Orion

Applicable from 1 April 2026

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Connection Pricing Methodology

Contents

Introduction

All references in this connection pricing methodology to sections and appendices are to sections and appendices of this methodology.

About Orion

We own and operate the electricity distribution network in central Canterbury, including Ōtautahi Christchurch. Our network is both rural and urban and extends over 8,000 square kilometres from the Waimakariri River in the north to the Rakaia River in the south, from the Canterbury coast to Arthur's Pass. We deliver electricity to more than 233,000 homes and businesses and are New Zealand's third largest electricity distribution business.

Our network is constantly growing, with new connections, increased loads at existing connections, and alterations to accommodate development. People and businesses continue to be drawn to settle in central Canterbury, and growth in customer numbers continues to rise steadily each year.

When customers or future customers (connection applicants) apply for new or altered connections, it is important that our approach to connection pricing is clear and takes into consideration the impact on existing customers and connections. Our approach to connection pricing also needs to comply with the Electricity Industry Participation Code (Code).

1.1 Application of this methodology

This connection pricing methodology applies to any connection application we receive on or after 1 April 2026 for a load (including embedded network), distributed generation or hybrid (load and generation) connection to our network, except for:[1]

- connections for distributed generation with an export capacity greater than 1 MW;
- connections under large connection contracts, as defined in the Electricity Distribution Services Input Methodologies Determination[2] (subject to section 4.4);
- connections to any secondary network we may own or operate; and
- relocations not involving a new or upgraded connection.

All references in this methodology to a connection mean a connection that is within the scope of this methodology, as set out above.

[1] These connections will have bespoke connection pricing which may not be consistent with this methodology.
[2] Electricity Distribution Services Input Methodologies Determination 2012 (as amended).

1.2 Purpose of this methodology

This connection pricing methodology describes how we calculate connection charges for new connections and altered existing connections to our network. This methodology complies with the requirements for distribution connection charges in the Code.

A new or altered connection may require either or both of an extension or network capacity upgrade (connection works).

- An **extension** is the provision of new network assets, an upgrade to existing network assets, or a change to network operating arrangements that only, or predominantly, benefits the connection applicant. An extension may include an upgrade to the grid. Increasing the capacity of the shared (upstream) network is not an extension.

- A **network capacity upgrade** is an upgrade to existing network assets or a change to network operating arrangements that provides more capacity in the shared network. A network capacity upgrade will benefit the connection applicant and other existing or future customers.[3]

Connection charges recover the costs of these connection works (extension costs and network capacity costs).

We also charge connection administration fees to cover our administrative costs relating to new and altered connections. These are published on our website (see section 2.2).

1.3 Supporting documentation

This methodology should be read together with our Network Connection Standard, which is published on our website.[4] Our website also contains information about our connection application process.[5]

1.4 Alignment to the Electricity Authority's (EA's) distribution pricing principles

How this methodology aligns with the EA's distribution pricing principles is covered in appendix A.

1.5 Contact details

If you have questions about this methodology you can contact our revenue team via our website https://www.oriongroup.co.nz/outages-and-support/contact-us, by emailing revenueteam@oriongroup.co.nz or by calling 0800 363 9898.

[3] A network capacity upgrade may not be required immediately due to the connection. The connection charge may recover a contribution to the costs of a future network capacity upgrade, the need for which the connection contributes to.
[4] Standards for network connection | The Orion Group
[5] Get connected | The Orion Group

2 Connection services, charges and fees

2.1 Inclusions and exclusions

Our connection services typically involve:[6]

- Designing the connection works necessary to provide the new or altered network connection point (NCP)
- Carrying out the connection works, which may include building an extension and acquiring property rights for it
- Livening the connection
- Project management for the above tasks.

Whether we require the connection applicant to pay a connection charge for these services, and if so, how we calculate the connection charge, depends on the type of connection and whether it includes any enhancements above the minimum scheme (the least-cost technically viable connection works, which may be a flexible connection). See section 4.

The NCP is the point where responsibility for electricity reticulation changes from us to the connection applicant. Our connection services do not include any works on the connection applicant's side of the NCP. Nor do we contribute to any of the connection applicant's costs of installing service mains and metering on the connection applicant's side of the NCP.

Appendix 7 of our Network Connection Standard contains diagrams of various connection configurations showing the position of the NCP.

[6] For some greenfield real estate developments, we may agree to the design and construction of the extension being carried out by the connection applicant using Orion-approved contractors. In that case we will take ownership of the extension when completed and the connection charge will not include any costs for design or construction of the extension.

2.2 Connection charges and fees schedule

We publish a connection charges and fees schedule on our website.[7]

The connection charges and fees schedule contains our:

- connection application fees, fees for administering pioneer schemes, and any other connection administration fees we charge from time to time
- posted connection charges for some connection types, including connection types subject to standard offers
- posted capacity rates and posted extension rates (if any)
- posted fees for certain connection activities, including temporary isolation, disconnection, reconnection, and permanent decommissioning. The terms of these services are covered in the schedule on our website.

[7] Pricing guides and information | The Orion Group

3 Connection types

For connection charging purposes, we categorise connections as either:

- small/medium connections
- large commercial and industrial connections
- real estate development connections.

3.1 Category - Small/medium connections

We use three classifications of small/medium connections:

- residential and small/medium commercial connections
- unmetered supply connections
- small/medium distributed generation connections.

3.1.1 Classification - Residential and small/medium commercial connections

This classification covers connections for residential premises[8] and commercial premises with load capacity no more than 300 kVA. The connection will involve either a low voltage overhead connection or a low voltage underground connection, depending on whether the distribution network in the connection applicant's area is overhead or underground.

Underground service cables and overhead service lines and associated equipment are typically dedicated assets used to connect a particular connection applicant's consumer installation to the shared network.

