CONNECTION PRICING AND CAPITAL CONTRIBUTION POLICIES

1 April 2026

Aurora ENERGY

TABLE OF CONTENTS

1. FOREWORD 4
2. PART ONE – CONNECTION PRICING AND CAPITAL CONTRIBUTIONS POLICY 4
2.1 Implementation 4
2.2 Context 4
2.3 Scope 5
2.4 Enhancement cost allocation 5
2.5 Capacity Costing 5
2.6 Definitions 6
2.7 Acronyms 6
3. CONNECTIONS TO AN EXISTING CONNECTION POINT 7
4. CONSTRUCTION OF NEW OR UPGRADED CONNECTION POINTS 8
4.1 Subdivisions 8
4.2 Other Connections 9
5. STRATEGIC DEVELOPMENTS 10
6. ROTABLE PLANT 10
7. TEMPORARY CONNECTIONS 10
8. MOVING WORKS 11
8.1 Cost Responsibility 11
8.2 Moving Works in the Road Reserve 11
8.3 Landowner or Occupier Requests 12
8.4 Other Requests 12
8.5 Form of Requests 12
9. ELECTIVE REPLACEMENT OF OVERHEAD SERVICE LINES 13
10. CONNECTION CHARGE RECONCILIATION 13
11. GST AND PAYMENT 14
10.1 GST 14
10.2 Payment 14
12. CONTRACT AGREEMENTS 14
13. APPLICATION OF PRICING PRINCIPLES 15
13.1 Pricing principles 15
14. INDEPENDENT CONTRACTOR STATEMENT 17
15. RECORDS 17
APPENDIX A. – ROTABLE PLANT VALUES 18
APPENDIX B. – CONNECTION CHARGE RECONCILIATION 20
1. Overall connection charge 20
2. Connection Costs 20
3. CONNECTION REVENUES 20

4. Network Cost Contribution 21
PART 2 – PIONEER SCHEME POLICY 22
1. COVERAGE OF POLICY 22
1.1 Network extensions that qualify for pioneer schemes 22
1.2 Pioneer Scheme start and end dates 23
2. ADMINISTERING PIONEER SCHEMES 23
2.1 Payment of rebates 23
2.2 Determining who the rebate is paid to 23
2.3 When a subsequent connecting customer becomes a Pioneer 24
2.4 Determining who will be required to pay a Pioneer Scheme contribution 24
2.5 Pioneer Scheme disclosure 24
2.6 Operating the Scheme 25
2.7 Determining scheme contributions 26
2.8 Determining scheme rebates 26
2.9 Pioneer Scheme contribution and rebate example 26
2.9 Rebates that relate to funded asset rebates from Transpower 28
2.10 Details of methodologies for individual Pioneer Schemes 28
2.11 Pioneer Schemes will survive any change of ownership of Aurora Energy 28
3. DEFINITIONS FOR CONNECTION PRICING METHODOLOGIES 29

1. FOREWORD

1 This document contains Aurora Energy's connection pricing methodology for new connections to the network in accordance with the Electricity Industry Participation Code 2010 (the Code); and also serves as Aurora Energy's capital contributions policy for the purposes of clause 2.4.6 of the *Electricity Distribution Information Disclosure Determination 2012.*

2 Part One of the document details how contributions toward the capital cost of establishing new and upgraded connections to the aurora Energy network are determined.

3 Part Two of the document contains the Pioneer Scheme Policy introduced by Aurora Energy with effect from 1 April 2026.

2. PART ONE – CONNECTION PRICING AND CAPITAL CONTRIBUTIONS POLICY

2.1 IMPLEMENTATION

4 This document takes effect on 1 April 2026 and supersedes Aurora Energy's previous Capital Contributions Policy, published in 2021.

2.2 CONTEXT

5 Aurora Energy's network is continually growing, driven by new connections and upgrades to existing connections. We believe it is important to establish a funding policy for capital contributions that is fair to both existing customers and new customers.

6 The purpose of requiring a new Customer to pay a capital contribution, where new investment is required, is to ensure that existing Customers are not exposed to the full cost of funding that new investment (from which they will generally receive no benefit). Aurora Energy and its predecessors have required capital contributions for many decades, and many existing Customers have paid, directly or indirectly, capital contributions when they first connected to the network. It would represent an inequitable wealth transfer from existing Customers to new Customers if Aurora was to retire its capital contribution policy.

7 A capital contribution represents a reduction in the net capital invested by Aurora Energy and, as such, assets are recorded in the regulatory asset base at the cost of investment less the value of the capital contribution received. In this way, only the net value of investment ultimately flows through to line charge prices.

8 In July 2025, the Electricity Authority (the Authority) amended the *Electricity Industry Participation Code (2010)* to introduce new connection pricing methodology requirements for distributors, including requirements relating to connection charges, connection enhancement

cost allocations, capacity costing, connection charge reconciliation, and pioneer schemes. This policy has been updated to reflect those changes.

2.3 Scope

9 This standard applies to customer-initiated work where:

I. An extension of the network is required to supply a new connection, or a series of new connections (e.g., a subdivision);

II. Existing assets are upgraded for the sole benefit of one consumer; or

III. Customers require Aurora Energy's assets to be relocated.

10 For clarification, this standard does not apply to:

I. Expenditure to provide additional general capacity in the network;

II. Expenditure to maintain existing security of supply;

III. Asset replacements and renewals; or

IV. A Customer's installation assets, as defined in the Network Connection Standard (AE-CC01-S).

2.4 Enhancement cost allocation

11 Aurora Energy operates a contractor-led connection model. Where a Point of Supply from the Aurora Energy network is not available at the customer's property boundary, an extension to the Aurora Energy network is required. In these circumstances, the customer selects and engages an electrician and an Approved Network Contractor to design and construct a standard connection that meets Aurora Energy's network standards and regional authority compliance.

