

20 December 2024

**Submissions**  
**Electricity Authority**  
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## **DISTRIBUTION CONNECTION PRICING CONSULTATION**

- 1) Network Waitaki welcomes and appreciates the opportunity to provide our comments to the “*Distribution Connection Pricing*” consultation. We also generally support and agree with the submission by the Electricity Networks Association (ENA).
- 2) Appendix A contains our responses to the detailed questions in the Electricity Authority (Authority) submission format.
- 3) We appreciate the intent of the Authority with the proposed Code Amendment to improve the efficiency of distribution network connection pricing.
- 4) We are nonetheless concerned about what we would characterise as a fast-paced and heavy-handed regulatory approach proposed for a “problem” that is not quantified and not supported by evidence or through case studies of problematic practices, or where access seekers were disadvantaged and if so, how widespread it is among distributors. We are concerned about the impact on existing customers of these proposed amendments.
- 5) We agree with the ENA that the Authority consider applying a principles-based regulatory approach that allow for flexibility and innovation.
- 6) We elaborate on our concerns in Appendix A which include but are not limited to:
  - 6.1 **Reliance limit:** We cannot support a reliance limit that is not based on any substantive methodology for efficient pricing but on high level averages and trends. Based on current forecasts Network Waitaki will exceed this arbitrary average industry limit of 47% in FY2029. The natural peaks and troughs in system growth and connection expenditure will create inconsistencies in connection charges overtime if Network Waitaki is to remain within the annual reliance limit
    - 6.1.1 *For example, Network Waitaki is currently making significant capital investments in a new Grid Exit Point (GXP) and lines infrastructure to get more energy into the network. The subsequent drop-off in this type of expenditure would mean that we’ll be restricted in our ability going forward to earn connection revenue to avoid exceeding the reliance limit.*
    - 6.1.2 **Recommendation:**
      - 6.1.2.1 Remove this limit as it is based on an industry average in a randomly selected year that excludes values such as contributions relating to vested assets.
      - 6.1.2.2 Should the Authority continue with this limit, then at the very least consider a similar concept used for some measures in the price-quality

regulatory regime, i.e. that on average an EDB should not exceed the arbitrary reliance limit (47%) over a period (e.g. five/ten year period).

**6.2 Cost reconciliation methodology:** We are concerned that while the Authority is not directly requiring EDB's to price in line with the cost reconciliation, the provision of this information will make it a key part of any pricing discussion with customers and therefore any dispute process. This will indirectly force us to price accordingly. As some of the parameters appear to be left for the "full reform" we urge the Authority to take the time to consider all the consequences of implementing this in a staged approach (e.g. no methodology for calculation of balance point), especially the possibility of disputes with customers and therefore the unequal treatment between existing customers and future customers once full reform is implemented.

6.2.1 The setting of revenue life is especially concerning if this becomes a default pricing methodology, e.g. cost recovery where halfway through the fifteen-year revenue life of a commercial connection there is a change of ownership and the new owner changes its usage patterns and capacity requirement so that there is a revenue shortfall. This would mean that existing consumers will be required to pay for the shortfall

**6.2.2 Recommendation:**

6.2.2.1 We support the ENA recommendation that the Authority makes it clear that connection pricing is the Electricity Distributor's discretion irrespective of the outcome of a cost reconciliation.

6.2.2.2 Instead of mandating the cost reconciliation methodology in the Code take time and develop and test all parameters to be used for calculations, such as the balancing point rather than leaving parts to the "full reform" stage.

**6.3 Pioneer Scheme:** Concern about the pioneer scheme, the ten-year duration, identification of these schemes and the impact of the de minimis threshold on customers. Our recommendation is detailed in response to Questions 8 and 9 in the Appendix.

- 7 Network Waitaki already applies several of the measures in the proposed amendment, albeit in a different way - the proposed Code amendments and requirements are complex, costly to implement and administratively burdensome. The cost associated with implementing these new requirements will be passed on to our consumers who will not realise any benefit from these changes.
- 8 Connection pricing differing among EDBs is not surprising and forms part of each company's overall strategy to achieve the objectives as set out by shareholders and management and forms a key part of the overall pricing strategies for an EDB. We do not agree that variation in practices contribute to a range of problems, rather it reflects the uniqueness of companies due to a range of factors, including location, customer base, equitable treatment of customers, ownership, strategy, objectives, characteristics and network configuration. We do however agree that a standardisation of terminology is helpful.
- 9 In summary, we would like to stress that Network Waitaki recognises, supports, and takes very seriously efficiency of connection pricing.
- 10 We implore the Authority to maintain a light-handed principles based regulatory regime that reflects each EDB's circumstances - which do not require a significant resource base to manage it at significant cost and probable unintended consequences such as inequitable treatment of customers, with no obvious benefit to consumers.

