

# WP0520 Network Waitaki Connection Pricing Policy

Policy

V.1.0

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## 1 SCOPE

This policy applies to customers requesting either a new connection, or a connection alteration to Network Waitaki's distribution network.

## 2 BACKGROUND

The Electricity Authority has made changes to the Electricity Participation Code (the Code) by regulating mandatory connection charging arrangements, with the aim of better outcomes for connection applicants and more standardised connection policy and implementation arrangements across Electricity Distribution Business (EDBs).

Network Waitaki's capital contributions policy has been updated and renamed to reflect these Code changes and to provide for the following outcomes:

- Efficiently and transparently deliver customer requests for network connection
- Compliance with pioneer scheme regulations in Part 6B of the Code
- Compliance with Network Waitaki connection standards and operating procedures to provide a safe and reliable network connection.

## 3 PRINCIPLES / APPROACH

To ensure all connections are treated in an equitable manner, and that a consistent process is applied for all, Network Waitaki subscribes to the following principles:

1. Connections application requests are managed on a first-come, first-served basis.
2. Agreements to connect must meet technical standards and use existing capacity and infrastructure before proposing customer connection augmentation to provide for network extension or growth.
3. All connections must comply with safety and network standards.
4. Connections policies should use consistent definitions and standards where appropriate.

## 4 CONNECTIONS POLICY SCOPE

This policy sets out Network Waitaki's requirements for payment of connection charges from customers requesting customer-initiated work on the distribution network, including new connections, connection alterations, changes in capacity, relocations and undergrounding.

It applies to customers requesting:

- new connections to the distribution network;
- alterations to existing connections, including upgrades or reductions in capacity;
- relocations of network assets;
- undergrounding of network assets; and
- any other customer-initiated works that require investment in network infrastructure.

This policy should be read together with Network Waitaki's technical standards, connection processes, pricing schedules, and other relevant connection documentation published on our website.

This policy replaces Network Waitaki's previous Capital Contributions Policy. While this policy uses the term "connection charges", these charges constitute capital contributions for the purposes of the Commerce Commission's Electricity Distribution Information Disclosure Determination 2012 and will be disclosed accordingly under clause 2.4.6.

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## 5 POLICY STATEMENT

Network Waitaki's distribution lines charges are set to recover the efficient costs of operating, maintaining and renewing the distribution network over time. Distribution lines charges do not generally recover the costs of customer-specific investments required to connect new customers or to meet customer-initiated requests for additional capacity or network alterations.

Network Waitaki considers that existing consumers should not subsidise investments that will meet the needs of new customers.

Network Waitaki provides new connections and alterations to connections in accordance with its technical standards, connection processes and commercial requirements.

Where a customer requests a new connection or an alteration that requires Network Waitaki to invest in network infrastructure primarily for that customer's benefit, the customer will generally be required to contribute to the cost of that investment through a connection charge.

Connection charges are intended to ensure that:

- the costs of customer-specific investment are recovered from the customers that cause those costs; and
- existing consumers are not required to subsidise customer-initiated works; and

Unless otherwise agreed, assets funded through connection charges will be owned, operated and maintained by Network Waitaki. Payment of a connection charge does not confer ownership rights in those assets to the customer.

Network Waitaki's connection charging approach is designed to comply with Part 6B of the Electricity Industry Participation Code and, in particular, the requirements set out in clauses 6B.3 to 6B.11. This policy also reflects Network Waitaki's broader connection practices and supports transparent, consistent and equitable connection arrangements for all customers.

## 6 EFFECTIVE DATE

This policy applies to connection services requested on or after 1 April 2026.

## 7 TRANSITIONAL PROVISIONS

### 7.1 Connection charging arrangements prior to 1 April 2027

This policy applies to connection services requested on or after 1 April 2026.

Until 31 March 2027, Network Waitaki will continue to apply connection levies as the primary mechanism for recovering customer contributions toward upstream network capacity investments.

Applications received prior to 1 April 2026 will continue to be assessed under Network Waitaki's previous Capital Contributions policy.

