Network Tasman Limited

Policy for Connection of New Loads to the Distribution Network (Connections Policy)

Effective 1 April 2026

(incorporating obligations under Part 6B of the Electricity Industry Participation Code 2010)

Your consumer-owned electricity distributor

1. BACKGROUND

Network Tasman Ltd (Network Tasman) has revised the commercial terms for connecting New Loads to the distribution network. This revised policy reflects Network Tasman's existing connection charging framework and incorporates the mandatory connection pricing obligations introduced by Part 6B of the Electricity Industry Participation Code 2010 (the Code), which took effect on 1 April 2026. In the event of any inconsistencies between this policy and the requirements of Part 6B.6 of the Code, the requirements of the Code take precedence.

The policy focuses on the impact New Loads have on the network given their size and location. In general terms the policy concludes that:

- New Loads remain responsible for the incremental costs associated with their specific Connection Assets and Network Extensions.
- Network Tasman, in most but not all circumstances, will fund augmentation expenditure caused by New Loads connecting within the Economic Zones of the network.
- In the Uneconomic Zones, New Loads will be required to make additional contributions towards current and future network augmentation expenditure in these areas.
- All connection charges are determined in accordance with the mandatory connection pricing methodologies set out in Part 6B of the Code.

This Policy for Connection of New Loads is effective from **1 April 2026**.

2. OBJECTIVES

Network Tasman's key commercial objectives when connecting New Loads are:

- To apply a fair and equitable policy
- To follow good industry practice
- To apply efficient pricing principles that reflect the economic costs of our delivery service
- To constrain the growth of existing cross subsidies between the Economic Zones (mostly urban) and Uneconomic Zones (mostly rural) of the network
- To comply with the mandatory connection pricing methodologies set out in Part 6B of the Code
- To ensure connection charges are based on the least-cost minimum scheme solution, and that only customer-selected enhancements are charged to the New Load.

3. GENERAL COST RESPONSIBILITY POLICY

3.1. Customer Connection Assets

All New Loads, regardless of locality, will procure and fund all Customer Connection Assets necessary to service their new capacity requirements. The responsibility for ownership, operation and maintenance for connection assets normally remains with the New Load.

3.2. Network Extensions

All New Loads, regardless of locality, will fund any new Network Extension or any reinforcement required to their existing Network Extension below the Linkage Point. New Network Extensions are normally vested with Network Tasman on completion.

A Capital Reimbursement Allowance (see Section 12) may be offered where Network Tasman determines it will derive future benefits from the proposed Network Extension once it is vested.

3.3. Network Augmentation

As a general rule, Network Tasman will fund Network Augmentation above the Linkage Point (excluding transformer upgrades). Refer to section 9.

However, where a New Load triggers Network Augmentation and an Exception condition applies (see Section 7 below), it will face an individual economic assessment and as a consequence may be treated differently for attribution of Network Augmentation costs. All network augmentation charges are determined in accordance with the connection enhancement cost allocation requirements set out in clause 6B of the Code and discussed in Section 3.

4. DEFINITIONS

The following terms are used in this policy. Where terms are drawn from Part 6B of the Code, some definitions have been simplified for ease of reading; however, the definitions given in clause 1.1 of the Code apply.

Term	Definition
New Load	A generic term referring to any proposed: new connection to the electrical reticulation network; new subdivisions or developments to be connected to the network (individual supplies within a subdivision are accumulated and considered as one large load); increase in capacity required at an existing connection; or reactivation of connections that have been de-energised and inactive for a period greater than 2 years or have been de-energised and inactive more than once within the previous 2 years for a cumulative period of more than 3 months.
Connection Applicant	A person who applies to Network Tasman to connect any load to the distribution network, or applies to increase the security, or change the capacity of, an existing load connection, including by an extension or network capacity upgrade. This term has the meaning given in clause 1.1 of the Code.
Network Connection Application (NCA)	New Loads requiring a new connection or an increase in supply capacity of an existing connection must complete and submit a written Network Connection Application to Network Tasman for approval. The NCA form is available on Network Tasman's website.
Minimum Scheme	The least-cost solution for any connection works provided by Network Tasman, including for security and firmness of capacity, in accordance with Network Tasman's connection and operation standards and network connection standards. A different standard may be used if agreed to in writing between the connection applicant and Network Tasman.
Customer-Selected Enhancement	Any enhancement or upgrade to the minimum scheme that is requested, and agreed to in writing, by a connection applicant. Customer-selected enhancement costs are chargeable to the connection applicant in addition to the minimum scheme costs.
Distributor-Selected Enhancement	Any enhancement to the minimum scheme chosen by Network Tasman (for example, building to a higher standard than technically required). Incremental distributor-selected enhancement costs must not be allocated to the connection applicant.
Flexible Connection	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 Network Tasman. A Profiled Connection (as described in section 6.1) is a form of flexible connection.
Customer Connection Assets	Customer-specific connection assets typically located within the customer's property boundary, commonly referred to as customer mains or service lines. All responsibilities relating to ownership, maintenance and replacement remain with the customer. Customer Connection Assets exclude all Network Extension Assets and NCP fuses.
Network Extensions	New works necessary to achieve connection between the distribution network and the Customer's Connection Assets. Network Extensions may be located within private property boundaries and secured by easements in favour of Network Tasman. Network Extension assets include the customer service (NCP) fuse. Network Extensions are normally designed and built by independent line contractors, funded directly by the New Load, and are then vested with Network Tasman on completion, prior to connection and livening.
Network Augmentation	New works to enlarge or strengthen the existing network system in order to increase its ability to distribute electricity so the new capacity demands from New Loads can be serviced.
Network Capacity Upgrade	Works or operating arrangements that increase the capacity of the shared network, including operational changes required to provide a connection or increase security or capacity. Does not include extension-like upgrades or works covered by a connection administration fee. This term has the meaning given in clause 1.1 of the Code.
Connection Charge	Any price, fee, tariff, charge or other monetary impost imposed or required by Network Tasman in relation to connection works for a connection applicant, or otherwise applied to recover connection works costs directly or indirectly from a connection applicant. Excludes connection administration fees and pioneer scheme contributions. This term has the meaning given in clause 1.1 of the Code.
Connection Charge Reconciliation	A standardised breakdown of connection charge components prepared by Network Tasman in accordance with clause 6B.11 of the Code. See Section 21.
Augmentation Area	That part of the distribution network system between the zone substation (or GXP) and the Linkage Point.
Linkage Point	In the Economic Zone: any point on the distribution network system where use of the network is shared with another NCP of Group 1 size or greater, prior to the New Load connecting. In the Uneconomic Zone: the LV bushings on the distribution transformer. Determination of the Linkage Point is at Network Tasman's absolute discretion.
Customer Vested Assets (CVA)	Specific Network Extension Assets put in place and funded by a customer to service their new capacity requirements; ownership is usually vested with Network Tasman. After vesting Network Tasman assumes all obligations relating to maintenance, faults, operations, compliance, ownership and replacement. [add]
Customer Capital Contribution (CCC)	A cash contribution paid by a New Load to Network Tasman when specific Network Augmentation expenditure is required to service the new capacity or security requirements demanded by the New Load. Calculated in accordance with Section 8.5 of this policy and the connection charge reconciliation formula in Section 21. [add]