For any questions or clarifications on our responses please be in contact.

Sincerely



Dylan Andrews  
Chief Executive Officer

## Appendix A: Format for submissions

<b>Submitter</b>	Network Waitaki
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Questions	Comments
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?	<ol style="list-style-type: none"> <li>1. We agree that connection pricing needs to be efficient and balance interests of newcomers and existing users. Our view is that wide variation of capital contribution policies among EDBs show that EDBs have different circumstances, customer basis, network configuration, urban/rural environment, growth prospects, and other network characteristics which logically leads to different approaches to capital contributions, pricing and network management.</li> <li>2. It is notable that the assessment of the current situation:               <ol style="list-style-type: none"> <li>2.1. Does not consider actual case studies of EDB capital contribution approaches to point out concerns, but only a general statement that there is “considerable variation...” and implies standardisation is the ultimate goal. It should not be a surprise that there is a variation – not one EDB is the same, each has a different set of circumstances, customer base, network configuration, urban/rural environment, growth prospects, and other network characteristics.</li> <li>2.2. Does not consider that variation in capital contribution approaches can still be efficient.</li> <li>2.3. Does not include consideration of the fact that connection pricing is one of the levers that an EDB considers as part of a whole basket of levers to achieve company objectives set out by its shareholders who in our case represents our consumers. The basket of levers includes consideration of system growth investment, pricing strategy, company strategy, growth scenarios, business improvement initiatives and resources.</li> <li>2.4. Appears to be a piecemeal approach as it does not consider Distributed Generation Pricing Principles (Part 6 of the Code), the review of which the industry has been requesting for a long time with the Authority leaving it for the future. The principles behind pricing load connections are inconsistent with those used for DG connections as DG Connections only pay Incremental Cost while load customers fund the cost for entire network availability.</li> <li>2.5. Appears to not consider cost-reflective pricing and the “user-pays” principle. For example, connection charges are, in our case, an essential part of funding system growth investment. If not funded through capital contributions and</li> </ol> </li> </ol>

	<p>connection levies would require funding from all other network users which is a socialisation of costs and is in conflict with the Authority’s principles of cost reflective pricing.</p> <p>2.6. Appears to not consider the cost, complexity and administration of new regulations – the cost which will ultimately be borne by our consumers.</p> <p>We disagree with the statement on p.21 that “<i>Investments funded through capital contributions are akin to a pass-through cost, with no regulatory incentive for the distributor to minimise the cost of the work.</i>” As a consumer trust owned business, we work to ensure connection costs are fair and reasonable as the feedback loop is strong and immediate if price and/or service levels are out of alignment. Our consumers have a direct means to express their views on Network Waitaki’s performance through feedback to the business directly, via our Trustees (as representatives of our consumers) and ultimately through trust elections where performance is judged on whether Trustees are re-elected and whether polarising issues come to light.</p>
<p>Q2. Do you agree with the problem statement for connection pricing?</p>	<p>3. The problem statement starts with the point that current settings have led to <u>some</u> connection pricing inefficiencies. This appears to mean that it is not a widespread issue, but the solution is a proposal for more regulation.</p> <p>4. We have the following concerns with the problem definition:</p> <p>4.1. 5.1(a) <b>Overall trend toward higher connection charge:</b> We do not understand the expressed opinion that there is a trend toward higher connection charges which “risks deterring new connections...” Figure 4.2 shows an upward trend to 2025 (capital contributions as a % of total growth capex), but then a reduction from 2026. How is that consistent with the “risk of deterring new connections?” System growth expenditure for upstream network investment does not necessarily coincide with capital contributions (towards upstream capacity) received in a year. Hence, the volatility in the capital contributions/growth expenditure ratio.</p> <p>4.2. 5.1(b) <b>Inconsistencies between distributors in how they set and communicate connection charges:</b> This is stated as a fact, but there are no examples or case studies in the consultation paper of new connections being discouraged as a result of these “inconsistencies”. Is this a widespread occurrence or what is the magnitude of new connections being discouraged? There is no evidence in our region that new connections are discouraged as a result of our capital contributions policy or communication in this regard.</p> <p>4.3. 5.1(c) <b>Inconsistent up-take of pricing structures and features:</b> It is not clear what the pricing structures and features are that are being referred to here.</p> <p>4.4. 5.1(d) <b>Instances of inefficiently low connection charges:</b> If this is the case and the methodology has been consistently applied by a distributor over the last 40 years then all users in that supply area are treated consistently and as indicated above in par. 2.3 it is one of the levers that forms part of an EDB’s overall strategy.</p>