### 7.2 Transition to posted capacity rates

From 1 April 2027, Network Waitaki intends to replace connection levies with posted capacity rates across five capacity tiers, consistent with Clause 6B.5 of the Electricity Industry Participation Code.

Under this framework, posted capacity rates will be established at the following network levels:

- Sub-transmission lines
- Zone substations

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- High-voltage feeders
- Distribution substations
- Low-voltage mains

This transition will align Network Waitaki's connection pricing with the Electricity Authority's connection-pricing reforms and support a more standardised and transparent approach to capacity-based contributions.

Connection levies will remain in place until the posted capacity rate framework is implemented.

## 8 DEFINITIONS

Where relevant, the definitions used in this policy document are consistent with definitions in the Code.

Definitions regarding Pioneer Schemes are included in the pioneer Scheme Policy on our website.

Defined terms are shown in *Italics* throughout the policy.

- **connection works** means an extension or a network capacity upgrade
- **connection charge** means—
  - a) any price, fee, tariff, charge or other similar monetary impost or cost, or any part of any price, fee, tariff, charge, or other similar monetary impost or cost and that is, either directly or indirectly, imposed or required, or agreed by a distributor in relation to connection works for a connection applicant or is otherwise applied for the purposes of, or has the effect of, recovering connection works costs directly or indirectly from a connection applicant;
  - b) excludes any connection fees or pioneer scheme contributions
- **connection charge reconciliation** means a standardised breakdown of connection charge components in accordance with clause 6B.11
- **connection charge reconciliation methodology requirements** means the requirements set out in clauses 6B.10 and 6B.11
- **connection levy** means a contribution paid by a customer toward the cost of network investment required to provide additional long-term capacity on the distribution network associated with new connections or increases in capacity, as determined in accordance with this policy
- **connection works** means an extension or a network capacity upgrade
- **customer-selected enhancement** means any improvement to the relevant minimum scheme requested, and agreed to in writing, by a connection applicant
- **extension means-**
  - a) works or operating arrangements to:
    - i. provide a connection; or
    - ii. increase the security or capacity of:
      - a. a connection; or
      - b. any assets owned or operated by a distributor
 that do not increase the capacity of the shared network; or
  - b) an **extension-like upgrade**; or
  - c) **incremental transmission works**; but
  - d) does not include works or operating arrangements associated with customer-owned assets or work covered by a connection administration fee
- **flexible connection** means an arrangement whereby a connection applicant's export or import of electricity through the connection is managed (often through real-time control) based upon principles of available security or capacity agreed to in writing with the distributor
- **mandatory connection pricing methodologies** means the pricing methodologies set out in Part 6B that each distributor must use for determining connection charges and pioneer

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scheme contributions and mandatory connection pricing methodology have corresponding meanings

- **minimum scheme** means the least-cost solution for any connection works provided by a distributor, including for security and firmness of capacity, in accordance with the distributor's connection and operation standards or a lower standard if agreed to in writing between the connection applicant and the distributor
- **network capacity cost** means the cost of consuming or adding capacity in the shared network (other than extension-like upgrade costs)
- **network capacity upgrade** means—
  - a) works or operating arrangements to provide a connection of, or to increase the security or capacity of or at, a point of connection or of any assets owned or operated by a distributor that increase the capacity of the shared network; and
  - b) for the avoidance of doubt, includes:
    - i. operational changes made by the distributor that are required to provide the connection or to increase security or capacity;
    - ii. allocation of additional network security or capacity to the connection, even where this does not involve physical works or a change to a person's right to capacity on a distributor's distribution network; but
  - a) does not include:
    - i. extension-like upgrades; or
    - ii. works or operating arrangements associated with customer-owned assets or work covered by a connection fee
- **point of connection** means the point of demarcation where the Distribution Network ends, and the customer's privately owned line connects. The point of connection will generally be the location of the network owned isolation device which could be either Low Voltage (LV) or High Voltage (HV).
- **posted connection charge** means a connection charge that is published by a distributor that applies to any connection of a type that meet requirements specified by the distributor.