Network Development Levy	A scheduled Network Tasman charge applied to all New Loads locating in the Uneconomic Zone, levied on a load x distance basis (kVA x km). Details of this charge are in Section 22. [add]
Network Tasman Capital Reimbursement Allowance (NTCRA)	Any allowance made by Network Tasman to a customer in reimbursement, in whole or in part, against a Customer Capital Contribution or Customer Vested Assets, reflecting future benefits Network Tasman may derive from the New Load or the vested asset. [add]
Posted Capacity Rate	The estimated average cost per capacity unit published by Network Tasman for a network capacity upgrade for a given network tier and network costing zone, for use in calculating network capacity costs under clause 6B.5 of the Code.
Posted Connection Charge	A connection charge published by Network Tasman that applies to any connection of a type meeting requirements specified by Network Tasman.
Economic Zone	Those areas of the network where there is sufficient load and customer density per kilometre for standard line charges to recover the costs associated with providing and maintaining the network assets. Defined by specified distances from zone substations and GXPs — see Section 5 definitions table below for the list of substations and distances.
Uneconomic Zone	All areas of the network outside the Economic Zones. Typically, Network Tasman's standard line charges do not recover all costs attributable to the delivery services supplied in these areas.
Capacity Constrained Network Area	A network area where network capacity to supply New Load is limited. Currently: all areas supplied by the Maruia Feeder and the Rotoiti Feeder.
Exceptions	New Loads that are large relative to available local network capacity. See Section 8.
Pioneer Scheme	An arrangement covering pioneering connection works, where a subsequent connection applicant connecting to those works must make a contribution to reimburse the first pioneer for an equitable share of the extension costs. Pioneer scheme arrangements are governed by Network Tasman's separate Pioneer Scheme Policy, which replaces the former Reapportionment Policy. See Section 12.
ICP Identifier	The unique identifier given to each Network Connection Point (NCP).
NCP (Network Connection Point)	The demarcation point at which asset ownership and responsibility changes from Network Tasman to the consumer, usually signified by the installation of service fuses. The position, fuse size, and phasing for new NCPs will be at the absolute discretion of Network Tasman.
Regulatory Asset Base (RAB)	The value of Network Tasman's distribution system fixed assets on which the NZ Commerce Commission allows Network Tasman to recover depreciation and to earn a normal regulated rate of return via its line charges.
Connection Revenue Life	The period used for calculating the present value of incremental revenue in a connection charge reconciliation. 30 years for a residential connection and 15 years for a non-residential connection, unless Network Tasman reasonably believes the connection will have a shorter revenue-generating life. Refer Section 21.

4.1. Economic Zone Boundaries

The Economic Zones are defined as those network connections within the following specified distances (measured down the feeders) from the Network Tasman zone substations or GXPs listed below:

Within 7 kilometres from:	Within 4 kilometres from:
Founders Zone Substation	Mapua Zone Substation
Haven Road Zone Substation	Takaka Zone Substation
Annesbrook Zone Substation	Swamp Road Zone Substation
Songer Street Zone Substation	Kikiwa GXP
Richmond Zone Substation	Murchison GXP
Lower Queen Street Zone Substation	Upper Takaka Zone Substation
Hope Zone Substation	
Brightwater Zone Substation	
Motueka Zone Substation	
Wakapuaka Zone Substation	

5. CONNECTION PRICING FRAMEWORK

This section sets out Network Tasman's connection pricing framework, which complies with the mandatory connection pricing methodologies in Part 6B of the Code. All connection charges are determined in accordance with this framework.

5.1. Connection enhancement cost allocation requirements

In accordance with clause 6B.4 of the Code, Network Tasman determines all connection charges that are not set by a posted connection charge on the basis of the **minimum scheme** — the least-cost solution for the connection works, in accordance with Network Tasman's connection and operation standards.

Unless a connection applicant agrees in writing to modifications, Network Tasman will not base connection charges on a higher standard of works than is required under the minimum scheme.

In practice, the majority of New Loads connecting to our network are subject to posted connection charges. As such, the minimum scheme requirements, set out in clause 6B.4 of the Code will only apply when Network Tasman undertakes an individual Customer Capital Contribution assessment.

5.2. Customer-Selected Enhancements

Where a connection applicant requests and agrees in writing to enhancements to the minimum scheme (**customer-selected enhancements**), Network Tasman will charge the customer-selected enhancement costs in addition to the minimum scheme costs.

5.3. Distributor-Selected Enhancements

Network Tasman will not allocate the cost of any distributor-selected enhancement (any enhancement to the minimum scheme chosen by Network Tasman) to the connection applicant. Where Network Tasman elects to build to a higher standard than the minimum scheme for its own purposes, the incremental cost of doing so is borne by Network Tasman.

5.4. Written Agreement for Modifications

If a connection applicant and Network Tasman agree in writing that Network Tasman does not need to determine the cost of the minimum scheme or agree to an alternative allocation of connection enhancement costs, Network Tasman is not required to determine charges in accordance with sections 5.1 to 5.2 above.