## 5. Influences

- 5.1. In this section the paper states that “distributors may be influenced...” but there is no evidence provided that they have been influenced to abuse market power, or deliberately have high connection charges or low connection charges to achieve ulterior motives as implied in cl. 5.3.
- 5.2. In Network Waitaki’s case our objectives for connection pricing are that:
- 5.2.1. addition of a new connection does not make existing customers worse off either now or in the future by requiring:
- 5.2.1.1. a capital contribution on an actual cost basis from a customer connecting or requiring increased capacity for the customer’s exclusive use (except capital cost of transformers).
  - 5.2.1.2. a connection levy on a standardised basis from a customer where the investment will result in increased load or capacity on the shared network as a result of the customer connecting or requiring increased capacity.
- 5.2.2. It facilitates regional growth and decarbonisation, incentivises prudent investments and operates consistently with the Authority’s distribution pricing principles, cost reflectivity and Network Waitaki’s pricing strategy.
- 5.3. We agree that there is a variation in practices and a lack of standardisation, similar to distribution pricing. However, this is a logical result as each EDB has designed and developed its capital contribution policy based on its own characteristics, network configuration and circumstances. Capital contribution policies have never had a prescribed format from any Regulator.

## 6. Inefficiencies

- 6.1. Where the previous section commenced with “*distributors may be influenced...*”, this section starts of in cl. 5.4 with the statement that “*This set of influences has resulted in connection pricing inefficiencies...*” Hence, while it may influence, the paper now seems to conclude that distributors have indeed been influenced and this has resulted in connection pricing inefficiencies.
- 6.2. 5.4(a) **Excessive inconsistency** – Even though terminology, presentation and methodological approach may differ, all EDBs comply with the prescribed content as required by the Commerce Commission in the Information Disclosure Determination 2012.
- 6.3. We request that the Authority provide case studies or evidence to support these inefficiencies that support the move to such a fast-paced costly regulatory regime. Please see our response to Question 1 regarding EDBs having different approaches which could result in lower or higher connection charges as per clauses 5.4(b) and 5.4(c) - a logical outcome as each business has developed policies based on their own circumstances.

6.4. In clause 5.4(d) the point is made that pricing approaches contribute to poor coordination re. 'position-in-queue' dynamics and piecemeal network development where there is heavy reliance on connection activity to fund investments. How widespread is this occurrence?

## 7. Potential for improvement

7.1. Clause 5.6 states that improving connection pricing efficiency could deliver:

7.1.1.5.6(a) **Reduced transaction cost** – Transaction cost will not reduce as access seekers will still need to approach each EDB and there will still be issues to resolve. Instead, to implement all these new obligations will be complex, costly and resource intensive. We foresee that we will require expert consultant assistance and the cost will have to be carried by our existing mostly small residential consumer base for no obvious extra benefit to them.

7.1.2.5.6(b) **Removal of subsidies and windfall gains** - There has been no evidence that capital contributions have deterred investments in the Network Waitaki supply area. Where customers are faced with potentially high connection costs due to the location or nature of their new connection, Network Waitaki is open to consider alternative commercial terms and have done so in the past to the concerned parties' satisfaction. We have evidence of decarbonisation projects where alternative commercial terms have been offered to assist the customer.

7.1.3.5.6(c) **Improved incentives for distributors and access seekers to manage costs and optimise network development** – We disagree that there will be any improved incentives. Instead, implementation will be costly.

7.1.3.1. Network Waitaki as a consumer owned EDB is fully committed to support investment and commercial development in our region but also to manage the risk of stranded assets.

7.1.3.2. Network Waitaki does not rely on connection activity to fund system growth investments. Our Asset Management Plan (AMP) is clear on the expected growth scenarios over the next decade.

7.1.3.3. Network Waitaki's connection charges are based on a user-pays principle and hence incentivises access seekers to invest in an optimal connection for their needs.

7.1.3.4. System growth investment forms part of a planning process (see Network Waitaki's AMP) which is linked to expected connection growth.

