

20 December 2024

[REDACTED]

Sent via email: [connection.feedback@ea.govt.nz](mailto:connection.feedback@ea.govt.nz)

Dear Tim

## Network connections project – stage one

1. This is a submission from the Major Electricity Users' Group (MEUG) on the Electricity Authority's (Authority) consultation paper *Network connections project – stage one*<sup>1</sup> published on 25 October 2024.
2. MEUG members have been consulted on the approach to this submission. This submission does not contain any confidential information and can be published on the Authority's website unaltered. Members may lodge separate submissions.
3. We have only commented on the aspects of the consultation paper that relate to load connections, given our members' primary interests.

### Support measures to streamline and improve load connection process

4. MEUG welcomes the Authority's focus and prioritisation of improvements to the regulatory environment overseeing distribution network connections. An efficient, cost-effective and standardised connection process for customers across New Zealand's distribution networks is essential to support our country's electrification and decarbonisation goals, and to support business and industry growth to drive New Zealand's economy forward.
5. MEUG supports proposals B, C, D, F, G, H and I that are targeted towards larger-capacity load. We consider that the proposed package of measures should drive a more consistent and timely approach for large customers seeking to connect to distribution networks. This is an important issue for many of our members, particularly those that operate across multiple electricity distribution businesses' (EDBs) networks.
6. We support the Authority pursuing changes through the Code, rather than relying on voluntary guidelines or principles, as has been used in the past for the electricity distribution sector.<sup>2</sup> MEUG recognises that while some progress has been made via lighter-touch measures, a stronger, more prescriptive regulatory approach is needed to drive change across all the 29 EDBs. We consider that a 12-month transition period seems reasonable for these proposals.

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<sup>1</sup> [https://www.ea.govt.nz/documents/5956/Network\\_connections\\_project\\_-\\_stage\\_one\\_amendments\\_consultation\\_paper.pdf](https://www.ea.govt.nz/documents/5956/Network_connections_project_-_stage_one_amendments_consultation_paper.pdf)

<sup>2</sup> For example, distribution pricing principles and distribution pricing scorecards.

7. It is encouraging to see that the Authority is working with both the Electricity Networks Aotearoa (ENA) and Electricity Engineers' Association (EEA) to ensure that its work is coordinated with the projects being led by these organisations. MEUG believes that it is important that the Authority leverages the skills, detailed sector knowledge and resources available from these organisations, to develop Code changes, processes and guidelines that will shape the improvement needed across the connection process. This should also encourage greater buy-in from the sector.
8. We set out below our comments on the relevant proposals targeted at the connection of larger capacity loads:

- **Proposal B: Add application processes for larger capacity load to Code:** MEUG is comfortable with the Authority's proposed definition for medium capacity (>69kVA and <300kVA) and large capacity (>300kVA). We agree with the proposed approach that would allow large load applications to resubmit initial, interim and final applications at no cost. For large customers connecting to the distribution network, the arrangements are usually bespoke, and a degree of flexibility is needed to ensure the right solution is found for the electricity demand required and associated security requirements.
- **Proposal C: Networks connections pipeline for large capacity DG and load.** MEUG supports this proposal as it will provide greater transparency of the demand growth expected across networks and how EDBs are managing the connections. We stress the importance of ensuring that commercially sensitive information from customers is kept secure through robust systems, both at the EDB and Authority level. Some of this information, if made available to unauthorised parties, could impact the businesses seeking to invest in New Zealand's networks and hamper competition.
- **Proposal D: Require distributors to provide more info on network capacity.** MEUG strongly supports this proposal, as it will be hugely beneficial for both new connections seeking to connect to the network, and existing load customers seeking to expand their capacity to sites. We recognise that some EDBs already provide this information, such as Powerco,<sup>3</sup> and encourage other EDBs to learn from these early adopters.

We note in paragraph 5.230 of the consultation paper, the Authority states that data is "*not required to be published where it is not held*". We would encourage the Authority to monitor how this aspect of the Code is applied, as we do not want this clause to inadvertently discourage EDBs from investing in further data, due to the requirement to then publish (noting the time/resources to set this up). It is important that the data on distribution networks keeps evolving and is future-proofed to changes in electricity consumption and distributed generation.

- **Proposal F: Add regulated terms and prescribed terms for load applications to the Code and amend dispute resolution requirements:** While we note that most MEUG members are likely to enter into a connection contract directly with an EDB, we support this proposal. It is important for customers to have access to dispute resolution, due to the imbalance in negotiating power. EDBs are monopolies, and in most situations, customers looking to connect to the electricity network are unable to negotiate with multiple EDBs (or Transpower) due to the constraints of the specific location of their business.

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<sup>3</sup> For example, Power's high voltage demand capacity map, <https://www.powerco.co.nz/news/media/new-high-voltage-demand-capacity-map>

- **Proposal G: Increase record keeping requirements.** MEUG expects that EDBs would keep a reasonable level of information, particularly for financial and regulatory reporting, governance and management oversight, and to assist asset management activities. MEUG is keen to understand if there is a clear issue in this space, and if so, would the benefit of this requirement outweigh the costs.
- **Proposals H and I:** On a principled-basis, we support the Authority reviewing and improving the Code to ensure that it is clear, correct, reflects current industry practice and is future-proofed for new technologies and industry participants.

**Welcome opportunity to discuss our comments further**

9. If you have any questions regarding our submission, please contact [REDACTED] or via email at [REDACTED].

Yours sincerely

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