5.5. Network Capacity Costs and Posted Capacity Rates

Network Tasman has determined posted capacity rates for each network tier as required by clause 6B.5 of the Code.

Network Tasman has primarily derived these capacity rates using the actual costs of recent projects undertaken at each network tier. These projects reflect the actual costs incurred by Network Tasman to increase the capacity or security of each network tier.

The posted capacity rates have been derived by dividing the total project costs for each network tier by the total capacity added by the relevant project/s. This aligns with the Authority's intent in its original consultation paper that "(i)deally cost estimates used for setting rates would be based on a sample of historical capacity upgrade projects…".[1]

Network Tasman is applying a single network costing zone. The Authority noted in its July 2025 decision paper that "(t)he granularity of network capacity costing is at a distributor's discretion – allowing each distributor to trade-off between pricing accuracy (more zones) and administrative cost (fewer zones)[2]. Network Tasman favours the administrative efficiency of applying a single network costing zone.

Network Tier	Cost per kVA (26/27)
Sub-transmission	$281
Zone substation	$369
11kV feeder	$220
Distribution sub	$397
LV	$472

Exceptions to the use of posted capacity rates apply where: the capacity demand assumption for a network tier exceeds 80% of the capacity increment for that tier; or the estimated cost per unit is more than 150% or less than 80% of the applicable posted capacity rate. In those cases, Network Tasman may use an estimated rate.

6. NEW LOADS IN UNECONOMIC ZONES

6.1. Network Development Levy

All New Loads locating in the Uneconomic Zones of the network are required to pay a one-off Network Development Levy.

The costs of providing and maintaining network assets in the Uneconomic Zone are higher than in the Economic Zone, reflecting lower load density and greater distances from zone substations. The Network Development Levy is a notional charge levied on all new connections in the Uneconomic Zone that recognises that the cost to serve a connection increases with distance from the higher voltage core network assets.

The Network Development Levy is influenced by the size and relative remoteness of the connection.

For New Loads with a Profiled Connection (Flexible Connection) locating in the Uneconomic Zone, the Network Development Levy is weighted according to the proportion of time the New Load has supply at each capacity level provided for in its supply arrangement.

For example, the Network Development Levy for a Profiled Connection that has a 15kVA supply for 6 hours, a 30kVA supply for 6 hours and a 50kVA supply for 12 hours will be the sum of:

- Twenty-five percent of the full Network Development Levy for a 15kVA supply at the relevant connection location;
- Twenty-five percent of the full Network Development Levy for a 30kVA supply at the relevant connection location; and
- Fifty percent of the full Network Development Levy for a 50kVA supply at the relevant connection location.

Section 21 provides a schedule with further detail of the Network Development Levy.

[1] Electricity Authority, *Distribution connection pricing proposed Code amendment - Consultation paper,* page 41, para 7.27, 25 October 2024.
[2] Electricity Authority, *Distribution connection pricing Code amendment - Decision paper*, page 44, para 7.42, 18 July 2025.

6.2. Customer Capital Contribution

Some New Loads in Uneconomic Zones may face an individually assessed Customer Capital Contribution should they trigger one of the Exception conditions as outlined below (see Section 6.1). Where, due to an Exception, a new load is required to pay an individually assessed Customer Capital Contribution then this will be instead of the Network Development Levy referred to in Section 7.5 above, only where it exceeds the Network Development Levy.

7. EXCEPTIONS

New Loads that are of large size relative to the available local network capacity will be treated as Exceptions to the general policy with respect to Network Augmentation.

7.1. Exceptions Policy

Where a New Load triggers an Exception condition and it forces additional Network Augmentation expenditure it will be subject to an individual economic analysis to determine what Customer Capital Contribution, if any, should apply.

7.2. Exceptions in the Economic Zone

New Loads located in the Economic Zone AND require a supply capacity of 70 kVA (100 amps) or greater.

7.3. Exceptions in the Uneconomic Zone

New Loads located in the Uneconomic Zone AND require an incremental increase in supply capacity of 40kVA or greater.

7.4. Exceptions in a Capacity Constrained Network Area

New Loads located in a Capacity Constrained Network Area that require a supply capacity greater than 15kVA.

7.5. Customer Capital Contribution Assessment Applied to Exceptions

Where an individual economic analysis is used to determine the Customer Capital Contributions for an Exception the following factors will be taken into account:

Customer Capital Contribution assessments can be summarised by the following formula:

CCC = Incremental Network Augmentation Cost – PV of future net revenue – NTCRA

Incremental Network Augmentation Cost: The costs caused by and attributable to the proposed New Load, including any additional costs associated with bringing forward the date for capital expenditure already proposed in Network Tasman's Asset Management Plan. The cost is determined on the basis of the minimum scheme (see Section 5).

PV of Future Net Revenue: An allowance for the present value (PV) of the expected future incremental line charge revenue attributable to the New Load for the first eight years following connection, given its type and locality. The calculation may allow for any additional operating and transmission costs and tax. The scope of this assessment is different to the scope set by regulation for the connection charge reconciliation discussed later in this document.

Network Tasman Capital Reimbursement Allowance (NTCRA): Any known benefit Network Tasman or other consumers may derive from the Network Augmentation expenditure. Where these benefits arise, the value of the reimbursement is generally derived by multiplying the proportion of the new network capacity that Network Tasman or other consumers will use by the total cost of the works.

New Loads in the Uneconomic Zone that trigger the Exception conditions will pay the greater of the standard Network Development Levy or the individually assessed CCC.

The minimum CCC payable will be 5% of the contestable detailed price (deemed satisfactory to Network Tasman) for augmentation of the Network Tasman network.

8. SUBDIVISIONS – INDUSTRIAL AND RESIDENTIAL

8.1. General

Reticulation standards effective at the time of the development will apply.

8.2. Subdivisions in the Economic Zone

Large Subdivisions — 6 lots or more

Network Tasman will contribute to the cost of installing high voltage (>400V) cables transformers, switchgear and ducting for subdivisions that are vested, have 6 lots or more and an average lot area of less than 2,000 square metres. Network Tasman's contribution will not include any civil works associated with the supply and installation of the electrical works.