12 The cost of designing and constructing a standard connection is paid directly by the customer to the selected Approved Network Contractor, based on a quote provided by that contractor for the agreed design. This contractor-led model supports and delivers the minimum connection solution required to connect to the network and allows customers to select a design that best meets their needs and budget.

13 Where Aurora Energy requires enhancements to the connection design that exceed the core requirements of Aurora Energy's network standards and regional authority compliance, then those additional enhancements will be specified and fully funded by Aurora Energy.

14 Our website includes further information about the process to connect to Aurora Energy's network, including a list of its Approved Network Contractors, to assist customers with the selection of a contractor for their connection works:

Getting a new standard connection to the Aurora Energy network.

2.5 Capacity Costing

15. As demand on Aurora Energy's network grows over time, the available capacity in the shared network is gradually used up and capacity upgrades are needed. While new and upgraded

connections can contribute to this growth, Aurora Energy funds shared network capacity upgrades as part of its ongoing network investment.

16. Aurora Energy does not allocate shared network capacity costs to customers as part of standard connection charges. As a result, customers are not charged network capacity costs as part of their connection works.

2.6 Definitions

Aspect	Definition
Approved Network Contractor	means a contractor that is approved by Aurora Energy to work on its distribution network, and to design and construct additions to the network.
Capital Contribution	Means a payment made by the Customer toward the capital cost of new of upgraded connections and/or asset relocations.
Customer	means the person, or organisation, for whom Aurora Energy will provide the new or upgraded connection. The term Customer is to be read synonymously with the terms "consumer", "developer" or "subdivider" that may be in used in other policy documents.
Controlling Authority	has the meaning given in section 33(4) of the Electricity Act 1992.
Maximum Investment Value	means the maximum investment Aurora Energy is prepared to make in a new or upgraded connection.
Point of Supply	has the meaning given in section 2(3) of the Electricity Act 1992.
Urban	means developed areas that are not zoned rural in the relevant Local Authority District Plan.
Rural	Means areas zoned rural (including rural residential) in the relevant Local Authority District Plan.

2.7 Acronyms

Short Form	Long Form
CIW	Customer-initiated work
EDB	Electricity distribution business
MIV	Maximum investment value
POS	Point of Supply

3. Connections to an Existing Connection Point

17 Connecting an installation to an existing connection point generally involves connecting the Customer's mains cable to a service pillar or the overhead network; however, there may be instances when additional low voltage fuse holders are required.

18 As the Customer's mains cable does not become a network asset, Aurora Energy 's contribution toward the final connection to the network is limited to funding activities associated with verifying that the Customer's installation is safe to connect and recording relevant technical information.

19 Aurora Energy will contribute a maximum fixed amount toward connections to an existing POS, as noted in Table 1. All other costs are payable by the Customer to the Authorised Contractor performing the connection.

Table 1: Maximum investment value for connection to an existing POS

Activity	MIV
Underground connection to service pillar	$60
Underground connection to overhead system	$60
Install additional low voltage fuse holder (each)	$100

4. Construction of New or Upgraded Connection Points

20 Work of this type includes:

- Subdivisions (residential, commercial, or light industrial); and
- Other connections.

4.1 Subdivisions

21 Subdivisions involve providing connection points for one or more parcels of land. Subdivisions generally do not involve immediate connections to dwellings or buildings, as the created land parcels normally require service infrastructure to be in place before titles are issued, following which the subdivision lots are marketed for sale.

22 Residential subdivisions are generally designed for standard low-capacity connections (single phase 63A) but may be up to 41kVA (three phase 63A) in some circumstances. Commercial and light industrial subdivisions generally range from 41kVA (three phase 63A) to 69kVA (three phase 100A).

23 For subdivisions, Aurora Energy determines its contribution based on the connection capacity per lot that the subdivision is designed for. Aurora Energy will contribute a maximum fixed amount toward new connections as noted in Table 2.

Table 2: Maximum investment value (MIV) for subdivisions

Subdivision capacity	MIV
15kVA (1/63A)	$1,800
41kVA (3/63A)	$2,700
69kVA (3/100A)	$4,050

Notes

- Aurora Energy's contribution will be the lesser of the construction cost of the entire subdivision, or the number of subdivision lots times the MIV specified in table 2.
- Where the construction cost of the subdivision exceeds the MIV, the difference is payable by the Customer as a Capital Contribution.
- Where the subdivision is designed to a standard connection capacity, as defined in the Network Connection Standard (AE-CC01-S), that is not listed in table 2, the next lowest connection capacity shall be used.
- Where large subdivisions are staged, each stage will be considered separately, and funding approved at the time each stage is progressed.

4.2 Other Connections

24 For other connections to the network, Aurora Energy determines its contribution based on the size of the new connection. This approach ensures that Aurora Energy does not fund uneconomic network connections, and customers are provided with an incentive to pursue efficient and cost-effective connection solutions.

25 Aurora Energy will contribute a maximum fixed amount toward new connections, as noted in Table 3.

Table 3: Maximum investment value (MIV) for other connections

Connection capacity	MIV
15kVA (1/63A)	$6,000
41kVA (3/63A)	$7,000
69kVA (3/100A)	$8,000
103kVA (3/150A)	$12,500
138kVA (3/200A)	$16,500
173kVA (3/250A)	$19,500
207kVA (3/300A)	$22,000
276kVA (3/400A)	$26,500
300 kVA	$39,000
500 kVA	$42,000
750kVA	$45,000

Notes

- Aurora Energy's contribution will be the lesser of the capital cost of connection, and the MIV specified in table 3.
- Where multiple connections are involved in a CIW project (e.g., an on-farm irrigation scheme), the MIV for each connection is added to get the total project MIV.
- Where there are multiple connections on one lot and supplied from a common POS (e.g., unit titled developments), the total capacity of the new connections will be added to determine the MIV.
- Where the CIW project involves a connection upgrade, the MIV will be calculated by subtracting the MIV of the existing connection capacity from the MIV of the upgraded connection capacity.
- Where the construction cost of the new connection exceeds the MIV, the difference is payable by the Customer as a Capital Contribution.
- Where a standard connection capacity, as defined in the Network Connection Standard (AE-CC01-S) is not listed in Table 3, the next lowest connection capacity shall be used.

