Submission by

Z Energy & Flick

to the

Electricity Authority

on the

Network connections project: stage one amendments consultation paper

20 December 2024

Introduction

Z Energy (Z) welcomes the opportunity to submit on the Electricity Authority's (*the Authority*) consultation paper, *Network connections project: stage one*. Our responses to individual consultation questions are focused on a regulatory regime that enables efficient and timely connection of public EV charging and can be found in Appendix A.

Z is one of New Zealand's largest transport energy companies and the owner of electricity retailer, Flick Electric (*Flick*). Flick was established in 2014 as an independent electricity retailer offering consumers greater choice in where they get their electricity.

Z's position on the consultation paper can be summarised as below:

- Z believes the proposed regulated timeframes for processing load applications are too long for both medium and large connections. Further, Z supports a streamlined fast-track process for connection applications that meet homogeneous connection types.

- Z does not support the proposal that distributors apply discretion based on their assessment of a final application achieving the most long-term benefit to consumers. Z sees the more effective way to achieve the proposed outcomes would be for the Authority to use the current criteria under Part 6 of the Code (i.e., criteria that details the standards required for the enabling of connections and the operations standards) because distributors have more control over these factors.

- Z disagrees with the proposal to inform an applicant about the actual costs of connection only when the final application approval is provided by the distributor. Distributors and applicants benefit from an applicant being able to compare the cost of connection at different locations, and undertake optionality analysis, as a lower connection cost likely reflects higher utilisation of the existing network (without an upgrade).

We look forward to continuing to work constructively with the Authority and welcome the opportunity to hold a briefing session to discuss our submission in more detail.

If there is any information that would be of use to the Authority, please do not hesitate to contact us.

Annex 1: Responses to specific consultation questions

Proposal A: Amend application processes for larger-capacity DG applications in the Code (Schedule 6.1)	
E	**What are your thoughts on industry developing the detailed policies to complement the Code changes proposed in this paper?**
	NB: Z is answering this question as it relates to individual Electricity Distribution Businesses (EDBs) developing their queuing and management policies or Electricity Network Aotearoa (ENA) leading a universal process for all EDBS. Z supports the Authority allowing on the industry to develop a queuing and management policy as it relates to capacity applications. Z's strong preference is for the ENA's Streamlining Connections Programme to develop a queuing and management policy that is universally adopted by all EDBs. Z notes that c.22 of Appendix 3 and Appendix 5 of the consultation paper deals with the treatment of approved applications at the same network location. There is a five-business-day limit for a distributor to tell a generation or load party (respectively) that has failed to meet a milestone that another final application has been approved for the same part of the network. The distributor is required to work with the first applicant to set renegotiated milestones (c.22(2)). Z is concerned that the proposed Code does not include a timeframe for this re-negotiation, and strongly encourages the Authority to re-consider this point. Achieving milestones appears to be discretionary since c.22(3) gives the distributor the right to prioritise final applications based on: • "would likely involve the optimal use of the network" • "while achieving the most long-term benefit for consumers" • "and delivering that benefit as soon as possible" [1] As load (and generation) applicants are operating in a competitive market, determining optimal use of the network is very subjective. Grid studies during the Interim Application stage should have already identified and resolved any network issues. Given this, Z disagrees with the Code proposal to provide distributors with discretion at this very late stage after Final Approval. Achievement of milestones should be the only 'criteria' that changes the order of connection of load (and generation) that already has Final Approval.

[1] The milestones process applies for large load only (300kVA and above in Appendix 5), however these prioritisation criteria are different from the criteria the distributor is to use when two final applications are being considered for the same part of the network (c.14 of Appendix 5). C22(3) is using the prioritisation criteria when two final applications are being considered for the same part of the network for medium-sized load (i.e. Appendix 4 c.9). Z is seeking to understand why the criteria for managing final applications are different.

