including:</p> <ol style="list-style-type: none"> 1. Whether the proposed amendment still provides too much freedom for EDBs given lack of true market competition. 2. Whether the proposed amendment does enough to create an environment that fosters trust and transparency in relationships between EDBs and consumers.
<p>Q2. Do you agree with the problem statement for connection pricing?</p>	<p>Yes.</p> <p>CentrePort sees a need to consider the windfall benefit that embedded generation and storage brings to EDBs in respect of alleviating network constraints and improving network resilience.</p> <p>This recognition should be reflected in the connection pricing and/or ongoing fixed charges.</p>
<p>Q3. Do you have any comments on the Authority's proposed pathway to full reform?</p>	<p>CentrePort supports the identification of quick wins to get going early, get some progress, and gain momentum.</p> <p>CentrePort suggests that the Authority needs to consider the opportunity/need for another round of consultation as part of the Development stage in Full Reform.</p>
<p>Q4. Do you consider the proposed connection enhancement cost requirements would improve connection pricing efficiency and deliver a net benefit?</p>	<p>Yes.</p>
<p>Q5. Are there variations to the proposed connection enhancement cost requirements you consider would materially improve the proposed Code amendment?</p>	<p>It is CentrePort's view that there needs to be more recognition (including financial) of the benefit/value that embedded generation and storage brings to EDBs in respect of alleviating network constraints and improving network resilience.</p> <p>This recognition should be reflected in the connection pricing and/or ongoing fixed charges.</p>
<p>Q6. Do you consider the proposed network capacity costing requirements would improve connection pricing efficiency and deliver a net benefit?</p>	<p>Yes</p>

Q7. Are there variations to the proposed network capacity costing requirements you consider would materially improve the proposed Code amendment?	No
Q8. Do you consider the pioneer scheme pricing methodology would improve connection pricing efficiency and deliver a net benefit?	Yes.
Q9. Are there variations to the proposed pioneer scheme pricing methodology you consider would materially improve the proposed Code amendment?	It is CentrePort's view that the Authority needs to consider the complexities in how the pioneer scheme is applied due to the variables and potential protracted timeframes between first mover and future movers.
Q10. Do you consider the cost reconciliation methodology would improve connection pricing efficiency and deliver a net benefit?	Yes.
Q11. Are there variations to the proposed cost reconciliation methodology you consider would materially improve the proposed Code amendment?	It is suggested that the Authority consider whether the proposed approach to asset life presents a windfall opportunity for asset owners and how that windfall could be utilised for wider benefits.
Q12. Do you consider the reliance limits would improve connection pricing efficiency and deliver a net benefit?	Yes
Q13. Are there any variations to the proposed reliance limits you consider would materially improve the proposed Code amendment?	It is suggested that the Authority consider whether there is an "opt out" of the reliance limit by mutual agreement.
Q14. Do you consider the exemption application process (together with guidelines) can be used to achieve the right balance between improving connection pricing efficiency and managing transitional impacts on non-exempt distributors?	Yes.
Q15. Do you consider the dispute resolution arrangements proposed (for both participants and non-participants) will provide the right incentives on distributors and connection applicants to resolve disputes about the application of pricing methodologies to connection charges and improve connection pricing efficiency and deliver a net benefit?	Yes

Q16. Are there variations to the proposed dispute resolution arrangements you consider would materially improve the proposed Code amendment?	No
Q17. Do you consider the alternative contractual terms option would be better than the approach in the proposed drafting attached to this paper? Please give reasons.	No
Q18. Do you think a sinking lid approach to reliance limits would be preferable to the proposed static limits approach described in sections 7.80 – 7.105?	CentrePort views the sinking lid approach as preferable given the timeframe for the step change option being too distant and the current market dynamics. Connection applicants will have more confidence to sanction projects if there are clear signals of change coupled with early evidence of actual change.
Q19. Do you think any element of the fast-track package should be omitted, or should begin later than the rest of the package?	No
Q20. Are there other parameters you think the Authority should consider for the proposed connection pricing methodologies? If so, which ones and why?	No
Q21. Do you agree pricing methodologies should apply to LCC contracts? If not, please explain your rationale.	Yes, but the option to pursue alternate terms by mutual agreement should remain for LCCs
Q22. Do you agree the proposed requirements, other than reliance limits, can be applied satisfactorily to connections with vested assets? If not, please explain your rationale.	Yes.
Q23. Do you have any comments on the impact of reliance limits on incentives to increase prevalence of asset vesting?	CentrePort suggests that there needs to be a clear process that facilitates the valuation and transfer of ownership of assets that have already been established.
Q24. Do you agree the proposed methodologies are compatible with contestable connection works? If not, please explain your rationale.	Yes
Q25. Do you agree that fast-track methodologies should not apply to embedded networks? If not, please explain your rationale.	Yes
Q26. Do you have any comments on the Authority's anticipated solution for longer-term reform?	As discussed earlier, it is suggested that the Authority consider the opportunity/need for another round of

	consultation as part of the Development stage in Full Reform.
Q27. Are there other alternative means of achieving the objective you think the Authority should consider?	CentrePort suggests the Authority consider whether the reform impacts the determination of WACC for lines companies, and if so what does this materially affect how the amendment or reform is administered.