## 9 CHARGEABLE CONNECTION SERVICES

Connection services that are provided and charged to connection applicants by Network Waitaki include:

- *Minimum scheme connections using standard connections*, which are based on the standard design connection solution provided by the EDB in accordance with its connection and operations standards (referred to as minimum scheme in part 6B).
- *Customer selected enhancements* to the minimum scheme, which covers any improvement or upgrade to the minimum scheme that is agreed in writing by the customer and the EDB.
- If required, capacity increases in the network may be costed and priced for each individual connection. Also see "Capacity Management" in section 11.
- If required, *extensions* to provide connection.
- Other connection services, which are connection services that do not fall under the above definitions – for example alterations to existing connections which would be undertaken at the request of the customer.

## 10 PIONEER SCHEME CHARGING ARRANGEMENTS

Where a new customer funds a significant network extension that could feasibly be used by other connections in future, Network Waitaki establishes a Pioneer Scheme to ensure that subsequent pioneers of that extension reimburse an equitable share of that cost to the first pioneer. Network Waitaki administers the Pioneer Schemes by collecting a contribution from the new connection and providing a refund to the existing connection. The pioneer scheme arrangements are described in detail in the Network Waitaki Pioneer Scheme policy.

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## 11 DISCRETIONARY REAPPORTIONMENT FOR SMALL VALUE EXTENSIONS

Under Network Waitaki's Pioneer Scheme Policy note above, pioneer arrangements apply where the qualifying investment in a network extension exceeds **\$50,000**.

Smaller investments in network extensions may occur where the total contribution required from the initial connecting customer is below this threshold. By definition, these investments do not qualify for treatment under the Pioneer Scheme Policy.

However, Network Waitaki recognises that in some circumstances a second or subsequent customer may connect to assets funded by an earlier customer within a relatively short period of time. In these cases, it may be efficient and equitable to reapportion a portion of the original contribution to reflect the shared use of those assets.

### 11.1 Discretionary rebates

Where a connecting customer will be using small value network extension assets funded by an existing customer, then Network Waitaki may recover a contribution to the costs of those assets from the connecting customer. The full amount collected from the subsequent connecting customer will be provided to the existing customer who funded the assets.

For shared asset investments below the Pioneer Scheme threshold, Network Waitaki may, at its discretion, provide a reapportionment of the value of the network extension assets where:

- the original connection required the installation of assets capable of supplying additional connections in line with Network Standards;
- a subsequent connection occurs that utilises those shared assets; and
- the subsequent connection occurs within a two-year period following the original connection.

The aim of this provision is to provide an equitable cost sharing between the connecting parties to mitigate obvious first mover disadvantage below the Pioneer Scheme threshold. A two-year period is set on a cost benefit basis to ensure any rebates can be managed in an efficient and transparent way.

### 11.2 Determination of rebates

Where a rebate is provided:

- the rebate will reflect a **reasonable allocation of the shared asset cost** between the customers benefiting from the assets;
- the allocation may take into account factors such as capacity utilised, connection size, and the extent to which the assets were installed to accommodate future connections; and
- the rebate will generally be funded from the connection charge paid by the subsequent customer.

### 11.3 Relationship with Pioneer Schemes

This discretionary approach applies **only to investments below the Pioneer Scheme qualifying threshold** and does not constitute a Pioneer Scheme under the Electricity Authority's connection pricing framework.

Network Waitaki is not obliged to provide a rebate or reapportionment in every case where a subsequent connection occurs.

