29 January 2026

Hon Simon Watts
Minister for Energy
By email to: s.watts@ministers.govt.nz

Dear Minister Watts,

Thank you for your letter of 6 October 2025 setting out your expectations for electricity distribution businesses (EDBs) and seeking views on how we can work together to improve outcomes for New Zealanders.

This letter sets out Electricity Network Aotearoa's (ENA) response to you, which 29 EDBs are generally aligned on.[1] Chief Executives from individual EDBs may also choose to write to you individually, and/or via their Trusts, to highlight priorities for their local customers and communities.

Our response does not cover every initiative or collaborative model being explored across the sector, but is a starting point that all 29 EDBs generally support and will work to scope further to understand the viability and benefit for their consumers.

We all agree with your bottom line — New Zealanders need affordable and secure energy for their homes and businesses.

EDBs are part of the communities they serve. Their people live locally — their customers are their neighbours, family, friends and schools. EDBs see the cost-of-living pressures households and businesses are facing, and are continually striving to keep the supply of energy reliable and as affordable as possible.

We agree with you that customer experience must keep improving, both for new connections and for existing customers adopting distributed energy resources (DER), such as rooftop solar and batteries. Your letter is clear that customers should experience consistent, timely connections and fair compensation for the power they export, and that EDBs are key to creating a more flexible and 'future fit' electricity system.

How this response is structured

This covering letter responds directly to the concerns set out in your letter. It is followed by 'supporting information,' which provides the detailed evidence, background and proposed actions — including indicative timeframes.

[1] As Powerco has entered into an agreement to purchase Firstlight Network, Firstlight has made a decision not to input into this letter.

Your concerns and how we work together

Our understanding from your letter is that you are particularly concerned about affordability, customer experience and security of electricity/ resilience. In particular, you are interested in how EDBs can attain efficiency gains, with specific information on:

- existing EDB collaboration and how this can be scaled
- new actions that can be taken to accelerate EDB collaboration and standardisation
- how network utilisation can be improved to lower costs.

In addition, you also have specific concerns around enabling customer participation through fairer connection and export/distributed energy resource (DER) practices, including:

- faster connection turn-around times
- queue management
- standardised connection processes
- extending export limits to at least 10kW.

Across all 29 EDBs, there is a shared understanding of the challenges the sector faces and a commitment to work together to address them. The supporting information provides detail about each of these topics bullet-pointed above and how we think EDBs (along with government and regulators) can each play their part.

Collaboration across lines companies happens behind the scenes every day. This includes sharing what's working, swapping resources and processes, and supporting each other on common challenges. From regulatory specialists and pricing teams through to HR managers and those working to reduce energy hardship, the sector is constantly working together to deliver better outcomes for customers.

Many EDBs already have initiatives underway, that align with the themes you've outlined. ENA has provided a co-ordinating role to capture some of these, in addition to working with all members to refine and build on them in response to your letter. We have included key existing and 'in progress' initiatives in the relevant sections of Part 1 of the supporting information. A further list of initiatives, less directly related to the main themes, is included in Part 3, to provide you with a sample of the wider collaboration underway.

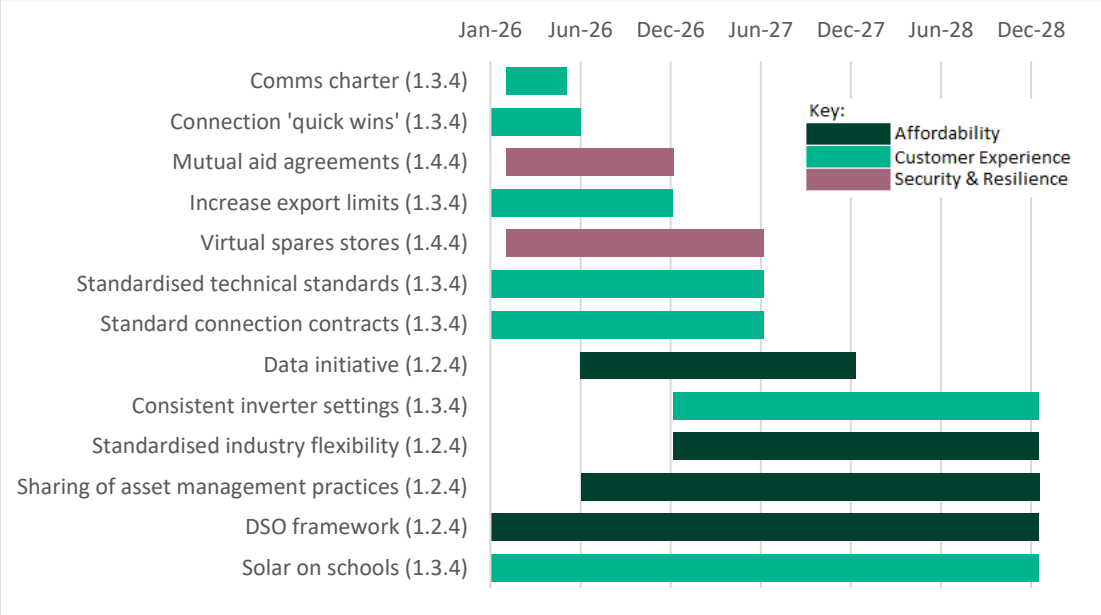
We support your emphasis on stronger collaboration and standardisation, and we are keen to build on this further.

New initiatives we will explore

The figure below summarises the new initiatives that EDBs will explore in the short, medium and long term. We believe these will contribute to the themes outlined in your letter.

We have provided high-level information and estimated timelines for implementation in the supporting information. The timing and nature of these are subject to change as we scope them further, undertake a cost–benefit analysis and consider resource requirements, to ensure they are in the best interests of customers.

Figure X1: Summary of new initiatives (timings are estimated and may change as detailed project plans are developed)



If there are specific initiatives you would like more detail on, please let us know. These are not the only projects EDBs will be working on, but they are the most relevant to the themes you highlighted.

Managing expectations on affordability impacts and timing

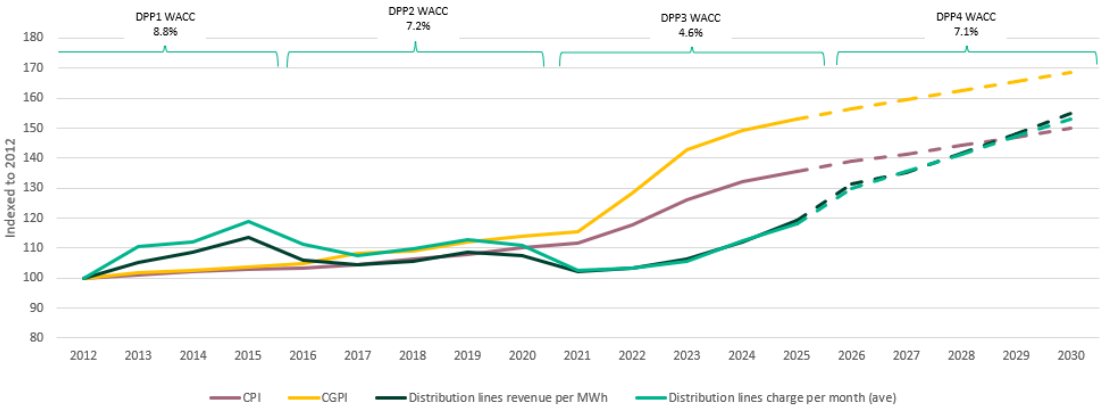
We want to be pragmatic about what can change quickly and what will take time.

The electricity sector is complex. We agree that collaboration is positive, and we will continue to do this, however, it will not solve the affordability problem on its own. EDBs are responsible for 24.5% of the household power bill. A large proportion of distribution charges reflects long-life network assets that already exist — in other words, costs that are largely fixed in the short term. That means operational improvements and new initiatives are important (and we are committed to them), but they cannot, on their own, materially change distribution charges in the near term.

Over the past decade, EDBs have kept distribution lines charges broadly flat in real terms, with average increases tracking below the consumer price index (CPI) — and more significantly below the capital goods price index (CGPI) — despite rising input costs and increasing resilience and service expectations (see Figure X2, below). This reflects a sustained focus on cost discipline and value for customers, and it remains a core commitment as we work through the cost increases of DPP4[2] and look further ahead.

[2] DPP4 is the default price-quality path that commenced on 1 April 2025 and ends on 31 March 2030.

Figure X2: Distribution lines charges 2012 – 2030, indexed to 2012 dollars



Source: ENA analysis, based on Commerce Commission published ID data to 2025, Stats NZ CPI and CGPI, and forecast data from the DPP4 modelling suite and asset management plans

The biggest opportunities to reduce the rate of increase in distribution charges — and to smooth price impacts — are more likely to be realised through the next regulatory cycle (DPP5, commencing 1 April 2030, and beyond). This includes potential changes to core regulatory settings, such as depreciation profiles and the allowed return on capital, which materially shape prices over time and are best considered through a structured, evidence-based regulatory process. This is discussed further in 1.2.2, 2.4 and 2.9 of the supporting information.

Next steps and transparency

ENA commits to providing you with an update on progress against the initiatives noted in this letter by 31 August 2026.

We also plan to provide a copy of this response to energy spokespeople of other political parties. We want to be clear and transparent about our advocacy, the challenges we face, and the practical steps we are taking to improve outcomes for customers.

We welcome the opportunity to meet and discuss this response, answer any questions, and talk through implementation pathways. If you would like to arrange a meeting, contact Tracey Kai – Chief Executive of the ENA via tracey@electricity.org.nz or +64 21 499 681.

We see this as the start of an ongoing conversation to work constructively with you, MBIE officials, regulators and your independent reviewer.

Kind regards

Nigel Barbour
Chair, Electricity Networks Aotearoa

Tracey Kai
Chief Executive, Electricity Networks Aotearoa

Supporting information

1 Addressing your core concerns

1.1 Introduction

The following sections of part 1 provide more detailed information on affordability (1.2), customer service (1.3) and security of supply (1.4). Each of these sections follows the same format: problem definition, background and current state, examples of existing EDB initiatives, proposed new EDB initiatives, and suggested actions for Government, Regulators and officials related to each topic.

We have provided high-level information and estimated timelines for implementation of proposed new initiatives that EDBs will explore in the short, medium and long-term, which we believe will all contribute to the themes outlined in your letter. However, these are subject to change as we scope them further, and undertake a cost-benefit analysis and consider resource requirements, to ensure they are in the best interests of customers.

If there are specific projects you would like further detail on, please let us know. Please note that these are not the only projects EDBs will be working on over this time, but they are the most relevant in response to the themes highlighted in your letter.

1.1.1 Who is ENA?

Electricity Networks Aotearoa (ENA) is the industry membership body that represents the New Zealand distribution sector, which takes power from the national grid and delivers it to homes and businesses. All 29 EDBs are members of ENA. A full list of our members can be found here: https://www.ena.org.nz/about/members.

Collectively, EDBs employ over 7,800 people, deliver energy to more than two million homes and businesses, and have invested $6.2 billion in network assets over the last five years. ENA harnesses the collective expertise of its membership to promote safe, reliable and affordable power for consumers.

1.2 Affordability

1.2.1 Problem definition

EDB revenues and charges have been tracking below CPI for the last 12 years. This changed in November 2024, when the Commerce Commission made its decision on DPP4, which allowed for a significant uplift in expenditure (and therefore prices) to reflect:

- higher costs faced by EDBs, including inflation and interest rates since the last review in 2019
- the need to maintain and replace ageing network assets built last century

- preparing EDBs for an expected 68% increase in electricity demand by 2035 — this includes the depreciation burden of extra investment that must be recovered through prices.

These are necessary investments to ensure communities and businesses continue to receive a safe, reliable and future-ready electricity supply.

When combined with increases from Transpower, consumer bills will increase by an average of $10 per month in the first year, with lower EDB-specific increases in years two to five.[3] At the same time, gentailers are also facing rising costs, which also add to customer bills. This is making electricity more expensive for households and businesses, while balancing security of supply.

We are aware that increases of this scale, at this time, have been difficult for households and businesses, but we believe they reflect the reality of escalating input costs. Nevertheless, EDBs are doing what they can to bring down costs for customers and are considering alternative solutions that may reduce whole-of-life costs.

Affordability is not a problem EDBs can fix alone. The Commerce Commission's decision paper on Aurora Energy's transition from its customised price path (CPP) to the 2025–2030 default price-quality path highlights this. It notes that "most of the increase in revenue post CPP reflects higher external cost pressures, including the cost of borrowing, return on capital, cost of materials and other inflationary pressures. Operating expenditure (opex) and capital expenditure (capex) allowances by comparison contribute a small proportion of the increase in forecast net allowable revenue."[4]

While EDBs take very seriously the responsibility to manage their costs, there are many cost pressures on the sector that sit outside EDBs' direct control.

The next section provides further context, including what EDBs are already doing and what additional things can be done. Also highlighted are potential areas where government and regulators could support reduced electricity prices. While some 'quick wins' would be in the interests of consumers, all of these options will take time, with the biggest potential levers for affordability likely to only materially move the dial from 2030 when DPP5 comes into effect.