3.1.2 Classification - Unmetered supply connections

We provide unmetered supply connections in circumstances where we consider it impractical to read or maintain a meter or where metering equipment would be particularly susceptible to damage. Unmetered supply connections must have a steady, uniform load so that energy consumption can be reasonably accurately estimated, in the absence of a meter. Unmetered supply connections are typically provided for streetlights, bus shelters, security lights, illuminated signs, security cameras and traffic monitoring equipment. Our preference is to meter load wherever practicable.

[8] As defined in the Christchurch District Plan at the date of this methodology, a residential unit is a building or part of a building that is used for a residential activity exclusively by one household, and must include sleeping, cooking, bathing and toilet facilities.

3.1.3 Classification – Small/medium distributed generation connections

A distributed generating unit is a unit of electricity generating plant (e.g. a solar panel) that is connected to a distribution network and may export electricity back into the distribution network. Distributed generation may be a solar, thermal or wind system, energy storage (a battery), or a hybrid system (e.g. solar plus a battery).

Distributed generation in this classification:

- must be connected to the network via an inverter that is compliant with Australian/New Zealand Standard AS/NZS 4777.2;
- is small if its rated export capacity is not more than 45 kVA; and
- is medium if its rated export capacity is more than 45 kVA and not more than 1 MVA.

Further eligibility criteria are detailed in Table 1.

Under Part 6 of the Code, developers must apply to electricity distributors for approval to connect distributed generation to their networks.[9]

3.2 Category – Large commercial and industrial connections

This category covers:

- connections for large commercial and industrial premises (load capacity > 300 kVA)
- distributed generation with a rated export capacity of more than 1 MVA (hybrid or standalone).

These connections (also referred to as major customer connections or large capacity connections) typically require complex reticulation and technical solutions. They are typically:

- commercial or industrial premises with an installed capacity of greater than 100 amps per phase, sometimes with distributed generation;
- standalone large distributed generation; or
- standalone and public EV charging.

These connections may require an extension or network capacity upgrade, including new distribution transformers and protection schemes.

[9] From 1 June 2027, this will also be a requirement for large load connections.

3.3 Category - Real estate development connections

Real estate developments are:

- commercial/industrial subdivisions, such as retirement villages and business parks;
- multi-tenanted business premises, such as shopping centres and office buildings; and
- multi-tenanted residential premises, such as residential high rises.

Two types of development are common:

- greenfield development in areas previously unreticulated; and
- brownfield development in areas previously reticulated, such as infill housing and redevelopment of an existing commercial development.

Greenfield developments will typically require an extension, and may also require a network capacity upgrade. Greenfield developers are generally responsible for the design and construction of electrical reticulation within the development. For greenfield developments, we will take ownership of the extension when completed.

Brownfield developments are less likely to require an extension, but may do depending on the state of reticulation for the previous development, and may also require a network capacity upgrade.

Either type of development may require new distribution transformers or protection schemes.

4 Connection offers

We have three types of connection offer: basic, standard, and non-standard.

Table 1 sets out the connection offers that apply to the most common connection types, with eligibility criteria.

Any connection type not covered in Table 1, or that is covered in Table 1 but the connection does not meet the eligibility criteria for a basic or standard offer, is subject to a non-standard offer. Connections we consider to be non-economic or novel will be assessed on a case-by-case basis and may be subject to a non-standard connection offer, even if they would otherwise be eligible for a basic or standard connection offer.

Some examples of connections that will be subject to non-standard offers are:

- the connection applicant's technical requirements for the connection are above the minimum scheme (least cost technically viable solution, which may be a flexible connection) for a connection of that type
- there is an existing connection agreement for the connection that has terms taking the connection beyond the minimum scheme for a connection of that type
- the connection applicant wants to lay a service main in the road reserve
- a residential connection for a temporary supply needs further work to create a permanent metering point.

We reserve the right to negotiate alternative approaches for a connection to reduce cost, reduce technical complexity, or ensure regulatory compliance or compliance with our Network Connection Standard. We will decline any connection application for a connection that does not comply with regulation or our Network Connection and/or Design Standards if an alternative approach for the connection cannot be agreed.

Table 1 Connection offers

Category and classification	Offer Code[10]	Connection type	Eligibility Criteria	Connection Offer Type
Small/medium Residential and small/medium commercial	1A	Urban/metro single residential or small/medium commercial premises	Single phase at less than or equal to 60A and within 30m of existing connectable network	Standard
	1B		Three phase at less than or equal to 60A per phase and within 30m of existing connectable network	Standard
	1C		Urban/metro premises in this connection type grouping not meeting the eligibility criteria above	Non-standard
	1D	Rural single residential premises or small/medium commercial premises	Up to 60A per phase and within 150m of existing connectable network This offer excludes over boundary work	Standard
	1E		Rural premises in this connection type grouping not meeting the eligibility criteria above	Non-standard
	1F	Urban/metro temporary connection	Up to 60A per phase and within 30m of existing connectable network	Basic
	1G		Greater than 60A per phase or more than 30m from existing connectable network	Basic
	1H	Rural temporary connection	All connections	Basic

[10] Offer codes are referred to in appendix B

Category and classification	Offer Code[10]	Connection type	Eligibility Criteria	Connection Offer Type
Small/medium Unmetered supply	2A	Unmetered supply and other devices	Public utilities (e.g. streetlights).	Basic
	2B		Other unmetered devices less than 680W (e.g. advertising displays, traffic signals, tsunami sirens)	Non-Standard
	2C		Customer-owned and operated streetlights	No service provided
Large commercial and industrial	3A	Large commercial and industrial (major customer or large capacity connections)	Greater than 60 amps per phase	Non-Standard
Real estate development	4A	Real estate developments	Infill (brownfield) or strata development with multiple connections of up to 60A per phase per premises and located within 30m of existing connectable network	Standard
	4B		Greenfield development with multiple connections, with a vested road	Non-standard
Distributed generation	5A	Small distributed generation up to 45 kVA	Connection to existing connectable network of up to 45 kVA rated export capacity, with export limit of up to 15 kVA per phase or dynamic export limit capability	Basic
	5B	Medium distributed generation more than 45 kVa and up to 1 MVA	Connection to existing connectable network of more than 45 kVA rated export capacity and up to 1 MVA, with export limit per phase assessed on a case-by-case basis or utilising dynamic export limit capability	Non-standard*

**All connection works are treated as customer selected enhancements, See Section 4.3.3*

4.1 Basic connection offer

Our posted connection charge for connections under our basic offer is zero.