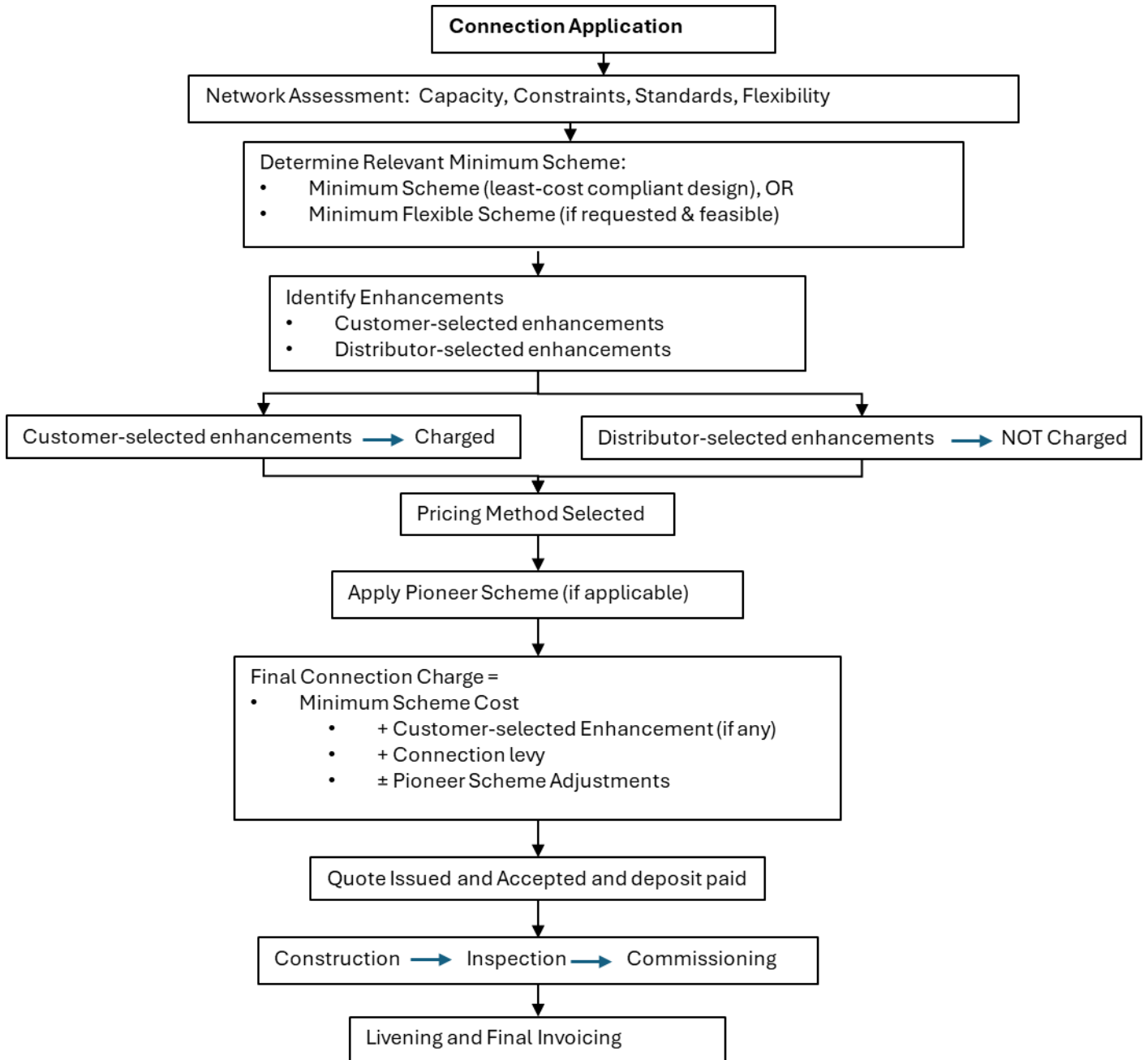
## 12 PRICING & ADMINISTRATIVE ARRANGEMENTS

This section sets out the pricing and administrative arrangements that apply to all new and upgraded load connections on Network Waitaki's distribution network. These arrangements support transparent, consistent, and Code-aligned connection processes.

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### 12.1 Connection pricing decision flow

The following diagram provides a summary of the process for assessing connection applications and determining connection charges under Part 6B of the Code, as set out in the remainder of this section.



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## 12.2 Minimum Scheme and Customer Selected Enhancements

Connection charges are based on the relevant *minimum scheme* as defined in the Code unless otherwise agreed in writing.