5. Strategic Developments

26 Strategic developments are projects where Aurora Energy determines that alternative Capital Contribution and/or contracting arrangements may be required. The determination of a CIW project as strategic is solely at Aurora Energy's discretion, but may include developments where:

I. the connection capacity of a single proposed connection point is greater than 750kVA; or

II. there is a risk of uneconomic bypass.

27 Capital contributions will be calculated, and other consideration determined, in a similar manner to standard CIW projects; however, Aurora Energy may, at its sole discretion, apply a tailored investment value that reflects the strategic nature of the project.

6. Rotable Plant

28 Some projects involve displacement of assets and their return to stock for future re-use (rotable plant). In that event, Aurora Energy will provide a credit toward the capital cost of the new or upgraded connection, based on the depreciated replacement cost of the returned plant, as scheduled in Appendix A.

29 Aurora Energy may, at its sole discretion, direct a contractor to use stock equipment rather than purchase a new unit. The value of a stock transformer will be accounted for in Aurora Energy's MIV for the project, in order to maintain competitive neutrality among contractors and equity across CIW projects.

7. Temporary Connections

30 In accordance with section 17.4 of the Network Connection Standard (AE-CC01-S), costs associated with the provision and removal of temporary connections are to be borne by the Customer.

31 New assets required to enable the temporary connection are wholly funded by the Customer and will remain their property following removal. If sufficient stocks are available, Aurora Energy may provide a rental transformer for the duration of the temporary supply, which will have the effect of reducing the Customer's costs.

32 Where Customer funded temporary assets subsequently form part of a permanent connection, Aurora Energy may, subject to the requirements of this standard and satisfactory evidence of

value, procure the assets from the Customer or otherwise include the value of those assets in capital funding calculations for the permanent connection.

8. Moving Works

8.1 Cost Responsibility

33 Except as specifically provided for in this standard, the full cost of moving works, including the cost of creating any necessary easements, is payable by the requestor. No claim by or against the requestor for betterment shall be allowed.

34 Where the nature of the moving works projects requires the assets to be reconfigured (a typical example is underground conversions), the moved assets will be constructed to Aurora Energy's prevailing standards, and any incidental betterment that occurs will not be funded by Aurora Energy.

8.1.1 End-of-Life Poles

35 Where a request for moving works affects poles that Aurora Energy has determined are approaching end-of-life (condition grade 0 – 2), Aurora Energy will invest $7,200 per pole to the moving works project.

8.2 Moving Works in the Road Reserve

36 Section 32 of the Electricity Act 1992 (the Act) provides that a local authority or other body or person having jurisdiction over a road may at any time, by notice in writing, require Aurora Energy to relocate its works.

37 Except for a requirement by a Controlling Authority, normal cost responsibility provisions apply, as set out in section 7.1, above.

8.2.1 Controlling Authority Cost Allocation

38 Section 33(4) of the Act specifies the allocation of costs where a Controlling Authority requires works to be moved.

39 Where Aurora Energy elects to reconstruct the works to specifications different to the original; for example, replace an overhead line with underground cable, Aurora Energy will pay for all the additional costs that arise from the changed specification. Similarly, where Aurora Energy elects to install additional works, Aurora Energy will pay for all the additional costs that arise from installation of the additional works.

40 Where the Controlling Authority elects or requires reconstruction to specifications different to the original, including underground conversion, the Controlling Authority will pay for all the additional costs that arise from the changed specification.

41 Note that, because of the Infrastructure (Amendments Relating to Utilities Access) Act 2010, local authorities no longer have Controlling Authority status and the cost share arrangement in

section 33 of the Electricity Act 1992 does not apply. Local authority requests to move works in the road reserve are treated on a causer pays basis.

8.3 Landowner or Occupier Requests

42 Section 35 of the Act allows landowners or occupiers to request the movement of works on private land. Aurora Energy may not unreasonably withhold approval for the relocation; however, Aurora Energy may set reasonable conditions for moving the works.

8.4 Other Requests

43 Network owners have no legal obligation to move works in the road reserve at the request of private individuals. Movement will be permitted, however, providing that it is technically feasible and will not adversely affect system reliability or increase on-going maintenance costs.

8.5 Form of Requests

44 Controlling authorities relying on Section 32 of the Act shall give formal notice of the requirement to move works. Notice shall be forwarded to:

The CIW Manager
Aurora Energy Limited
PO Box 5140
DUNEDIN 9058

45 All other requests for Aurora Energy to move works may be initiated through an Aurora Energy Approved Network Contractor.

9. Elective Replacement of Overhead Service Lines

46 Because service lines are owned by the Customer from the POS, most of the cost of service line replacement rests with the Customer. However, in the case of overhead service lines, Aurora Energy is responsible for that portion of the service line from the POS back to the distribution pole which, on average, generally does not exceed 10% of the total length.

47 Aurora Energy will contribute to elective replacement of overhead service lines, as shown in Table 4. The replacement line will be neutral-screened cable.

Table 4: Maximum investment value (MIV) for elective overhead service line replacements

Service line capacity	Aurora Energy investment
1 phase 63A	$75
2 phase 63A	$100
3 phase 63A	$115
1 phase 100A	$90
2 phase 100A	$115
3 phase 100A	$130

10. CONNECTION CHARGE RECONCILIATION

48. To get connected to Aurora Energy's network, the connection applicant will work with an electrician and an Approved Network Contractor. The Approved Network Contractor will prepare the design and build solution for the connection works, provide the quote for those works to the electrician and/or connection applicant, and submit the connection application to Aurora Energy for review and approval.