1.2.2 Background and current state

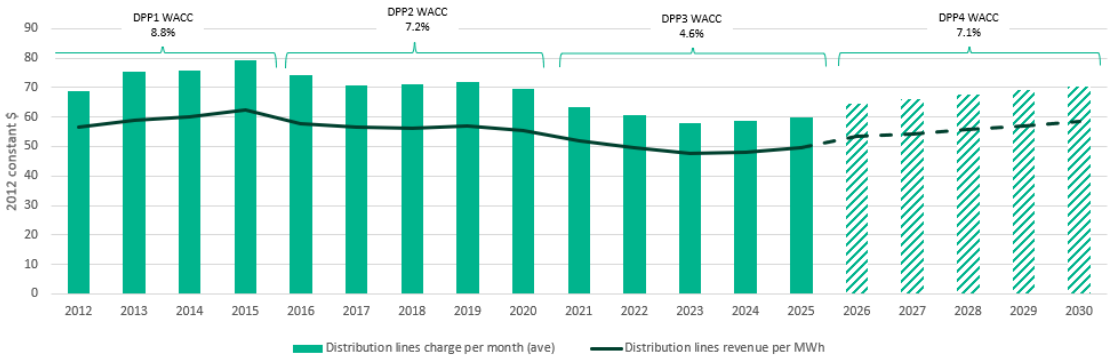
EDB prices have increased slower than the underlying cost escalations

EDBs have kept distribution lines charges down over the last decade, trending below CPI and even more significantly below CGPI (see figures 1 and 2, below), and EDBs continue to be committed to keeping prices as low as possible. This is despite EDB input costs escalating at rates in excess of CPI, with a possibility of future increases continuing to be over and above

[3] Commerce Commission, Joint-RCP4-DPP4-Final-decision-stakeholder-and-media-slides-20-November-2024.pdf, 20 November 2024.
[4] Commerce Commission, https://www.comcom.govt.nz/assets/Documents/our-assessment-of-aurora-energys-investment-plan/Aurora-Energys-transition-to-the-2025-to-2030-default-price-quality-path-Final-decision-reasons-paper-25-November-2025.pdf, 25 November 2025, page 7, paragraph 1.7

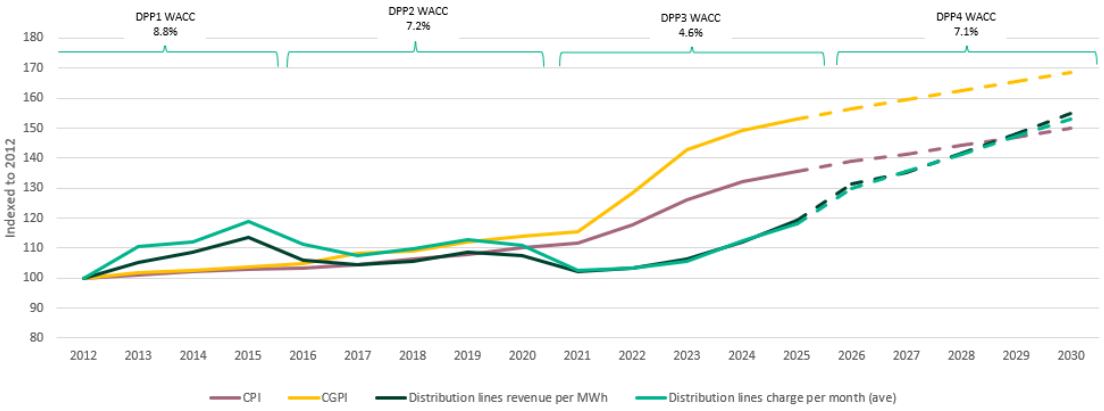
inflation.[5,6] EDBs are committed to enabling an affordable transition by spending efficiently to address the challenges posed by the differing drivers of electrification and resilience.

Figure 1: Distribution lines charges 2012 – 2030



Source: ENA analysis, based on information disclosure, asset management plans and Commerce Commission DPP4 communications[7]

Figure 2: Distribution lines charges 2012 – 2030, indexed to 2012 dollars



Source: ENA analysis, based on Commerce Commission published ID data to 2025, Stats NZ CPI and CGPI, and forecast data from the DPP4 modelling suite and asset management plans

[5] In its DPP4 decision, the Commission added a further 0.8% on top of the capital goods price inflation (CGPI) index, "based on evidence of higher capital goods price inflation (CGPI) for EDBs than in the general economy." Default-price-quality-paths-for-electricity-distribution-businesses-from-1-April-2025-Final-decision-Reasons-paper-20-November-2024.pdf, November 2024, page 43, paragraph 2.17.2, noting the potential for this trend to continue at paragraph 2.101 on page 69.

[6] Please also see the Oxford Economics Australia report 'NZ EDBs Capital and Operating Expenditure Cost Escalation,' which provides more insight on the reasons behind escalating input costs. OEA-EDB-Escalation-Report-prepared-for-Orion2C-Vector2C-Wellington-Electricity-June-2024.pdf

[7] 2012 to 2025 based on actuals reported under information disclosure. 2026-2030 forecast lines charges per month have been projected using high-level Commerce Commission estimates of customer bill impacts (Understanding how changes to lines charges may impact your electricity bill | Commerce Commission) with MWh forecasts from published EDB asset management plan forecasts

Both the Commerce Commission[8] and a recent Boston Consulting Group (BCG) report[9] acknowledge the decline in real terms of distribution prices from 2010 to 2024, and 2015 to 2024 respectively.

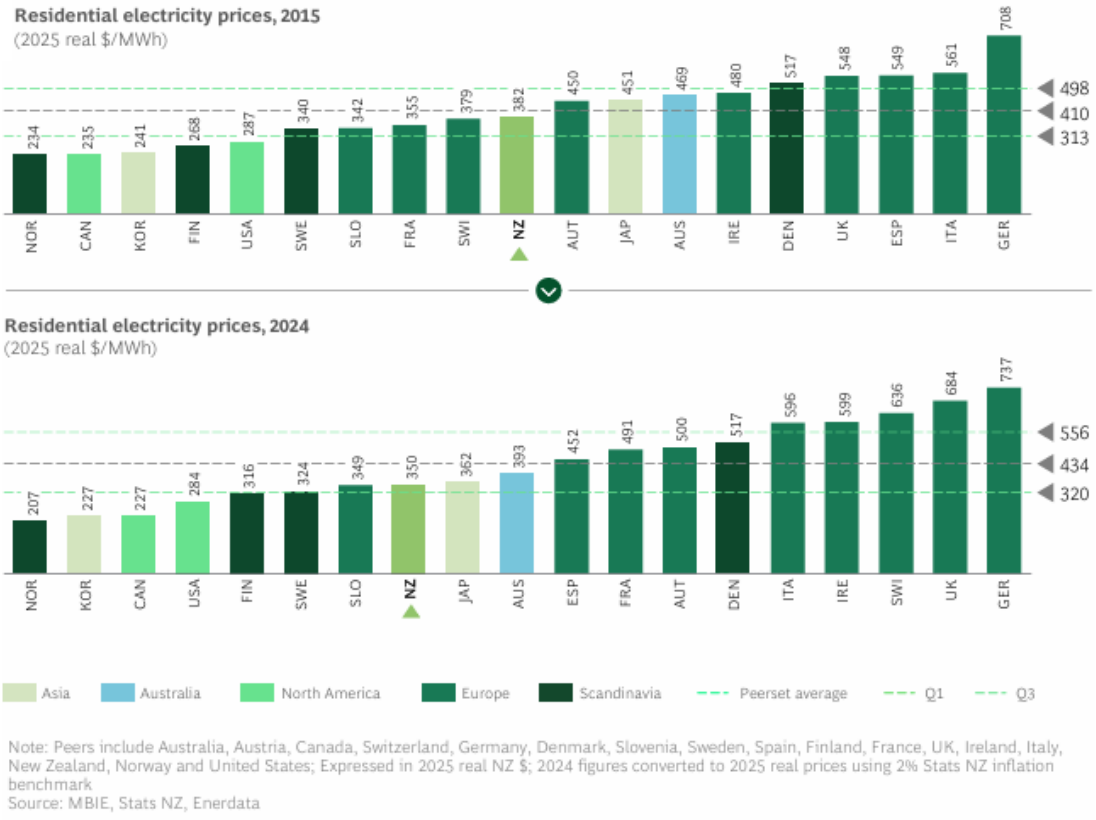
The DPP4 uplift, which affects prices from 1 April 2025, reflects both a 'normalisation' after the period of below-CPI price increases, and also reflects the need for increased investment through the transition and the expectation of continuing growth in input costs.

The local network portion of the electricity bill has decreased from 27% to 24.5%,[10] which suggests the EDB portion of the bill is increasing at a slower rate than retail and generation, which have collectively increased from 45% to 49.5% over the same period.

New Zealand ranks reasonably favourably for electricity affordability globally

New Zealand ranks reasonably favourably in terms of electricity affordability globally, with our ranking improving over the period 2015 to 2024.

Figure 3: New Zealand residential electricity prices compared to global peers



Note: Peers include Australia, Austria, Canada, Switzerland, Germany, Denmark, Slovenia, Sweden, Spain, Finland, France, UK, Ireland, Italy, New Zealand, Norway and United States; Expressed in 2025 real NZ $; 2024 figures converted to 2025 real prices using 2% Stats NZ inflation benchmark
Source: MBIE, Stats NZ, Enerdata

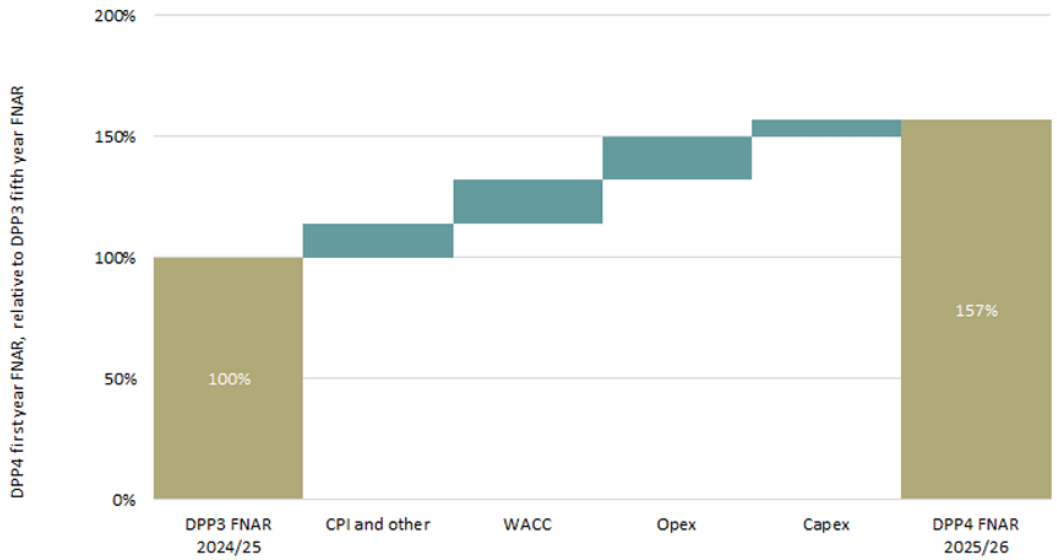
Source: BCG report 'Energy to Grow'[11]

[8] Commerce Commission, Trends in local lines company performance, 25 June 2024, page 3.
[9] Boston Consulting Group, Energy to grow – Securing New Zealand's future, 2025, page 72, exhibit 50.
[10] Refer to power bill graphic produced by the Electricity Authority here: Your power bill | Electricity Authority.
[11] Boston Consulting Group, Energy to grow – Securing New Zealand's future, 2025, page 77, exhibit 57.

Components of EDB costs

Only $4.30 of the average $10 per month price increase from 1 April 2025 for the DPP4 decision was attributed to increases in underlying capital and operating costs of EDBs. The other $5.70 was attributed to increases in CPI and weighted average cost of capital (WACC).[12]

Figure 4: Drivers of change in forecast net allowable revenues between DPP3 and DPP4



Source: Commerce Commission[13]

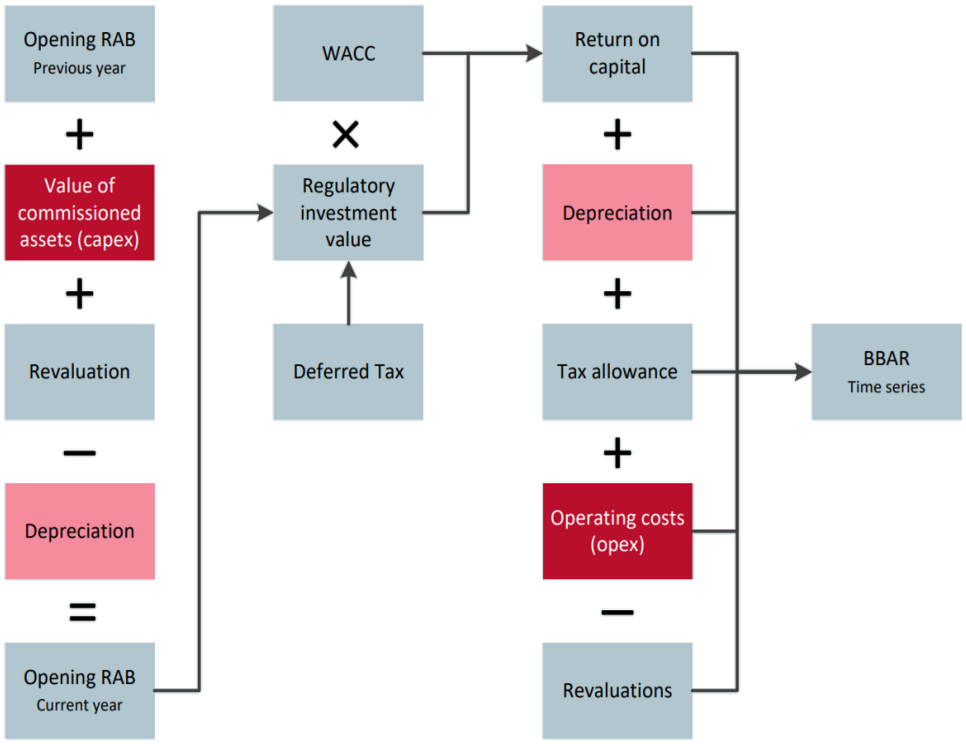
The building blocks regulatory approach means that price-quality-regulated EDB revenues — and therefore prices — are based on a formula that adds up the components of an EDB's costs and sets the revenue based on that. The starting prices set for EDBs are specified in terms of maximum allowable revenue (MAR), which is an amount including pass-through costs and recoverable costs (including Transpower charges, rates and levies), based on:

- Determining the building blocks allowable revenue (BBAR), which is shown in the figure below
- Smoothing each of the BBAR amounts over the regulatory periods.

The inputs in red (capex and opex) are those forecast and assessed through the default price path (DPP) process every five years. The items in pink (depreciation) are affected by Commerce Commission decisions on accelerated depreciation, predominantly through the Input Methodologies (IMs). Remaining building blocks are derived from a mixture of the Information Disclosures (IDs) and IMs. Please refer to Part 2 for recommendations on how WACC and depreciation building blocks could be adjusted to smooth price impacts for customers.

[12] Commerce Commission, EDB-DPP4-Final-decision-Reasons-paper-Attachment-F-Revenue-path-20-November-2024.pdf, November 2024, page 7, paragraph F18
[13] Commerce Commission, EDB-DPP4-Final-decision-Reasons-paper-Attachment-F-Revenue-path-20-November-2024.pdf, November 2024, page 8, figure F2

Figure 5: How building blocks allowable revenue (BBAR) is calculated



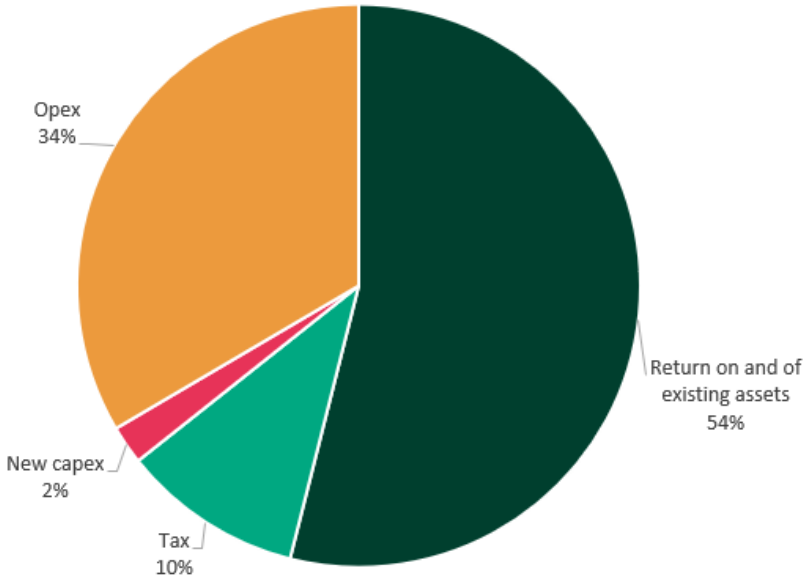
Source: Commerce Commission[14]

This approach means that the lines charge passed onto retailers from EDBs includes the building blocks shown in Figure 5, but also the on-charge of transmission costs, rates and levies.