General comments on Proposal A11 – Change the prioritisation clause to encourage more collaboration of final applications that might otherwise compete	
	c.14(2) of Appendix 5 c.14(2) of Appendix 5 states that the distributor is required to group applications together as if they were competitive bids and use its best endeavours to get the applicants to work together to amend their applications so that the distributor may consider the applications as complementary. Z believes that close attention to the implementation of c.14(2) in Appendix 5 will be needed as in our experience, when an EDB is required to mediate between multiple parties, it can be a drawn out and lengthy process. Equally, Z does not see a clear process for how two commercially competing groups in this situation are brought together effectively and a desirable outcome is achieved. Z suggests that in the situation above, it would be better if the EDB worked with both applicants to ensure the parties are connected to the distribution network. If additional investment in capacity in that area of the network is required as a result, applicants should be informed about the cost and process to achieve the connection – especially as grid studies are likely to have already been undertaken for these connections at the Interim Application stage. Appendix 4 Appendix 4 also includes criteria a distributor must use when two applications are at the same stage of the approval process. For this group of load (<69kVA and <300kVA) the distributor has the discretion to decide on prioritising connection applications based on which application/s (in whole or in part) would likely involve the optimal use of the network while achieving the most long-term benefit for consumers. Z disagrees with this proposal. Z's strong preference is to revert to the current wording in the Code for connecting generation that requires the distributor to "consider the final applications in light of the purpose of Part 6 of this Code". The purpose statement is "*to enable distributed generation and load to be connected to a distribution network or to a consumer installation that is connected to a distribution network, if being connected is consistent with connection and operation standards.*" Using the current criteria is more aligned with factors a distributor has control over – i.e. ensuring a connection is consistent with connection and operation standards – and enabling of connections. The Authority's statutory objective of "achieving the long-term benefit of consumers" sits above the Code and guides decisions the Authority makes about the requirements of the Code. However, the sections of the Code should include clear and specific rules will meet the statutory objective. Additionally, Z questions the reason why a distributor might agree to part of a load connection application. We understand this to mean that the distributor informs the applicant that a connection can proceed if the capacity is less than that requested. The applicant's choice to reduce the connection capacity at this late stage may result in the application being rejected and the applicant having to start the application process over again, causing delays in obtaining a load connection.

Proposal B: Add application processes for larger-capacity load to the Code	
G	**For Process 4 for medium load (>69kVA and <300kVA) applications: Do you support the proposed process and why? What are your thoughts on the proposed requirements, size thresholds and timeframes? What changes would you make to the medium-load application process, if any?**
	Z believes the regulated time frames proposed by the Authority are too long. In the situation where an applicant puts in a Final application on the day the distributor notifies approval of the prior stage, but the distributor also requests (and is granted) all the available time extensions, Z estimates a distributor has 46 to 55 weeks to grant Final approval for load above 69kVA and less than 300kVA. We note that Drive Electric[2] has previously provided the Authority 2022 data on the length of time from date of initial application to receiving a quote. The median time in this sample was 52.5 weeks to get a quote. The proposed regulated timeframes for the load group load above 69kVA and less than 300kVA is no improvement on this experience. Of note about the proposed timeframes: • it is unclear if the 40 business days (BD) for Initial approval start after the 30 BD distributors must give the applicant information and 10 BD the applicant has to request information (c.3 and 4 respectively). • the proposed Code allows for four extensions when reviewing a Final application for load <69kVA and <300kVA. This is a total of 160 BD or 32 weeks - at least the same amount of time that has already been spent reviewing an application. Z suggests the distributor should be allowed only one extension (not two) in c.11(2) and (3). Z suggests the industry should be aiming for an end-to-end process of 6 months or 26 weeks. In addition, Z recommends the Authority develop a fast-track process for applications from homogenous connection types. These connections would have known implications for network management – the only likely variable being the available capacity at the applicant's preferred location. Z suggests it would be useful to consider if the voltage of the connection should influence the information required and detailed process – rather than the kVA capacity. That is, is there a marked difference for a distributor if a load connection is to the low voltage or high voltage lines? We suggest Appendix 4 should allow for HV connections under 300kVA. Z's comments on Proposal A11 above relate to Appendix 4 c.(9)(2). Z submits the Code be amended as suggested above or at a minimum the Code must be clearer on how a distributor will determine what is the most optimal use of the network. This degree of discretion allows a distributor to decide to decline an application from a least favourable customer.

[2] Z is a member of Drive Electric, and a member of the CPO Working Group.