Our posted connection charge assumes the connection configuration does not go beyond the minimum scheme for this connection offer. If additional enhancements are requested by the connection applicant, additional connection charges may apply. If we have published posted connection charges or posted rates for enhancements, we may apply those charges or rates to calculate the connection charge for any additions required by the connection applicant or make a non-standard connection offer.

4.2 Standard connection offer

Our posted connection charges (fixed connection charges) for connections under our standard offer are published on our website. These posted connection charges include the extension cost and network capacity cost of the minimum scheme for the connection.

For infill (brownfield) real estate developments under our standard offer, the connection charge is the relevant posted connection charge multiplied by the number of sections or premises within the development.

Our posted connection charges assume the connection configuration does not go beyond the minimum scheme for this connection offer. If additional enhancements are requested by the connection applicant, additional connection charges may apply. If we have published posted connection charges or posted rates for enhancements, we may apply those rates to calculate the connection charge for any additions required by the connection applicant or make a non-standard connection offer.

4.3 Non-standard connection offer

We calculate bespoke connection charges for connections under non-standard offers.

The costs for connections under non-standard offers are allocated as follows.

4.3.1 Recoverable and non-recoverable costs

We distinguish between recoverable and non-recoverable costs. We set this out in Table 2.

Table 2 Recoverable and non-recoverable costs

Item	Recoverable cost component	Non-recoverable cost component
Cabling	-	All costs, including procurement, transportation, installation, testing and commissioning costs
Transformers	Transformer procurement	All other costs, including transportation, installation, testing and commissioning costs
Switchgear	Switch gear procurement	All other costs, including transportation, installation, testing and commissioning costs
Kiosks	Substation enclosure procurement	All other costs, including transportation, and installation, testing and commissioning costs
Low voltage panel	Low voltage panel procurement	All costs, including procurement, transportation, installation, testing and commissioning costs
Design	-	All costs
Other	-	All costs, including procurement, transportation, installation, testing and commissioning costs

4.3.2 Allocation of recoverable costs and nonrecoverable costs for minimum scheme

We pay 100% of recoverable costs for the minimum scheme. Orion may contribute a proportion of the non-recoverable costs for minimum scheme.

4.3.3 Enhancement costs

Section 4.3.2 applies to the costs of the minimum scheme.

If the customer requires an enhancement above the minimum scheme (a customer-selected enhancement), 100% of the cost of the enhancement is allocated to the customer. We will use any applicable posted connection charges and posted extension rates to calculate the costs of customer-selected enhancements.

If we require an enhancement above the minimum scheme (a distributor-selected enhancement), 100% of the cost of the enhancement is allocated to us.

All connection works required to connect medium or large distributed generation (distributed generation of more than 45 kVA rated export capacity) are treated as customer-selected enhancements, with 100% of the cost allocated to the customer.

4.3.4 Network capacity costs

The customer must pay us a contribution towards the costs of upstream network capacity (network capacity costs).

We calculate the network capacity costs by applying posted capacity rates published on our website[11]. Our posted capacity rates correspond to nominal capacity increments, and there may be different posted capacity rates for different network tiers and network costing zones. More than one posted capacity rate may apply to a connection.

However:

- if the expected capacity increment for a connection and network tier (capacity demand assumption) is more than 80% of the nominal capacity increment for the network tier, we may estimate the network capacity cost for the network tier instead of using the applicable posted capacity rate to calculate it; and

- if we consider the cost per unit to add capacity in a network tier is more than 150% or less than 80% of the posted capacity rate for the network tier and relevant network costing zone, we may use that cost per unit instead of the posted capacity rate to calculate the network capacity cost for the network tier and network costing zone.

4.3.5 Network purchase price

For some greenfield real estate developments, we may agree to the customer building the extension and then transferring ownership of the extension to us.

4.4 Connection charge reconciliations

If we charge a connection charge for a connection under our basic, standard or non-standard offer, or under a large connection contract as defined in the Electricity Distribution Services Input Methodologies Determination, we will provide the connection applicant, if they request it, with a connection charge reconciliation for the connection charge in accordance with the connection charge reconciliation methodology in Part 6B of the Code.

We provide a standing connection charge reconciliation for each standard connection offer in appendix B.

[11] Pricing guides and information | The Orion Group

In accordance with Part 6B the Code, we may use an incremental transmission costs, localised historical cost recovery values, and/or operating cost loadings for some of our connection charge reconciliations.

4.5 Use of independent service delivery partners/service providers

Our connection offers often rely on costings from independent Orion authorised service providers.

- Any work on our network assets must be carried out by an Orion authorised service provider.
- For non-standard connections, we will seek tenders for the relevant work from Orion authorised service providers. We will then provide a connection offer to the connection applicant in the form of a "customer connection quote" based on the lowest conforming tender. If the connection applicant accepts the customer connection quote, this will form a contract for the work.
- The connection applicant may elect to manage this process itself and engage an Orion authorised service provider directly, in which case the connection applicant must provide us with full costing information so that we can generate a pro forma customer connection quote for the work.

Connection applicants may elect to engage and manage their own independent contractors to carry out over boundary work for their connections. These contractors may be Orion authorised service providers.

We are required by the Code to report connection charge reconciliation information to the EA if requested. For us to meet this requirement, we require transparency of extension costs. This means, where we have not provided the extension costs to the connection applicant, we may need to obtain the extension costs from the connection applicant or the Orion authorised service provider

5 Pioneer scheme policy

A pioneer scheme is an arrangement under which one or more subsequent connection applicants (subsequent connecting customers) who connect to an extension paid for by a previous connection applicant (the pioneer) must contribute to the connection charge paid by the pioneer for that extension.

This pioneer scheme policy sets out how we apply pioneer schemes in our network.