7.2. Clause 5.7 states that "*in the current environment improved connection pricing efficiency would help facilitate electrification investments...*"

	<p>7.2.1. Why is the current environment different from the environment a decade or two ago, e.g. when electricity demand in the Network Waitaki supply area has doubled due to dairy and irrigation conversion necessitating investment in distribution assets to ensure a reliable supply. Existing customers in the Network Waitaki supply area who connected new load through that time have all contributed in terms of the provisions of the capital contributions policy in place. We have also completed a number of key electrification projects for customers under our current policy.</p>
<p>Q3. Do you have any comments on the Authority's proposed pathway to full reform?</p>	<ul style="list-style-type: none"> <li>• A staged pathway runs the risk of creating further price and methodology changes and therefore inequities between users connecting under the fast track measures and those connecting later under full reform. At the moment we are focussing and working on understanding the fast-track approach which contain measures that are of great concern to us and will require expert support to understand and to implement the various mechanisms.</li> </ul>
<p>Q4. Do you consider the proposed connection enhancement cost requirements would improve connection pricing efficiency and deliver a net benefit?</p>	<p>8. Network Waitaki already follows a similar practice.</p>
<p>Q5. Are there variations to the proposed connection enhancement cost requirements you consider would materially improve the proposed Code amendment?</p>	<p>9. Supportive of ENA submission.</p>
<p>Q6. Do you consider the proposed network capacity costing requirements would improve connection pricing efficiency and deliver a net benefit?</p>	<p>10. No, we question whether there will be any improvement in pricing efficiency as we already apply a connection levy for customers to contribute to the cost of providing upstream capacity. Instead, our consumers will need to pay for an expert consultant (independent engineer as proposed in cl. 7.28) to assist us in deriving the rates to be applied for our network from this complex requirement.</p> <p>11. We question whether it is necessary to go to this level of complexity.</p> <p>12. At a principle level Network Waitaki does apply this measure already following a different but simplistic methodology. We publish connection rates in our capital contribution policy for the customer requiring new/additional capacity to contribute to the cost of providing sufficient long-term network capacity (typically upstream capacity at subtransmission and zone</p>



	<p>substation level). In effect, the new customer requiring additional capacity will erode the spare capacity on the network and hence a connection rate is payable.</p>
<p>Q7. Are there variations to the proposed network capacity costing requirements you consider would materially improve the proposed Code amendment?</p>	<p>13. We support the ENA submission recommendation to develop a simple, easy-to-apply and consistent methodology in the form of guidelines.</p>
<p>Q8. Do you consider the pioneer scheme pricing methodology would improve connection pricing efficiency and deliver a net benefit?</p>	<p>14. Network Waitaki (together with 16 other EDBs – clause 7.41) is already applying a similar mechanism (albeit much more simplistic) and hence we do not foresee that this more administratively burdensome and costly requirement will improve pricing efficiency.</p> <p>14.1. Identification of pioneer schemes – In Network Waitaki’s case it will not always be obvious where a “pioneer scheme” might develop. A new connection might occur at a location and then for example another customer in due course connects across the road but share some of the assets of the first connector. In terms of clause 6B.11 in the proposed Code Amendment a distributor must determine and publish identified pioneer schemes and their locations.</p> <p>14.2. What happens in the situation where a customer connects and there is no pioneer scheme and then a second party connects in that area using the assets that the first customer has paid for. Can a pioneer scheme be identified in retrospect?</p> <p>14.3. Ten-years is too long. Our current policy applies a 5 year window for the application of a pioneer scheme.</p> <p>14.4. Identification of pioneers – Our current capital contribution policy allows for reapportionment to mitigate first mover disadvantage. However the reapportionment applies to the present owners of the “<u>premises</u>” where the connection is that contributed toward the assets. It appears from the consultation on page 44 that an electricity distributor will need to keep track of the actual “funders”/“pioneers”. We are concerned about how this will work in practice and the administrative implications.</p> <p>14.5. The de minimis threshold of \$30,000 might disadvantage an individual customer who pays \$25,000 for a new transformer installed in a rural setting for example and then their neighbour gets a free connection. How should we manage complaints when the prime mover realises they get nothing back for their investment? We currently do not apply a threshold for the application of pioneer scheme principles.</p>

