

24 January 2025

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

Dear Tim

Network connections project – stage one

1. This is a cross-submission from the Major Electricity Users' Group (MEUG) on the Electricity Authority's (Authority) consultation paper *Network connections project – stage one*¹ published on 25 October 2024.
2. MEUG members have been consulted on the approach to this cross-submission. This cross-submission does not contain any confidential information and can be published on the Authority's website unaltered. Members may lodge separate cross-submissions.

Summary of MEUG's points

3. There is considerable interest in the Authority's work to improve and standardise both the process and pricing approach for new electricity distribution connections, as evidenced by the large number of submissions received on both papers. Given the tight timeframe for preparing a cross-submission, MEUG has quickly reviewed all submissions and focused on providing high-level comments.
4. It is encouraging to see strong support across the sector for improving the connections process, ensuring both distributed generation (DG) and new customer loads can be connected to New Zealand's networks in a safe and timely manner. We consider that submitters have raised several possibly beneficial suggestions around how to improve the process, including better alignment with international regimes, and the importance of additional steps such as the pre-application process. We encourage the Authority to explore including some of these suggestions in stage one of this project.
5. Many submitters are aligned with MEUG regarding the clear and pressing need for greater information on network capacity. We support the recommendations that this information be provided through geospatial data / web-based tools and aligned with Commerce Commission requirements, to best meet the needs of consumers and EDBs.

¹ https://www.ea.govt.nz/documents/5956/Network_connections_project_-_stage_one_amendments_consultation_paper.pdf

6. MEUG notes that many stakeholders, primarily EDBs, have raised concerns around the Authority's re-introduction of the "obligation to supply". We consider that this issue requires further discussion, given the scale of comments from both EDBs and consumers, to find a workable solution of what is expected – an obligation to quote may be an option that could be explored. We expand on these points below.

Opportunities to improve the connection process

7. MEUG supports the articulation of a clear problem definition and intervention logic when introducing regulatory measures. There seems to be some debate amongst submitters about the scale of the problem:
 - Electricity Networks Aotearoa (ENA) notes that *"many thousands of connections are made to the distribution networks every year across New Zealand with relative ease for the vast majority of customers.....[therefore] the Authority's focus would be better directed to non-standard, low volume and more complex connections."*²
 - Vector³ calls for *"robust quantitative analysis.....[to] question how the Authority has confidence that the existing processes are not serving the majority of access seekers well."*
 - Customers such as Z Energy and Flick⁴ provided evidence of their experience with the connection process and receiving a quote for projects.
8. We encourage the Authority to ensure that any decision paper following the consultation period re-iterates the problem it seeks to address through Code changes, including the subset of customer connections targeted and baseline data on connection process. This will ensure that the impact of these Code improvements can be measured, and this information is made available to all interested parties.
9. MEUG was encouraged to read the number of improvements suggested by submitters, to improve the distribution connection process. Of particular interest, we noted the following:
 - Contact Energy⁵ discussed the importance of a pre-application step, to ensure that EDBs have got all the necessary information to begin processing a connection request.
 - Submitters referenced the approaches taken in the United Kingdom (Ofgem) and in Australia. For example, Waipa Networks⁶ discussed the approach taken by the Australian Energy Market Commission (AEMC) incorporating smart meter data for community safety purposes.
 - Many submitters referenced the ENA's Future Networks Forum (FNF) Connections Journey Mapping project and the quick wins it is pursuing, with input from network access seekers such as DG customers and public EV charging point operators. Coordination with this work seems an obvious win.

² Page 1, [Electricity Networks Aotearoa](#) (ENA) submission.

³ Paragraph 6, [Vector Limited](#) submission.

⁴ [Z Energy and Flick](#) submission.

⁵ [Contact Energy](#) submission.

⁶ [Waipa Networks](#) submission.

- Wellington International Airport⁷ highlighted the importance of recognising lifeline utilities when approaching distribution connections.
 - Acknowledgement that EDBs are increasingly interested in constructing their own generation; therefore, there is a clear and pressing need to have a framework in place to address any risks of EDBs prioritising their own work.
 - Lodestone Energy⁸ set out several high-level principles to guide the connection process, including ways to “eliminate speculative developers” and “enforce completion of projects in a timely fashion”.
10. MEUG suggests that many of these improvements should be considered further to ensure a more efficient and timely process for new connections. We encourage the Authority staff to seek out further information on these ideas as they finalise the proposed Code amendments.
11. In addition to recommended improvements, we note that many parties noted concerns with the criteria to prioritise connections. Many parties felt that requiring EDBs to prioritise final applications in terms of *long-term benefit for consumers* was more in line with the Authority’s mandate, not EDBs. Greater clarity would be needed to see how this could be put in practice by EDBs. We encourage the Authority to provide more guidance around application of this criteria.