Network Tasman will provide the transformer/s (subject to Section 9 below) and any necessary 11kV switchgear ex stock. For the avoidance of doubt, an ABS is considered to be 11kV switchgear for the purpose of this Policy.

The developer, in all instances, will fund the installation and connection of the low voltage (<400V) circuits, services boxes, streetlights and other works beyond the transformer.

Network Tasman will, in addition, contribute a further $350 per lot (plus GST if applicable) for residential subdivisions and $450 per lot (plus GST if applicable) for commercial/industrial subdivisions once the conditions of the Network Tasman Reticulation and Development Contribution Agreement are satisfied.

Small Subdivisions — 5 lots or less

For subdivisions that are vested and are 5 lots or less, the New Load is required to fund and arrange the entire electrical reticulation for the development except that Network Tasman will provide the transformer/s (subject to Section 9 below) and any necessary 11kV switchgear ex stock. For the avoidance of doubt, an ABS is considered to be 11kV switchgear for the purpose of this Policy.

Exceptions — Economic Zone

Subdivisions within the Economic Zone are subject to the Exception conditions in Section 7 above, and may require an individual economic assessment to determine what Customer Capital Contribution, if any, should apply.

In practice, industrial subdivisions (2 lots or greater) and residential subdivisions of more than 16 lots locating within the Economic Zone will generally trigger an Exception condition and thus may be subject to an individual economic assessment under the Exceptions Policy.

8.3. Subdivisions in the Uneconomic Zones

Network Development Levy

All subdivisions in the Uneconomic Zones are subject to a Network Development Levy.

Exceptions — Uneconomic Zone

Subdivisions within the Uneconomic Zone remain subject to the Exceptions conditions, which, if triggered, will require an individual economic assessment to determine what Customer Capital Contribution, if any, should apply.

In the Uneconomic Zone industrial subdivisions of any size and residential subdivisions of 4 lots or more will generally trigger the Exception conditions and will be subject to an individual economic assessment under the Exceptions Policy if their connection triggers a Network Augmentation.

Developer Responsibility

The developer is required to fund and arrange all the electrical reticulation for the development except that Network Tasman will provide the transformer/s and any necessary 11kV switchgear ex-stock. For the avoidance of doubt, an ABS is considered to be 11kV switchgear for the purpose of this Policy.

9. PROVISION OF SUBSTATIONS / TRANSFORMERS

9.1. Upgrade of transformers that are shared

Where a New Load can be supplied from an existing transformer site, at or above the Linkage Point, the New Load will be responsible for upgrading the transformer - Network Tasman will contribute towards the upgrade cost, where necessary. The design of any upgrade shall be at Network Tasman's discretion. The table below provides a guide on the contributions Network Tasman will make towards upgrading transformers.

Activity	$ (excl GST)
Padmount to padmount (50kVA–300kVA)	$4,000
Padmount (300kVA) to padmount (500kVA)	$5,500
Padmount (≤500kVA) to padmount (750kVA+)	$7,000
Polemount (0–75kVA)	$1,500
1/1/2 pole existing	$2,500
TMP required to upgrade transformer	$900
Staff travel to Murchison or Golden Bay for transformer upgrade	$800
Overhead transformer 160amp fuse holder installation	$700
Padmount LV board SLK type to Hamer or Kabelon board	$6,000
Crossarm to 100x100	$1,000

The table above provides a guide on contributions only. Due to variations in job complexity, Network Tasman retains discretion to determine the exact value of contributions.

9.2. Upgrade of transformers that are dedicated

Where the transformer site is dedicated, the New Load will meet the installation or alteration costs. Network Tasman will provide the new transformer ex-stock.

9.3. Installation of an additional transformer at a new site

If the minimum scheme to connect the New Load requires supply from an existing transformer site, Network Tasman will require the New Load to either:

- Reticulate supply to the existing transformer site; or
- Where the customer requests a different transformer site, meet all necessary costs to install another transformer and, in addition, make a one-off contribution towards the purchase and future maintenance cost of the additional transformer.

10. EASEMENTS

Any easements deemed necessary by Network Tasman must be legally registered before any Network Tasman Capital Reimbursement Allowance will be paid or any Network Extension or Augmentation can be connected and livened. The New Load will arrange and fund the costs of providing an easement and the easement must provide terms and conditions that satisfy Network Tasman's normal requirements. The New Load will be requested to provide Network Tasman with details of the costs they incur to create and register the easement.

11. PIONEER SCHEME

Where a connection applicant funds a significant Network Extension, Network Tasman establishes a **Pioneer Scheme** to ensure that subsequent connection applicants who connect to those pioneering connection works make an equitable contribution to the first pioneer's costs. The Pioneer Scheme replaces Network Tasman's former Reapportionment Policy.

The detailed arrangements for Pioneer Schemes — including how pioneer scheme contributions are determined and administered, how rebates are calculated and paid, and the eligibility criteria for subsequent pioneers — are set out in Network Tasman's separate **Pioneer Scheme Policy**, published on Network Tasman's website in accordance with clause 6B.9 of the Code.

For the avoidance of doubt, pioneer scheme contributions are separate from, and in addition to, any connection charges payable under this policy.

12. SPARE CAPACITY

Where Network Augmentation or a Network Extension is determined to provide future spare network capacity that is beneficial to Network Tasman, costs may be pro-rated between Network Tasman and the New Load based on the ratio of the useful spare capacity to the total new capacity provided; Network Tasman has sole discretion when determining the amount of spare network capacity that is beneficial to Network Tasman. The future benefits to Network Tasman are allowed for in the NTCRA calculation referred to in Section 7.5 where the New Load triggers an Exception condition and faces an individual Customer Capital Contribution assessment.

13. RE-ENERGISATION OF ICPs

Where an existing ICP is de-energised and inactive, Network Tasman will allow re-energisation of the ICP on customer application without any further Customer Capital Contribution or Network Development Levy provided that either no more than two years have lapsed since the date the ICP became inactive OR the ICP has been de-energised and inactive more than once within the previous two years for a cumulative period of more than three months.