49. During the connection process, a connection applicant may request a written connection charge reconciliation (CCR) from Aurora Energy. The CCR provides a standardised breakdown of connection charges including the incremental cost estimate, the incremental revenue estimate and the network cost contribution.

50. The connection charge reconciliation provides connecting customers with information that shows what proportion of connection costs are covered by connection charges, what proportion of total network charges are accounted for by connection charges, and what proportion of total revenue from a connection will be used to cover the costs of the existing network and operations as well as Transpower's transmission charges.

51. To prepare a connection charge reconciliation, Aurora Energy may require relevant cost information from the connection applicant and/or the Approved Network Contractor, including the quote and supporting cost breakdown for the connection works. This information enables Aurora Energy to meet its obligations under Part 6B of the Code, including providing reconciliation information to the Electricity Authority if requested.

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

11. GST AND PAYMENT

10.1 GST

53 All amounts stated in the policy exclude goods and service tax.

10.2 PAYMENT

54 Payment of capital contributions must be made before livening will take place. Where a capacity upgrade requires a capital contribution, the capital contribution must be paid before the upgrade is commenced.

12. CONTRACT AGREEMENTS

55 Customers will be required to enter into contract agreements for the provision of new and upgraded assets, including relocations. The contract agreements describe the final ownership of the new or modified assets, along with the respective obligations of Aurora Energy, the customer and, where required, the contractor.

13. APPLICATION OF PRICING PRINCIPLES

56 The Electricity Authority (the Authority) has determined a set of pricing principles that are designed to guide distribution pricing by businesses like Aurora Energy. These principles have been incorporated, by reference, into the Commerce Commission's Electricity Information Disclosure Determination 2012. Under the Determination, Aurora Energy is required to provide a description of the extent to which this capital contributions policy is consistent with relevant pricing principles.

57 Aurora Energy provides a detailed overview of the Authority's pricing principles and provides statements of conformity in its Use-of-System Pricing Methodology (available from the Information Disclosure section of the Aurora Energy website – www.auroraenergy.co.nz).

58 The pricing principles are designed to guide EDBs in the derivation of prices that will recover the efficient costs of providing electricity distribution services. They were not intended to guide EDBs in developing policies or methodologies for determining capital contributions.

59 Historically, Aurora Energy'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 Aurora Energy discontinued its capital contribution policy, then existing customers who have previously paid capital contributions themselves would substantially bear the burden of connecting new customers.

13.1 PRICING PRINCIPLES

(a) 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.

60 Aurora Energy's Capital Contribution Policy signals the costs of service provision by:

[i] **being subsidy free** – Aurora Energy's contributions towards new subdivisions and other connections (sections 4.1 and 4.2) are set at the lesser of the published MIV and the actual standalone capital costs of connection. New connections result in revenue that is greater than the avoidable costs of connection.

[ii] **reflecting the impacts of network use on economic costs** – New connections incur ongoing charges that reflect the impacts of network use, as per Aurora Energy's Pricing Methodology.

[iii] **reflecting differences in network service provided** - The difference between the actual capital cost of connecting to the network and Aurora Energy's contribution is funded by the customer. In this way, customers with more complex connections to the network will pay higher costs than simpler network connections.

[iv] **encouraging efficient network alternatives** – The Capital Contributions Policy limits Aurora Energy's contribution to a MIV. The difference between the actual capital costs of connection and the MIV is to be funded by the customer. This 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) Where prices that signal economic costs would under-recover target revenues, the shortfall should be made up by prices that least distort network use

61 Not applicable to capital contributions.

(c) 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.

62 Section 4 of the Capital Contributions Policy allows for Strategic Connections to be assessed on a case by case basis, having regard for the economic value of the connection.

(d) Development of prices should be transparent and have regard to transaction costs, consumer impacts, and uptake incentives.

63 The Capital Contributions Policy includes published MIV values and rates which provides a transparent and simple process for calculating Aurora Energy's capital contributions to new customer connections.

14. Independent Contractor Statement

64 Customers wanting to connect to the Aurora Energy network, or who request that Aurora Energy move works, may contact any Aurora Energy Approved Network Contractor to have that work undertaken, subject to Aurora Energy's approval of the final design and costs. All contract works shall remain under the direct control of Aurora Energy, or its appointed agents.

65 Customers may not directly engage contractors to perform the work in lieu of paying a capital contribution.

66 Aurora Energy considers that this approach is warranted and reasonable given the very specific obligations imposed on it, under the Health and Safety at Work Act 2015, and Electricity Act 1992 & Electricity (Safety) Regulations 2010, to ensure the on-going safety of the network, and to ensure that no employee, contractor, subcontractor or other person is harmed during the execution of contract works or operation of the network.