In reality, what this means is that each year, the EDB price is made up of approximately the following proportion of each component.

[14] Commerce Commission, Default price quality paths for EDBs from 1 April 2020 issues paper, 15 November 2018, page 39, figure 4.2

Figure 6: Breakdown of DPP4 BBAR



Source: ENA analysis based on the Commerce Commission's DPP4 final determination financial model[15]

Even the tax building block is predominantly tax on the existing assets. This means that over 60% of the distribution line charge for customers is a 'sunk' cost in the short term. Even if all new investment and operational activity were halted tomorrow, including maintenance and staffing, the underlying annual expenditure only drives about 36% of the annual bill. The rest driven by existing assets, tax and regulatory/policy factors outside of EDB control.

For an average customer's bill of $977, that means $628 is 'locked in' and outside of an EDB's control to manage.[16] Equally, reducing forward capex only has a modest effect on charges. A $100 million reduction in the 2027 work programme would reduce next year's allowed revenue by around $2.2 million, spread over 2.3 million customers, representing less than a $1 per customer annual saving.

We trust this clarifies both the underlying cost structure and why short-term operational measures alone cannot materially reduce distribution charges. The most meaningful and durable levers to put downward pressure on price are therefore related to work that could be progressed with the Commerce Commission and MBIE through changes to the regulatory settings ahead of DPP5, particularly WACC and depreciation, along with coordinated action to address external delivery cost drivers such as corridor access and temporary traffic management. Please refer to Part 2 for more on our recommendations for these.

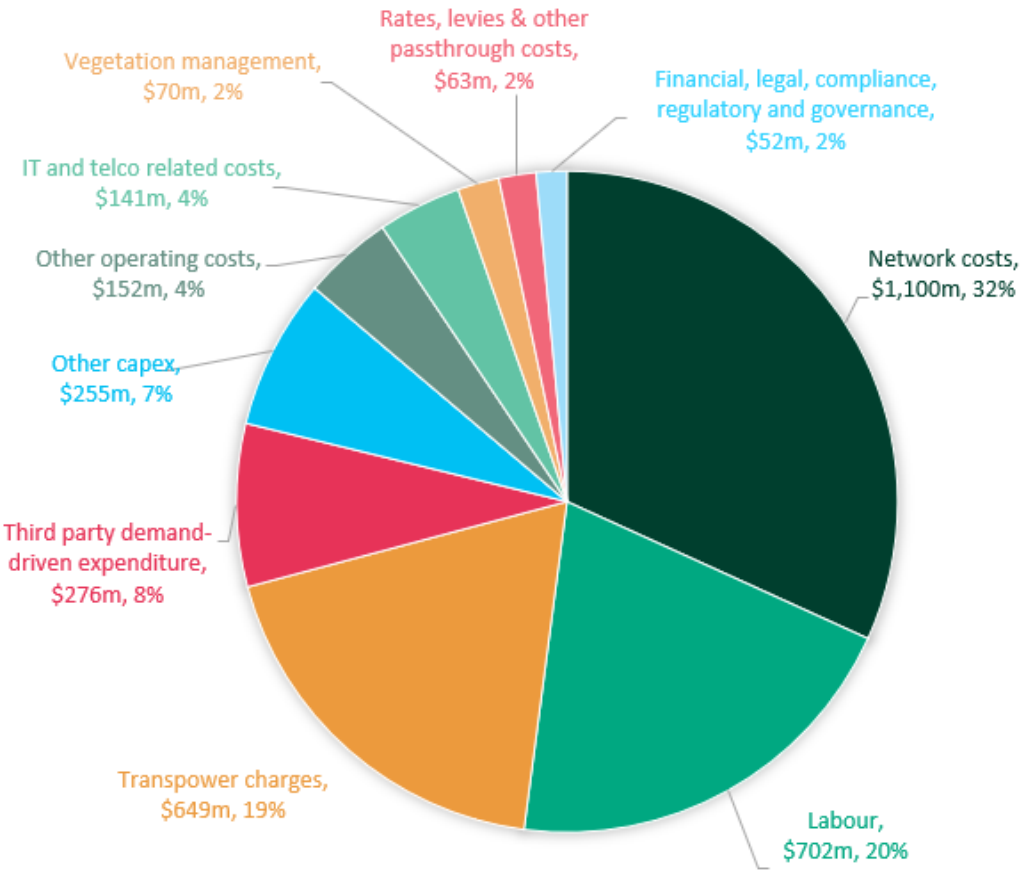
That's not to say that EDBs should not be closely managing the efficiency of underlying expenditure – they should and they do.

[15] Commerce Commission, https://www.comcom.govt.nz/assets/file/0025/363292/PUBLISH-AS-ZIP-FILE-EDB_DPP4_-Financial_modelling-suite-20-November-2024.zip, 20 November 2024, Financial model

[16] Average bill calculated from 2025 ID data for total distribution line charge revenue divided by average number of customers (installation control points, ICPs) for the year.

In the regulatory year ended 31 March 2025, EDBs collectively spent nearly $3.5 billion. Of this, $1.8 billion was on capex, just under $1 billion on opex and the remaining $0.7 billion related to rates, levies, Transpower charges and other passthrough costs.

Figure 7: Breakdown of 2025 total EDB expenditure[17]



Source: ENA analysis based on 2025 ID data and additional expense breakdowns from EDBs

Labour makes up approximately 20% of EDB expenditure with labour rates largely driven by national labour market trends and availability. Transpower charges for local network connected customers are passed on through EDBs and represent 19% of EDBs' total cost base. And whilst things like vegetation management, rates and levies, and compliance costs each represent only around 2%, they are still large numbers of $52-70 million each year.

With opex driving 34% of the price of EDB services each year, it can appear to be the 'quick win' to lower costs. However, opex is also a vital part of the overall EDB service. Emergency response and reactive maintenance are significant drivers, with growing severity of weather events contributing to rising opex over time, including a 22.5% increase in vegetation management costs in the last 3 years. One just has to look at the images in the news from the

[17] This chart includes all operating and capital expenditure, as well as passthrough and recoverable costs. Passthrough and recoverable costs include charges from Transpower to EDBs. When presenting distribution line charges in this paper, we have excluded the Transpower on-charges to show only distribution-related charges.

storms that have lashed the North Island in the last couple of weeks to see the sort of physical challenges lines crews have to deal with to restore power – nearly all of the costs for these restoration efforts form part of opex.

Best practice is being shared across the sector, with several examples below of existing and new initiatives to minimise these costs, as well as further recommendations to government detailed in Part 2. Our communities' expectations of service levels, particularly for resilience, are changing. The challenge is to meet those expectations affordably.

Another key driver of increasing opex is the change in global approaches to IT procurement – most IT is now procured via software as a service (SaaS), where license agreements are monthly or annual, and therefore what would have been a capex investment in the past, is now an opex solution. This cost line will likely continue to increase in the near term, with growing reliance on innovative IT systems – including integration, automation and control, and AI — which enable efficiencies elsewhere in the cost base.

Of the $1.8 billion of capex in 2025, nearly 28% related to new connections and asset relocations, which are driven by third-party demand. 46% related to replacements, renewals, reliability and safety and a further 19% was for system growth.

Balancing affordability and investment

EDBs, regulators and other parties walk a tight rope to balance affordability for customers and the long-term risk of underinvestment. Councils and water entities have demonstrated the compound impact on affordability that comes from 'catching up' on past underinvestment.

The Commerce Commission stated in its DPP4 decision that consumers benefit from an "appropriate level of investment in the networks they rely on to maintain reliability of service, enhance network resilience, and to support greater demand as part of the shift towards decarbonisation. […] This provides confidence that what consumers pay for electricity distribution services represents value for money and does not contribute to excessive profits", whilst also expecting EDBs to "respond to greater incentives to improve their productivity and efficiency."[18] Furthermore the Commission "acknowledge that New Zealanders are facing rising costs of living on a range of fronts. At the same time, it is in consumers' long-term interest for EDBs to be compensated for efficient costs and have incentives to invest in their networks on which consumers depend."[19]

To meet ongoing maintenance requirements and Climate Change Commission scenarios, alongside the transition away from gas and fossil fuels, is expected to require around $70 million a year of investment across distribution and transmission for the next 30 years. Most of this investment is likely to be front-loaded over the next 10–15 years.[20] This aligns to the expectation from the earlier BCG report that $22 billion of distribution investment is required

[18] Commerce Commission, Default-price-quality-paths-for-electricity-distribution-businesses-from-1-April-2025-Final-decision-Reasons-paper-20-November-2024.pdf, November 2024, pages 27-28, paragraphs X55 and X56.
[19] Commerce Commission, Default-price-quality-paths-for-electricity-distribution-businesses-from-1-April-2025-Final-decision-Reasons-paper-20-November-2024.pdf, November 2024, page 30, paragraph X59.3.
[20] NZ Infrastructure Commission/ Te Waihanga, Draft National Infrastructure Plan 2025, page 141.

in the 2020s. BCG expected that the "total [distribution infrastructure] investment need in 2026–2030 is forecast to be 30% higher than 2021–2025."[21]

Prices could be lowered by deferring investment, but we know that this will only delay price increases to future years and has a potential detrimental impact on asset maintenance and reliable supply, especially as more adverse weather events are predicted. The New Zealand Infrastructure Commission identifies a need to fund maintenance and renewals first, suggesting that "for every $10 New Zealand invested in new/improved infrastructure in recent decades, $6 of existing infrastructure wore out."[22] Most of the planned expenditure by EDBs for the next 5-year period is on asset replacement and renewals capex ($698 million or 39% of actual capex in 2025, and forecast $4.6 billion or 51% of forecast capex across DPP4) and replacement, renewal and maintenance opex ($192 million or 20% of actual opex in 2025, and forecast $1.2 billion or 21% of forecast opex across DPP4).

Gas transition, decarbonisation and fuel switching

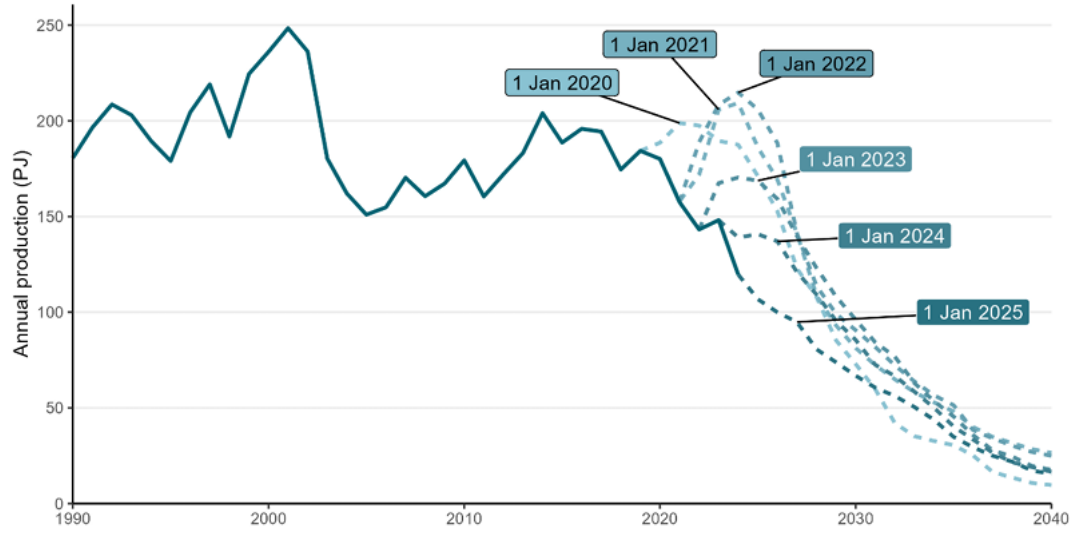
Policy and attitudes in interdependent sectors — including fossil fuel policy, carbon-zero goals, and electrification incentives — will influence the pace and scale of network investment, as well as resilience considerations – all of which also have knock-on implications for electricity distribution prices.

MBIE and industry data show material declines in domestic gas supply, with indications that "our gas supply is falling faster than previously expected […] with annual production likely dropping below 100 PJ in the next two years. This contrasts with previous production profiles, which had predicted an increase in production around 2025 as development projects were expected to mature [shown in Figure 8 below]. Since around 2020, this expected increase has been revised downward multiple times as new developments have failed to meet production expectations."[23]

Comparing 1 January 2024 and 1 January 2025 on this chart shows how much the forecasts have dropped during the critical period of the DPP4 decision finalisation. This future uncertainty is likely to be an additional source of 'lumpy demand' for distribution networks and may require rapid decisions on connections and upstream augmentation, as some industrial users will seek to electrify or switch fuels in compressed timeframes.

[21] Boston Consulting Group (BCG), *The Future is Electric*, https://www.bcg.com/publications/2022/climate-change-in-new-zealand, October 2022, page 9
[22] NZ Infrastructure Commission/ Te Waihanga, Draft National Infrastructure Plan 2025, page 19
[23] MBIE, https://www.mbie.govt.nz/assets/energy_in_new_zealand_2025.pdf, pages 31-32.

Figure 8: Gas production profiles as reported from 1 January 2020 through 1 January 2025



Source: MBIE analysis

A recent Castalia report has modelled the impacts a gas switch-off is likely to have on electricity distribution networks, based on three areas: "Compared to the 2025 maximum coincidental system demand, switching off the gas network increases peak electricity demand by 28 MW (9 percent) in Hamilton, 5 MW (7 percent) in Gisborne, and 52 MW (10 percent) in Wellington."[24] The report also estimates the 'significant' capex increase and the 'modest' impacts on network and non-network opex, totalling $152 million across the three regions.[25]

With the DPP4 gas reset currently underway, it's likely the Commission will be very focused on future demand trends and that these will be factored into the development of the EDB DPP5 process and assumptions in due course. Government policy decisions will also have a significant role to play.