<p>Q9. Are there variations to the proposed pioneer scheme pricing methodology you consider would materially improve the proposed Code amendment?</p>	<p>15. Clarify or allow for the pioneer scheme to be identified in retrospect as it may not always be obvious where all pioneer schemes will be located beforehand.</p> <p>16. Allow electricity distributors to set the de minimis threshold level.</p> <p>17. Allow electricity distributors to set the scheme duration term. As per ENA comments – to clarify treatment of changes in connection ownership.</p>
<p>Q10. Do you consider the cost reconciliation methodology would improve connection pricing efficiency and deliver a net benefit?</p>	<p>18. No, it will not improve connection pricing efficiency. Instead, it will create a costly administrative burden and ultimately result in unequal treatment between existing and future customers when it becomes the default connection pricing methodology (as we anticipate the Authority’s intent is)</p> <p>19. Network Waitaki already provides quotes to consumers detailing all cost involved with a new connection or upgrade and it is therefore not clear how this reconciliation will provide more clarity to connection applicants.</p> <p>20. Our Concerns:</p> <p>20.1. This is a complex methodology which will require significant resource to build (a model), maintain and manage for each connection and upgrade.</p> <p>20.2. The risk that this methodology will ultimately be mandated by the Authority as the way to set connection charges.</p> <p>20.3. The Authority is leaving further detail on the balance point to full reform. However, not having it clarified during the fast-track stage will cause confusion and disputes with no clarity on what is meant by it or how it must be calculated - running the risk of causing concerns and disputes if consumers are of the opinion that their contribution to shared network cost is too far above a certain point.</p> <p>20.4. If a participant raises a complaint under clause 6.3, this will be considered by the Authority and the rulings panel who must consider the dispute in accordance with Part 6B pricing principles. How will the Authority and rulings panel consider whether the outcome of reconciliation methodology merits a reduction in capital contributions from the Electricity Distributor if key variables such as the balance point are not defined?</p> <p>20.5. Incremental revenue is not guaranteed. We do note that a lower “revenue life” number may be used for the reconciliation reporting if the EDB reasonably believes the connection will have a shorter revenue-generating life, but this could still be disputed by the party.</p>

	<p>20.5.1. In the event that a large customer exits unexpectedly leaving assets stranded with no other customer connecting to those assets. Do we then retrospectively need to change the reconciliation report to reflect this?</p> <p>20.5.2. What is an Electricity distributor's recourse where halfway through the revenue life there is a change in ownership of the property of a large commercial connection and the new owner changes his/her usage completely so that there is a shortfall over the revenue life?</p> <p>20.5.3. Currently if a large new business connected to our network fails within 15 years Network Waitaki will attempt to recover outstanding cost. However, if the cost is unrecoverable, the cost will need to be socialised across all customers.</p> <p>20.6. Should a customer request a reconciliation we foresee that they will also find it challenging as it takes time to understand the concepts of "neutral point", "balancing point" and "bypass point". We foresee that this will lead to resource and time spent on explaining and discussions with customers and disputes.</p>
<p>Q11. Are there variations to the proposed cost reconciliation methodology you consider would materially improve the proposed Code amendment?</p>	<p>21. Make it clear that connection charges are the discretion of the EDB, irrespective of the outcome of the cost reconciliation according to the proposed methodology.</p> <p>22. Instead of mandating the cost reconciliation methodology in the Code the Authority should take time and develop and test all parameters to be used for calculations, such as the balancing point – to avoid unintended consequences which will lead to disputes and existing and new customers being treated unequally.</p> <p>23. Make revenue life stream more flexible and at the discretion of the EDB, i.e. reflective of the risk profile of the new connection.</p>
<p>Q12. Do you consider the reliance limits would improve connection pricing efficiency and deliver a net benefit?</p>	<p>24. No, we do not consider that the "reliance limit" will improve connection pricing efficiency. It seems to be more a drive to reduce connection prices with no reference to efficiency.</p> <p>25. We support the ENA in that we do not support the reliance limit at a principle level or in terms of the methodology proposed.</p> <p>26. We acknowledge the intent by the Authority to prevent EDBs from increasing connection charges but we note the downward trend in connection charges from 2025 as depicted in Fig. 4.2. Network Waitaki has not adjusted connection charges since 2021.</p> <p>27. An arbitrary cap of 47% will result in unintended consequences as outlined in our concerns below:</p>

