Local Lines Networks: Achieving Better Outcomes for Consumers

SEANZ response to the Commerce Commission open letter of 10 September 2026

Executive summary

SEANZ welcomes the Commission's intention to define good electricity distribution business (EDB) performance and strengthen financial and reputational incentives. The vision must expressly recognise networks as two-way platforms that enable households and businesses to generate, store and export electricity—not merely receive it.

SEANZ proposes enforceable connection service standards; a positive obligation to enable economically justified solar and battery exports; nationally consistent valuation and disclosure of curtailed exports; dynamic export capability; and performance-based financial accountability. Efficient shared hosting upgrades should be recoverable through appropriate regulated investment arrangements, with safeguards for non-solar consumers.

1. The future role of distribution networks

Distribution networks must evolve from infrastructure designed principally to deliver electricity into platforms that actively enable consumer generation, storage, exports and flexibility services. Good EDB performance must therefore include enabling access to the network for distributed energy resources alongside reliability, resilience, affordability and efficient asset utilisation.

The lowest-cost network in isolation is not necessarily the network delivering the lowest total electricity-system costs. Network decisions must recognise benefits beyond the EDB's own accounts, while avoiding double counting and unjustified expenditure.

2. Positive obligation to facilitate distributed generation exports

EDBs should be required to progressively increase hosting capacity and undertake economically justified upgrades rather than rely indefinitely on low static export limits or refusal of export. Genuine safety and engineering constraints remain legitimate, but restrictions should be necessary, proportionate, transparent and periodically reviewed.

- Include solar and battery hosting capacity in long-term asset management and investment plans.
- Use dynamic export and flexibility arrangements to unlock existing capacity while progressing efficient upgrades.
- Provide technical justification, alternatives and a review pathway when exports are restricted.
- Treat enduring export constraints as network planning and service issues—not automatically as costs for individual solar owners to absorb.

3. Value curtailed exports and reflect performance in regulatory incentives

Curtailment can impose costs on owners of solar and batteries and on the wider system: foregone low-cost generation, potentially higher wholesale costs, reduced hydro conservation, lost flexibility, and missed competition and resilience benefits. These costs may not appear in EDB financial accounts and should not be ignored in network investment decisions.

National economic valuation

The Commerce Commission, Electricity Authority and relevant agencies should establish a nationally consistent methodology for valuing avoidable curtailed exports. It should consider time-specific wholesale value, avoided generation costs, hydro storage benefits, relevant emissions and network effects, and demonstrable flexibility or competition benefits. The method must distinguish private bill savings from social benefits and avoid double counting.

Regulated revenue and investment incentives

SEANZ proposes that avoidable curtailment and export-enablement performance influence price-quality incentives, expenditure scrutiny and, where appropriate, allowable revenue adjustments. This is preferable to arbitrarily changing the regulated WACC. EDBs that efficiently improve hosting capacity could receive positive incentives; persistent, avoidable restrictions despite justified alternatives should carry financial consequences. Legitimate technical constraints outside reasonable EDB control should be excluded.

Where a shared hosting upgrade produces net economic benefits, it should qualify for efficient regulated cost recovery. The Commission's letter already discusses consequences for capitalisation where EDBs fail to make effective use of flexibility; analogous consideration should be given to avoidable export constraints.

4. Connection processing times and service quality

Connection processes are a core consumer-facing network service. Delays, repeated information requests, inconsistent technical interpretations and uncertain approvals increase installation costs and deter investment. SEANZ supports a 10-working-day processing benchmark for applicable standard residential and small commercial distributed generation applications, aligned with the Electricity Authority's Part 6 requirements and subject to clearly defined exceptions. This is a recommended benchmark, not a claim that every application is currently subject to the same statutory deadline.

- Measure and disclose actual elapsed processing time, including time lost to repeated or avoidable requests for information.
- Set clear standards for completeness checks, reasons for rejection, technical assessment and escalation.
- Publish median and 90th-percentile processing times, deadline compliance and rejection rates.
- Consider fee refunds, improvement notices and performance-based revenue consequences for persistent failures, coordinated with the Electricity Authority.

5. Nationally standardised connection requirements

Installers working across multiple network areas should not face materially different application forms, documentation, inverter settings, commissioning procedures and approval processes without a demonstrated technical reason. SEANZ supports common digital interfaces, application information requirements, equipment and communications standards, and consistent technical interpretations. Local deviations should be published and justified.

6. Dynamic export management and minimum service expectations

Static limits based on conservative worst-case assumptions can suppress exports when spare capacity is available. Dynamic operating envelopes should be the preferred pathway where unconstrained export is not feasible, while a simpler static option may remain available at a lower capacity. Dynamic management must not become a substitute for economically justified network upgrades.