H	**For Process 5 for large load (≥300kVA) applications: Do you support the proposed process and why?** **What are your thoughts on the proposed requirements, size thresholds and timeframes? What changes would you make to the large load application process, if any?**
	Z is most likely to be making applications for load connections in the range of <300kVA and <1MVA. This is the smallest size category in Appendix 5. The principal difference between Appendix 4 and Appendix 5 is that the details provided and analysed in the final stage in Appendix 4 became the Interim application stage in Appendix 5. Once Interim approval is received, the applicant then has to make a Final application. The proposal would allow a distributor 8 to 16 weeks to make a Final decision (depending on load capacity). Z does not believe the additional time is necessary since the application will already have been considered at the Interim application stage. The only difference in the Code relating to a distributor's final decision (c.10 in Appendix 4) is that for larger load the applicant has provided "a project investment decision and Overseas Investment office approval, if available" (Appendix 5 c.15(2)(c)). If an applicant submits the Interim and Final applications on the day the distributor notifies approval of the prior stage, and the distributor requests (and is granted) all the available time extensions, Z estimates a distributor has 57 to 66 weeks (over a year) to grant Final approval for a load between 300kVA and 1MVA. While it's unlikely every application will take the maximum allowed time, performance in approving applications can only be measured against these regulated time frames. For example, an applicant can't lodge a complaint about a distributor taking 55 weeks to approve connection of a 305kVA load compared with 55 weeks for a 999kVA load because both time frames are allowed by the regulated process.
I	**Do you think the Authority should apply any of the proposed changes for large load to medium-load applications also? If so, which ones and why?**
	Z's view is that none of the proposed changes for large load should apply to medium load applications. We reiterate our comments under Proposal A11 (above) that the criteria for assessing two applications received at the final decision stage should: • be the same regardless of the size of the connection; and • not be changed from the current Code where the only criteria are that the application should be considered in light of the purpose of Part 6 of this Code.
J	**What are your thoughts on the Authority's summary of capacity rights allocation?**
	Z sees the process outlined by the Authority in paragraph 5.193, described when capacity rights are conferred / confirmed for applicants with a load of >300kVA, as reasonable. We note a load applicant[3] can request final confirmation of final capacity rights earlier if it commits to fully fund the necessary infrastructure and the distributor agrees to confer the

[3] Z believes there is a typo in the table on capacity rights in consultation paper (page 59) – referring to an applicant 'generator' instead of 'load'.

	capacity rights. Z suggests the load applicant would only agree to fully fund the necessary infrastructure if the distributor has agreed to confer the capacity rights. Z seeks clarity from the Authority about what the last bullet on 'Network investment capacity rights' relates to. The process of agreeing / signing a 'works agreement' with the distributor does not appear to be part of the connection application process. Z is seeking to understand whether the allocation of capacity rights described here are relevant for every connection application. Holistically, however, Z believes there is important information missing in the proposed connection application process and (potential) allocation of capacity rights. That is, providing the applicant with more information (and certainty) about the cost of a connection as early as possible in the process. With costing information an applicant can undertake optionality analysis to assess the economic viability of different locations. This analysis will help distributors as (most likely) a lower cost for connection means increased utilisation of the network without the need for upgrades.
K	**What else does the Authority need to consider beyond the proposals in this paper and why?**
	Z queries whether a different application process should apply for HV versus LV connected assets. This could be a technical threshold for applications, as opposed to the capacity threshold being proposed; or it could be in addition to the processes proposed for different capacities. Z believes it is unclear if the proposed allocation of capacity rights by distributors will prevent any anti-competitive behaviour by distributors, given distributors could be investing in load (and are investing in generation). A distributor could decline an application / allocation of capacity rights at the end of the connection application process as they have a forward view of capacity use (by themselves) that third party applicants do not.
Proposal C: Require distributors to publish a network connections pipeline for large-capacity DG and load, and provide information on this pipeline to the Authority	
L	**Do you support the proposed network connections pipeline, why, why not? What changes would you make, if any? What are your thoughts on the scope of the information to be published?**
	Z supports publication of distributors' network connections pipelines on their website(s). We agree generation and load applications greater than or equal to 300kW and 300kVA respectively should be listed on the pipeline at the time of the Initial application. Connections pipeline information will provide advantages and efficiencies in site selection and attaining load if the proposed Code provisions protect commercial aspects of projects. However, Z has concerns about the confidentiality provisions in the proposed Code, namely the proposal that distributors provide the Authority with GPS co-ordinates for generation and load greater than or equal to 300kW and 300kVA respectively. This is highly sensitive information for generators and load customers operating in competitive markets.