This includes:

- a) the **minimum scheme** (the least-cost design that meets Network Waitaki's safety, technical, quality and reliability standards), or
- b) a **flexible scheme** where the applicant requests flexibility and it is reasonably practicable (i.e. a lower-cost alternative through agreed operating flexibility).

Commercial arrangements for flexi connections include:

- curtailment or constraint conditions
- operating limits and active management rules
- duration of flexibility agreement
- conditions under which flexibility can be varied or withdrawn
- any monitoring or control equipment required

These will be documented in a separate agreement with the applicant.

### 12.2.1 Enhancements and Cost Allocation

Enhancements are classified as:

- **Customer-selected enhancements** – additional capacity, assets, or higher standards requested by the applicant. These are included in the connection charge.
- **Distributor-selected enhancements** – additional works included by Network Waitaki for wider network purposes (e.g., future growth, asset standardisation, resilience). These are **not** charged to the applicant through connection charges.

## 12.3 Pricing Framework

### 12.3.1 Connection Charges

Connection charges include:

#### 12.3.1.1 Relevant minimum scheme cost

#### 12.3.1.2 Customer-selected enhancements (additional capacity or assets requested by the applicant)

#### 12.3.1.3 Connection levy

From time to time, Network Waitaki must make large step-change investments in upstream network infrastructure to meet the growing demand of new and existing customers. These investments typically include sub-transmission lines and zone substations and cannot be efficiently staged in small increments. Once commissioned, the resulting capacity is progressively utilised over several years until further investment is required.

To ensure that customers who drive growth contribute fairly to the cost of providing additional network capacity, Network Waitaki requires customers seeking new connections or increases in connection capacity to make a connection levy contribution. This levy is designed to recover a portion of the cost of upstream capacity investments attributable to incremental demand.

Connection levies are determined with reference to the customer's required connection capacity, with customers grouped into load bands based on fuse size, which serves as a proxy for the maximum demand that can be connected within each band. This approach ensures levies are applied in a manner that is equitable, transparent, and broadly cost-reflective.

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Connection levy charges are set out in Appendix A. The levy rates reflect an intended funding split between costs recovered up-front through connection levies and costs recovered over time through ongoing distribution network charges. Levy levels are also set with regard to avoiding uneconomic network bypass and supporting sustainable regional economic development.

Payment of the connection levy is required prior to the energisation of a new connection or the upgrade of an existing installation control point, except where a bespoke non-standard connection arrangement applies

Network Waitaki will not charge customers for *distributor-selected enhancements*, which are improvements selected by Network Waitaki for wider network benefit (including resilience or anticipated future growth).

#### 12.3.1.3.1 When a connection levy contribution is required

The payment of a connection levy will be required prior to livening a new connection or the upgrade of an existing customer's connection point (except for non-standard connections, outlined later), in line with the following.

#### **Standard connections**

Where a customer requires new network capacity on the network, whether through a new connection or an increase in capacity at an existing connection, a connection levy will apply in accordance with Appendix A.

#### **Non-Standard connections**

All non-standard connections will be considered on a case-by-case basis consistent with the principles and objectives of this policy.

#### **Subdivision developments**

For subdivision developments, the developer is required to pay the connection levy at the time of subdivision to enable reticulation to the boundary of each lot.

Unless a higher connection capacity is agreed, the following minimum levy assumptions apply:

- Residential sections

The levy will be based on a single-phase connection (0-15kVA) with a 63 amp fuse.

- Commercial/industrial sections

The levy will be based on a three-phase connection (16-30kVA) with a 40-amp fuse per phase.

The developer is responsible for ensuring that prospective customers are informed of:

- the connection capacity provided for the relevant section(s) and
- the requirement to fund any additional levy if a higher fused capacity is requested.

In special cases for non-standard connections, at Network Waitaki's discretion, alternative commercial arrangements may be considered for payment of the connection levy.

#### **12.3.2 Alternative or Negotiated Arrangements**

Alternative pricing arrangements may be used where both Network Waitaki and the applicant agree **in writing**.

Such arrangements must remain consistent with the Code.