5.1 Acquired pioneer schemes

If we acquire an extension from another distributor to which that distributor has applied a pioneer scheme, we apply the existing rules of that pioneer scheme (instead of section 5.4 of this pioneer scheme policy) if the acquired extension qualifies for a pioneer scheme under section 5.3.[12]

We do not otherwise apply pioneer schemes to extensions we acquire from other distributors.

5.2 Vested pioneer schemes

A vested pioneer scheme is a pioneer scheme we apply to an extension we acquire from a consumer who constructed or funded the construction of the extension (vested pioneering works).

We only apply a vested pioneer scheme to vested pioneering works if, and to the extent, we agree in writing with the relevant consumer that we will apply the vested pioneer scheme to the vested pioneering works.

We will not agree to apply a vested pioneer scheme to vested pioneering works that do not qualify for a pioneer scheme under section 5.3.[13]

5.3 Application of pioneer schemes in our network

We apply pioneer schemes to all extensions (not network capacity upgrades) that meet all the following requirements (pioneering connection works):

- The pioneer applied to connect to our network on or after 1 April 2026.
- The extension did not exist and was not under construction before 1 April 2026.
- The extension was not subject to a construction contract between us and the pioneer before 1 April 2026.

[12] As if the references to Orion in section 5.3 were references to the other distributor and the pioneer scheme threshold for every year were $50,000 in December 2025 terms.

[13] As if the reference to the construction contract in section 5.3 were to a handover contract, being a contract under which Orion agrees to take ownership of the extension after it is constructed.

- The extension is not part of a real estate development that is developed for the purpose of on-sale.

- The extension is not an underground meshed network.

- The extension is not for an embedded network.

- The part of the extension cost for the extension initially met by the first pioneer (excluding incremental transmission costs for increased benefit-based charges under the TPM and the costs of any customer-selected enhancements) is more than the first pioneer scheme threshold (see below) and was not determined by posted connection charges.

- The pioneer has not agreed with us in writing that the extension is not subject to a pioneer scheme.

- It is feasible that connection applicants other than the pioneer will connect to the extension.

The pioneer scheme threshold is:

- for the year starting on 1 January 2026, $50,000; and

- for the year starting on 1 January 2027 and every subsequent 1 January, the pioneer scheme threshold applying to the previous year adjusted by the CPI movement.

We may, at our discretion, agree to treat an extension as pioneering connection works even if the extension does not meet all the above requirements.

5.4 How our pioneer schemes work

Our pioneer schemes have the following features:

- Our pioneer schemes recognise first pioneers and subsequent pioneers. However, a subsequent pioneer is only recognised if it makes a pioneer scheme contribution towards the relevant pioneer scheme of more than the subsequent pioneer threshold. The subsequent pioneer threshold is:

    - for the year starting on 1 January 2026, $25,000; and

    - for the year starting on 1 January 2027 and every subsequent 1 January, the subsequent pioneer threshold applying to the previous year adjusted by the CPI movement.

- Pioneer status under our pioneer schemes is not transferable. A transferee of pioneering connection works is not a pioneer. If a pioneer transfers part of pioneering connection works to another person, we will adjust the current value and remaining value of the pioneering connection works retained by the pioneer downwards proportionally for the purposes of calculating rebate contributions and rebates.

- Our pioneer schemes only apply to subsequent connecting customers who connect directly to the pioneering connection works. We do not collect rebate contributions from customers who are indirectly connected to the pioneering connection works through other parts of our network or third party assets.

- We do not collect a rebate contribution from a subsequent connecting customer if the rebate contribution is, after deducting our fee for administering the pioneer scheme, less than:

    - for the year starting on 1 January 2026, $1,000; and

    - for the year starting on 1 January 2027 and every subsequent 1 January, the pioneer scheme threshold applying to the previous year adjusted by the CPI movement.

- Our pioneer schemes run from the date the pioneer made its first connection charge payment for the pioneering connection works until 7 years after that date (unless the pioneer agrees to end the scheme earlier). After a pioneer scheme ends, we will not pay rebates to the pioneer or collect corresponding rebate contributions from subsequent connecting customers.

- We will use reasonable endeavours to identify and pay rebates to pioneers. This includes maintaining a register of pioneers and their contact details, and contacting pioneers on an annual basis to ensure their contact details are still accurate.

- If for any reason we are unable to identify or pay a rebate to a pioneer after a reasonable attempt:

    - we will take reasonable steps to repay the corresponding rebate contributions to the subsequent connecting customers who paid them, in proportion to their contributions. If we are unable to repay a rebate contribution, we will retain it; and

- we will stop collecting rebate contributions for the relevant pioneer scheme.

- A subsequent connecting customer's rebate contribution for pioneering connection works (RC) is calculated as follows:

$$RC = CV\ x\ S$$

where:

CV is the current value of the pioneering connection works at the date of the customer's connection to the pioneer scheme works, calculated as below

S is the customer's share of the pioneering connection works, calculated as below.

- The current value of pioneering connection works at the date of the customer's connection to the pioneer scheme works (CV) is calculated as follows:

$$CV = OV \times \frac{20 - A}{20}$$

where:

OV is the first pioneer's total capital contribution to the pioneering connection works, calculated consistent with Part 6B of the Code:

- including the first pioneer's rebate contribution under any pioneer scheme for other pioneering connection works to which the pioneering connection works are connected directly; but

- excluding the first pioneer's contribution to any connection enhancements comprised in the pioneering connection works

A is the number of years and part years, expressed as a decimal, between the date the pioneering connection works were commissioned and at the date of the customer's connection to the pioneer scheme works.

- A customer's share of pioneering connection works (S) is calculated as follows:

$$S = \frac{C}{\Sigma C} \times \frac{L}{\Sigma L}$$

where:

C is the capacity of the customer connection to the pioneering connection works (in kVA)

ΣC is the total utilisation (load) by all customers of the pioneering connection works (in kVA)

L is the length of the pioneering connection works likely to be used by the customer (in m)

ΣL is the total length of the pioneering connection works (in m),

provided that if either L or ΣL cannot reasonably be determined then both L and ΣL are equal to 1.