Importance of capacity information for enabling growth

12. The disclosure of network capacity information is strongly supported and sought by many submitters, who engage with the 29 EDBs. We support the points raised by both Meridian Energy⁹ and the Energy Efficiency and Conservation Authority (EECA)¹⁰ that the information should be made available in an accessible digital format that is consistent with the Commerce Commission’s geospatial requirements. We encourage the Authority to implement this proposal as soon as possible, given the number of businesses already exploring connections to networks and the Prime Minister Christopher Luxon’s focus on growth and statement that many sectors, including energy, need more competition to lower costs and improve productivity.¹¹
13. In addition, MEUG considers that there is merit in exploring Orion’s suggestion:
- “... That the Authority consider requiring Transpower and Generators to publish generation available and transmission network capacity and planned upgrade projects. It is critical that applicants see a holistic view of where constraints may exist, and upgrades planned to remediate those constraints, on either the Transmission or Distribution networks.”¹²*
14. MEUG notes that this type of information is already partly covered by Transpower’s Transmission Planning Report 2023,¹³ the Authority’s generation pipeline,¹⁴ along with the EDBs Asset Management Plans. We believe that a holistic view of the full electricity system,

⁷ [Wellington International Airport](#) submission.

⁸ [Lodestone Energy](#) submission.

⁹ [Meridian Energy](#) submission.

¹⁰ [Energy Efficiency and Conservation Authority](#) (EECA) submission

¹¹ [Flood of generation needed in market – Luxon](#), Energy News, 23 January 2025.

¹² Page 2, [Orion](#) submission.

¹³ Document is overdue for an update.

¹⁴ Available at <https://www.emi.ea.govt.nz/Wholesale/Datasets/Generation/GenerationFleet/Proposed>.

building on the number of information sources already available in varying forms, would be beneficial for consumers and help the growth and expansion of businesses in New Zealand.

Obligation to supply

15. MEUG has reviewed the serious concerns raised by EDBs, ENA and Energy Trusts of New Zealand (ETNZ) regarding the Authority's proposals that will re-introduce an "obligation to Supply". ETNZ outlines the issue:

"The proposed changes create an explicit obligation to supply new loads. This was acknowledged by the EA on their webinar of 11 November. This obligation was removed by statute at the start of the deregulation of the sector in the 1990's. Reinstatement of this obligation should not be done through lesser and more opaque methods. Furthermore, reinstating the obligation to connect and dictating the terms (including price) on which this is done is tantamount to forced investment.

To be clear, we are not suggesting networks will resort to wholesale refusal to connect, but forcing networks to connect customers under any circumstances is unacceptable."¹⁵

16. ENA expands on these concerns, noting that "for the Authority to re-introduce this obligation it is arguably counter to the intentions of Parliament, and something that should be introduced (if genuinely desired) via amendments to primary legislation."¹⁶ Many EDBs saw this proposal as forcing them to undertake investment, with a number of other unintended consequences, such as impacts on resourcing and the risk of obligation on EDBs for ongoing maintenance.
17. MEUG appreciates these concerns and recognises that re-introducing these obligations via the Code may not be the preferred approach. However, rather than removing the obligation, we consider that a middle ground could be found. By obligating EDBs to provide a quote, it provides customers with insight into the true cost of a network connection (and ongoing maintenance costs etc.), while creating the opportunity for EDBs and other parties to explore alternatives for electricity supply. This in essence creates some contestability in the approach to meeting connection requests, creates business opportunities, and may see more cost-effective solutions deployed for consumers. We would welcome the opportunity to discuss a way forward with the Authority, EDBs and submitters on what a workable solution could be.

Next steps

18. MEUG supports ENA's suggestion¹⁷ that the Authority should undertake a second round of consultation focused on the technical detail and Code drafting. This would provide parties with greater time to review the proposed Code drafting, ensure that it meets the stated intent, and any improvements from the first consultation round can be adopted.
19. As noted above, MEUG also consider that further engagement or a targeted workshop on the "obligation to supply" is warranted to explore the issues raised by submitters and find a workable solution that is in the long-term interests of consumers.

¹⁵ Page 2 of [Energy Trusts of New Zealand](#) (ETNZ) submission.

¹⁶ Page 2 of [Electricity Networks Aotearoa](#) (ENA) submission.

¹⁷ [Electricity Networks Aotearoa](#) (ENA) submission.

Welcome opportunity to discuss our comments further

20. If you have any questions regarding our cross-submission, please contact MEUG on

Yours sincerely

Major Electricity Users' Group