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## 13 CAPACITY MANAGEMENT

Network Waitaki encourages and incentivises customers to actively manage their capacity requirements by ensuring that any cost pertaining to any change in the connected capacity of a customer is borne by the customer.

### 13.1 Downgrading (decreasing) capacity

Customers downgrading an existing supply will only be liable for direct costs associated with the change (e.g. installation of lower rated fuses) but will not receive a refund of previously paid connection charges or connection levies.

### 13.2 Decommissioning a connection

Where a permanent disconnection results in NWL assets being made redundant, those assets shall be recovered and returned to NWL. Costs involved may be recovered from the consumer.

A customer decommissioning a connection will not be eligible for a refund of any connection costs and any subsequent connection will be treated as a new connection.

### 13.3 Shifting connected capacity

Network Waitaki may consider, on request from a customer, transfer of a customer's connected capacity to another connection they own (either a new or existing connection).

### 13.4 Undergrounding existing overhead lines or other relocation of network assets

Network Waitaki will consider the relocation or undergrounding of existing assets on a case-by-case basis. Requests will be assessed based on engineering, operational and risk factors, and in some cases, it may not be practicable or technically feasible to relocate or underground assets.

## 14 SELECTION OF CONTRACTORS

Customers and third parties may not undertake extensions, upgrades, or alterations of the Network Waitaki network.

However, customers may use suitably qualified external contractors to undertake some aspects of new connections (assets beyond the Point of Connection which they will retain ownership of) or work on their own high voltage assets on a case-by-case basis.

## 15 DISPUTE RESOLUTION

If a customer disagrees with a quoted cost or process decision:

1. The matter may be escalated within Network Waitaki.
2. If unresolved, the applicant may refer the issue to the Electricity Authority's dispute resolution scheme or another relevant body.

Network Waitaki will act in good faith to resolve disputes promptly.

## 16 CONNECTION CHARGE RECONCILIATION ARRANGEMENTS

Network Waitaki will make a connection charge reconciliation available to the connection applicant if requested during the connection process. When providing a quote for connection charges in respect of any connection works, Network Waitaki will either provide a written connection charge reconciliation or notify the connection applicant of their right to request a written connection charge reconciliation.

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Network Waitaki will also provide information on reconciliation amount and supporting information to the Authority, when requested.

Guidance regarding the components in the connection charge reconciliation is provided in Appendix B of this policy.

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## 17 APPENDIX

### 17.1 Appendix A – Connection levy charges

#### Application Service Fee

This fee is payable on application for a connection or an increase in the capacity of an existing connection. It covers Network Waitaki's administration and processing costs.

The service fee is \$295 plus GST for new installations.

The service fee is \$150 plus GST for capacity increases within the existing load group, and for new streetlights and other miscellaneous equipment that will not have an individual connection number (ICP) and will share an existing low voltage supply.

#### Streetlights and other Unmetered Loads

Streetlights and other Unmetered Loads	Connection levy
Connected to an existing LV or Streetlight Circuit	kW x \$201
Connected via sole use Transformer	15kVA charge

Table 1: Streetlights and unmetered loads - connection levy

#### Connection Levy Charges

The following table details the connection levy per load group and capacity size. All charges are GST exclusive.

Load Group kVA	Phases	Capacity (kVA)	Fuse Size (Amps)	Connection levy charges
0-15	1	14.5	63	\$2,912
16-30	1	23.0	100	\$4,619
16-30	3	27.7	40	\$5,563
31-50	3	43.6	63	\$16,067
31-50	3	55.4	80	\$20,415
51-100	3	69.3	100	\$25,537
51-100	3	86.6	125	\$31,912
51-100	3	110.9	160	\$40,867
101-200	3	138.6	200	\$51,074
101-200	3	173.2	250	\$63,824
201-300	3	218.2	315	\$80,407
201-300	3	246.0	355	\$90,651
201-300	3	277.1	400	\$102,111
301-500	3	346.4	500	\$127,648
301-500	3	436.5	630	\$160,850

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Load Group kVA	Phases	Capacity (kVA)	Fuse Size (Amps)	Connection levy charges
301-500	3	491.9	710	\$181,265
501-750	3	554.3	800	\$204,259
501-750	3	692.8	1000	\$255,296

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## 17.2 Appendix B – Connection Charge Reconciliation Guidance

While the technical information about the way the Connection Charge Reconciliation should be calculated is described in the Code, this Appendix provides stakeholders with guidance on how Network Waitaki meets those Code 6B.10 connection charge reconciliation requirements.

