wellington electricity™

Submission on Network connections project – stage one amendments

20 December 2024

1 Submission and contact details

Consultation	Network connections project – stage one
Submitted to	Electricity Authority
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2 Confidential information

There is no confidential information provided in this submission. This submission can be publicly disclosed.

3 Introduction

Wellington Electricity Lines Limited (**WELL**) appreciates the opportunity to provide a submission on the Electricity Authority's (**EA**) consultation '*Network connections project – stage one*'.

We support the intent of the paper and agree that the changes will allow distributors to better prioritise applications that are ready to connect; thus reducing speculative or insufficient applications, as well as creating a more consistent approach to both distributed generation (DG) and load connections across Aotearoa New Zealand.

However, we have some concerns around the EA's summary of capacity rights allocation, the proposed application processes for larger-capacity load, and some of the other proposed changes. We have also made some suggestions around where we think some of the proposals could be improved.

We have set out our answers to each of the consultation questions below.

4 Consultation Questions

Proposal A questions: Amend the application processes for larger-capacity DG applications	
Questions	Comments
A) What are your thoughts on the proposal to replace nameplate capacity with maximum export power?	While we understand the EA's rationale for this proposal, we think that DG applications should continue to be categorised by nameplate capacity (per the current proposed application of fees), rather than maximum export power. This is because the DG nameplate capacity, regardless of the maximum export power, has implications for network fault currents, protection, and islanding risk. Replacing nameplate capacity with maximum export power in determining the relevant DG application process may limit our ability to specify additional requirements for larger DG connections intending to limit their export. This could have potential power quality and safety implications.
B) Do you support the proposed Process 2 for medium DG (>10kW and <300kW), including the proposed requirements and timeframes? What are your thoughts on the proposed size threshold? What other changes would you make to the medium DG application process, if any?	Yes, although we suggest an upper threshold of 200kW to align with the 200kVA limit stated in AS/NZS 4777.2:2020 Grid connection of energy systems via inverters, Part 2: Inverter requirements. For the same reason, we also suggest a lower threshold of 15kW, although we note that this would impact small DG applications (currently ≤10kW) which are out-of-scope of stage one of this consultation. We think that the above change will help create consistency between the DG application process and the inverter standard. At this stage, we have no specific objections to the proposed timeframes set out for processing initial and final applications.
C) Do you support the proposed Process 3 for large DG applications (≥300kW), including the proposed requirements and timeframes? What are your thoughts on the proposed size thresholds? What other changes would you make to the large DG application process, if any?	Yes, although we suggest a threshold of 200kW for the reason stated above. We agree that allowing applicants to resubmit initial, interim and final applications once and at no cost is a fair approach. However, for the avoidance of doubt, we ask that the EA considers stipulating in the Code that the resubmitted application may only be for the same DG – in other words, an applicant must submit a new application

	should there be a material change to the characteristics of the installation being applied for. At this stage, we have no specific objections to the proposed timeframes set out for processing initial and final applications, subject to the inclusion of the interim application stage for large-capacity DG applications which we support for the reasons set out in the consultation paper. We may also look to adopt a 'complex application' subcategory, however this would be managed internally and could be developed amongst the industry as part of the Streamlining Connections Programme (as mentioned in the consultation paper).
D) Do you think the Authority should apply any of the proposed changes for large DG to medium DG applications also?	Yes. We would support the proposal to permit application fees in the Code for *all application sizes* as a means of discouraging speculative applications (thus helping ensure that proposals are 'ready' prior to receipt) and allowing us to recoup costs should an applicant withdraw their application after we have already begun working on it. While we agree that this is less of a risk with medium DG applications, we still believe it would be a prudent measure. That said, we also agree with the EA's proposal to allow discretion for distributors to refund an application fee (should circumstances affect an application that are beyond the control of an applicant).
E) What are your thoughts on industry developing the detailed policies to complement the Code changes proposed in this paper?	We support this 'joined-up' approach as we believe that extensive input is needed across the sector to develop the processes, guidelines, and policies required to meet the proposed changes. For example, the development of a queueing and management policy which will be crucial to the implementation of the proposed new processes. The Code should provide a 'baseline' of expectations which the industry can then use to create supporting processes through the Streamlining Connections Programme. We note the EA's acknowledgement of this.
F) What are your thoughts on the Authority's summary of capacity rights allocation?	We do not agree with the summary of capacity rights allocation described by the EA. The availability of network capacity for use by all consumers (based on good engineering principles and Good Electricity Industry Practice) is fundamental to the operational model of distributors. Departure from this through the reserving of