Furthermore, the Draft National Infrastructure Plan forecasts the electricity sector as having the highest future investment demand as a percentage of GDP from 2024 to 2054 (see Figure 9). Before the benefits of affordable electricity can be realised (a reduced overall energy wallet[26]), there will be a 'messy middle' as the necessary investment is made. In addition, government policy will affect how much investment is demanded and how rapidly it can be supplied. By way of example, some EDBs may be exposed to significant network reinforcement costs if/when reticulated gas ceases to be a significant fuel for residential space and water heating on their networks and is replaced by electricity. It is still very unclear to the sector what the Government's expectations are with regards to the medium to long term availability of reticulated gas in New Zealand, as well as its affordability. It is therefore difficult

[24] Castalia, Switching off the gas distribution network: Consumer, network, and emissions impacts – Final report to Gas Industry Company, September 2025, page 48
[25] Castalia, Switching off the gas distribution network: Consumer, network, and emissions impacts – Final report to Gas Industry Company, September 2025, pages 8 and 48-51
[26] https://www.ena.org.nz/our-work/publications/document/1521

for EDBs to plan network upgrade programmes in an efficient manner, without some certainty in this area.

Figure 9: Sector-level capital investment demand and key drivers

Sector	Main providers	How to fund investment	Recent investment trends, % of GDP (2010–2022)	Forecast future investment demand, % of GDP (2024–2054)		Key drivers of future investment
Network infrastructure						
Land transport – road, public transport, rail	Central and local government	User charges and rates	1.2%	0.8%	↓	Decarbonisation, slowing income and population growth
Electricity and gas	Commercial sector	User charges	0.8%	1.4%	↑	Decarbonisation, renewals
Water and waste	Local government	User charges and rates	0.6%	0.4%	↓	Renewals and natural hazards
Telecommunications	Commercial sector	User charges	0.7%	0.8%		Renewals, stable outlook
Social infrastructure						
Education – primary/secondary	Central government	Taxes	0.4%	0.2%	↓	Demographic change
Education – tertiary	Central government	Taxes and fees	0.6%	0.5%	↓	Demographic change
Hospitals	Central government	Taxes	0.2%	0.4%	↑	Demographic change, renewals
Public administration and safety – government buildings, prisons, defence, justice	Central and local government	Taxes	0.9%	0.8%		Renewals, stable outlook
Social housing	Central and local government	Taxes and rents	0.1%	0.3%	↑	Population growth, catchup investment
Other public capital	Central and local government	Various	0.2%	0.2%		Stable outlook

Source: New Zealand Infrastructure Commission[27]

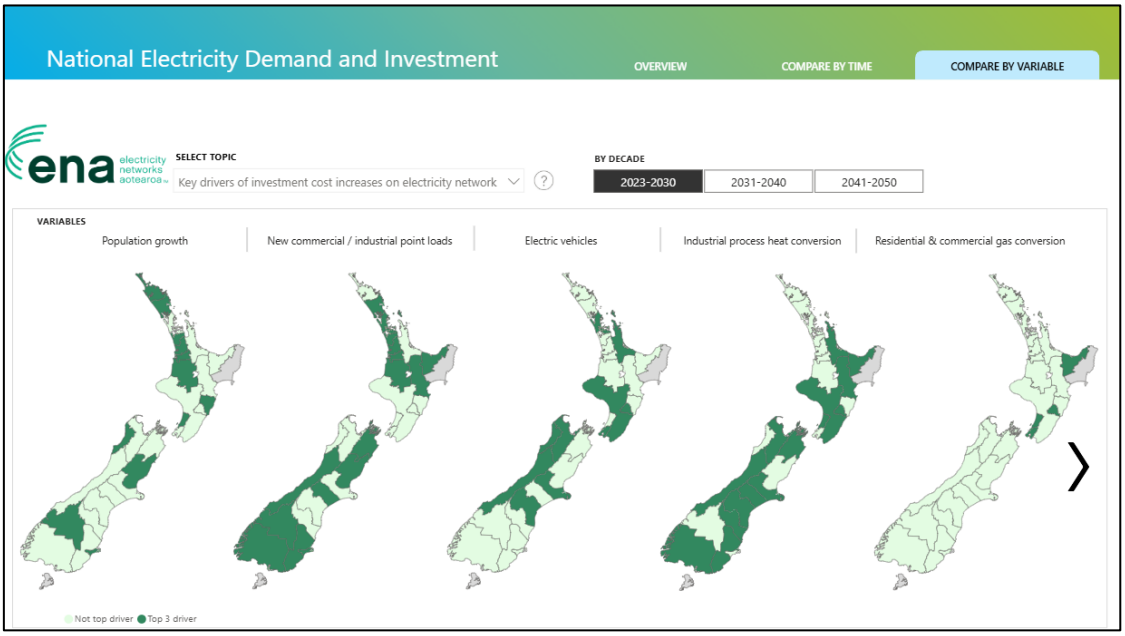
As BCG concluded, "regardless of how stakeholders weigh sustainability, the rapid build of renewables and the transition of gas users to electricity and biomass are a large part of the answer to achieving security and affordability."[28] And these new generation sources and transitions require EDB infrastructure and investment to operate.

Drivers of demand and investment/costs vary by region

Figure 10, below, shows that over the next three decades, there are differing drivers of growth and demand across regions, and therefore there is no 'one size fits all' approach for EDBs. But, where there are similar themes and drivers for EDBs, it makes absolute sense to collaborate and/or standardise processes and systems.

[27] NZ Infrastructure Commission/ Te Waihanga, Draft National Infrastructure Plan 2025, page 42, table 3
[28] Boston Consulting Group, *Energy to grow – Securing New Zealand's future*, energy-to-Fgrow-full-report-vfinal.pdf, 2025, page 3.

Figure 10: National electricity demand and investment by region and decade



Source: ENA investment driver heatmap[29]

As shown by the existing initiatives highlighted in this letter, the sector is already on a journey to greater standardisation, with EDBs playing a key role in this through contributing to the development of regulated standards, as well as many EDBs voluntarily adopting standard processes, procedures, specifications, and systems. Collaboration is already widespread with EDBs working together across the scope of their activities through various models including regional groups as well as contracted arrangements for services.

Costs also tend to vary across EDBs, with multiple studies[30] showing that customer density correlates these variances more than the size of an EDB. Additionally, terrain, environmental and other considerations materially influence costs. For example:

- Underground cables in Rotorua require special casings to protect them from the geothermal activity in the area.
- It's more expensive to run lines over a mountain than along the side of a flat road.
- Per customer costs are higher in less densely populated areas (e.g. more cables and poles are required between each connection).
- Coastal areas also have additional risk profiles, driving associated costs.

[29] Full interactive heatmap can be found here: EDBs investment driver heatmap. This is a best estimation visual of some drivers of demand and the scale of network investment required to support it, over the coming three decades, by region/EDB. Please note this heatmap has not been updated since the DPP4 decision and does not take into account the faster than expected decline of gas.

[30] Including TDB's 'Estimated efficiency gains from amalgamation of electricity distribution businesses' from 2018 and updated in the authors' 2024 paper 'Scale efficiency gains in utilities? The case of electricity distribution in New Zealand'. This aligns with earlier 2004 work for Treasury: 'Productivity and Regulation in a Hard–to–Measure Sector – The Case of New Zealand's Electricity Networks'

Connection and export pricing practices

We note your concerns regarding fairness of connection and export practices. The Electricity Authority are currently undertaking a review of distributed generation pricing principles, as well as connection pricing principles. We have also encouraged them to review distribution pricing principles more generally and to combine all work programmes into one coordinated review to ensure consistency and avoid unintended consequences from misalignment. We believe this work will improve consistency and affordability outcomes for new connections and DER.

How distribution prices are structured is a key instrument to enable retailers, consumers and other market players to understand the cost of electricity usage, make decisions regarding energy management or invest in distributed energy resources or appliances. Harmonisation supports this, however, overly restrictive standardisation that discourages innovation could be a barrier to improved network utilisation, investment in DER and the electrification of New Zealand. A fine balance is needed. Nevertheless, distribution price signals are given to retailers and it's up to retailers whether they pass these signals on. Signals can therefore be easily diluted or lost entirely by the time they reach the customer.

The Energy Competition Task Force also implemented a new Code requirement last year for EDBs to pay residential and small business customers for their exports at peak times, where there is a benefit to the network, from April 2026. Again, this should increase fairness and affordability for customers with solar and battery setups.

ENA has already engaged consultants to work with EDBs to implement the Authority's new injection tariff and connection pricing decisions in a consistent manner, with common methodologies, language and templates, where possible.

However, whilst DER can provide benefits to the system, its greatest value is likely to be realised by customers in boosting their own individual resilience (or community resilience by way of community initiatives) or by exporting excess power for wholesale/retail benefits.

A recent Energy Efficiency & Conservation Authority (EECA) study found that there is insufficient solar generation coincident with peak demand periods for solar alone to mitigate continued growth in peak demand.[31] This is where New Zealand and Australia are quite different. Australia tends to have a summer daytime peak due to the demand for air conditioning – this peak often coincides with peak solar generation. In New Zealand there tends to be winter morning and evening peaks due to demands on heating and hot water. This peak rarely coincides with optimal solar generation. Benefits to the distribution network from rooftop solar are therefore limited, although could be increased by the addition of a battery. Therefore, expectations should be realistic about the value of the injection tariffs recently introduced by the Electricity Authority. As the Authority's consultation paper outlined, the benefit per customer with a solar and battery system would likely average less than $12 per year.[32]

There is limited scope for EDBs to increase the affordability of rooftop solar and batteries, aside from ensuring the approval process to connect to the local network is low cost and low effort. We discuss this further in the customer experience section below.

[31] EECA, Understanding-the-value-of-residential-solar-PV-and-storage-in-NZ.pdf, June 2025, page 101
[32] Energy Competition Task Force, Requiring distributors to pay a rebate when consumers supply electricity at peak times, 12 February 2025, page 40, table 5 and paragraph A9.

Flexibility and innovation

When considering new investment needs, EDBs will continue to consider non-network alternatives, like DER, and seek innovative options from flexibility providers. This is still a relatively new area, therefore, there is scope for improvement in how EDBs go about this and prove that these alternatives have been considered in a robust manner.

By way of example, EDBs have been increasingly issuing RFIs for non-network alternatives to uncover opportunities to defer large capital investments. A selection of these are captured on the ENA website.[33] The frequency of such RFIs has been increasing over time.

In addition, some EDBs have established standing offers for providers of flexibility services on their networks.[34] This is another mechanism by which EDBs are opening the door to those with flexibility resources to come forward with services to lower the overall cost of operating the network, to reduce costs to consumers.

Lastly, EDBs are collaborating with innovators such as Our Energy who are standing up a flexibility market platform, localflex, to streamline and standardise matching of the purchasers of flexibility (i.e. EDBs) with those that can offer it (e.g. retailers, aggregators, etc). While this is still relatively novel in New Zealand, it is modelled on similar platforms that have been in place for some years now in comparable overseas markets (e.g. the UK).

Network utilisation

The distribution system is largely designed to meet peak demand and provide sufficient resilience against outages. In New Zealand, climate change and natural hazards, including extreme weather events and earthquakes, can amplify the resilience requirements.

"To sustain high-quality infrastructure services, we need to get smarter."[35] New Zealand is not an easy location for infrastructure, with challenging terrain and a sparse population outside of urban centres. "We can't always afford to build infrastructure to the same standard as more densely populated countries, because we don't have as many people to use and pay for it."[36]

Interestingly different regulators have different views of utilisation. Currently, the Australian Energy Regulator (AER) is very focused on utilisation, with its chair literally wearing a t-shirt to conferences and events saying 'let's use more before we build more'. However, in the UK, energy regulator Ofgem is more focused on building ahead of demand, which will likely lower utilisation rates in the near term. Both approaches have merits. Utilisation is also likely to become a harder challenge as more customers go partially off-grid with home generation. Rooftop solar systems are generally insufficient to address our winter peaks,[37] so the energy system still needs to be built and maintained to handle those winter peaks, whilst usage at the rest of the time is likely to be lower in places (notwithstanding the overall forecast increase in demand).

While EDBs acknowledge that there is room for improvement in these areas, the sector is actively working to strengthen its investment decision-making frameworks. Smarter investment — focused on optimising existing assets and deferring non-essential upgrades —

[33] https://www.ena.org.nz/our-work/resources/edb-requests-for-non-network-alternative-services
[34] E.g.: https://www.unison.co.nz/i-need-to/get-connected/smart-energy-flex/#dg-hosting-form
[35] NZ Infrastructure Commission/ Te Waihanga, Draft National Infrastructure Plan 2025, page 23
[36] NZ Infrastructure Commission/ Te Waihanga, Draft National Infrastructure Plan 2025, page 20
[37] EECA, Understanding-the-value-of-residential-solar-PV-and-storage-in-NZ.pdf, June 2025, page 101

can help reduce or delay capital expenditure without compromising service quality or long-term resilience. Good access to underlying network data is essential to this.

EDBs have good real-time visibility over their high and medium-voltage networks (typically 33,000 and 11,000 volts). But most EDBs want to improve real-time visibility of the status or performance of their low-voltage networks. This is because the potential mass uptake of newer technologies — such as solar photovoltaic (PV) panels, batteries, and significant new loads such as electric vehicles — on to local low-voltage networks increases both operational complexity and safety risks. Enhanced, real-time ability to monitor low-voltage network status and performance will be critical for the safe, secure and reliable supply of electricity into homes and businesses.

Workstreams under the Network Transformation Roadmap (NTR),[38] amongst other things, have been making improvements to data access and usage. The last DPP4 reset also allowed for an opex step change to pay for more data, most of which is held by meter equipment providers (MEPs). Several of the existing and proposed initiatives focus on data and the Commerce Commission has also been building network visibility data into the information disclosures, with some new disclosures launched in 2025.

However, it is important to recognise that such efficiencies will not eliminate the need for future investment altogether. Rather, they should be seen as part of a broader options analysis that informs prudent, timely, and targeted investment.