After the time periods outlined above have lapsed, Network Tasman may at its discretion make available the spare capacity from the inactive ICP to other customers.

If a New Load has been inactive for the periods outlined above and seeks capacity at the original ICP site again, it will be treated as an application for a new supply whereupon a new Customer Capital Contribution or Network Development Levy will apply.

14. INDEPENDENT CONTRACTORS AND CONTESTABILITY

Network Tasman does not own or operate its own electrical contracting business. Instead, there are a number of independent line contracting companies approved to undertake work on Network Tasman's distribution system (see the Network Tasman website for full details of approved contractors).

Any of the approved contractors can quote for design and construction of Network Extensions and customer Connection Assets provided they are able to meet the conditions set out for the proposed work, i.e. the magnitude, shutdown times, live line work, requisite skills and competencies for the type of work, etc. Network Tasman will have the final decision on the suitability of the contractor and the work standards required. Network Tasman will not be responsible for time delays, cost escalations, force majeure, etc.

15. SPECIFICATION

For avoidance of doubt all Customer Connection Assets, Network Extensions and Network Augmentation must fully comply with:

- NZ Electrical Standards
- Network Tasman's Distribution Code and Network Standards
- All relevant local authority requirements
- All relevant Legislation, Regulations, Codes of Practice and Electrical Guidelines

Network Tasman will determine and approve the technical design for all network assets above the NCP. Prior to approving a technical design, Network Tasman requires the party responsible for the design to provide Network Tasman with the following information to ensure Network Tasman can comply with Part 6B of the Code:

- Whether or not the plans submitted represent the minimum scheme required to supply the consumer.
- If the plans submitted exceed the minimum scheme, confirm that the consumer agrees to the enhancement.

The customer can choose all Customer Connection Assets within their property boundaries below the NCP as these assets remain the property and responsibility of the landowner. Where new Network Extension assets are vested with Network Tasman, Network Tasman will determine the specification of those assets by reference to current Network Tasman standards, local authority engineering codes and legislation. Network Tasman will also take responsibility for the long-term operation, maintenance and replacement of all vested assets.

To allow Network Tasman to comply with Part 6B of the Code, the Connection Applicant will be requested to provide the total cost of the works separated into costs associated with the minimum scheme and costs associated with any customer-selected enhancements before the assets are vested with Network Tasman.

16. SERVICE FUSES

Any new fusing required will be at the cost of New Load because NCP fuses are a component part of Network Extension assets. NCP fusing is vested with and thereafter controlled by Network Tasman.

Network Tasman will, at its discretion, fund the renewal of existing NCP service fuses to an HRC standard when required and where opportunities become available, i.e. through fault conditions, revenue protection investigations, or voltage complaint investigations.

17. NCA ADMINISTRATION FEES

The following Fees are payable prior to the release of a completed and approved Network Connection Application:

New Connections (excl GST)	Fee
Load Group 0	$125
Load Group 1	$250
Load Group 2	$325
Load Group 3	$400

Capacity Upgrades (excl GST)	Fee
Applications for upgrade of an existing supply fuse	$10 per kVA up to the maximum NCA Administration Fee for that Load Group

Distributed Generation (excl GST) — regulated under Part 6 of the Code	Fee
Applications submitted under Part 1	$220
Applications submitted under Part 1A	$110
Applications for battery only under Part 1 or Part 1A	$50
Nameplate capacity >10kW and <100kW, submitted under Part 2	$550
Nameplate capacity >100kW and <1MW, submitted under Part 2	$1,100
Nameplate capacity >1MW, submitted under Part 2	$5,500

18. RESPONSE TIMEFRAMES AND DISPUTE RESOLUTION

18.1. Response Timeframes

Network Tasman will respond to a written Network Connection Application within seven business days of receipt. The response will take one of the following forms:

- approval to connect the New Load; OR
- advise that upgrades to network below the linkage point are required to progress connection; OR
- a request for additional information concerning the New Load; OR
- a notification that the application has been received and that Network Tasman will have to undertake a detailed analysis of both the technical feasibility of servicing the New Load and the cost of any Network Augmentation caused by the New Load.

When a detailed analysis is required, Network Tasman will provide a response back to the New Load within 30 working days of receipt of the Network Connection Application. For complex assessments, Network Tasman may advise of an extension to these timeframes to ensure sufficient time to allow appropriate analysis to be conducted.

Where Network Tasman fails to meet the timeframes stated above it will waive any subsequent NCA Administration Fee for the New Load.

Network Tasman strongly suggests New Loads do not make capital expenditure commitments reliant on new electrical capacity before their NCA for new capacity has been approved and released and all costs associated with connecting the New Load have been advised by Network Tasman.

18.2. Dispute Resolution

Connection applicants who dispute the application of Part 6B of the Code to their connection have the following rights:

- **Good faith resolution:** If a connection applicant notifies Network Tasman of a dispute about Network Tasman's application of Part 6B, Network Tasman must attempt to resolve the dispute in good faith (clause 6B.13 of the Code).
- **Participant disputes:** A connection applicant that is a participant in the electricity industry may commence the default dispute resolution process in Schedule 6.3 of the Code at any time (clause 6B.12).
- **Reporting breaches:** Any connection applicant may report a breach or possible breach of the Code under regulation 9 of the Electricity Industry (Enforcement) Regulations 2010, or make a complaint to Network Tasman under regulation 5 of those regulations, at any time.

Connection applicants who are not satisfied with Network Tasman's response to a dispute are encouraged to contact the Electricity Authority.

19. CONNECTION CHARGE RECONCILIATION

19.1. Network Tasman's Obligation to Provide a Reconciliation

In accordance with clauses 6B.10 and 6B.11 of the Code, Network Tasman will, when providing a quote for connection charges for any connection works, either:

- provide a written connection charge reconciliation with the quote; or
- notify the connection applicant of their right to request a written connection charge reconciliation.

Network Tasman must provide a written connection charge reconciliation on request by a connection applicant at any point during the connection process.