15. Records

67 For every extension for which consumers have made capital contributions, Aurora Energy will retain the following information for a period of 10 years after the extension is completed:

I. description of the extension that clearly defines and locates the extension.

II. original construction cost of the extension and completion date.

III. name and address of capital contributors and description of the properties supplied by the extension.

APPENDIX A. – ROTABLE PLANT VALUES

Pole-mounted transformers

Transformer size	Asset age ≤ 10 Yr	>10Yr, ≤20Yr	>20Yr, ≤30Yr	>30Yr, ≤40Yr	>40Yr
15kVA (1ø)	$2,187	$1,458	$648	$144	$-
30kVA (1ø)	$3,019	$2,012	$894	$199	$-
50kVA (1ø)	$4,682	$3,121	$1,387	$308	$-
15kVA (3ø)	$3,340	$2,226	$989	$220	$-
30kVA (3ø)	$3,815	$2,543	$1,130	$251	$-
50kVA (3ø)	$4,960	$3,307	$1,470	$327	$-
75kVA (3ø)	$6,388	$4,258	$1,893	$421	$-
100kVA (3ø)	$7,638	$5,092	$2,263	$503	$-
150kVA (3ø)	$9,888	$6,592	$2,930	$651	$-
200kVA (3ø)	$11,353	$7,569	$3,364	$748	$-
300kVA (3ø)	$14,116	$9,410	$4,182	$929	$-

Micropad ground-mounted transformers

Transformer size	Asset age ≤ 10 Yr	>10Yr, ≤20Yr	>20Yr, ≤30Yr	>30Yr, ≤40Yr	>40Yr
15kVA (1ø)	$3,886	$2,591	$1,151	$256	$-
30kVA (1ø)	$4,420	$2,947	$1,310	$291	$-
50kVA (1ø)	$5,972	$3,982	$1,770	$393	$-
15kVA (3ø)	$4,833	$3,222	$1,432	$318	$-
30kVA (3ø)	$5,498	$3,665	$1,629	$362	$-
50kVA (3ø)	$6,537	$4,358	$1,937	$430	$-
75kVA (3ø)	$8,709	$5,806	$2,581	$573	$-
100kVA (3ø)	$10,192	$6,795	$3,020	$671	$-

Minipad ground-mounted transformers

Transformer size	Asset age ≤ 10 Yr	>10Yr, ≤20Yr	>20Yr, ≤30Yr	>30Yr, ≤40Yr	>40Yr
100kVA (3ø)	$11,022	$7,348	$3,266	$726	$-
150kVA (3ø)	$12,084	$8,056	$3,581	$796	$-
200kVA (3ø)	$12,644	$8,430	$3,747	$833	$-
300kVA (3ø)	$17,901	$11,934	$5,304	$1,179	$-
500kVA (3ø)	$24,324	$16,216	$7,207	$1,602	$-
750kVA (3ø)	$30,438	$20,292	$9,019	$2,004	$-
1,000kVA (3ø)	$37,446	$24,964	$11,095	$2,466	$-

High voltage ground-mounted switchgear

Switchgear type	Asset age ≤ 10 Yr	>10Yr, ≤20Yr	>20Yr, ≤30Yr	>30Yr, ≤40Yr	>40Yr
CFC	$15,684	$10,456	$4,647	$1,033	$-
CCC	$15,337	$10,225	$4,544	$1,010	$-
CFCC	$18,835	$12,556	$5,581	$1,240	$-
CCCC	$18,444	$12,296	$5,465	$1,214	$-
CFCF	$22,172	$14,781	$6,569	$1,460	$-
ABB SD/SDAF*	$-	$-	$-	$-	$-

* ABB SD/SDAF switchgear units are not redeployed onto the network.

Appendix B. – Connection Charge Reconciliation

68. This Appendix provides stakeholders with guidance on how Aurora Energy meets the Code 6B.11 connection charge reconciliation requirements.

1. Overall connection charge

69. Figure 1 provides a high-level illustration of how the Connection Charge Reconciliation works. It shows how the connection charge is reconciled against the cost and revenue components required under the Code. The left-hand side of the equation shows the connection charge, while the right-hand side shows the calculation components (comprising of incremental Connection Costs, Connection Revenues, and Network Cost Contribution) used in the reconciliation.

Figure 1: Connection Charge Reconciliation as per Part 6B of the Code

70. The calculation components are described below.

2. Connection Costs

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

a) Extension costs
b) Customer-selected enhancement costs, if any,
c) Network capacity costs
d) Incremental transmission costs, if any
e) Share of localised historical cost recovery (LHCR), if any
f) For non-standard customers, the incremental operating costs that result from the non-standard customer's connection.

3. CONNECTION REVENUES

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

a) Changes to demand for electricity at the new connection
b) The potential for price changes over time (aside from inflation)
c) The discount rate, used to bring the revenue back to net present value (today's dollar terms)

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

4. Network Cost Contribution

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

75. The Network Cost Contribution is the balancing term in the reconciliation equation. It ensures the two sides of equation are balanced.

PART 2 – PIONEER SCHEME POLICY

76 Aurora Energy operates a Pioneer Scheme so that a connection applicant who intends to use a network extension that has been previously paid for by another customer will contribute to the cost of the original works. Under a Pioneer Scheme the customer who initially paid for the extension (the Pioneer) receives a rebate.

77 Operating a Pioneer Scheme helps to ensure that the costs of extension assets and works are shared across connecting parties in a fair and efficient manner.

78 Aurora Energy has the role of administering the scheme, including collecting Pioneer Scheme contributions, determining whether any later connections will also take on pioneer status, and providing rebates to the Pioneer (or Pioneers).

79 This policy explains how Aurora Energy determines which extensions qualify as a Pioneer Scheme, the information that it will publish about each scheme, how it determines contributions and rebates, and various other aspects of how Aurora Energy administers its Pioner Scheme.

80 Our policy has been developed to meet the requirements of Part 6B.6 to 6B.9 of the Electricity Participation Code, as well as the policies, requirements and practices that guide Aurora Energy's new connection arrangements.

81 Section 3 below contains the definitions of terms used in this Pioneer Scheme Policy.

1. COVERAGE OF POLICY

82 This Pioneer Scheme Policy applies to new network extensions quoted and livened after 1 April 2026.

1.1 NETWORK EXTENSIONS THAT QUALIFY FOR PIONEER SCHEMES

83 An extension of the network may qualify as a Pioneering Connection Works in the following circumstances:

(a) If the extension cost initially met by the first Pioneer is more than the Pioneer Scheme threshold. The threshold is $50,000 in December 2025 dollar terms, adjusted each year by the CPI movement; and

(b) Where the first Pioneer requests in writing that Aurora Energy assess the network extension as a potential Pioneering Connection Works; and

(c) Where Aurora Energy considers that it is feasible that other parties may seek to connect to all or part of, or make use of, the extension later.