Whilst pricing signals can also help increase utilisation by shifting demand out of peak periods, we also note that to do this in the most targeted and efficient way, the price signals need to be sharp and tailored. This risks increasing complexity to the pricing tariff landscape, which is already estimated to have over 15,000 retail power plans nationally for residential customers alone.[39] It also requires customers to be willing and able to shift their usage. Without larger discretionary loads, like EVs, hot water heating and space heating, some households may not see material incentives to adjusting their usage. It has also been noted in some studies that those customers most able to adjust their demand are often those most able to afford their power.[40]

Hot water load control offers a wealth of opportunities for demand management with minimal impact on customers. Several EDBs have collaborated with competing energy retailers over the past two winters trialling new smart meter technology to control hot water heating. This is a good example of cross-industry collaboration that benefits residential customers immediately.[41]

These trials have directly benefited customers with retailers offering incentives of $100-$150 to sign up. The Authority has signalled direct support for this model where more controllable load can be used where it is most valuable:

> *"While controllable load is a useful tool for managing periods of tight supply, we want to see consumers directly rewarded for their demand response efforts. To achieve this,*

[38] More on the NTR can be found here: 2022-Network-Transformation-Roadmap.pdf
[39] Making it easier to find cheap power plans | Beehive.govt.nz
[40] Energy Consumer Australia, Consumer Energy Report Card: Consumer knowledge of electricity pricing and responsiveness to price signals, 16 January 2025
[41] See joint Vector and Powerco presentation to the Electricity Authority's Security & Reliability Council *Opportunities for the use of ripple and smart-meter controlled circuits for managing peaks (agenda item 8),* https://www.ea.govt.nz/documents/7083/SRC_meeting_papers_-_24_October_2024.zip

we want to see controllable load shift from distributors to retailers so that retailers can price this demand response in the market to support the management of potential scarcity situations."[42]

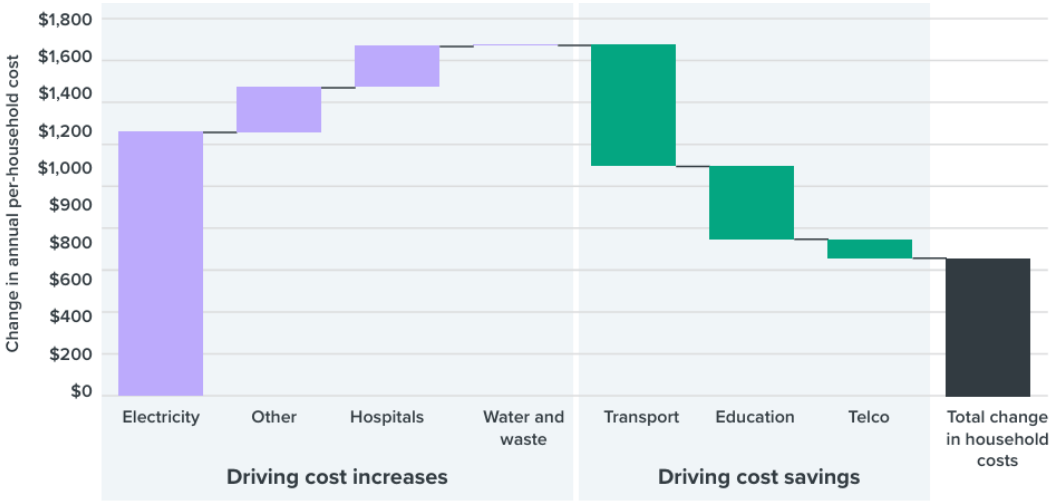
Encouraging a deeper understanding of utilisation, prioritisation, and efficiency within the regulatory framework would support better outcomes for consumers and the sector alike. Given that these terms are widely used but often interpreted differently, ENA recommends that an initial step should be to workshop how they could be consistently defined and measured. This exercise may highlight the value of developing new disclosures to be collected over time, helping to build a clearer picture of current practices and informing whether further improvements or regulatory interventions are warranted. It would also help all parties better understand the impacts of trade-offs required between network quality and affordability. We discuss this further in Part 2.

Lastly, further cost and price escalation is to be expected

Consumer NZ published statistics showing that around 20% of households experienced difficulty paying their bill this year[43] and the Major Electricity Users Group (MEUG) recently said that "industry cannot keep absorbing double-digit price increases in the cost of power."[44]

The Draft National Infrastructure Plan (NIP) highlights the cost pressure this is likely to add to household budgets by the end of the DPP5 period, but also shows this in the context of partially offsetting cost savings expected in the wider infrastructure system.

Figure 11: Infrastructure investment has an impact on household budgets: what the New Zealand Infrastructure Commission/ Te Waihanga forward guidance would mean for the average household budget, 2035-2040



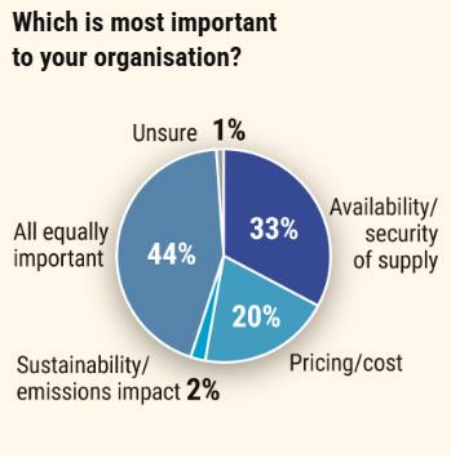
Note: Changes in cost are relative to expenditure on infrastructure services in 2019. Source: New Zealand Infrastructure Commission analysis and modelling.

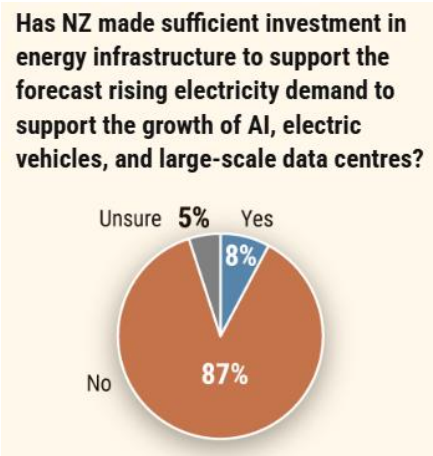
Source: New Zealand Infrastructure Commission[45]

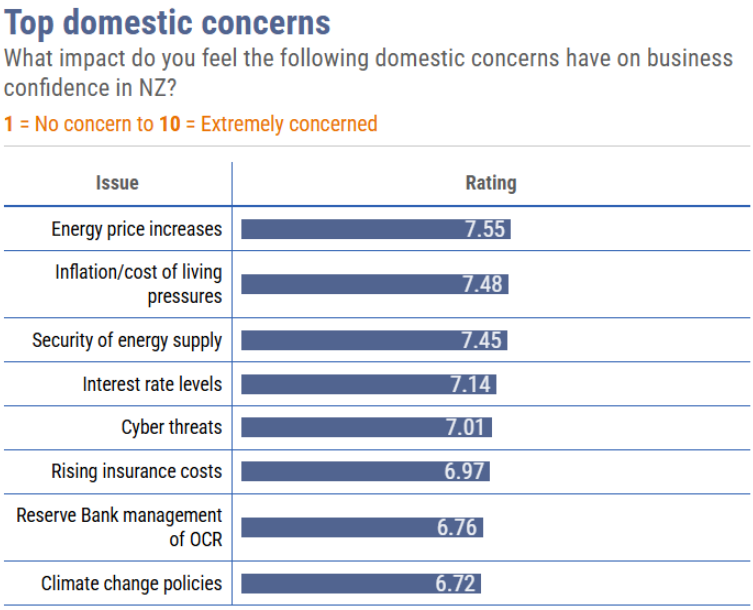
[42] Electricity Authority, Update to scarcity pricing settings, 1 November 2024, page 15, paragraph 3.54
[43] Consumer NZ, Power poverty persists - Consumer NZ, 9 September 2025
[44] MEUG, MEUG-press-release-Double-digit-price-increases-12-Sept-2025.pdf, 12 September 2025
[45] NZ Infrastructure Commission/ Te Waihanga, Draft National Infrastructure Plan 2025, page 45, figure 15

At the same time, business leaders and many EDBs are calling for clearer, long-term investment signals so critical assets can be maintained and adapted for the energy transition. For example, NZ Herald's 'Mood of the Boardroom'[46,47] highlighted concerns about energy prices, but also the importance of the entire energy trilemma and the view that current investment in electricity is insufficient (extracts from the survey shown below).

Figure 12: Extracts from the NZ Herald Mood of the Boardroom survey 2025







Source: NZ Herald's Mood of the Boardroom survey[48, 49]

[46] NZ Herald, Mood of the Boardroom: Executives call for long-term energy plan as power prices climb - NZ Herald, 25 September 2025
[47] NZ Herald, Mood of the Boardroom: Business leaders' optimism hits highest level since 2016 - NZ Herald, 25 September 2025
[48] NZ Herald, Mood of the Boardroom: Executives call for long-term energy plan as power prices climb - NZ Herald, 25 September 2025
[49] NZ Herald, Mood of the Boardroom: Business leaders' optimism hits highest level since 2016 - NZ Herald, 25 September 2025

It's important to note that consumers not only value cost minimisation, but also reliability, resilience, fairness, and climate adaptation. "Our infrastructure drives higher living standards, contributes to a strong economy, enables our culture and society to thrive, and protects our environment."[50] Over-prioritising short-term cost reductions can result in underinvestment, creating higher long-term costs and lower service quality, as has been seen in the water sector in recent years.

These twin pressures — affordability and the need for investment — are both real and must be balanced in framing the current electricity price challenge and in setting the DPP5 price path. The long-term interests of consumers should be at the heart of decisions. As summarised in the NIP:

> *"Infrastructure must serve different types of needs in different places. Because New Zealand can't afford everything, we need to choose carefully and make trade-offs. Addressing one need or priority may make it difficult to address another, either today or in the future. A sustainable long-term investment approach needs to recognise current and future affordability constraints, while balancing investment between different needs and different places."*[51]

ENA recommends that the government and regulators explicitly recognise these multiple dimensions of consumer value. EDBs are guided to balance affordability, resilience, and sustainability in planning and investment decisions. As in DPP4, the Commerce Commission also has an important role in working alongside industry ahead of DPP5. This includes supporting clear and meaningful communication with consumers, government and other stakeholders, helping them to understand both the rationale for regulatory decisions and the broader implications of the energy transition.

[50] NZ Infrastructure Commission/ Te Waihanga, Draft National Infrastructure Plan 2025, page 14
[51] NZ Infrastructure Commission/ Te Waihanga, Draft National Infrastructure Plan 2025, page 26

1.2.3 Examples of existing collaborative initiatives to mitigate affordability concerns

The below are some examples of existing collaborative initiatives across EDBs to address affordability concerns. This is not designed to be a comprehensive list of all initiatives.

Initiative	Description	# of EDBs and ICP coverage	Affordability	Customer experience	Security of supply	Other
PowerCredit Scheme	This $1 million per year support fund has now been extended through to 2032, with continued contributions from lines companies and retailers. The fund will help single-person households, where the occupant is over 65 years-old or has one of the lowest household incomes. These single-person households were identified in the report as most affected by phasing out the regulations. ENA and the Electricity Retailers' and Generators' Association of New Zealand (ERGANZ) are currently working through the details of this revised scheme.	All	✓			
Energy Hardship Forum	EDBs share best practices and lessons, ask for advice, and collaborate on hardship initiatives.	23, covering 91% of ICPs	✓			

Initiative	Description	# of EDBs and ICP coverage	Affordability	Customer experience	Security of supply	Other
Resi-Flex[52]	Resi-flex is a collaborative residential flexibility trial between Orion and Wellington Electricity to understand how households can shift or reduce electricity use during peak periods, and incentivise them accordingly, to support the distribution network. The ongoing Resi-Flex project is taking a learning-by-doing and exploratory approach. The trials will inform the effectiveness of different solutions and which ones to scale. Learnings from the trials are being shared with other EDBs.	2, covering 17% ICPs	✓			Utilisation
Distribution Pricing Working Group (DPWG)	It assists and co-ordinates distributors' efforts to establish more durable and efficient electricity pricing. Most recently, the DPWG has led a coordinated project to implement the connection pricing and injection tariff Code amendments issued by the Authority last July. ENA engaged some external experts, who have helped develop models and policies that can be leveraged by all members,		✓	✓		

[52] More on Resi-Flex can be found here: Resi-Flex | The Orion Group. BCG estimated in their 'Future is Electric' report that ripple hot water control is available to about 50% of customers, equating to roughly 15% of New Zealand's peak demand and making this demand management solution to network capacity an 80-90% lower cost than a physical network solution (p183). The Electricity Authority is encouraging EDBs to help facilitate shared control of hot water load with retailers. However, due to the nature of the demand control systems retailers are using (via smart meters) they are typically unable to issue load control instructions sooner than 24 hours ahead, whereas EDBs using the legacy ripple control systems have near instantaneous control, allowing them to more readily respond to dynamic market conditions and network emergencies.

Initiative	Description	# of EDBs and ICP coverage	Affordability	Customer experience	Security of supply	Other
	reducing duplication of costs and efforts, and increasing standardisation. The work of this group helps to create greater consistency, reduce complexity, stakeholder satisfaction, continue development and innovation, as well as responding to regulatory changes from the EA.					

1.2.4 Proposed new actions to mitigate affordability concerns[53]

Initiative	Description	Timeframe	Affordability	Customer experience	Security of supply	Other
Sharing of asset management practices	The ENA will promote opportunities for EDBs to share asset management practices and procurement functions where the cost-benefit analysis is positive.	Scope and research by June 2027. Recommendation December 2028.	✓		✓	Utilisation
Data initiative	ENA will do cost-benefit-analysis research to explore how EDBs can use and share data more across the country to learn more about low-voltage networks. This is likely to have multiple benefits, including	Pilot/trial by end of 2027	✓		✓	DER Utilisation

[53] This table includes high-level information and estimated timelines for implementation of proposed initiatives. The initiatives and timings are subject to change as we further scope them, including undertaking cost-benefit analysis and assessments of resource requirements, to ensure the outcomes are in the best interests of consumers of each region.

Initiative	Description	Timeframe	Affordability	Customer experience	Security of supply	Other
	potentially helping EDBs manage risks around over-utilisation and allow them to manage the headroom more tightly, deferring network upgrades.					
Standardised industry flexibility	ENA will work with EDBs on the practicality and net-benefit test of defining a consistent, industry-standard approach to flexibility services, including terminology used, common flexibility products, performance standards, template contracts, etc.	By end of 2028	✓	✓	✓	DER Utilisation
Distribution System Operator (DSO) framework	As EDBs increasingly perform 'DSO' functions (as per the preferred model in the ENA-commissioned Baringa report[54]) there will be a need to develop standardised policies, processes and procedures to describe how these functions are performed. EDBs will work with ENA and other stakeholders to establish a 'Smarter Networks' (or similar) group modelled on the ENA UK 'Open Networks' programme,[55] with key tasks subject to a robust need cases: • define and refine the suite of capabilities, roles and functions (CRFs) DSOs will be performing in the NZ context, building on from work already completed	By December 2028	✓	✓	✓	Standardisation & coordination generally

[54] Baringa, Potential models for distribution system operation (DSO) in Aotearoa, April 2025
[55] More information can be found here: https://www.energynetworks.org/work/open-networks/

Initiative	Description	Timeframe	Affordability	Customer experience	Security of supply	Other
	• determine which CRFs would benefit from a consistent and standardised policy/s to be developed and governed by ENA, on behalf of the industry • develop with EDBs and key stakeholders the full suite of policy documents and standards to enable common and consistent DSO operating models across NZ, ensuring that all parties that interact with DSOs (e.g. Transpower, flexibility providers, retailers, consumers, etc) can have a consistent expectation of how those interactions will occur and the outputs/outcomes that will result.					