- We may, at our discretion, elect to adopt a different method for calculating a customer's share of pioneering connection works if we consider the pioneering connection works, or customers' use of them, to have characteristics that mean a different calculation method would be more equitable and representative of usage. This may take into account, for example, seasonal capacity utilisation or use of embedded generation or batteries.

- If we receive a funded asset rebate under the TPM in respect of incremental transmission works for which the extension cost was paid by a pioneer, we will pay the funded asset rebate to the pioneer as if it were a rebate contribution.

- In addition to publishing information about our pioneer schemes on our website as required by the Code, we will notify subsequent connecting customers that they may be required to pay a rebate contribution before they connect to pioneering connection works.

6 Payment of connection charges and connection application fees

6.1 Connection charges and connection application fees

We usually require connection charges and connection application fees to be paid in full before we start constructing the new or altered connection. The full amount will typically be payable on the connection applicant's acceptance of our connection offer.

In rare cases, we may agree to part of the connection charge and connection application fee for a large commercial and industrial or a real estate development connection to be paid in instalments. This is for negotiation at the time of the connection offer.

We will always require full payment of the connection charge and connection application fees before we liven a new or altered connection.

6.2 Pioneer scheme rebate contributions, fees and rebates

A subsequent connecting customer's rebate contribution is payable in a lump-sum. We will invoice the subsequent connecting customer for the rebate contribution as soon as reasonably practicable after we have calculated it and the subsequent connecting customer has directly connected to the pioneering connection works.

Once we receive the rebate contribution from the subsequent connecting customer we will:

- deduct our fee for administering the pioneer scheme; and
- pay the remainder to the pioneer as a rebate as soon as reasonably practicable.

To avoid doubt, we will not pay the pioneer a rebate that is more than the amount of the rebate contribution we are paid by the subsequent connecting customer less our fee for administering the pioneer scheme. We may set off all or some of a rebate against any amounts owing from the pioneer to us.

7 Dispute resolution

Disputes between us and a connection applicant will be managed in accordance with our standard complaints and dispute resolution procedure, details of which are published on our website.[14] We will always try to resolve connection disputes as quickly as we reasonably can.

Where agreement on the terms and conditions of a connection offer cannot be reached, we will agree to refer the matter to mediation in accordance with the Mediation Rules of the New Zealand Dispute Resolution Centre, if that is what the connection applicant wants.

Some disputes between us and a connection applicant about the application of the mandatory connection pricing methodologies in Part 6B of the Code may be resolved through the default dispute resolution process in Schedule 6.3 of the Code. The first step of that process is a good faith attempt to resolve the dispute between the parties. If that is unsuccessful, either party may refer the dispute to the Electricity Authority as if it were a complaint about a Code breach. If not resolved through the Electricity Authority's processes, the dispute may be referred to the Rulings Panel for an adjudicative resolution.

[14] Contact Us | The Orion Group

8 Glossary

Term	Definition
Capacity demand assumption	The design capacity for a connection application and network tier.
Category	We use categories to distinguish between connection types. Our categories are small/medium, large commercial and industrial, and real estate development. Connections in the large commercial and industrial category are also known as major customer connections and large capacity connections.
Classification	We use classifications within categories to distinguish between connection types. For example, our classifications within the small/medium category are residential and small/medium commercial, unmetered supply, and small/medium distributed generation.
Code	Electricity Industry Participation Code 2010.
Connection administration fees	Fees for administrative aspects of connection applications and connection works, including connection application fees.
Connection applicant	A person who makes a connection application.
Connection application	An application made to us to connect to our distribution network or change an existing connection to our distribution network.
Connection charge	A charge a connection applicant pays to cover the cost of connection works for its connection.
Connection charge reconciliation	A standard breakdown of connection charge components in accordance with clause 6B.11 of the Code.
Connection offer	An offer by us to connect a connection applicant to our network. Our connection offer types are basic, standard and non-standard. Connection offers are often in the form of a "customer connection quote".
Connection works	An extension or network capacity upgrade.
Construction contract	A contract between a connection applicant and us under which we will carry out connection works.
CPI	The Consumers Price Index (all groups) published by Statistics New Zealand.
CPI movement	At 1 April, the percentage movement in CPI over a 12-month period ending on 31 March of the previous calendar year.

Distributed generation	Generating plant that is connected to our distribution network rather than the grid.
EA	The Electricity Authority.
Enhancement	An augmentation to our network that is more than required for the minimum scheme to connect a connection applicant. Extensions can be customer-selected or distributor-selected.
Extension	The provision of new network assets, an upgrade to existing network assets, or a change to network operating arrangements that only, or predominantly, benefits the connection applicant. An extension may include incremental transmission works.
Extension cost	The cost of an extension, including any incremental transmission costs.
First pioneer	For pioneering connection works, the connection applicant who initially pays the extension cost.
Flexible connection	A connection where the connection applicant's export or import of electricity through the connection is managed.
Incremental transmission costs	The costs of: • works to extend or upgrade the grid to accommodate a new or altered connection; and • any increase in our transmission charges under the TPM resulting from a new or altered connection or the connection works to enable it.
Inverter	A device within a power system that converts direct current (DC) into alternating current (AC).
Large connection contract	As defined in the Electricity Distribution Services Input Methodologies Determination 2012 (as amended).
Load	Electricity taken off our distribution network for consumption or energy storage.
Metro	An area we determine to be within the central city business district, commonly defined as within Bealey Avenue, Moorhouse Avenue, Fitzgerald Avenue, and the east boundary of Hagley Park
Minimum scheme	The least-cost technically viable solution for connection works. We apply our Network Connection Standard to determine the minimum scheme, when necessary. If a connection applicant requests a flexible connection that can be delivered at a lower cost than the minimum scheme, and we can reasonably provide the flexible connection, the flexible connection is treated as the minimum scheme.
Network capacity cost	The cost of consuming or adding capacity in the shared network, including any incremental transmission costs.
Network capacity upgrade	An upgrade to existing network assets or a change to network operating arrangements that provides more capacity in the shared network.