84 When assessing whether the Pioneer Scheme threshold is met, we will use the actual costs (or an estimate of costs where actual costs are unknown) of the network extension, excluding

customer-selected enhancements. Where the extension qualifies for a Pioneer scheme, we will use the costs determined above as the Opening Value of the Pioneer connection works.

85 Pioneer schemes do not apply to subdivisions or extensions established for connections that are covered by a Large Connection Contract, as that term is defined in the Commerce Commission's Electricity Distribution Business Input Methodologies.

1.2 Pioneer Scheme start and end dates

86 The starting date of a Pioneer Scheme is the date that the first pioneer's connection was livened.

87 Pioneer Schemes remain in place for seven years from the starting date, unless each current Pioneer to the Pioneer Scheme and Aurora Energy agree in writing that the scheme shall cease at an earlier date.

2. Administering Pioneer Schemes

88 Aurora Energy is responsible for the administration of the Pioneer Schemes on its network, and it will charge an administration fee of $525 plus GST to cover the cost of administering the scheme. The administration fee is deducted from Pioneer Scheme contributions before calculating rebates.

89 If the administration fee of $525 plus GST exceeds the rebate amount, then the first Pioneer will be charged for the administration fee, less the value of the rebate.

2.1 Payment of rebates

90 We will pay rebates applicable under section 2.7 below as soon as practicable after the subsequent connecting customer pays us the Pioneer Scheme contribution.

2.2 Determining who the rebate is paid to

91 We will pay applicable rebates to the party or parties that hold Pioneer status. Initially, this will be the connection applicant that paid for the network extension covered by the Pioneer Scheme. For avoidance of doubt, where the connection application is made by a person or entity (for example, an electrician) acting as an agent on behalf of another person or entity, the Pioneer status is not held by the agent.

92 In some cases, the Pioneer status will transfer to another person or entity. If the person or entity who initially was a Pioneer no longer either owns or occupies the premises that is connected to the network extension covered by a Pioneer Scheme, then we will generally transfer the Pioneer status to the current owner of the premises. However, in some circumstances (for example where the land is leased) it will be more appropriate for the Pioneer status to be transferred to the occupier. We would make decisions to designate the occupier as the Pioneer on a case-by-case basis.

93 In the event that Aurora Energy is unable to contact a current Pioneer after reasonable efforts, it will reduce the value of the scheme to reflect the portion of total contributions to the scheme that were made by the missing Pioneer. If the Pioneer that it is unable to contact is the only Pioneer of the scheme, then the Pioneer Scheme will be discontinued. For clarity, if the scheme is discontinued, the extension assets and works will still be able to be used by later connection applicants, but there will be no Pioneer Scheme contribution required.

2.3 When a subsequent connecting customer becomes a Pioneer

94 Where the Pioneer Scheme contribution of a subsequent connecting customer (as determined according to section 2.7 below) is $25,000 or more (in December 2025 dollar terms, adjusted each year by the CPI movement), they will be treated as a Pioneer for the purposes of future Pioneer Scheme rebates.

2.4 Determining who will be required to pay a Pioneer Scheme contribution

95 Aurora Energy treats all connection applicants that connect to pioneering connection works as subject to paying a contribution to the relevant Pioneer Scheme.

2.5 Pioneer Scheme disclosure

96 Aurora Energy will make each connection applicant aware of this Pioneer Scheme policy and publish this policy on its website.

97 Aurora Energy use the following approach to provide stakeholders with information about each active Pioneer Scheme. As a minimum, the following information will be published on Aurora Energy's website[1]:

(i) Pioneer Scheme reference number

(ii) the location of the Pioneer Scheme on the network

(iii) the start date of the Pioneer Scheme

(v) the relevant opening value(s) of the Pioneer Scheme

(vi) the expiry date of the Pioneer Scheme

(vii) the methodology that will be used to calculate contributions for the Pioneer Scheme

98 Aurora Energy will update active Pioneer Scheme details on its website as required. Details of active schemes will be confirmed to applicants during the process.