19.2. Connection Charge Reconciliation Formula

A connection charge reconciliation must demonstrate that Network Tasman's connection charge is consistent with the following formula:

$$CC = (IC - IR) + NC$$

Term	Component	Description
CC	Connection Charge	The total connection charge payable by the connection applicant (excluding connection administration fees and pioneer scheme contributions).
IC	Incremental Cost Estimate	The total incremental costs caused by the connection: IC = EC + CSE + NCC + ITC + LHCR + OCL. See Section 21.3.
IR	Incremental Revenue Estimate	The present value of future incremental revenue expected from the connection over the connection revenue life. See Section 21.4.
NC	Network Cost Contribution	The difference between the connection charge and the net incremental cost (IC – IR).

In most circumstances, New Loads will organise and fund the construction of the network extension works required to connect their load to the network via a third-party contractor. The New Load will then vest these assets with Network Tasman prior to livening. As set out in clause 6B.11(7) of the Code, distributors must treat in-kind contributions (such as vested assets) consistently when deriving the CC and IC (either both zero or both the same estimated value). Network Tasman will treat these assets as being zero value for the purposes of deriving the CC and IC.

19.3. Incremental Cost Estimate Components

Term	Component	Description
EC	Extension Cost	The cost of the relevant minimum scheme extension, excluding any incremental transmission cost.
CSE	Customer-Selected Enhancement Costs	Costs of any customer-selected enhancement agreed in writing, if applicable.
NCC	Network Capacity Cost	The network capacity cost of the relevant minimum scheme, calculated using posted capacity rates in accordance with clause 6B.5 of the Code.
ITC	Incremental Transmission Cost	Any incremental transmission costs associated with the connection, if applicable.
LHCR	Localised Historical Cost Recovery	An allocation of historical distributor-selected enhancement costs or historical network development costs to subsequent connections that benefit from those works, if applicable. At the time of publication, Network Tasman does not have any localised historical costs.
OCL	Operating Cost Loading	For connections subject to a posted tariff this figure is zero. For connections where the consumer will not pay posted tariffs this figure is Network Tasman's assessment of the incremental operating costs associated with the connection.

21.4 Incremental Revenue Estimate

The incremental revenue estimate (IR) is the present value of the future incremental revenue Network Tasman expects to receive in respect of the connection. It comprises:

- **IDR (Incremental Distribution Revenue Estimate):** The present value of future distribution line charge revenue (excluding connection charges and connection administration fees) expected from the connection.
- **ITR (Incremental Transmission Revenue Estimate):** The present value of the portion of revenue relating to pass-through of transmission charges.

The incremental revenue estimate is calculated as follows:

- **Base year estimate:** Network Tasman estimates the revenue from electricity lines services in respect of the connection in the first disclosure year (or part disclosure year) following electrical connection.
- **Subsequent years:** Network Tasman adjusts for change from part-year to full-year; forecast changes in demand; forecast changes in revenue per connection in real terms; and forecast changes in tariff structures or levels.
- **Present value:** Revenue estimates are discounted to present value over the connection revenue life (30 years for residential connections; 15 years for non-residential connections) using a real discount rate equal to the Commerce Commission's most recent mid-point vanilla WACC estimate, adjusted to remove inflation consistent with Reserve Bank of New Zealand inflation projections.
- **Operating cost adjustment:** For standard connections, the incremental distribution revenue estimate is multiplied by Network Tasman's incremental opex scaling factor, which accounts for the average proportion of revenue absorbed by incremental operating costs (vegetation management, emergency response, routine maintenance and related costs) based on the five most recent disclosure years.

19.4. Network Cost Contribution

The Network Cost Contribution (NC) is the balancing term in the reconciliation. It represents the connection applicant's contribution to the costs of the existing shared network and operations that are not driven by the specific connection.

20. ALIGNMENT WITH PRICING PRINCIPLES

Network Tasman's capital contributions policy is consistent with the mandatory connection pricing methodologies set out in Part 6B of the Electricity Industry Participation Code 2010.

Network Tasman's policy is also consistent with the Distribution Pricing Principles published by the Electricity Authority.

Being subsidy free (equal to or greater than incremental costs, and less than or equal to stand alone costs)

Connection charges are designed to be subsidy free (equal to or greater than avoidable costs, and less than or equal to standalone costs).

Connection charges recover the incremental capital costs associated with connecting a consumer to the network. This includes the full cost of dedicated connection assets and any customer-selected enhancements, as well as any contribution to upstream shared network reinforcement costs triggered by the connection.

Connection charges do not recover administration, operating or maintenance costs, or costs associated with existing network assets — these are recovered through distribution prices. As a result, connection charges will generally be less than the stand-alone cost of providing a connection.

Where a network extension initially funded by one consumer is later used by other consumers, the pioneer scheme framework requires subsequent connecting parties to make a contribution that is rebated to the original funder. This ensures that over time the costs of shared infrastructure are spread across all those who benefit from it, and that no single consumer bears more than their fair share of the cost of an extension.

Reflecting the impacts of network use on economic costs

On Network Tasman's network, New Loads are responsible for engaging an approved contractor to design and construct the dedicated assets required for their connection. Because the applicant contracts and pays for these works directly, the cost of dedicated connection assets is met by the party who benefits from them rather than being socialised across the network.

Where a new connection is located in the uneconomic zone, the Network Development Levy applies. Similarly, when a new connection triggers an upgrade to the shared network and triggers an exception, they are subject to an individual economic assessment that signals the incremental cost of their connection.

These charges signal to New Loads that costs increase with connection size and distance from shared network assets and ensure that those who consume it contribute to the cost of network operations in the non-urban areas of the network.

Reflecting differences in network service provided to (or by) consumers

Where a New Load connects at a lower capacity than the maximum available at their point of connection, this is reflected in a lower connection charge for the dedicated assets required to connect them to the network. This is because the cost of those assets is directly related to the capacity they are designed to serve — a lower capacity connection will generally require smaller or less extensive assets, reducing the extension cost component of the connection charge.