### A. Overall connection charge

The Connection Charges on the left-hand-side of the reconciliation are calculated according to the methodology set out in this policy, excluding connection fees and pioneer scheme fees.

On the right-hand-side of the reconciliation are the additional costs that the new connection causes minus the extra revenue that the new connection will provide, plus a contribution to the costs of the existing network and operations.

$$\text{Connection Charge} = \text{Connection Costs} - \text{Connection Revenues} + \text{Network Cost Contribution}$$

The calculation components are described below.

### B. Connections Costs

The Connection Costs component is made up of 6 sub-components, though some of these may not be relevant for an individual connection. These components are the extra costs that the new connections causes, rather than costs that already exist in the network. They are the -

- a) Extension costs of providing the minimum connection scheme
- b) Customer-selected enhancement costs, if any,
- c) Network capacity costs of the relevant minimum scheme (clause 6B.5 of the Code) – rates used from 1 April 2026 is published on Network Waitaki’s website.
- d) Incremental transmission costs, if any
- e) Share of localised historical cost recovery (LHCR), if any
- f) For non-standard customers, the incremental operating costs that result from the non-standard customers’ connection.

### C. Revenue estimates

Estimating the future extra revenue from the new connection is an important aspect of this calculation. The estimate considers future factors such as –

- a) Changes to demand for electricity at the new connection
- b) The potential for price changes over time (aside from inflation)
- c) The discount rate, used to bring the revenue back to today’s dollars

For standard customers, the average additional operating costs associated with serving the new connection are netted off from the future revenue forecasts. Estimating future operating costs can be difficult to do at customer level for a new connection. Instead Network Waitaki uses a scaling factor that takes into account the 5-year historic average value of the operational costs across the network, including vegetation management, emergencies, service interruptions and routine maintenance.

### D. Network Cost Contribution

Network Waitaki also needs to recover the capital costs and operating costs of the existing network that are not affected by growth and that are used by all customers, as well as transmission charges. These costs are covered under the Network Cost Contribution term.

The Network Cost Contribution is the balancing term that allows both sides of the reconciliation to balance.

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## 17.3 Appendix C – Electricity Authority Pricing Principles

Section 2.4.6(1)(c) of the Information Disclosure Determination 2012 requires Network Waitaki to describe the extent to which its Policy is consistent with the Electricity Authority’s Distribution Pricing Principles (2010), as amended in June 2019, set out as follows.

### E.1 Prices are to signal the economic costs of service provision

Network Waitaki’s connection pricing framework is designed to ensure charges reflect the economic cost of providing connection services, consistent with the Authority’s pricing principles and the Code obligations.

#### E.1.1 Being subsidy free (equal to or greater than avoidable costs, and less than or equal to standalone costs)

Connection charges are set to be subsidy-free, ensuring:

- Charges are no lower than avoidable costs, so existing consumers are not required to subsidise new connections; and
- Charges do not exceed standalone costs, ensuring new customers are not charged more than the efficient cost of serving them independently.

The minimum scheme establishes a baseline level of network investment that reflects the least-cost technically acceptable connection solution, while any customer-requested enhancements are charged at incremental cost.

#### E.1.2 Reflecting impacts of network use on economic costs

Connection charges reflect the incremental network costs driven by additional capacity demand, including upstream reinforcement where required.

The use of Nominal Capacity Increments (NCIs) from 1 April 2027 will mean that charges scale with the capacity requested, aligning price outcomes with the economic impact of network use and discouraging over-sizing of connections.

#### E.1.3 Reflecting differences in network service provided to (or by) consumers

Charges vary based on:

- Requested capacity
- Existing network hosting capacity
- Whether reinforcement is required
- The extent of shared versus dedicated assets

This ensures customers pay charges commensurate with the specific network service provided, rather than being averaged across unrelated connection types.