	network capacity for the peak load of specific consumers has direct consequence for investment in networks, the costs faced by consumers, and directly impacts the Commerce Commission's regulation of electricity distribution businesses under Part 4 of the Commerce Act. Accordingly, we would highly recommend that the EA removes the use of "capacity rights" from its proposal or alternatively, explicitly defines what it intends by the term and makes it explicit that it does not infer a property right for network capacity to an individual or a group of consumers.

Proposal B questions: Add application processes for larger-capacity load	
Questions	Comments
G) For Process 3 [submitter correction: Process 4] for medium load (>69kVA and <300kVA) applications: • Do you support the proposed process and why? • What are your thoughts on the proposed requirements, size thresholds and timeframes? What changes would you make to the medium-load application process, if any?	We support the principle of the proposal in helping to set consistent customer expectations; particularly for those who are submitting load applications across multiple network areas. We also feel that more prescriptive requirements will help discourage speculative applications which can incur costs to distributors that are ultimately passed through to end-consumers. However, we do note that, due to the relatively low threshold proposed by the EA, this process will capture a significantly large number of load applications. While we appreciate the reasoning behind the proposed lower threshold, the EA should not underestimate the effort required and associated costs that will be incurred for distributors to implement the proposed new application processes. In addition, the change in its current form may not be fit-for-purpose in parts. For example, if "load" (i.e. "any connection to a distribution network") is taken to be at an ICP level, it would mean that any new connections with multiple ICPs where the combined total load exceeds 69kVA (but is lower at each ICP) would essentially circumvent the application process. For example, a large residential subdivision may exceed 69kVA, but under a standard network model, the load of

	each ICP would fall significantly below this threshold and potentially 'slip under the radar'. In contrast, there could be a commercial or industrial development with individual ICPs each exceeding 69kVA. In this case, would the total site load be used to make a single application under the relevant process, or would each ICP require its own individual application? The latter could result in unnecessary complexity and perverse outcomes such as 'customer networks' where not required. To avoid this issue, we currently treat load applications on the basis of the total load of the overall connection. It is currently unclear to us whether this is the intent of the Code change, but we would be unable to support this proposal if it is not.
H) For Process 5 for large load (≥300kVA) applications: • Do you support the proposed process and why? • What are your thoughts on the proposed requirements, size thresholds and timeframes? What changes would you make to the large load application process, if any?	As above. At this stage, we have no specific objections to the proposed timeframes set out for processing initial and final applications. In addition, we may look to adopt a 'complex application' subcategory, per our answer to question C.
I) Do you think the Authority should apply any of the proposed changes for large load to medium-load applications also? If so, which ones and why?	No. Given the large volume of applications that would fall into Process 4, we think that including the more stringent requirements that are proposed under Process 5 would be too onerous for all parties involved, with little or no benefit.
J) What are your thoughts on the Authority's summary of capacity rights allocation?	Refer to our answer to question F. In respect of this question specifically, we have assumed that that "applicant generator" should be "load applicant" in the box shown in the consultation paper.
K) What else does the Authority need to consider beyond the proposals in this paper and why?	We note that distributors could be bound to provide a connection under the proposed load application processes.

	While this may not be an issue (subject to requiring applications to comply with a distributor's connection and operation standards, etc.), we share the view put forward by ENA that an obligation to connect load could have unintended consequences. For example, distributors could be forced to connect an applicant that is outside of their network area. While improbable, this should be taken into consideration in the drafting of the Code amendment. We also refer to our comments on capacity rights in our answer to question F.

Proposal C questions: Require distributors to publish a 'network connections pipeline' for large-capacity DG and load, and provide information on this pipeline to the Authority	
Questions	Comments
L) Do you support the proposed network connections pipeline, why, why not? What changes would you make, if any? What are your thoughts on the scope of the information to be published?	Given that the proposed network connections pipeline will only require distributors to publish information being provided, we have no objection to this. While some costs will be inevitable in the implementation of and subsequent updates to the pipeline, we do not consider these costs to be significant given that the pipeline would be limited to large-capacity DG and load applications. However, we feel that publishing the location of each DG application in the network connections pipeline could result in the inadvertent disclosure of commercially sensitive or otherwise confidential information. We therefore ask that the EA considers the extent to which the location is published. We have suggested how this requirement can be met under our answer to question V.
M) What are your thoughts on the proposal for distributors to provide information directly to the Authority on an ongoing basis?	As above. This can be achieved using the same process that we would use to generate the pipeline.