Recommended government and regulatory actions

Please refer to Part 2 for more on the following recommendations in relation to:

- reducing input costs through changes to:
  - tree and consenting regulations
  - temporary traffic management (TTM)
  - changes to regulatory settings, including WACC and depreciation
- refocusing of winter energy payments
- consideration of a just transition and wealth transfer risks.

1.3 Customer experience

1.3.1 Problem definition

As advised in your letter, you are "…focused on enabling consumer participation through fairer connection and export practices." Specifically, the development of processes and practices around connection turn-around times and queue management that enable more residential customers to adopt rooftop solar and batteries to reduce their electricity bills and support system resilience.

1.3.2 Background and current state

Customer-centricity

Customers and customer service is inherently at the heart of all EDBs, like any good business. Networks are constantly seeking to understand their customers and improve the services they provide. In most cases, EDB employees and management are customers of their own networks, and live in the communities they serve. This adds to their personal responsibility and incentives to provide a good service.

Network connections/capacity requests

The distribution sector (and electricity system more generally) is facing a significant challenge that will persist throughout the period of the transition from fossil fuels to electricity and other sources of renewable energy. This is the demand from new connecting parties — e.g. process heat users, electric vehicle charging point operators (CPOs), new urban developments, etc. — for access to the electricity distribution network and increased, sometimes significantly, capacity of electrical connections. ENA and its members are beginning to see a step-change in the volume of electrical connection inquiries, and demand for significantly greater capacity connections than have historically been the norm.

EDBs are investing in new tools, techniques, and greater human resources (e.g. planning engineers, connections teams etc.) to service an increase in connection activity.

The distribution sector is also working collectively through ENA to explore and implement changes to connection processes that will ease the barriers that connecting parties are facing. A tangible example of this activity is the ENA Connections Journey Mapping Project, which has engaged extensively with CPOs and large distributed generation developers (e.g. solar farms) and has identified six 'quick win' areas where EDBs can work collaboratively to develop consistent approaches to elements of the connections journey. This should improve the consistency of the connections experience, particularly for parties who are seeking network connections across the country from many different EDBs.

EDBs are also proactively working to improve the accessibility of electricity network capacity information through the development of online GIS tools. Good examples of these are from Powerco[56] and Network Waitaki[57], and many other EDBs are in the process of developing visibility tools.

[56] Powerco, https://www.powerco.co.nz/get-connected/commercial-and-industrial-electricity
[57] Network Waitaki, https://www.networkwaitaki.co.nz/customers/generation-hosting-capacity-maps/

Connection and export practices

Your letter expresses a desire "to see a much larger number of kiwi homes adopt rooftop solar and batteries to reduce their own bills and support system resilience." ENA members support this aim. However, we consider that connection times and export limits are a secondary issue compared with the more significant barrier of affordability.[58] Export limits are used to safely manage network capacity and congestion, helping ensure fair access to the network for all customers and avoiding the need for wider network investment that would otherwise be borne by non-solar users.

EDBs have connected over 11,000 new solar and/or battery connections in the last 12 months alone, totalling 250MW.[59] This compares to 300 MW of new grid-scale generation connected by Transpower in their financial year ending 30 June 2025.[60]

Australia has a much greater uptake of solar and batteries, but it has required significant government intervention and incentives to achieve that. We discussed the affordability side of this in section 1.2.2, above.

Nevertheless, EDBs have room to improve the customer experience for new connections, whether they are load or generation. Implementation of the recent Electricity Authority decisions will assist with this through clearer, more standardised timeframes and processes.

ENA and EDBs have worked with key stakeholders (e.g. Drive Electric, Sustainable Energy Association of New Zealand (SEANZ)) to build a programme of actions that will address 'pain points' in the connection process. These actions are being delivered under the ENA Future Networks Forum 'Streamlining Connections' programme being run jointly with the Electricity Engineers' Association and the Electricity Authority. Relevant to your immediate concerns, there are currently projects being run by the ENA Future Networks Forum to deliver:

- a consistent set of terminology, presentation style, descriptions, etc for the connection process across EDBs
- a set of recommendations around the best practice for providing network capacity information to access-seekers, including via capacity visibility maps or tools
- a set of template commercial contracts for EDBs to use as the basis for agreements with large load and DG customers, to ensure those customers see a common and consistent contractual starting point across all EDBs from which to negotiate bespoke connection agreements
- a consistent connection and queue management policy for adoption and use by EDBs, to ensure that connection resources are directed towards those projects that are progressing

[58] For example, our own customer research in 2025 identified that the top barrier to adopting electricity management technologies is cost (44%), followed by lack of knowledge and confidence (12%) and perceived complexity (10%). Moreover, the survey showed that for more significant investments (e.g. $1,000 in efficiency upgrades), nearly two-fifths want $1,200+ in annual savings to justify the cost. This suggests many consumers will need to see immediate measurable benefits before engaging. They are less interested in payback periods over multiple years, as solar and batteries, EVs and other significant investments are.

[59] Calculated from Electricity Authority data: Electricity Authority - EMI (market statistics and tools) as at 31 December 2025.

[60] Transpower announces full-year results and releases Integrated Report | Transpower

with alacrity, and that all stakeholders have a clear understanding of the stages they will need to move through.

Complementary to the above industry-led initiatives, the Electricity Authority has also launched a significant programme of regulatory reform for the sector related to both the EDB connections *process* and *pricing.* This regulatory reform should also help lead to a greater degree of consistency and clarity for access-seekers across the distribution sector in New Zealand.

1.3.3 Examples of existing collaborative initiatives to mitigate customer experience concerns

The below are some examples of existing collaborative initiatives across EDBs to address customer experience concerns. This is not designed to be a comprehensive list of all initiatives.

Initiative	Description	# of EDBs and ICP coverage	Affordability	Customer experience	Security of supply	Other
Communications and Engagement Forum	It's a collaboration and support network for all lines companies regarding topics relevant to communicating and engaging with internal and external stakeholders. Each member can share best practices and lessons, ask for advice, and collaborate with pairs across the motu. Group members can gain insights and knowledge from each other and avoid reinventing the wheel on projects and strategies.	All		✓		
Customer Service Line Toolkit	The customer service lines of an electricity network typically connect the 'point of supply' (usually located at the property boundary) to the metering equipment and fuse board within the envelope of the building.[61] The sector has	All		✓	✓	

[61] Many customers perceive that the EDB is responsible for the monitoring, maintenance and replacement of the customer service line. On the contrary, in general the service line is the responsibility of the customer, although there are many exceptions to this general case. Most customers pay little attention to their service line until it ceases to function properly, at which time a dispute often ensues as to whose responsibility it is to fix it. The aging of customer service lines and the lack of routine monitoring of their condition has and is leading to a public safety issue. ENA has identified this existing and increasing public safety issue, and the widely held misperception by customers that the ENB is responsible for the service line, as a significant industry-wide issue and have resolved to play a leadership role to address it.

Initiative	Description	# of EDBs and ICP coverage	Affordability	Customer experience	Security of supply	Other
	an ongoing concern that poor customer awareness of responsibilities related to customer service lines may lead to some customer and public safety risk, as well as potential for disputes to arise and delay restoration of supply in some cases. This toolkit has been developed in response to member feedback highlighting the need for clearer and more consistent communication. Its purpose is to provide a voluntary, flexible array of templates, diagrams, and messaging approaches that can be adopted, adapted, or integrated by EDBs to suit their specific needs.					
South Island and North Island EV journey charging mapping	New Zealand will need more public electric vehicle (EV) journey charging infrastructure by 2030, and we wanted to find out where they are needed. To help ensure that future investment is both efficient and well-targeted, ENA and a group of North Island EDBs commissioned DETA Consulting to develop a location-based light EV journey charger forecast. The work identifies potential charging sites where more EV charging is needed based on traffic volumes and local network capacity.	All		✓		DER Connections

Initiative	Description	# of EDBs and ICP coverage	Affordability	Customer experience	Security of supply	Other
	Our aim is to be proactive, collaborative, and constructive in supporting this nationwide build-out — including helping to identify where EV journey chargers are genuinely needed, where they can be connected affordably and efficiently, and making sure New Zealand is not wasting money where we already have adequate journey charging facilities. The South Island report was completed and published in 2025.[62] The North Island report will be published in Q1 2026.					

1.3.4 Proposed new actions to mitigate customer experience concerns[63]

Initiative	Description	Timeframe	Affordability	Customer experience	Security of supply	Other
Solar on schools pilot	ENA and EDBs have been working with EECA and the Ministry of Education (MoE) on the proposed solar on school project. We had been doing all we could to enable a summer holiday install – however this was paused by the MoE	EECA / MoE are to confirm schools and timing (aiming for the first		✓	✓	Connections DER

[62] Deta Consulting, South Island EV Journey Charging Project - Report, 8 May 2025

[63] This table includes high-level information and estimated timelines for implementation of proposed initiatives. The initiatives and timings are subject to change as we further scope them, including undertaking cost-benefit analysis and assessments of resource requirements, to ensure the outcomes are in the best interests of consumers of each region.

Initiative	Description	Timeframe	Affordability	Customer experience	Security of supply	Other
	while the final list of schools was being finalised. The intention is that an Easter 2026 holiday installation will be used as a pilot for the national rollout and a standardised process will be developed, potentially overseen by a National Programme Manager appointed by the ENA. We will use the learnings from this programme to improve standardisation across all national connections.	schools during the Easter holidays in 2026)				
Increase export limits	All EDBs will adopt 10kW flexible export limit (with a standard methodology approach across all 29 to determine this can be done safely).[64]	All EDBs by end of 2026		✓		DER Exports
Consistent inverter settings	Along with export limits, we will apply consistent inverter settings. This will help to create clear and standardised information for all installers, manufacturers and consumers and reduce risk of error.	All EDBs to implement once settings are confirmed by the standards body and the EEA.		✓		DER Exports

[64] Please note the trade-offs and considerations raised in our submission to the Electricity Authority on their proposal to increase export limits to 10kW, particularly the risk of first-mover advantage. In network areas with limited capacity headroom, first-movers will be able to export 10kW, but then, once all the network capacity has been used up, new customers looking to export may face limited or no export options. We strongly advocate for a more sophisticated approach to setting export limits that allows dynamic allocation based on current network conditions – this has worked well in other jurisdictions e.g. South Australia.

Initiative	Description	Timeframe	Affordability	Customer experience	Security of supply	Other
Create a standard national charter on customer comms and engagement	To help aid consistency of communication with customers, particularly around connections, we will create a national 'charter' for good practice communication and engagement, leveraging our Code obligations, the connection quick wins and any existing charters, where appropriate.	May 2026		✓		
Implement connection quick wins	Implement connection 'quick wins,' which have been developed through the Future Network Forum connections project. These have already been developed and need to be deployed (unless customised arrangements are in the better interest of the customer): • glossary • self-serve manual • FAQs • journey steps • introduction guide • pre-application customer template	By June 2026		✓		Connections DER
Standardised technical standards	Continue to work with the EEA to develop core national technical standards, especially for connections.	By June 2027	✓	✓		Connections DER
Standard connection contracts	This work is already well advanced in the Future Networks Forum (FNF) Template Commercial	By June 2027		✓		Connections

Initiative	Description	Timeframe	Affordability	Customer experience	Security of supply	Other
	Contracts project, with a suite of four templates for use by EDBs with large load and DG connection customers nearly complete. Once complete, EDBs will start using the standard contract unless customised arrangements are in the better interests of the customer.					DER

Recommended government and regulatory actions

Customer experience is an area that we feel is more firmly in the hands of EDBs to address, and we therefore have no asks of government or regulators at this time. That said, improvements to regulatory transparency and alignment, as well as a clear Energy Strategy, will all likely contribute to improved customer outcomes beyond affordability.

1.4 Security of supply and resilience

1.4.1 Problem definition

As shown in various customer sentiment surveys, consumers and businesses have significant concerns about energy security.

As outlined in your letter, whilst EDBs have largely historically met quality standards, "the increasing frequency and severity of weather events pose a growing risk of outages. This highlights the need for ongoing investment in network resilience and planning for climate adaptation in a changing climate." We agree with this observation and understand that affordability and security of energy must be held in balance for households and businesses. This challenge is further reinforced by Forsythe Barr's recently released analysis of political headwinds: "…politicians seem to have either an inherent level of dissatisfaction about security of supply or a concern that electricity prices are too high, it says. [This is the] promise of the impossible — reduce electricity prices while increasing security of supply and lowering carbon emissions."[65]

1.4.2 Background and current state

The distribution network is very reliable

The electricity distribution sector has long experience in dealing with occasional wide-scale interruptions to its networks and service, usually caused by severe weather events. As such, EDBs have a good grasp of the criticality of their services to individuals, communities, and businesses. They design their assets and procedures to ensure that service can be restored safely and promptly following such events.

EDBs keep the power connected more than 99.96% of the time for their customers.

Potentially increasing outages due to severe weather

Cyclone Gabrielle was an extreme example of these sorts of disruptions, and the sector has taken the opportunity to learn lessons from our response. ENA commissioned Energia to produce an independent 'lessons learned' report for the sector[66], and this has also been shared with the government's Cyclone Recovery Taskforce[67] and officials at MBIE. Some of the key insights from that report, such as the impacts of vegetation, are referenced in the relevant sections of this letter.

Nevertheless, with the increasing concentration of energy consumption towards electricity (e.g. electric vehicles and home heating) consumers' reliance on their electricity supply will only increase. In parallel, the sector is anticipating an increase in the severity and frequency of extreme weather events. The sector is also aware of the increased interest in the resilience of critical infrastructure services by both consumers and the government and is working to provide increased confidence in its resilience.

[65] Energy News, https://www.energynews.co.nz/news/politics/832500/meridian-faces-biggest-political-risk-forbar, 7 November 2025
[66] Electricity Networks Aotearoa. Electricity distribution sector: Cyclone Gabrielle review, 13 July 2023
[67] Cyclone Recovery Unit | Department of the Prime Minister and Cabinet (DPMC).

Flexibility and network risk

The global energy transition poses one of the most significant challenges for modern grid operations. With millions of new, interconnected components being added to the system — such as renewable energy sources, electric vehicles, and smart devices — ensuring reliability has never been more complex. Additionally, the increasing photovoltaic (PV) generation systems have introduced more frequent reverse power flows, creating new and unfamiliar challenges for grid operations.