Network connection point (NCP)	The point at which a customer's assets join to our distribution network. We are not responsible for any work on the customer's side of the NCP, or the costs of it.
Network Connection Standard	The document(s) published on our website containing technical requirements for connections to our network. These are our connection and operation standards referred to in the Code.
Network costing zone	A part of our network to which a common posted capacity rate applies.
Network tier	Any one of the following components of our network: • sub-transmission line • zone substation • high voltage feeder • distribution substation • low voltage mains.
Non-recoverable cost	A cost of connection works that may or may not be recoverable from our general customer base through distribution charges and if not will be recovered from the connection applicant.
Orion authorised service provider	An independent contractor we have approved to carry out work on our network. We publish a list of Orion authorised service providers on our website.
Pioneer	For pioneering connection works, a first pioneer or subsequent pioneer.
Pioneer scheme threshold	The financial threshold for treating an extension as pioneering connection works, as defined in section 5.3.
Pioneering connection works	An extension that is subject to a pioneer scheme.
Posted capacity rate	A cost per capacity unit for a network capacity upgrade for a given network tier and network costing zone.
Posted connection charge	A fixed connection charge for a given connection type, published by us.
Posted extension rate	A fixed unit rate for building up extension cost estimates, published by us.
Pricing year	12 months starting on 1 April and ending on 31 March of the subsequent year
Real estate development	A subdivision or multi-tenanted commercial or residential premises. A real estate development may be a greenfield development (previously unreticulated area) or a brownfield development (previously reticulated area).
Rebate	An amount payable by us to a pioneer in respect of a subsequent connecting customer's connection to pioneering connection works.

Rebate contribution	An amount payable to us by a subsequent connecting customer who connects to pioneering connection works.
Recoverable cost	A cost of connection works that is recoverable from our general customer base through our distribution charges.
Rural	An area we determine has one or more of the following characteristics: • low population density • distant from existing network infrastructure • rugged terrain, regardless of the zoning of that area in the relevant district or unitary plan.
Secondary network	An electricity distribution network that is not directly connected to the grid, including an embedded network as defined in the Code.
Subsequent connecting customer	A connection applicant, other than us or the pioneer, who connects to pioneering connection works.
Subsequent pioneer	For pioneering connection works, a subsequent connecting customer who becomes a pioneer in respect of later subsequent connecting customers.
Subsequent pioneer threshold	The financial threshold for treating a subsequent connecting customer as a subsequent pioneer, as defined in section 5.4.
TPM	The transmission pricing methodology in schedule 12.4 of the Code.
Urban	An area that is not metro or rural.
Vested pioneer scheme	A pioneer scheme we apply to vested pioneering works.
Vested pioneering works	Pioneering connection works we acquire from a consumer who constructed or funded the construction of the pioneering connection works.

Appendix A- Alignment to the Electricity Authority's (EA's) pricing principles

The Electricity Authority (the Authority) has determined a set of pricing principles that are designed to guide distribution pricing by businesses like Orion. These principles have been incorporated, by reference, into the Commerce Commission's Electricity Information Disclosure Determination 2012.

Under the Determination, Orion is required to provide a description of the extent to which this connection pricing methodology is consistent with relevant pricing principles.

The pricing principles are designed to guide EDBs in the derivation of prices that will recover the efficient costs of providing electricity distributions services. They were not intended to guide EDBs in developing policies or methodologies for determining capital contributions or customer contributions to connection works. Therefore, we have addressed the Commission's requirement to the extent it is appropriate in the context of connection pricing.

Historically, Orion's customers have paid capital contributions when connecting to the network. When a capital contribution is paid for a new connection, the value of connection assets entering the regulatory asset base (upon which line charges are partly derived) is discounted by the value of the capital contribution received. If Orion discontinued its connection pricing methodology, then existing customers who have previously paid capital contributions themselves would substantially bear the burden of connecting new customers. Hence our approach has historically been applied in a consistent manner.

The distribution pricing principles we are required to align to are:

2019 Distribution pricing principles

- Prices are to signal the economic costs of service provision, including by:
  - being subsidy free (equal to or greater than avoidable costs, and less than or equal to standalone costs);
  - reflecting the impacts of network use on economic costs;
  - reflecting differences in network service provided to (or by) consumers; and
  - encouraging efficient network alternatives.
- Where prices that signal economic costs would under-recover target revenues, the shortfall should be made up by prices that least distort network use.
- Prices should be responsive to the requirements and circumstances of end users by allowing negotiation to:
  - reflect the economic value of services; and
  - enable price/quality trade-offs.
- Development of prices should be transparent and have regard to transaction costs, consumer impacts and uptake incentives.

The main regulatory mechanism affecting distribution prices for distributed generation (DG) is the distributed generation pricing principles (DGPPs) in Part 6 of the Electricity Industry Participation Code 2010 (see box below).

Box 1: Excerpt from DGPPs (clauses 2 of Schedule 6.4 of the Code), and clause 1.1(1) of the Code, definition of incremental costs)

> Charges to be based on recovery of reasonable costs incurred by distributor as a result of connecting the distributed generator and to comply with connection and operation standards within the distribution network, and must include consideration of any identifiable avoided or avoidable costs.
>
> … connection charges in respect of **distributed generation** must not exceed the **incremental costs** of providing connection services to the **distributed generation** …
>
> **incremental costs**, for the purpose of Part 6, means:
>
> (a) the reasonable additional costs (which include any reasonable additional transmission costs) that an efficient **distributor** would incur in providing **electricity** distribution services to **distributed generation**; minus
>
> (b) the distribution costs (which do not include any transmission costs) that an efficient **distributor** would be able to avoid as a result of the **electrical connection** of the **distributed generation**.
>
> See Appendix B for the full principles specifying calculations, costs and cost shares.