Proposal D questions: Require distributors to provide more information on network capacity	
Questions	Comments

N) What do you think of the proposal to publish more information on network capacity? What challenges do you see with providing the data? What changes would you make, if any?	Given that this proposal will only require distributors to publish information that they already hold (i.e. "where known") – and in some cases, have already published – we have no objection to this.
O) What are your thoughts on the scope and granularity of the information to be published?	We agree with the proposed scope and granularity of the information to be published and support the EA's work to improve distributors' access to smart meter data – particularly if the EA considers mandating further granularity in the future.

Proposal E questions: Update the regulated terms for DG	
Questions	Comments
P) What are your thoughts on the proposed changes to the regulated terms?	We support these changes, with particular reference to inserted clauses 4A (distributor approval required for changes to DG connection etc.), 7 (obligations on distributed generator relating to network power quality), and 15(1)(ab) (distributor's right to disconnect DG if interfering with network and not resolved). We see the aforementioned clauses as key enablers for the distributor and distributed generator to work together to prevent potential power quality issues caused by suboptimal DG operation. This will, in turn, help prevent potential supply disruption to consumers.

Proposal F questions: Add regulated and prescribed terms for load applications and amend dispute resolution requirements	
Questions	Comments
Q) What are your thoughts on the proposed regulated and prescribed terms for load? What changes would you make, if any?	As the headings of the clauses to which our feedback relates are the same under both Schedule 6.2A (regulated terms) and Schedule 6.2B (prescribed terms), we have used clause headings rather than numbers in summarising our feedback below: **<u>Installation of meters and access to metering information</u>** This clause states that the applicant will meet the

	distributor's requirements for metering configuration. However, as there are more likely to be metering requirements from the trader, the clause should state "the trader's and/or distributor's requirements" (or something to that effect). **Applicant must not interfere with, and must protect, distributor's equipment** While we agree with the clause heading, we are concerned that the provision which allows applicants (consumers) to "interfere with the distributor's equipment [to protect persons or property]" could theoretically result in injury or death to persons – the opposite of what the clause is trying to prevent. While we appreciate that this is unintentional, we ask that the EA considers redrafting this clause to ensure that non-competent persons are not inadvertently permitted to operate distribution equipment. **Obligation to advise if interference with distributor's equipment or theft of electricity is discovered** While we agree that it is imperative that distributors are advised of interference with their equipment, the notification of theft of electricity would typically need to be provided to the trader, given that they are the responsible party (through their contracts with MEPs) for consumption monitoring. The clause should therefore be updated to reflect this. **Obligations if applicant's load connection is temporarily electrically disconnected by distributor** We do not support this clause in its current form, as the requirement to advise and co-ordinate with applicants is contradictory to the requirements of other regulatory obligations (for example, EIEP5A) which require such communication to take place between distributors and traders. While we accept that some distributors contact consumers directly regarding planned and unplanned outages, this is not the case for many – including us. We also ask that the EA considers any potential conflicts between the default distributor agreement (DDA) and proposed regulated and prescribed terms for load.
R) What are your views on the proposed dispute resolution changes for Part 6? In what ways could	Given the stage of development of the changes proposed, we consider it premature to determine the specifics of what dispute resolution should be considered.