ENA has been leading work with EDBs, Traders, MEPs and others to develop a common (i.e. industry standard) load management protocol. It will allow for third parties like retailers and traders to operate more load on EDB networks without jeopardising network security. This will allow consumers more flexibility options, while ensuring reliability of power. Our aim is to have this in place and implemented by winter 2026.

DER could also offset current network security assumptions

Currently, most urban networks operate with N-1 security, which is a standard criterion used to evaluate the resilience of an electrical grid. It ensures that the system can continue to function normally even if one critical component — such as a transformer, transmission line, or generator — fails unexpectedly.

If we wanted to take cost out long-term, we could rethink security, and assume every home will have its own resilience in time. EDBs could move away from N-1 standards and shift to a 'fast fix' methodology, assuming home batteries will pick up the slack in the meantime. We could also push the networks harder and run more gear to failure in the near term to squeeze out the end of component life on networks. This would reduce costs and therefore prices.

However, at present such an approach would disadvantage the 99%[68] of customers without solar and battery systems. In the meantime, we can further consider future options in this space, but we do not recommend revoking an N-1 approach at this time.

Looking ahead, as DER, demand response, and more interconnected network designs become more widespread and proven, there will be opportunities to refine how N-1 is interpreted and applied. In some cases, this could mean using a combination of network reconfiguration, flexible resources, and faster fault detection to deliver the same or better level of security at lower long-term cost, particularly where the criticality of load and local conditions support a more risk-based approach. Any such changes would need to be tested and targeted to ensure that customers who do not yet have their own onsite resilience are not disadvantaged.

Connection and export practices

As discussed above, we see one of the biggest benefits to customers from having their own generation capabilities, whether that be solar or batteries, or even EVs, will be the personal resilience this provides in the case of planned and unplanned outages. Self-consumption during these times will greatly increase the value of the systems to their owners.

[68] Latest data from the Electricity Authority suggests only 14,846 ICPs (Electricity Authority - EMI (market statistics and tools)) out of 2.35m (Electricity Authority - EMI (market statistics and tools)) have solar and battery systems installed at 31 December 2025

1.4.3 Examples of existing collaborative initiatives to mitigate security of supply and resilience concerns

The below are some examples of existing collaborative initiatives across EDBs to address security of supply and resilience concerns. This is not designed to be a comprehensive list of all initiatives.

Initiative	Description	# of EDBs and ICP coverage	Affordability	Customer experience	Security of supply	Other
Tree regulations working group	A group of EDB representatives that manage or are involved in work regarding vegetation management or tree regulation for EDBs. The main purpose of the Tree Regulations Working Group strives to streamline the process for cutting/trimming impeding trees to minimise the costs for all parties and reduce timeframes.	22, covering 93% of ICPs	✓	✓	✓	
Cyber security	Cyber Advisory Forum to receive cyber security intelligence, trends, product innovations to improve overall cyber security posture of the sector. Understand joint risk profiles to target cyber investment and improvements.	8, covering 44% of ICPs	✓	✓	✓	
Northern Energy Bridge[69]	Transpower, Northpower and Top Energy are working together with the communities and businesses of Northland to plan electricity infrastructure that ensures a resilient, reliable network and helps Northland take advantage of its	2 plus Transpower, covering 4% of ICPs			✓	

[69] More information on the Northern Energy Bridge can be found here: Resilience, reliability and an Energy Bridge for Te Tai Tokerau Northland | Transpower

Initiative	Description	# of EDBs and ICP coverage	Affordability	Customer experience	Security of supply	Other
	abundant sun, wind and geothermal energy potential.					
NIWA RiskScape[70]	Alpine and MainPower are working on a proof of concept build with the National Institute of Water and Atmospheric Research (NIWA) to leverage NIWA's data and modelling capabilities for risk/scenario-based network modelling of the impacts of weather and climate change to inform asset management and resilience planning for networks and inform real-time operations.	2 plus NIWA, covering 3% of ICPs	✓		✓	
Vector Technology Solutions (VTS)[71]	VTS was established by Vector in 2020 to leverage Vector's cyber security capabilities and make them available to other critical infrastructure providers in New Zealand. VTS offers managed, tailored solutions for integrated IT/OT cyber security operations specifically designed for New Zealand EDBs.	Various commercial arrangements within and outside the sector		✓	✓	
Upper South Island Load Management	This project is operated by Orion and allows distributors in the upper South Island region to work together to effectively manage the peak loads on Transpower's grid. By managing loading on the grid at peak times, the Upper South Island Load Management (USILM) Project has led to a	8, covering 18% of ICPs	✓		✓	

[70] More information on RiskScape can be found here: RiskScape software | Earth Sciences New Zealand | NIWA

[71] Case studies and examples can be found here: Case studies | VTS

Initiative	Description	# of EDBs and ICP coverage	Affordability	Customer experience	Security of supply	Other
	reduction in transmission charges and the deferment of investment in additional transmission capacity.					
Distribution Sector Emergency Situation Reporting Template	ENA, working closely with the National Emergency Management Agency (NEMA) and EDBs has developed a situation reporting (SITREP) template for use by EDBs during national or regional emergencies. This will help to ensure that EDBs reporting outage information into NEMA will do so in a consistent and coherent way, using common definitions for customers off supply, etc. This in turn will help NEMA to direct resources towards those areas most in need and of highest priority.	Available to all EDBs, used as emergency situations arise and dictate		✓	✓	

1.4.4 Proposed new actions to mitigate security of supply and resilience concerns[72]

Initiative	Description	Timeframe	Affordability	Customer experience	Security of supply	Other
Formalised mutual aid arrangements	Networks already assist each other in emergencies. South Island EDBs already have a mutual aid agreement to formalise this assistance. This will now be extended and formalised as a national mutual aid agreement. The agreement will detail the application and co-ordination of mutual aid between all lines companies during and after network electricity supply emergencies.	By December 2026		✓	✓	
Virtual spares stores	ENA to do a cost benefit analysis on the establishment of a virtual store where EDBs keep a record of their critical spares holdings and associated details so all EDBs have visibility. This could enable everyone to see what is being held and what might be available across all EDBs in the case of an emergency. We will explore the possibility of co-ordinating with Transpower as well.	By June 2027	✓		✓	

Recommended government and regulatory actions

Please refer to Part 2 for more on our asks of government in relation to tree management.

[72] This table includes high-level information and estimated timelines for implementation of proposed initiatives. The initiatives and timings are subject to change as we further scope them, including undertaking cost-benefit analysis and assessments of resource requirements, to ensure the outcomes are in the best interests of consumers of each region.

2 Our asks of Government

This section outlines several potential suggestions, which, if actioned by Government and/or Regulators, could improve the affordability of power.

2.1 Trees

The management of vegetation near electricity networks is a long-standing concern and challenge for the distribution sector. Tree management cost EDBs $71.1 million in 2025 (up from $67 million in 2024 and $58 million in 2023). This is contributing to higher electricity costs for consumers.

However, if some of this cost was shifted to tree owners, specifically 'professional' tree owners (councils and forestry companies), who cause these costs, that would reduce electricity bills for end consumers. Whilst we understand that changes to tree regulation are proposed to be implemented within the next two years, it is our view that these amendments will not go far enough to address this core cost to customers. Significant savings and increased electricity resilience could be achieved by amending proposals for tree hazard regulations, in addition to those changes already in train with MBIE. ENA and EDBs are very happy to work collaboratively with government and other stakeholders to achieve this, including engaging suitable legal expertise to draft further amendments to the regulations.

We expect that, dependent on individual EDB circumstances, a significant proportion (potentially 6-8%)[73] of the sector's $71.1 million of vegetation management costs could be avoided if professional tree owners managed their own trees. This would be reflected in lower lines charges for electricity customers and place responsibility — including liability for damage caused by unmanaged trees — with the tree owner, rather than being socialised across electricity consumers.

2.2 Resource Management reform

We note that the government is currently reviewing the Resource Management Act. As drafted, the Planning Bill and Natural Environment Bill look like they will shift costs; moving away from consenting and into monitoring — only time will tell how this plays out in practice though.

However, there are still some remaining barriers in the resource management space that could be addressed:

- Consolidation of National Policy Statements into a singular National Policy Direction that is both 'short and concise' is concerning, and it needs to be done right to ensure any intent is not changed and important enablement for EDBs is not left off or watered down.
- National standards are equally important to get right. The consultation on national direction package 1 was open ended and could lead to only partial enablement of EDB

[73] Estimated based on a limited sample of EDBs. This amount would vary across geographies, depending on factors such as the size and scale of commercial forestry operations in each area.

infrastructure. If the national standards are done right and the sector submissions adopted, this will go a long way to reducing the current consenting struggles we face.

- In the short term, we are unlikely to see costs drop away as we navigate a new resource management system and we are likely to see teething issues. However, the Planning Tribunal is a welcome addition that has the potential to reduce cost in the resource management space for EDBs.

2.3 Temporary traffic management

In common with many other utilities, EDBs carry out a significant volume of activity in the road corridor, as this is where many of their assets are located. Recent changes to the way in which temporary traffic management (TTM) enables these works to be carried out have driven the costs of this element of EDB work much higher. In many instances, the costs of TTM will be a very significant component (sometimes as high as 24%) of the overall works cost of a network upgrade project. The average cost per day for TTM has increased significantly between 2019 and 2024, by circa 208% (equivalent to circa $1,631 per day) over these five years, increasing at a faster rate than the non-tradeable indexation (NTI) rate of inflation during this period.[74]

We encourage NZTA and local councils to expand the risk-based TTM frameworks to local roads to reduce unnecessary cost burdens for lines work. If the risk-based approach is adhered to more consistently, we estimate that costs of TTM will reduce by 30-50% on projects, equivalent to between $47 million and $78 million per annum across all EDBs, which would be reflected in lower lines charges for customers.

2.4 Weighted average cost of capital (WACC) settings

Sudden, sharp price changes at the start of new regulatory periods are hurting Kiwi households and businesses. The current weighted average cost of capital (WACC) methodology means that consumers are exposed to volatile debt costs. The DPP4 decision resulted in a 57% increase in forecast net allowable revenue from DPP3 to DPP5, 32% attributed to increases in WACC and a further 25% to CPI and other components.[75] These sharp swings also don't help the Government, regulators or the industry when communicating with customers about electricity prices – it adds a lot of 'heat' to energy discussions around this time, which largely being caused by 'abstract' economic factors.

ENA believes that changing to a trailing average cost of debt is in the long-term best interests of consumers.[76] According to the Australian Energy Regulator (AER), who implemented a trailing average approach in Australia over a decade ago, they consider that it "promotes overall efficiency of investment, operation and use of, electricity and natural gas services for

[74] Beca, *Report on Findings: Assessment of costs of carrying out works in the road corridor for Electricity Distribution Businesses*, https://www.ena.org.nz/our-work/publications/document/1537, 4 December 2024, page 4.
[75] Commerce Commission, EDB-DPP4-Final-decision-Reasons-paper-Attachment-F-Revenue-path-20-November-2024.pdf, November 2024, page 7, paragraph F18.
[76] Please refer to our previous submission to the Commerce Commission as part of the Fibre IM review in August 2025, as well as the cross-industry joint letter.

the long term interest of consumers" and that it "would result in lower price volatility (from one regulatory control period to the next) for energy consumers". [77]

In August 2025, the AER has published a paper for its four-yearly review of the rate of return instrument, continuing to advocate for a trailing average cost of debt.[78] The AER reiterated its view that it would "smooth movements in the return on debt, leading to lower price volatility for consumers".[79]

As reflected in a joint letter[80] submitted alongside our August 2025 submission to the Commerce Commission, a broad coalition of New Zealand businesses, industry associations, and consumer advocates share the view that the current WACC-setting mechanisms contribute to unnecessary volatility and price step changes. These outcomes are not in the long-term interests of consumers, as they undermine price stability, affordability, and confidence in regulatory outcomes. This technical change to regulation could have a big positive impact in reducing affordability shocks and giving consumers more confidence in their electricity and internet services.

ENA therefore continues to recommend that the Commission implement a trailing average cost of debt in order to smooth the WACC profile, resulting in less volatility of line charges for consumers.

2.5 Reinvigorate robustness and transparency of the 'Council of Energy Regulators'

Many of the key issues that will affect EDBs and customer prices (like DPP5, connection pricing and processes, distribution pricing, the potential evolution of a distribution system operator (DSO) role, the NIP and the scale and timing of electrification) are being progressed by multiple agencies: the Commerce Commission, the Electricity Authority and MBIE, and New Zealand Infrastructure Commission/ Te Waihanga. Parallel workstreams can produce useful policy ideas, but they also risk creating contradictory or confusing signals for EDBs and investors. There is a real risk of unintended consequences if agencies act in silos rather than collaboratively.

We recommend that the deliberations of the 'Council of Energy Regulators' (the Council) be made more transparent to the sector, by publishing meeting minutes and agendas. We also recommend that MBIE, Commerce Commission and the Electricity Authority co-ordinate their work programme efficiently and publish a prioritised combined forward works calendar.

Regulation is required when consumer harm or market failure has been identified. To mitigate unintended consequences, it's essential that regulation is proportionate to the harm it's trying to address and it's subject to an appropriate cost-benefit analysis. Without this discipline, regulatory intervention drives a lot of cost into the system, for little benefit, which ultimately comes at the cost of customers.

[77] AER, AER Explanatory statement - rate of return guideline, December 2013, page 109
[78] AER, Rate of Return Instrument – Review discussion paper, August 2025
[79] AER, Rate of Return Instrument – Review discussion paper, August 2025, page 23
[80] Joint letter to the Commerce Commission, cross-industry joint letter, August 2025

2.6 Refocus the winter energy payments

Refocus the winter energy payment so it supports people who genuinely need help. This is also supported by Treasury Secretary, Iain Rennie.[81]

The scheme costs the Government more than $500 million each year and is not means-tested. This means many financially comfortable retirees receive additional support over winter, while others who are under 65 who are struggling with energy costs miss out.

The targeting of the winter energy payment has been raised repeatedly through Electricity Authority–led wānanga on energy wellbeing. There is unusually strong agreement on this issue — including lines companies, generators, retailers, consumer organisations, and the Electricity Authority itself. It is widely seen as a 'sitting duck' — a tangible, well-understood change that could materially improve energy affordability without increasing overall Government spend.

Only Government has the power to refocus the winter energy payment, and doing so would be one of the most direct and effective steps available to better support households struggling with the cost of living.

2.7 Develop a cross-party Energy Strategy

Deliver an Energy Strategy (ideally with cross-party support to give the market confidence and trust to invest) that clearly communicates the government's strategic direction for the sector transition. Developed in close collaboration with industry, it should define the overall vision, set specific targets, clarify stakeholder roles, and provide a coordinated delivery plan. Ideally, the strategy should have long-term principles that do not change with each change in government.