Connecting at a lower capacity may also influence which price category the applicant is eligible for, since Network Tasman's pricing structures distinguish between consumers on the basis of their maximum demand or capacity entitlement. Where a lower capacity connection results in the applicant being placed in a lower price category, this will in turn lower the New Load's ongoing lines charges.

New Loads therefore have incentives to consider both the upfront and ongoing cost implications of their capacity choice. Connecting at a lower capacity reduces the upfront connection charge as well as their ongoing lines charges.

The scaling of these two charges with the connection capacity size ensures the connection charges imposed on New Loads reflect the service provided to the consumer.

Encouraging efficient network alternatives

Applications for rural or remote connections where significant network assets are required for connection may require significant contributions. This encourages an efficient uptake of network alternatives where they can be deployed at a lower incremental cost than the incremental costs of connecting them to the network.

Similarly, the availability of a profiled (flexible) connection means that prices can be more responsive to the requirements of end users by allowing them to make price/quality trade-offs and by better reflecting the economic value of the service.

21. NEW LOAD NETWORK DEVELOPMENT LEVY TABLE

Distance from reference point and cost per kVA (excl GST)

Distance (km)	*Group 2: Cost per kVA*
4-7km	$40.44
7-8km	$63.30
8-9km	$86.17
9-10km	$109.03
10-11km	$131.89
11-12km	$154.75
12-13km	$177.62
13-14km	$200.48
14-15km	$223.34
15-16km	$246.20
16-17km	$269.06
17-18km	$291.93
18-19km	$314.79
19-20km	$337.65
20-21km	$360.51
21-22km	$383.37
22-23km	$406.24
23-24km	$429.10
24-25km	$451.96
25-26km	$474.82
26-27km	$497.68
27-28km	$520.55
28-29km	$543.41
29-30km	$566.27
30-31km	$589.13
31-32km	$612.00
32-33km	$634.86
33-34km	$657.72
34-35km	$680.58
35-36km	$703.44
36-37km	$726.31
37-38km	$749.17
38-39km	$772.03
39-40km	$794.89
40-41km	$817.75
41-42km	$840.62
42-43km	$863.48
43-44km	$886.34
44-45km	$909.20
45-46km	$932.06
46-47km	$954.93
47-48km	$977.79
48-49km	$1,000.65
49-50km	$1,023.51

Network Development Levy $ for New Loads in Uneconomic Zones (excl GST)

Load Size (kVA) and Distance (km)

Distance	*Group 1 (kVA)*	*Group 2: New or Additional Capacity (kVA)*								
km	**15**	**20**	**30**	**40**	**50**	**70**	**90**	**110**	**130**	**150**
4-7km	$327	$809	$1,213	$1,618	$2,022	$2,831	$3,640	$4,449	$5,258	$6,066
7-8km	$512	$1,266	$1,899	$2,532	$3,165	$4,431	$5,697	$6,964	$8,230	$9,496
8-9km	$697	$1,723	$2,585	$3,447	$4,308	$6,032	$7,755	$9,478	$11,202	$12,925
9-10km	$882	$2,181	$3,271	$4,361	$5,451	$7,632	$9,813	$11,993	$14,174	$16,354
10-11km	$1,067	$2,638	$3,957	$5,276	$6,595	$9,232	$11,870	$14,508	$17,146	$19,784
11-12km	$1,251	$3,095	$4,643	$6,190	$7,738	$10,833	$13,928	$17,023	$20,118	$23,213
12-13km	$1,436	$3,552	$5,328	$7,105	$8,881	$12,433	$15,985	$19,538	$23,090	$26,642
13-14km	$1,621	$4,010	$6,014	$8,019	$10,024	$14,033	$18,043	$22,053	$26,062	$30,072
14-15km	$1,806	$4,467	$6,700	$8,934	$11,167	$15,634	$20,101	$24,567	$29,034	$33,501
15-16km	$1,991	$4,924	$7,386	$9,848	$12,310	$17,234	$22,158	$27,082	$32,006	$36,930
16-17km	$2,176	$5,381	$8,072	$10,763	$13,453	$18,834	$24,216	$29,597	$34,978	$40,360
17-18km	$2,361	$5,839	$8,758	$11,677	$14,596	$20,435	$26,273	$32,112	$37,950	$43,789
18-19km	$2,546	$6,296	$9,444	$12,592	$15,739	$22,035	$28,331	$34,627	$40,922	$47,218
19-20km	$2,731	$6,753	$10,129	$13,506	$16,882	$23,635	$30,388	$37,141	$43,894	$50,647
20-21km	$2,916	$7,210	$10,815	$14,420	$18,026	$25,236	$32,446	$39,656	$46,867	$54,077
21-22km	$3,101	$7,667	$11,501	$15,335	$19,169	$26,836	$34,504	$42,171	$49,839	$57,506
22-23km	$3,286	$8,125	$12,187	$16,249	$20,312	$28,437	$36,561	$44,686	$52,811	$60,935
23-24km	$3,470	$8,582	$12,873	$17,164	$21,455	$30,037	$38,619	$47,201	$55,783	$64,365
24-25km	$3,655	$9,039	$13,559	$18,078	$22,598	$31,637	$40,676	$49,716	$58,755	$67,794
25-26km	$3,840	$9,496	$14,245	$18,993	$23,741	$33,238	$42,734	$52,230	$61,727	$71,223
26-27km	$4,025	$9,954	$14,931	$19,907	$24,884	$34,838	$44,792	$54,745	$64,699	$74,653
27-28km	$4,210	$10,411	$15,616	$20,822	$26,027	$36,438	$46,849	$57,260	$67,671	$78,082
28-29km	$4,395	$10,868	$16,302	$21,736	$27,170	$38,039	$48,907	$59,775	$70,643	$81,511
29-30km	$4,580	$11,325	$16,988	$22,651	$28,314	$39,639	$50,964	$62,290	$73,615	$84,941
30-31km	$4,765	$11,783	$17,674	$23,565	$29,457	$41,239	$53,022	$64,805	$76,587	$88,370
31-32km	$4,950	$12,240	$18,360	$24,480	$30,600	$42,840	$55,080	$67,319	$79,559	$91,799
32-33km	$5,135	$12,697	$19,046	$25,394	$31,743	$44,440	$57,137	$69,834	$82,531	$95,229
33-34km	$5,320	$13,154	$19,732	$26,309	$32,886	$46,040	$59,195	$72,349	$85,504	$98,658
34-35km	$5,505	$13,612	$20,417	$27,223	$34,029	$47,641	$61,252	$74,864	$88,476	$102,087
35-36km	$5,690	$14,069	$21,103	$28,138	$35,172	$49,241	$63,310	$77,379	$91,448	$105,517
36-37km	$5,874	$14,526	$21,789	$29,052	$36,315	$50,841	$65,367	$79,894	$94,420	$108,946
37-38km	$6,059	$14,983	$22,475	$29,967	$37,458	$52,442	$67,425	$82,408	$97,392	$112,375
38-39km	$6,244	$15,441	$23,161	$30,881	$38,601	$54,042	$69,483	$84,923	$100,364	$115,804
39-40km	$6,429	$15,898	$23,847	$31,796	$39,745	$55,642	$71,540	$87,438	$103,336	$119,234
40-41km	$6,614	$16,355	$24,533	$32,710	$40,888	$57,243	$73,598	$89,953	$106,308	$122,663
41-42km	$6,799	$16,812	$25,218	$33,625	$42,031	$58,843	$75,655	$92,468	$109,280	$126,092
42-43km	$6,984	$17,270	$25,904	$34,539	$43,174	$60,443	$77,713	$94,983	$112,252	$129,522
43-44km	$7,169	$17,727	$26,590	$35,454	$44,317	$62,044	$79,771	$97,497	$115,224	$132,951
44-45km	$7,354	$18,184	$27,276	$36,368	$45,460	$63,644	$81,828	$100,012	$118,196	$136,380
45-46km	$7,539	$18,641	$27,962	$37,283	$46,603	$65,245	$83,886	$102,527	$121,168	$139,810
46-47km	$7,724	$19,099	$28,648	$38,197	$47,746	$66,845	$85,943	$105,042	$124,140	$143,239
47-48km	$7,909	$19,556	$29,334	$39,112	$48,889	$68,445	$88,001	$107,557	$127,113	$146,668
48-49km	$8,093	$20,013	$30,020	$40,026	$50,033	$70,046	$90,059	$110,072	$130,085	$150,098
49-50km	$8,278	$20,470	$30,705	$40,941	$51,176	$71,646	$92,116	$112,586	$133,057	$153,527