How we align to the pricing principles is described in the table below:

Principle	Alignment
Prices are to signal the economic costs of service provision….	Posted charges are determined with reference to the defined standard connection offers, and their expected average costs from analysis of actual jobs Case by case charges for non-standard offers are made with reference to the lowest price received for extension costs In both cases, posted network capacity costs are used and determined from local specific input costs and specified assumptions
(a)(i) being subsidy free… (a)(ii) reflect impacts of network use on economic costs (a)(iii) reflect differences in network service	Connection offers are defined by customer groupings that reflect like connection activity, and have alignment to price tariff groupings Standard connections are generally high-volume repeatable work. Accordingly, posted rates while incorporating averaging provide predictability of cost for connection applicants. We provide standing reconciliation

Principle	Alignment

	statements in Appendix B of this methodology providing transparency for consumers
	
	Non-standard connections are generally low volume but higher complexity work. Accordingly, a more case-by-case approach to connection charges ensures better cost reflectivity and reduces subsidisation by existing and standard connecting applicants. Section 4.5, of this methodology, also describes the use of independent contractors and this means customers can choose between competitively provided extension cost costings. Using the reconciliation to set connection charges incorporates neutral point pricing which is also known as net incremental cost or subsidy-free floor price.
	
	Customers with more complex connections to the network are likely to pay higher costs than simpler network connections because their incremental costs are higher.
	
	Orion identifies the specific, incremental assets or upgrades that are required *only because* of that connection. This is to ensure the customer pays for the additional network capacity, extensions, or reinforcement that their connection uniquely triggers. This approach supports efficient pricing by signalling the true cost of new connections and avoiding cross-subsidies between existing and new customers.
	
	Publication of network capacity costs for tiers of our network and costing zones transparently signals this cost component in advance of connection applications. It recovers the cost of providing long-term network capacity that a new connection or an increase in capacity will use. This includes upstream assets such as lines, transformers, and substations that must be sized to meet peak demand. This ensures
	• cost-reflective and consistent pricing across distributors by separating:
	  ○ *Enhancement costs* (local upgrades triggered directly by the connection), and
	  ○ *Capacity costs* (the user's share of existing or future shared network capacity).
	• avoidance of cross-subsidies, so existing customers don't pay for the additional capacity required by new or larger connections.
	• supports efficient investment by signalling the true cost of using scarce network capacity, encouraging right-sized and well-timed connections.
	
	New connections also incur ongoing charges that reflect the impacts of network use, as per Orion's Pricing Methodology.

Principle	Alignment
(a)(iv) encourage efficient network alternatives	Case-by-case assessment of non-standard connections provides opportunity to explore alternative options to meet customer needs and overall investment efficiently. Using the reconciliation calculation provides customers an incentive to connect to the network in an efficient manner and investigate network alternatives when the cost of network connection is uneconomic.
(b) … shortfall should be made up …	Not generally applicable to connection charging. The network capacity cost component of incremental cost is set to reflect circumstances on Orion's network. Applying this component ensures incremental contribution by new connections to capacity cost.
…with prices that least distort network use.	Taking an incremental approach to connection charges signals cost to connect at a level that does not deter connection except to the extent that an alternative approach may be more cost effective.
(c) Prices should be responsive to the requirements and circumstances of end users by allowing negotiation to…	Connection applicants that meet standard connection offer criteria may elect to take a non-standard approach or to pay for customer selected enhancements.
(c)(i) reflect the economic value of services	Non-standard customers can receive more than one price for extension costs and select their preferred offer. There is the opportunity for some aspects of connection or extension work to be carried out by the customer e.g. trenching work.
(c)(ii) enable price/quality trade-offs.	Connections are required to meet Orion's connection and design standards to ensure quality connections which benefits both connecting and existing customers but does reduce price quality trade-off around the minimum level of quality required of a connection and the cost. Some non-standard connections may negotiate payment of up-front contributions to be paid over-time. Customer selected enhancements can be paid for by customers if they are looking for additional quality over minimum scheme.
(d) Development of prices should be transparent…	This connection pricing methodology and the related connection charge schedules, and other posted charges provide transparency to connection applicants about Orion's approach to connection charging. Strategic changes in our connection pricing methodology are currently being driven by the Electricity Authority connection reform work through to 1 April 2030.
…and have regard to… …transaction costs… …and consumer impacts… …and uptake incentives.	This methodology is transparent about who pays for specified transaction costs such as procurement, transportation, installation, testing and commissioning costs Orion's approach to connection pricing has been consistently applied over time. We engage with connection applicants such as developers when appropriate, and stay abreast of connection charging

Principle	Alignment
	practice of other EDBs which might inform changes to our approach or standardisation. The connections area of our website supports customers to understand and navigate the connection process.
Part6- connection charges in respect of distributed generation must not exceed the incremental costs of providing connection services to the distributed generation	Small distributed generation up to 45 kVA (offer 5A, Table 1 Connection offers) are treated as basic connection offers because they are generally behind the meter connections to existing load connections and generally require little or no incremental costs for connection. Medium/Large distributed generation more than 45kVa and less than 1MVA (offer 5B Table 1 Connection offers) are treated as non-standard and are assessed on a case-by case approach with only incremental costs applied. These are reflected transparently in the individual connection contracts that result from final design and approval and inform any connection charges.

Appendix B- Connection charge reconciliation for posted connection charges

This appendix provides standing connection charge reconciliations for our standard connection offers. Our standard connection offers are detailed in Table 1.