2.8 Just transition and government consideration of equitable cost sharing

An independent report ENA commissioned[82] from economic consultancy, Sapere, confirmed that households using purely electric appliances combined with an EV will soon begin to comparatively reduce their total energy spend. By 2040, the expectation is that those comparative savings would be over $2,000 a year. Rewiring Aotearoa's current savings estimates are on average $1,485 per year on 5.5% finance, or $4,699 per year on low 1% interest finance.[83]

However, there is a significant equity issue in play. As things stand, wealthier households will be the first to benefit from energy savings as they can afford to buy EVs, which is where the

[81] https://www.nzherald.co.nz/business/economy/treasury-boss-iain-rennie-on-whats-required-to-bolster-the-books-in-the-absence-of-high-immigration-and-house-prices/premium/YIPWSFT4YZBRVC622UCCJBUKCY/

[82] Electricity Networks Aotearoa. (2022). *Electrification of NZ's energy needs*. Electricity Networks Aotearoa. https://www.ena.org.nz/resources/electrification-of-nzs-energy-needs/document/1231

[83] Rewiring Aotearoa, Electric Home Get Started, Chart: New Zealand – Gas/LPG and petrol home versus electrified home, annualised

major cost savings are found. The upfront costs will be a barrier for many New Zealanders – particularly until EVs drop in price and the second-hand market deepens.

While renewable forms of electricity like wind and solar are relatively cheap to generate, there is a cost to both build this new generation and transport it to the places it's needed, when it's needed, including the cost of installing home equipment. This will, in theory, make our electricity more expensive, not less. However, if we don't electrify, Aotearoa will not meet its net zero emission aspirations. Currently, regulators don't have the mandate to consider decarbonisation / electrification in their decision making. Widening the scope of the objectives of the regulators could help accelerate New Zealand's path to net zero.

Numerous regulatory changes in recent months have focused incentives on the 'first movers,' including the injection tariffs introduced by the Energy Competition Task Force, and the recent Electricity Authority proposal to increase export limits to 10kW. As we noted in Part 1 of this letter, many of these changes will benefit only those wealthier individuals able to afford EVs and solar/battery systems. There is a cost to providing these benefits to these customers, which will be borne by all customers, risking a cross-subsidy from the poor to the wealthy. We would just like to ensure these are conscious decisions by government and that consideration is being given to how to assist those less able to take advantage of modern/green technologies.

2.9 Tilted depreciation

43% of the annual maximum allowable revenue (MAR) relates to the recovery of depreciation. Given the size of the depreciation building block, possibly the largest and fastest-acting lever, another meaningful way to reduce customer prices is to 'tilt' the depreciation.

Under current regulatory settings for price-quality regulated EDBs, depreciation is recovered on a straight-line basis over the useful life of the underlying assets (e.g. for an asset with an estimated useful life of 10 years, 10% of the depreciation is recovered in each year).

If a 'tilt' factor is applied, more depreciation could be recovered in later years, with lower depreciation recovery in earlier years. The net present value (NPV) of recovery would be the same as a straight-line method, but the timing of recovery would be deferred. Chorus has had a tilted recovery profile to smooth their prices during the rollout of the ultrafast broadband network.

This deferral of recovery will reduce prices in the near term and recover them later. This balances with the idea that there will be increased future demand on the network, meaning a larger customer/demand base over which to spread the higher depreciation in future.[84]

Depreciation settings are defined within the Input Methodologies (IM) and the only provisions for EDB to tilt depreciation in this way are in the Customised Price Path (CPP) IM. Rather than all non-exempt EDBs applying for a CPP in order to use the approach, EDBs on a default price path would require an IM amendment. We have suggested that the Commission

[84] Supported by this narrative from the Commerce Commission, which expects lower long-term costs for consumers due to the large anticipated customer base: "Additionally, where the (higher) fixed costs of the network are spread over a greater amount of total demand in the long term, the overall costs to consumers may rise in the short-term but be lower per customer in the long-term." Default-price-quality-paths-for-electricity-distribution-businesses-from-1-April-2025-Issues-paper-2-November-2023.pdf, page 51, paragraph 5.7

complete their next IM review, or at least a targeted review, ahead of the DPP5 decision.[85] We would be keen to work with the Commission to determine the most appropriate way to tilt the depreciation to lower medium-term costs for consumers, whilst ensuring reasonable cost recovery over time.

2.10 EDB Generation limits

It has been announced a couple of times in the last year that EDB restrictions on generation will be reduced, however, this has yet to come through in legislation. Allowing EDBs to increase local generation will enable increased community resilience and can help lower consumer bills. We ask that the government follow up to ensure the legislative changes required to allow this are enacted as soon as possible please.

2.11 Measures and metrics

In your letter you advise that a number of measures and metrics will be developed – we welcome working with your officials on this, and ideally would encourage the Government to build any new measures and reporting into the existing Commerce Commission information disclosure framework, rather than establishing a new parallel reporting regime, which could also build in costs to EDBs, and therefore to consumers.

As we noted above, ENA recommends that an initial step be to workshop with regulators and your officials how to consistently define and apply the terms 'utilisation,' 'efficiency,' and 'productivity.' This exercise may highlight the value of developing new disclosures to be collected over time, helping to build a clearer picture of current practices and informing whether further improvements or regulatory interventions are warranted. It would also help all parties better understand the impacts of trade-offs required between network quality/ reliability and affordability.

This is also an area where greater alignment between regulators could be beneficial. If the Electricity Authority or other agencies have concerns about EDB quality or performance, or are considering introducing new disclosure requirements, it would be preferable to integrate these into the Commerce Commission's DPP5 framework, and associated ID reviews. This would help avoid duplication, reduce compliance burden, and ensure a more coordinated and efficient approach to regulation and reporting. We would be happy to work with regulators to develop a more fulsome set of customer service metrics to report on.

A clear Energy Strategy would assist with this and allow us to tailor metrics to suit the long-term direction supported by Government, industry and customers.

[85] ENA, https://www.comcom.govt.nz/assets/Documents/2025-reset-of-the-electricity-default-price-quality-path-2/ENA-Submission-on-DPP5-open-letter-7-October-2025.pdf, 7 October 2025, page 11, paragraph 5.1

3 Other existing collaborative initiatives

All 29 lines companies have a long-standing history of collaborating and working together. Below are some examples of how this happens. The examples are broken up into three categories:

1. **Working groups and forums:** People in similar roles come together, share best practices and lessons, ask for advice, and collaborate with pairs across the motu.
2. **Collaborative initiatives, studies and partnerships:** Where a large group of lines companies (if not all) collaborate on shared initiatives.
3. **One to one (or few):** Collaboration and standardisation happens with smaller cohorts of companies for many topics and services. Some of these are recorded as examples.

We included some of the key initiatives that address your specific concerns in Part 1. The tables below show some other examples of note. It's important to note that the examples in the tables below are not all the collaborations and partnerships that exist. These are just a selection of examples that we thought would be helpful to you, your officials and your independent reviewer.

We also note that EDBs are also members of the Electricity Engineers' Association (EEA), FlexForum, Ara Ake and others. The EEA, for example, focuses on issues relating to engineering, technical, and health and safety. This includes collaboration on, and creation of, standards and guides. A recent example is their 'voltage change guidance,' which was released late last year as a result of the government expansion of household voltage limits. They also released updated resilience guidance in December. We have not included a full list of all the collaboration and standardisation initiatives led by these other organisations, but are sure that they would be happy to discuss these with you, your officials and your independent reviewer, if requested.

3.1 Existing collaboration examples: working groups and forums

Initiative	Description	Number of EDBs and ICP coverage
Regulatory Working Group (RWG)	Its focus is on market and economic regulation (especially as administered by the Electricity Authority, Commerce Commission and MBIE). The group provide information on regulatory matters to all EDBs, provides an open forum for EDBs to share views and debate regulatory matters, and develops, as far as possible, consensus views on regulatory and policy matters. ENA also procures legal, economic and other advice on behalf of members, via the RWG, where relevant, to minimise cost duplication.	All

Initiative	Description	Number of EDBs and ICP coverage
ID Working Group (IDWG)	It assists members with implementing new disclosure requirements, and seeks to build understanding, alignment and improvement across disclosures.	All
The Future Networks Forum (FNF)	The Future Networks Forum (FNF) is an action-focused group delivering collaborative projects to push networks forward and create value for customers. Projects include: • Connections journey mapping (13 initiatives to improve the connections process for customers) • Aligning EDB capability, roles and functions to enable distributed flexibility • Customer segmentation research • Creating a common load management protocol. • Creating a common methodology for EDBs to assess the value of non-traditional solutions to network investment • Creating a common methodology for defining and operation 'Dynamic Operating Envelopes,' enabling flexible connections. This is particularly beneficial to small-scale distributed generation customers, who can receive a dynamic export limit, that can be adjusted up or down as network conditions allow. • Creating a set of template connection contracts for large load and DG customers, that will ensure a standard and familiar set of commercial terms will be the starting point for negotiating specific connection contracts.	All
Energy Transition Framework[86]	It's a collaborative commitment to ensure the energy system in Aotearoa remains secure, affordable, and fit for a high-growth, low-	14 plus ENA and numerous other

[86] More information on the Framework and its participants is available here: The Framework » Powering Change

Initiative	Description	Number of EDBs and ICP coverage
	emissions future. The Framework brings together 32 organisations — with more as observers — from generators and retailers to distribution companies and consumer representatives. The Framework will help us tackle the challenges and collectively transform and decarbonise the energy system for Aotearoa. Importantly, it commits us to sharing both the responsibility and the progress — in a way that's transparent and accountable.	sector participants, covering 87% of ICPs
Northern Energy Group (NEG)	The NEG was formed in 2019 around a common belief that consumer voices needed to be stronger in industry and government decision-making. All our networks are entirely or majority-owned by customer trusts.	7, covering 38% of ICPs
South Island Chief Executives Forum	This is a strategic-leadership group for Chief Executives of South Island EDBs. It is used to align on shared strategic priorities.	All South Island EDBs, covering 21% of ICPs
Regional EDB Forum	Smaller/regional EDB CEs get together on a quarterly basis to meet, discuss and collaborate about topics that are relevant to them.	13, covering 12% of ICPs
Other forums and working groups	We are also aware of the following forums and working groups that many EDBs are involved in: • HR Managers Group (collaboration and support network for all lines companies regarding topics relevant to human resources, sharing best practice and avoiding reinventing the wheel); • EDB IT Manager Forum (discusses and shares information on IT matters including cyber security, applications, platforms etc); • CIOs Group (regular forum and communication channels to all Chief Information Officers (CIOs) across the industry. Sharing problems, opportunities, advice, recommendations and lessons learnt on a continual basis);	Various

Initiative	Description	Number of EDBs and ICP coverage
	• Asset Information Working Group (forum to build standard asset information maturity practices. Input to and utilise built standards); and • EDI Safety Forum (emerging safety changes, sharing of work in progress, focus on creating consistency across EDBs in approach to safety).	

3.2 Existing collaboration examples: Initiatives, studies and partnerships

Initiative	Description	Number of EDBs and ICP coverage
Common Competency Framework	The framework aims to reduce risk to workers and the public and enhance efficiency and cost-effectiveness within the sector.	All
AMP initiative	This project aims to improve asset management plans (AMPs). The intention is to work with the Commerce Commission and the Electricity Authority. The goal will be better quality disclosures and more useful disclosures, leading to greater accountability and visibility. We also seek to use this project to ensure we are gathering and tracking the most relevant metrics to best manage the network. This project is still in its early stages.	All

3.3 Existing collaboration examples: One to one (or one to few)

Initiative	Description	Number of EDBs and ICP coverage
Partnership with Tapestry	Four large EDBs (Unison, Northpower, Orion and WEL) have announced the formation of a consortium and a partnership with Tapestry,	5, covering 50% of ICPs

Initiative	Description	Number of EDBs and ICP coverage
	Google's moonshot for the electric grid, to leverage artificial intelligence (AI) and computer vision for enhanced grid reliability and efficiency. The partners are deploying Tapestry's GridAware platform to transform asset inspection and maintenance processes, using drones and artificial intelligence (AI) to identify potential equipment defects faster and more efficiently. This builds on work already done by Vector.	
Flexibility Markets Trial	Three EDBs (Unison, Powerco and Vector) are working with Our Energy's Localflex platform that provides a one-stop-shop solution for electricity networks and flexibility service providers for local flexibility procurement. This is to develop and test processes of how flexibility markets can be implemented with New Zealand context in mind.	3, covering 48% of ICPs
Data & AI, engineering and design standards, works delivery, planning, technology, non-network solutions and innovations	Three EDBs (Alpine, Powerco and Vector) are developing a joint understanding of practices across EDB value chains, data and technology. Inform programmes of work to reduce effort on scoping, design and implementation. Connections for obtaining products and artefacts to expedite improvements. Pathway to collaborate on joint products or leverage services.	3, covering 44% of ICPs
Shared management services agreement	Several EDBs work to provide each other with shared management services, including: • Unison for Centralines • PowerNet for The Power Company, Electricity Invercargill and the OtagoNet Joint Venture. PowerNet also provide network management services to Ruakura Energy, a new small EDB. These are all strong examples of networks collaborating, sharing resources, and leveraging expertise to create efficiencies.	5, covering 9% of ICPs
Ownership consolidation	• Nelson Electricity was acquired by Network Tasman in 2025 and many of their operations have subsequently been merged.	4, covering 19% of ICPs

Initiative	Description	Number of EDBs and ICP coverage
	• Powerco is currently seeking to acquire Firstlight Network. If the relevant approvals go through, this transaction will complete in the first half of 2026.	
Standardisation of work units	Unison is adopting Powerco's units to standardise activities thereby making it consistent and easier for contractors to work across networks which drives efficiencies.	2, covering 21% of ICPs
Copperleaf	WEL recently went live with Copperleaf, an investment decision tool. Powerco gifted their value framework, essentially helping WEL shave two years off their implementation and value passthrough to consumers.	2, covering 20% of ICPs
Standardised Technical Arrangements Group	A collaboration between MainPower, Marlborough Lines, Buller Electricity, Westpower and PowerNet, established in October 2024 with the purpose of providing and managing a common set of standardised designs for network assets. The objectives are to reduce costs and effort associated with design, procurement, construction, operation and maintenance of network assets; minimise duplication of effort and systems, improve disaster response through interoperability and alignment. Initially the scope of this work will standardise the design of all overhead structures (including componentry) but can be extended to all network assets.	7, covering 7% of ICPs
WEL Networks / Waipa Networks control and monitoring agreement	This has been in place for 20 years. Leading to cost savings and better community service. In addition, WEL are working with Waipa to get them added to WEL's General Electric-created PowerOn software, a sophisticated advanced distribution management systems (ADMS). It's an integrated network management solution that automates real-time monitoring, control, and management of electrical grids. Leading to cost savings and better community service.	2, covering 6% of ICPs