dispute resolution be further improved? What are your thoughts on the alternative options to deliver dispute resolution discussed in this paper? Do you have any feedback on the 20-business day timeframe proposed?	However, we agree with the EA's suggestion that "regulatory enforcement processes … are not primarily designed for dispute resolution purposes and could be more protracted or less flexible". While we note that Schedule 6.3 (the default dispute resolution process) is an existing schedule in the Code, we do not see it as a suitable mechanism for disputes between distributors and load applicants for the following reasons: 1) Only disputes between distributors and applicants who are participants can be raised under the default dispute resolution process, meaning that most load applicants would be ineligible to utilise this process. 2) Rules and procedures for dealing with disputes are not provided. This could result in significant efforts being undertaken in relation to a dispute which may not be warranted. 3) Disputes must be treated as if the notified dispute is notification of an alleged breach of the Code. This would potentially place an unnecessary administrative burden on both parties to satisfy the regulatory requirements of the EA or Rulings Panel. As mentioned in the consultation paper, Utilities Disputes Limited (UDL) already operates the Energy Complaints Scheme, which is the industry's approved dispute resolution scheme under the Electricity Industry Act 2010. As such, UDL's scheme may be a more suitable option, particularly as the proposed clause 6.8A(1) already aligns with the timeframe under UDL's scheme rules for a complaint to be resolved before being considered at 'deadlock'. However, as described in our response to the *Distribution connection pricing proposed Code amendment* consultation, UDL's scheme may not be appropriate for disputes relating to the application of pricing methodologies to connection charges. As such, we reiterate that the EA should consider this matter further prior to making any changes.

S) Do you consider the alternative contractual terms option discussed in this paper (and in the Distribution connection pricing consultation paper) would be better than the proposal without contractual terms? What are your thoughts on the other alternative options referred to?	Given the stage of development of the changes proposed, the imposition of terms should be delayed until the consequences are assessed and understood. At this stage, it is our view that the existing DDA should take precedence as the overarching contractual agreement for load consumers. This is because we have an interposed arrangement with traders who hold relationships with most consumers. We also note that the DDA includes dispute resolution provisions for disputes between a distributor and trader. However, should the EA choose to implement terms that apply between distributors and load applicants, we consider that contractual terms would be preferable due to the reasons outlined in paragraph 5.249 of the consultation paper. Notwithstanding the above, we have provided feedback on the EA's proposed regulated and prescribed terms in our answer to question Q.

Proposal G questions: Increase record-keeping requirements for distributors	
Questions	Comments
T) Do you support the proposal to increase the record-keeping requirements for distributors and why? What changes would you make, if any?	Yes – we are confident that the requirements could be met as part of our development of processes to comply with the proposed changes.

Proposal H questions: Introduce new Part 1 definitions and amend existing definitions	
Questions	Comments
U) What are your thoughts on the proposed new definitions and amended definitions for Part 1 of the Code? What changes would you make, if any?	To allow the clauses that apply following a successful DG or load connection to be interpreted correctly, it may be prudent to state that an **applicant** also refers to a consumer who was previously an applicant. The definition of **load** may also require some clarification (see our answer to question G).

V) What other terms do you think the Authority should define and what definitions do you propose for those terms?	We suggest that **location** (in respect of applications in the network connections pipeline) is defined as "location by zone substation or feeder" or is consistently referenced in this manner (see our answer to question L for rationale).

Proposal I question: Make minor and incidental amendments to Part 6	
Questions	Comments
W) What are your thoughts on the proposed minor and incidental changes to Part 6? What minor and incidental changes has the Authority missed and what changes would you make, if any?	No comment.
Transitional arrangement questions	
Questions	Comments
X) What are your thoughts on the transitional arrangements for the proposals in this paper? Submitters can consider individual proposals when responding to this question.	We believe that a 12-month transition period before any proposed changes are made would be workable, however we would need to review all stage one and stage two amendments in more detail to accurately determine this. Given that we have recently been provided with very short timeframes to operationalise decisions made by the EA (including some that the EA themselves and other key stakeholders have not been ready to implement upon the effective date), we ask that the EA carefully considers the implications of any changes made, and the timeframes required to comply with such changes.
Y) What proposals do you consider the most important? How long do you think is needed to implement these?	The proposals related to the connection of DG are potentially the most incremental and straightforward and could therefore be implemented first. However, the regulation of load connections will require more time to implement effectively.

Code drafting question	
Questions	Comments

Z) Do you have comment on the Authority's drafting of the proposed Code changes? What changes would you make, if any?	The page header for Schedule 6.2 is incorrectly denoted as Schedule 6.2A.

5 Closing

WELL appreciates the opportunity to provide a submission on the Electricity Authority's consultation paper '*Network connections project: stage one amendments*'. If you have further questions regarding any aspect of our submission, please email Ben Tuifao-Jenkinson, Economic Regulation & Pricing Specialist at [redacted]