	Z's concern is two-fold: firstly, that the distributor appears responsible for deciding what is confidential information about a connection request from a load or generation customer and what can be shared with the Authority; and secondly, that the Authority has the ultimate right to decide what information to make public and can override the distributor's decision (c.6.3B(3)). Z suggests c.6.3B be amended to require the distributor to consult with its connection applicants to establish the information that should remain confidential.
M	**What are your thoughts on the proposal for distributors to provide information directly to the Authority on an ongoing basis?**
	Z believes this is a reasonable proposal and notes the Authority should ensure this reporting requirement is straightforward for distributors to minimise additional costs. Z disagrees that clauses 6.3(2) (da), (db), (de) and (df) and 6.3A(2) require distributors to publish information on the first business day of January each year. This reporting requirement is not time sensitive and could be shifted by one month to a time that does not fall within in the summer holiday period.
Proposal D: Require distributors to provide more information on network capacity	
N	**What do you think of the proposal to publish more information on network capacity? What challenges do you see with providing the data? What changes would you make, if any?**
	This is a great step forward and Z support this change. Although geospatial data is still important, most distributors already use geospatial data internally for planning and network management. There should still be a pathway towards geospatial data as access to the information in this form is going to enable future efficiencies in terms of data analysis and integration with eMobility models. Z submits the Code or the Authority's monitoring should achieve timely progress to a consistent standard of quality information provided by all distributors on network capacity (so that 'where known' in the Code is no longer relevant). Systems to monitor network capacity will be key to enabling meaningful dynamic connection and pricing to provide a financial incentivise to not increase peak load (from home EV charging and / or public EV charge points). This is a key opportunity to defer or avoid network infrastructure costs while also reducing transport fuel emissions.
O	**What are your thoughts on the scope and granularity of the information to be published?**
	Z sees that the granularity as fair but notes that looking forward, there should be a pathway to improve distributors' practices to better ascertain the low level (typically low voltage) granular data in the future. Even though this data may not be seen as important to larger CPOs, easy access to this type of data will enable smaller players to enter the market and will have a positive impact on reducing transport fuel emissions and competition.

	Z agrees an online portal on network congestion would be helpful. This is available in some networks in Australia and there would be efficiencies for distributors if a sector-wide model / process was implemented.
Proposal F: Add regulated and prescribed terms for load applications to the Code and amend dispute resolution requirements	
Q	**What are your thoughts on the proposed regulated and prescribed terms for load? What changes would you make, if any?**
	Z sees these proposals as reasonable and preferable to the 'contractual terms' alternative. Bilateral contracts are an option with the regulated terms being a backstop. Z supports the new requirement that the applicant provides meter data to the distributor (Schedule 6.2A c.4(3)). This should be data that assists distributors to manage network capacity and supports the publication of capacity information for everyone's benefit.
R	**What are your views on the proposed dispute resolution changes for Part 6? In what ways could dispute resolution be further improved? What are your thoughts on the alternative options to deliver dispute resolution discussed in this paper? Do you have any feedback on the 20-business day timeframe proposed?**
	Z agrees that these seem reasonable.
S	**Do you consider the alternative contractual terms option discussed in this paper (and in the Distribution connection pricing consultation paper) would be better than the proposal**
	Z's preference is to rely on backstop regulated and prescribed terms in the Code. We understand development of the contractual terms for distributors with traders (the Default Distribution Agreement (DDA)) took a substantial amount of time to finalise, it has been revised at least once by the Authority, and (then) each distributor has amended the Authority's default agreement to 'make it their own'. The Code allows for distributors and connecting parties to negotiate a bilateral agreement. During this negotiation both parties understand what the counterfactual is – the regulated and prescribed terms in the Code. Z's view is that contractual terms would be a positive change to the established process.
Proposal G: Increase record-keeping requirements for distributors	
T	**Do you support the proposal to increase the record-keeping requirements for distributors and why? What changes would you make, if any?**
	Z agrees with this proposal as a necessity to enable other parts of the Authority's proposal(s) in terms of data keeping and integrity.
Proposal H: Introduce new Part 1 definitions, and amend existing definitions	
U	**What are your thoughts on the proposed new definitions and amended definitions for Part 1 of the Code? What changes would you make, if any?**

	Z queries whether distributors' queuing and management policy should include any criteria the distributor applies when making a discretionary call during management of applications.
V	**What other terms do you think the Authority should define and what definitions do you propose for those terms?**
	Z has no comments.
Proposal I: Make minor and incidental amendments to the Code	
W	**What are your thoughts on the proposed minor and incidental changes to Part 6? What minor and incidental changes has the Authority missed and what changes would you make, if any?**
	Z has no comments.

ENDS