- Adopt national technical, communications and interoperability requirements.
- Specify transparent allocation and curtailment rules, including how constraints are communicated.
- Develop measurable service expectations for access to export capacity
- Require periodic reassessment of limits and clear routes to increase capacity.

7. Transparency, network data and accountability

Consumers should understand likely export capacity before committing to equipment. EDBs should publish accessible, regularly updated information on hosting capacity, constrained locations, static and dynamic limits, technical reasons for restrictions, planned upgrades and likely timing. Disclosures should protect security-sensitive network information and customer privacy.

Proposed performance indicators

Indicator	Purpose
Hosting capacity	Capacity available for new solar and battery exports.
Export curtailment	Measured or estimated constrained export energy, with methodology and confidence levels.
Export access	Share of connected systems with export rights and distribution of limits.
Connection processing	Median and 90th-percentile elapsed days; deadline compliance; rejection reasons.
Hosting investment	Spending and verified additional export capability enabled.
Dynamic capability	Availability, utilisation and service outcomes for dynamic export schemes.
Battery grid charging	Prohibit unjustified EDB restrictions on grid charging where site import remains within contracted capacity and technical and safety requirements are met.

8. Fair treatment of shared network upgrade costs

Distinguish dedicated connection assets serving one applicant from shared infrastructure that benefits multiple network users. Where shared upgrades improve hosting capacity, resilience or flexibility and pass a robust net-benefit test, regulated network investment may be appropriate. Consumers without solar must be protected from inefficient spending or costs delivering predominantly private benefits.

9. Regulatory coordination and implementation

The Electricity Authority is the primary regulator for many Part 6 connection and technical requirements. The Commerce Commission can complement these through information disclosure, expenditure assessments, price-quality incentives and network service metrics. MBIE and other agencies should be involved where legislation or wider market arrangements require change.

Priorities should be phased: first establish consistent data and connection reporting; next introduce enforceable standards and dynamic export expectations; then apply measured, proportionate financial incentives based on robust evidence.

10. Protect consumers' right to charge batteries from the grid

SEANZ is concerned about EDB restrictions that prevent or limit batteries charging from the grid, including restrictions applied solely because a battery is installed alongside solar generation. Grid charging is a legitimate use of a customer's electricity connection and can help consumers shift demand into lower-cost periods, manage peak demand, maintain backup reserves and participate in flexibility services.

Where total site import demand remains within the customer's agreed import capacity and complies with applicable connection, safety, power-quality and technical requirements, EDBs should not impose blanket prohibitions on battery grid charging. Any additional restrictions should be justified by demonstrable, site-specific network constraints, applied consistently with comparable loads and reviewed as conditions change.

The distinction between importing electricity to charge a battery and exporting electricity from that battery must be maintained: compliance with contracted import capacity does not, by itself, authorise additional export capacity. Legitimate export limits, inverter requirements and protection settings would continue to apply.

SEANZ recommends that the Electricity Authority clarify this principle in connection and operational rules, while the Commerce Commission include unjustified restrictions on battery charging within its assessment of EDB service quality and consumer outcomes. Networks should enable tariff-responsive charging and flexibility rather than unnecessarily preventing customers from using capacity they have already contracted for.

11. Consolidated recommendations

Priority	Recommended action
1. Export enablement	Positive obligation to increase hosting capacity and invest where justified.
2. Curtailment valuation	National method to assess avoidable economic losses.
3. Financial incentives	Reflect avoidable curtailment and service performance in revenue incentives and expenditure scrutiny.
4. Processing times	Consistent, enforceable service standards and transparent elapsed-time reporting.
5. Standardisation	Common connection processes, technical settings and digital interfaces.
6. Dynamic exports	National rules, interoperability and minimum service expectations.
7. Transparency	Publish hosting capacity, constraints, curtailment and upgrade plans.
8. Fair investment	Regulated support for efficient shared upgrades, with consumer protections.
9. Benchmarking	Comparable EDB scorecards on export and connection performance.
10. Coordination	Align Commerce Commission incentives with Electricity Authority rules.
Battery grid charging	Prohibit unjustified EDB restrictions on grid charging where site import remains within contracted capacity and technical and safety requirements are met.

12. Conclusion

SEANZ supports stronger accountability for EDB performance. Good performance must include the ability of consumers to connect, generate, store and export electricity efficiently. EDBs should be incentivised to unlock distributed generation value—not benefit financially from avoiding justified investment by imposing enduring restrictions.

The regulatory objective is not maximum network expenditure. It is efficient investment and operation that delivers the greatest long-term value for consumers and the New Zealand electricity system.