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23 January 2025

The Electricity Authority
PO Box 10041
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Via email: connection.feedback@ea.govt.nz

Cross-submission: Distribution connection pricing and stage one connections

Energy Trusts of New Zealand Incorporated (ETNZ) welcomes the opportunity to provide a cross-submission based on published submissions to the Electricity Authority's (EA's) consultations on:

- Network Connections Project – Stage One
- Distribution Connection Pricing Proposed Code Amendment.

It is clear from submissions that there is universal acceptance that existing connections processes can and should be improved, and that distribution networks are receptive to making changes to existing processes.

What is less clear from the submissions is the scope, scale, and pace of change required. Unison Networks summed it up well by making the point that any benefits obtained must be robustly balanced against the cost of reform to distributors and ultimately their existing customers.

A number of submitters challenged the EA's view that the proposed changes would benefit all parties. Many have asked for a robust cost-benefit analysis to be carried out and we support this. Our view remains that the changes benefit a small number of connecting parties while pushing cost and risk onto existing customers. We note that there are no submissions from existing customers, and this is concerning. We believe that if the EA had correctly represented the change as being one where existing customers pay more to subsidize new connections, then it would have received more balanced feedback. We urge the EA to find ways of engaging with existing customers to obtain their feedback before making any changes. We reiterate our offer to facilitate such discussions within the communities our members represent.

There were numerous examples provided by submitters that highlighted the difference in prices for connections across New Zealand. What was not clear was what was driving this variance. There are many factors that influence the cost to connect. Having a better understanding of these would be of benefit to all parties. Standardizing processes and pricing approaches will likely not fix this variability. We suggest that the EA convene a hui to enable networks and connecting parties to come together and

unpick real life examples to better understand the underlying drivers. This could then be used to inform a future work programme.

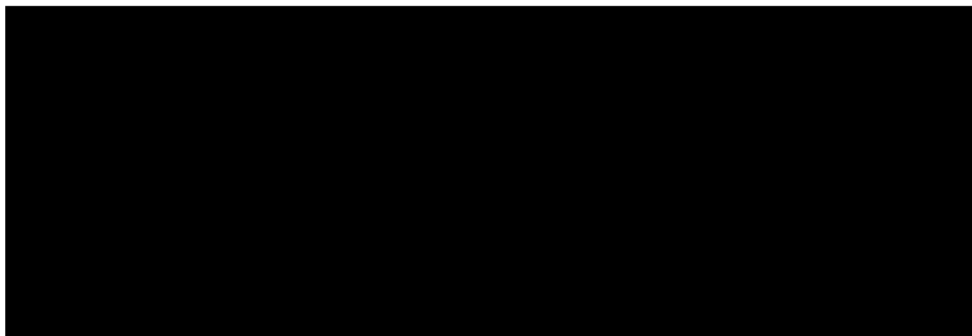
Transpower noted that the industry is presently resource-constrained and that a strong focus on reforming connections processes could have the unintended consequence of slowing other work. We agree but would extend this further. The EA must be careful not to expend scarce resources on this initiative without clearly understanding the underlying issues and how to fix them. We urge the EA to slow down, to fully understand the issues, to develop a robust cost-benefit analysis and to consider other approaches to implementing change other than the heavy-handed use of the Code. We believe the industry responds best when set a deadline by a regulator to respond to a challenge. The development of the wholesale market is testament to this.

Many submitters highlighted issues around capacity rights and the reinstatement of the obligation to connect. The proposed changes set dangerous precedents that will have profound implications if implemented and we strongly suggest they are removed.

There was comparatively little direct feedback on the draft code changes. Given this we support Electricity Networks Aotearoa's recommendation that the EA hold a follow up limited technical consultation after this consultation for the sole purpose of reviewing the proposed Code drafting. This is important to ensure that it meets the EA's stated intent and does not contain any technical drafting errors.

Should you wish to discuss any of the points raised above, please feel free to contact ETNZ through [REDACTED] in the first case. As per our submission our members welcome further engagement in this area to find enduring solutions that do not result in existing customers shouldering an unfair burden of cost and risk.

Yours sincerely,

A large black rectangular redaction box covering the signature area of the letter.

Richard Allison
Chair
Energy Trusts of New Zealand Inc