Network Development Levy Notes

- The Network Development Levy applies to all New Load locating in the Uneconomic Zone of the network.
- The Network Development Levy will be determined by the electrical distance the New Load is located from the relevant reference point (the nearest GXP or Zone Substation stated in Section 4.1).
- The Network Development Levy will commence at either 4km or 7km distance (measured down the feeders) from the relevant reference point depending on locality.
- The Network Development Levy applies at the 4–7km distance to New Loads located on the feeders from the Zone Substations at Mapua, Takaka, Upper Takaka and Swamp Road and from Kikiwa and Murchison GXPs. Elsewhere the Network Development Levy applies beyond 7km from the relevant reference point.
- The Network Development Levy for any Group 0 New Load locating in the Uneconomic Zones will be 30% of the equivalent Group 1 charge.
- Normal Network Tasman line charges will apply after connection of the New Load.
- Maximum contribution for a Group 1 New Load is capped at $3,250. However, when a Group 1 connection upgrades their connection capacity, the NDL charge that applies, is the difference between the notional (uncapped) NDL charge for their current connection and the NDL charge for their new connection capacity.
- The Network Development Levy is not capped for New Load with a capacity of 20kVA or higher. For New Load with characteristics not captured within the tables above, the underlying formula will be applied to determine the applicable Network Development Levy.
- All prices exclude GST.
- The Network Development Levy will be adjusted on 1 April each year to account for changes in inflation, based on changes in the Capital Goods Price Index (CGPI, Stats NZ series CEPQ.S2GG), as at the September quarter the year prior to the change taking effect.

22. Network Tasman Customer Groups – Description

Group One — All Demand Areas		
Phase	**Fuse Amps**	**kVA**
1	60	15
2	40	15
3	30	15

Group Two — All Demand Areas		
Phase	**Fuse Amps**	**kVA**
2	60	20
3	40	20
3	50	30
3	60	40
3	80	50
3	100	70
3	125	90
3	160	110
3	200	130
3	250	150

Group Three — All Demand Areas		
Phase	**Fuse Amps**	**kVA**
3	315	220
3	355	250
3	400	280
3	500	350
3	630	440
3	800	565
3	1000	710
3	1250	890
3	1400	1000
3	1600	1100

APPENDIX A – CONNECTION DEFINITION GUIDANCE

This guidance should be read in conjunction with Network Tasman's commercial and technical arrangements for the supply of standard connections. Connection services are defined with reference to Part 6B of the Code.

A. Minimum Scheme Connections

A minimum scheme connection is set with reference to Network Tasman's network connection and operating standards. It is the least-cost solution for the connection works. Connection charges must be based on the minimum scheme unless the connection applicant agrees in writing to modifications.

Where Network Tasman publishes posted connection charges, we will use the posted charge to determine a connection applicant's connection charge, instead of using the minimum scheme.

B. Enhanced Connections

Enhancements to the minimum scheme may include additional connection extension, capacity increase, security enhancement, or locational impacts. Enhancement costs are identified and allocated to the customer's connection as follows:

- **Customer-Selected Enhancements:** Chargeable to the connection applicant in addition to minimum scheme costs, where agreed in writing.
- **Distributor-Selected Enhancements:** Not chargeable to the connection applicant. Network Tasman bears these costs.

C. Other Connections

The Code includes provisions concerning connections that do not fit minimum scheme or enhanced definitions, for example:

- Real estate developments (pioneer scheme pricing methodology requirements do not apply — clause 6B.3(3)(a))
- Large capacity connections subject to a large connection contract (connection charge reconciliation methodology requirements apply only — clause 6B.3(3)(b))
- Incremental transmission works
- Hybrid connections (import/export)
- Secondary networks (Part 6B does not apply)