Standing Reconciliations for Posted Connection Charges from 1 April 2026

Standard Connection Offer Code 1A

Residential

Connection charge reconciliation	Units	Reference	Value
Incremental Costs (IC)			
Customer specific costs			
Minimum relevant scheme extension costs	$	6B.11 (2)	4,480
Minimum relevant scheme network capacity costs	$	6B.11 (2)	1,210
Customer-selected enhancement extension costs	$	6B.11 (2)	-
Customer-selected enhancement network capacity costs	$	6B.2 (3)	-
Other regulatory adjustments			
Localised historical cost recovery	$	6B.11 (2)	-
Incremental extension cost associated with distributed generation	$	6B.2 (3)	-
Operating cost loading	$	6B.11 (2)	-
Avoided Cost of Distribution (ACOD)	$	6B.2 (3)	-
Incremental transmission costs	$	6B.11 (2)	-
Total Incremental costs	$	**6B.11 (2)**	**5,690**
Incremental Revenue (IR)			
Incremental distribution revenue	$	6B.11 (3)	11,188
Incremental transmission revenue	$	6B.11 (3)	3,583
Total Incremental revenue	$	**6B.11 (3)**	**14,771**
Network Contribution (NC)			
Total network contribution	$	6B.11 (1)	**11,581**
Connection Charge ((IC-IR)+NC)	$	6B.11 (1)	**2,500**

Small Business

Connection charge reconciliation	Units	Reference	Value
Incremental Costs (IC)			
Customer specific costs			
Minimum relevant scheme extension costs	$	6B.11 (2)	4,480
Minimum relevant scheme network capacity costs	$	6B.11 (2)	1,210
Customer-selected enhancement extension costs	$	6B.11 (2)	-
Customer-selected enhancement network capacity costs	$	6B.2 (3)	-
Other regulatory adjustments			
Localised historical cost recovery	$	6B.11 (2)	-
Incremental extension cost associated with distributed generation	$	6B.2 (3)	-
Operating cost loading	$	6B.11 (2)	-
Avoided Cost of Distribution (ACOD)	$	6B.2 (3)	-
Incremental transmission costs	$	6B.11 (2)	-
Total Incremental costs	$	**6B.11 (2)**	**5,690**
Incremental Revenue (IR)			
Incremental distribution revenue	$	6B.11 (3)	8,858
Incremental transmission revenue	$	6B.11 (3)	2,866
Total Incremental revenue	$	**6B.11 (3)**	**11,725**
Network Contribution (NC)			
Total network contribution	$	6B.11 (1)	**8,535**
Connection Charge ((IC-IR)+NC)	$	6B.11 (1)	**2,500**

Standard Connection Offer Code 1B

Connection charge reconciliation	Units	Reference	Value
Incremental Costs (IC)			
Customer specific costs			
Minimum relevant scheme extension costs	$	6B.11 (2)	6,210
Minimum relevant scheme network capacity costs	$	6B.11 (2)	1,630
Customer-selected enhancement extension costs	$	6B.11 (2)	-
Customer-selected enhancement network capacity costs	$	6B.2 (3)	-
Other regulatory adjustments			
Localised historical cost recovery	$	6B.11 (2)	-
Incremental extension cost associated with distributed generation	$	6B.2 (3)	-
Operating cost loading	$	6B.11 (2)	-
Avoided Cost of Distribution (ACOD)	$	6B.2 (3)	-
Incremental transmission costs	$	6B.11 (2)	-
Total Incremental costs	$	**6B.11 (2)**	**7,840**
Incremental Revenue (IR)			
Incremental distribution revenue	$	6B.11 (3)	11,188
Incremental transmission revenue	$	6B.11 (3)	3,583
Total Incremental revenue	$	**6B.11 (3)**	**14,771**
Network Contribution (NC)			
Total network contribution	$	**6B.11 (1)**	**11,631**
Connection Charge ((IC-IR)+NC)	$	**6B.11 (1)**	**4,700**

Standard Connection Offer Code 1D

Connection charge reconciliation	Units	Reference	Value
Incremental Costs (IC)			
Customer specific costs			
Minimum relevant scheme extension costs	$	6B.11 (2)	16,249
Minimum relevant scheme network capacity costs	$	6B.11 (2)	1,210
Customer-selected enhancement extension costs	$	6B.11 (2)	-
Customer-selected enhancement network capacity costs	$	6B.2 (3)	-
Other regulatory adjustments			
Localised historical cost recovery	$	6B.11 (2)	-
Incremental extension cost associated with distributed generation	$	6B.2 (3)	-
Operating cost loading	$	6B.11 (2)	-
Avoided Cost of Distribution (ACOD)	$	6B.2 (3)	-
Incremental transmission costs	$	6B.11 (2)	-
Total Incremental costs	$	**6B.11 (2)**	**17,459**
Incremental Revenue (IR)			
Incremental distribution revenue	$	6B.11 (3)	11,188
Incremental transmission revenue	$	6B.11 (3)	3,583
Total Incremental revenue	$	**6B.11 (3)**	**14,771**
Network Contribution (NC)			
Total network contribution	$	**6B.11 (1)**	**6,312**
Connection Charge ((IC-IR)+NC)	$	**6B.11 (1)**	**9,000**

Standard Connection Offer Code 4A

This reconciliation shows reconciliation for one lot. Reconciliation for more than one lot requires the values to be multiplied by the number of lots.

Brownfield

Connection charge reconciliation	*Units*	*Reference*	Value
Incremental Costs (IC)			
Customer specific costs			
Minimum relevant scheme extension costs	$	6B.11 (2)	3,913
Minimum relevant scheme network capacity costs	$	6B.11 (2)	1,210
Customer-selected enhancement extension costs	$	6B.11 (2)	-
Customer-selected enhancement network capacity costs	$	6B.2 (3)	-
Other regulatory adjustments			
Localised historical cost recovery	$	6B.11 (2)	-
Incremental extension cost associated with distributed generation	$	6B.2 (3)	-
Operating cost loading	$	6B.11 (2)	-
Avoided Cost of Distribution (ACOD)	$	6B.2 (3)	-
Incremental transmission costs	$	6B.11 (2)	-
Total Incremental costs	$	**6B.11 (2)**	**5,123**
Incremental Revenue (IR)			
Incremental distribution revenue	$	6B.11 (3)	11,188
Incremental transmission revenue	$	6B.11 (3)	3,583
Total Incremental revenue	$	**6B.11 (3)**	**14,771**
Network Contribution (NC)			
Total network contribution	$	6B.11 (1)	**12,148**
Connection Charge ((IC-IR)+NC)	$	6B.11 (1)	**2,500**