#### E.1.4 Encouraging efficient network alternatives

The framework supports efficient alternatives by:

- Allowing customers to choose lower-cost minimum-scheme solutions;
- Enabling non-network alternatives (e.g., load management, staging, distributed generation) where these reduce reinforcement costs; and
- Structuring pricing to discourage inefficient over-investment in network capacity

This promotes least-cost system development over time.

### E.2 Where prices that signal economic costs would under-recover target revenues, the shortfall should be made up by prices that least distort network use

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Where strict marginal-cost pricing would result in under-recovery of target revenues, Network Waitaki ensures any residual costs are recovered through broader network charges that minimise distortion to efficient network use.

Connection charges are therefore focused on incremental, connection-specific costs, while shared residual costs are recovered through standard distribution network pricing, reducing the risk of inefficient connection-related price signals.

### **E.3 Prices should be responsive to the requirements and circumstances of end users by allowing negotiation to**

#### **E.3.1 Reflect the economic value of services; and**

Network Waitaki allows commercial negotiation for non-standard connections, enabling:

- Alternative connection designs
- Adjusted delivery timelines
- Tailored capacity solutions
- Phased or staged investments

This allows connection outcomes to better reflect the economic value of service to the customer.

#### **E.3.2 Enable price/quality trade-offs**

Customers are able to make informed price–service trade-offs, including:

- Selecting a minimum scheme solution rather than higher-specification or customer-driven enhancements
- Choosing lower initial capacity with future upgrade pathways
- Considering alternative technical solutions (such as load management or on-site resources) where these reduce the need for network reinforcement

### **E.4 Development of prices should be transparent and have regard to transaction costs, consumer impacts, and uptake incentives**

Network Waitaki has designed its connection pricing methodology to be transparent, predictable, and practical, including:

#### **E.4.1 Transparency and predictability**

Network Waitaki seeks to be transparent and predictable in setting connection prices through:

- Publicly available Connection Pricing Policy and Pioneer Scheme Policy
- Clear separation between minimum scheme costs and customer-driven enhancements
- Up-front disclosure of expected connection charges, technical requirements, and delivery timelines
- Standardised documentation to ensure consistent and predictable outcomes

This approach reduces uncertainty for consumers and developers, improves confidence in connection cost estimates, and supports efficient investment planning.

#### **E.4.2 Transaction cost efficiency**

Network Waitaki seeks to minimise transaction costs for both customers and the business by:

- Standardising application processes for common connection types
- Using default technical standards and minimum schemes where possible
- Streamlining approval, cost estimation, and reconciliation processes

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- Limiting repeated re-scoping or renegotiation through clear upfront technical and pricing parameters

By reducing unnecessary administrative effort, the framework helps lower indirect connection costs, shortens processing timeframes, and improves the customer experience.

#### E.4.3 Consumer impacts

The connection pricing approach is designed to ensure that:

- Customers pay charges commensurate with the network investment required to serve them, avoiding cross-subsidisation from existing consumers;
- New connection costs reflect the least-cost technically acceptable minimum scheme, unless the customer elects higher-specification enhancements;
- Price signals discourage over-sizing of capacity, reducing the risk of customers paying for unused or unnecessary network investment;
- Up-front charges remain predictable and defensible, supporting customer affordability and investment confidence.

Network Waitaki also considers the potential barrier that high upfront costs may create, particularly for residential customers, electrification projects, and distributed energy installations. Where feasible within the Code framework, Network Waitaki supports staged capacity, alternative technical solutions, or non-network options that may reduce required upfront expenditure.

#### E.4.4 Uptake incentives

The pricing framework has been developed to avoid creating inefficient barriers to electrification, including new household connections, load upgrades to support electric heating, transport, or process electrification and distributed generation installations.

By aligning connection charges with efficient incremental network costs, and avoiding recovery of unrelated residual costs through connection prices, the framework supports economically efficient uptake while maintaining fairness to existing customers.

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