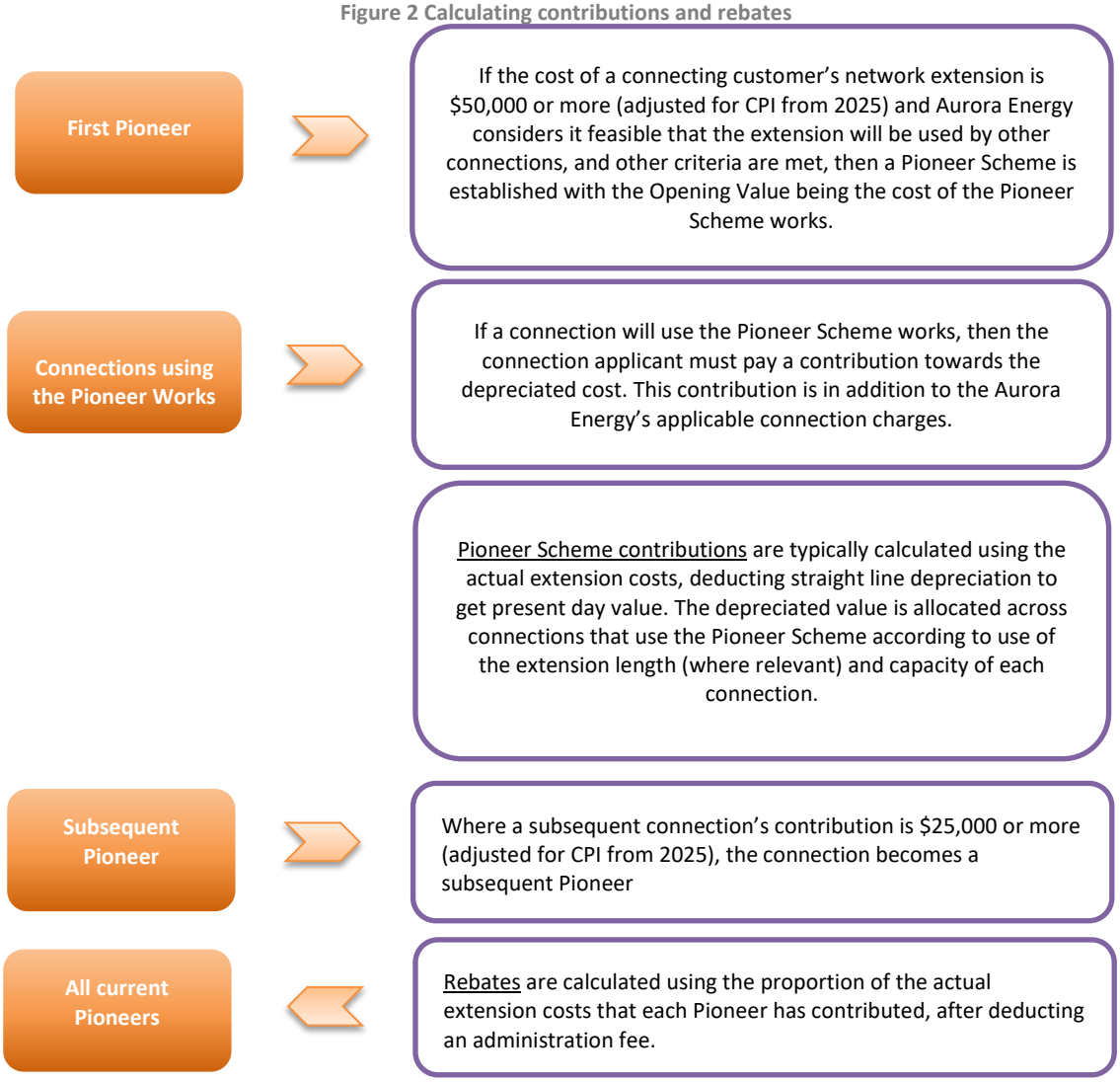
99 For queries on existing Pioneer Schemes, please contact: getconnected@auroraenergy.nz

[1] There are no active Pioneer Schemes on the Aurora Energy network as at 31 March 2026. Aurora Energy will publish relevant information on this website once it becomes available.

2.6 Operating the Scheme

100 The following diagram provides stakeholders with overall guidance as to how Aurora Energy calculates pioneer scheme contributions and rebates. Further detail is provided in the following sections.

Figure 2 Calculating contributions and rebates



2.7 Determining scheme contributions

101 Pioneer Scheme contributions, payable by a connecting customer, are calculated using the depreciated value of the Pioneer Scheme works. Depreciation is applied over 20 years using a straight-line depreciation method. To calculate the depreciated value of the Pioneer Scheme Works, Aurora Energy multiply the Opening Value of the works by a depreciation factor, where the depreciation factor is calculated as:

Depreciation factor = (20 years – years since starting date of Pioneer Scheme)/20 years

102 For example, where a Pioneer Scheme had an Opening Value of $100,000 and a contribution is to be calculated six months after the commencement of the Pioneer Scheme, then the depreciation factor will be: (20 years – 0.5 years)/ 20 years = 0.975. In this example, the depreciated value of the Pioneer Scheme Works will be $97,500.

103 When Aurora Energy calculates Pioneer Scheme contributions it takes the following factors into account:

- where the Pioneer Scheme works are a physical length of line or cable, the length of line or cable that the connection applicant will use relative to the use by all customers connected to the extension; and
- in all cases, the amount of capacity (kVA) that will be used by a connection applicant relative to the capacity of other existing connections that are connected to the extension.

104 More specifically, where the Pioneer Scheme works include line or cable, the contribution required from a connection applicant is calculated by apportioning the depreciated value of the Pioneer Scheme works between the parties connecting to the extension according to the capacity (kVA) of each connection multiplied by the length (km) of the Pioneer Scheme line that is used by the connection.

Where the Pioneer Scheme works do not include a physical line or cable component, the contribution required from a connection applicant is calculated by apportioning the depreciated value of the works between the parties connecting to the extension according to the capacity (kVA) of each connection.

105 If Aurora Energy calculates that the contribution for a connection applicant would be less than $1,000 (December 2025 dollar terms, adjusted each year for CPI), then it would not require a contribution.

2.8 Determining scheme rebates

106 Rebates are calculated according to the proportion of the actual extension costs that each pioneer has contributed at the time of the calculation, after deducting the administration fee.

2.9 Pioneer Scheme contribution and rebate example

107 To demonstrate how the contribution calculation works, Aurora Energy provides an example where:

(1) the Opening Value of a Pioneer Scheme that provides a network extension is $100,000 which includes the cost of 0.5 km of line,

(2) a second connection applicant connects to the Pioneer Scheme Works 0.5 years after the starting date of the scheme, when the depreciated value of the Pioneer Scheme Works is $97,500,

(3) the first Pioneer's connection has 100 kVA capacity

(4) the second connection applicant's connection is also 100 kVA capacity and also uses the full 0.5 km of line.

(5) The Pioneer Scheme administration fee is $525.

108 In that case, the second connection applicant's contribution will be calculated as:

$$Contribution = \$97{,}500 \times \frac{100\ kVA \times 0.5\ km}{(100\ kVA \times 0.5\ km + 100\ kVA \times 0.5\ km)} = \$48{,}750$$

109 Aurora Energy will provide a rebate to the first Pioneer of $48,225, ($48,750 minus the administration fee of $525). The second connection applicant will become a subsequent Pioneer.