	<p>27.1. Due to timing and size of investments there is not a one-to-one relationship between receipt of capital contributions and investment in the backbone of the network. Hence, during the years of large system growth investment capital contributions may fall within the limit and then there might be years with low system growth expenditure.</p> <p>27.2. For example, we expect to exceed the proposed reliance limit in FY2029 due to low expected system growth expenditure that year. What is the Authority expecting in this situation? There needs to be consistency in connection charges so that consumers are treated fairly regardless of the year in which they connect.</p> <p>27.3. In our view such a practice will not create an equitable situation between new connectors (receiving inefficient price signals) and the existing customer base who will need to subsidise new connections and will introduce volatility and inequity in connection charges.</p> <p>27.4. What are the consequences if our best endeavours [clause 6B.7(1)] did not work and capital contributions exceed the reliance limit?</p> <p>27.5. The reliance limit is a form of price control and we question whether this is within the ambit of the Authority's powers considering Clause 32(2)(b) of the Electricity Industry Act 2010 and subsection (4) which does provide that the Authority have the right to set pricing methodologies but does that include a revenue cap?</p>
<p>Q13. Are there any variations to the proposed reliance limits you consider would materially improve the proposed Code amendment?</p>	<p>28. We recommend that there be no reliance limit. The limit is based on historical capital contribution levels averaged over all Electricity distributors, distorted by the exclusion of vested assets and charges to connecting parties not classified as capital contributions – with no basis or justification that these are efficient connection pricing levels.</p> <p>29. If the Authority continues with this arbitrary reliance limit, to avoid volatility and inequity between access-seekers, rather than an annual arbitrary cap, we recommend the Authority considers a similar concept as used for some measures in the price-quality regime, i.e. that on average an EDB should not breach the arbitrary reliance limit (47%) over a period (e.g. five/ten year period).</p>
<p>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?</p>	<p>30. Support ENA submission</p>

<p>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?</p>	<p>31. We support the ENA submission to make it clear that connection pricing remains at the Electricity distributor's discretion to avoid the reconciliation methodology becoming the de facto connection pricing methodology enforced by the dispute resolution process.</p>
<p>Q16. Are there variations to the proposed dispute resolution arrangements you consider would materially improve the proposed Code amendment?</p>	<p>32. Support ENA submission</p>
<p>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.</p>	<p>33. Support ENA submission</p>
<p>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?</p>	<p>34. Support the ENA position.</p>
<p>Q19. Do you think any element of the fast-track package should be omitted, or should begin later than the rest of the package?</p>	<p>35. Support the ENA and in addition:</p> <p>35.1. The reliance limit is based on an arbitrary value and should be omitted.</p>

	35.2. Cost reconciliation methodology should be omitted or postponed until such time that there is clarity on all the parameters.
Q20. Are there other parameters you think the Authority should consider for the proposed connection pricing methodologies? If so, which ones and why?	36. Support ENA submission
Q21. Do you agree pricing methodologies should apply to LCC contracts? If not, please explain your rationale.	37. Support ENA submission
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.	38. Support ENA submission
Q23. Do you have any comments on the impact of reliance limits on incentives to increase prevalence of asset vesting?	<p>39. Yes, it is certainly possible that reliance limits could increase prevalence of asset vesting. The Reliance limit is an arbitrary value and to avoid exceeding the limit Electricity distributors will have to consider all avenues such as increasing vested assets. As far as possible we would want to avoid treating customers on an unequal basis and the Reliance limit is forcing distributors in that direction.</p> <p>40. For example, as mentioned on page 1 of our letter, Network Waitaki is currently making significant capital investments in a new Grid Exit Point (GXP) and lines infrastructure to get more energy into the network. The subsequent drop-off in this type of expenditure would mean that we'll be restricted in our ability going forward to earn connection revenue to avoid exceeding the reliance limit in FY2029.</p> <p>41. To avoid exceeding the limit in FY2029 we will need to explore all possible options, e.g. increase in vested assets, postponement of new connections or no charge for new connections. All of these options would have unintended consequences and will certainly create unequal treatment of existing and future connections.</p>

<p>Q24. Do you agree the proposed methodologies are compatible with contestable connection works? If not, please explain your rationale.</p>	<p>42. Support the ENA submission.</p>
<p>Q25. Do you agree that fast-track methodologies should not apply to embedded networks? If not, please explain your rationale.</p>	<p>43. Support the ENA submission.</p>
<p>Q26. Do you have any comments on the Authority's anticipated solution for longer-term reform?</p>	<p>44. Support the ENA submission.</p>
<p>Q27. Are there other alternative means of achieving the objective you think the Authority should consider?</p>	<p>45. Support the ENA submission.</p>