110 In this same example, assume that a third connection applicant wishes to use the Pioneer Scheme works two years after the start date. The third connection applicant will have a 20 kVA connection that uses 0.1 km of the Pioneer Scheme network extension. In that case, the contribution of the third connection is calculated in the following way:

$$Depreciation\ factor = \frac{(20-2)}{20} = 90\%$$

$$Depreciated\ value\ of\ Pioneer\ Scheme\ Works = 90\% \times \$100{,}000 = \$90{,}000$$

$$Contribution = \$90{,}000 \times \frac{20\ kVA \times 0.1\ km}{(100\ kVA \times 0.5\ km + 100\ kVA \times 0.5\ km + 20\ kVA \times 0.1\ km)} = \$1{,}764.71$$

111 In this case, the third applicant will pay a contribution of $1,764.71.

112 To calculate the rebates that Aurora Energy would pay to the first and second Pioneers, it first calculates the contribution balance of each of the two Pioneers:

$$Contribution\ balance\ of\ first\ Pioneer = (\$100{,}000 - \$48{,}500) = \$51{,}500$$

$$Contribution\ balance\ of\ second\ Pioneer = \$48{,}750$$

113 The rebate provided to the first Pioneer will be:

114 $$= (\$1764.71 - \$525) \times \frac{\$51{,}500}{(\$51{,}500 + \$48{,}750)} = \$636.86$$

115 And the rebate provided to the second Pioneer will be

$$= (\$1764.71 - \$525) \times \frac{\$48{,}750}{(\$51{,}500 + \$48{,}750)}$$

$$= \$602.85$$

116 The third applicant does not qualify for Pioneer status.

2.9 Rebates that relate to funded asset rebates from Transpower

117 Where a funded asset rebate is provided to Aurora Energy by Transpower[2] and the funded asset is covered by a Pioneer Scheme due to incremental transmission works being paid for by one or more Pioneers, Aurora Energy will distribute the rebate to the Pioneer (or Pioneers) using a similar methodology to that discussed above.

2.10 Details of methodologies for individual Pioneer Schemes

118 Sections 2.7-2.9 above describe the general costing and pricing methodologies that Aurora Energy will use for Pioneer Schemes. When a Pioneer Scheme is established, Aurora Energy will determine the detail of the specific costing and pricing methodologies that apply for that pioneer scheme to determine contributions and rebates. For example, whether both capacity and distance are relevant, or only capacity. The methodology for each individual Pioneer Scheme will also explain how Aurora Energy will determine who is eligible to receive rebates.

2.11 Pioneer Schemes will survive any change of ownership of Aurora Energy

119 If Aurora Energy is acquired by another distributor, then the purchasing distributor must not change any aspect of the matters that have been determined for individual schemes that have been established under this policy, unless each pioneer to a Pioneer Scheme and the distributor agree in writing to a change. Similarly an acquiring distributor must not change the policy that applies to those schemes, unless each pioneer to a Pioneer Scheme and the distributor agree in writing to a change.

120 An acquiring distributor must continue to administer, and comply with, the requirements of each established Pioneer Scheme policy, including with respect to the methodologies used to calculate contributions and rebates, and in disclosing information about the schemes.

[2] Under clause 29 of the Transmission Pricing Methodology.

3. Definitions for Connection Pricing Methodologies

The definitions used in this policy document are consistent with definitions in the Code, in particular:

- **connection charge** means—

  (a) any price, fee, tariff, charge or other similar monetary impost or cost, or any part of any price, fee, tariff, charge, or other similar monetary impost or cost that is, either directly or indirectly, imposed or required, or agreed by a distributor in relation to connection works for a connection applicant or is otherwise applied for the purposes of, or has the effect of, recovering connection works costs directly or indirectly from a connection applicant;

  (b) excludes any connection fees or Pioneer Scheme contributions
- **connection pricing methodologies** means the pricing methodologies that each distributor publishes setting out how it determines connection charges
- **customer-selected enhancement** means any enhancement to the relevant minimum scheme requested, and agreed to in writing, by a connection applicant
- **extension** means—

  (a) works or operating arrangements to provide a connection of, or to increase the security or capacity of or at, a point of connection or of any assets owned or operated by a distributor that do not increase the capacity of the shared network; or

  (b) an extension-like upgrade; or

  (c) incremental transmission works; but

  (d) does not include works or operating arrangements associated with customer- owned assets or work covered by a connection fee
- **pioneer** means—

  (a) the connection applicant referred to in paragraph (a) of the definition of pioneering connection works (the first pioneer); and

  (b) any connection applicant who subsequently connects to the pioneering connection works (a subsequent pioneer) and—

  (i) who makes a pioneer scheme contribution of more than the amount of $25,000 in December 2025 dollar terms, adjusted each year by the CPI movement, or a lesser amount specified by the distributor; and

  (ii) is determined by the relevant distributor to be a pioneer under clause 6B.7(1)(b)
- **pioneering connection works** means an extension where—

  (a) the portion of the extension cost initially met by a connection applicant is more than the pioneer scheme threshold; and

  (b) the connection applicant has not opted out of applying a pioneer scheme to the extension by agreeing in writing with the relevant distributor that the extension should not form part of a pioneer scheme; and

  (c) it is feasible that other parties may seek to connect to all or part of, or make use of, the extension at a later date; but

  (d) excludes an extension where the extension costs are established using posted connection charges; and

(e) excludes any portion of extension cost relating to a benefit-based charge adjustment event

- pioneer scheme threshold means the amount below which a pioneer scheme does not need to be established.
- Pioneer Scheme means—

  (a) an arrangement that covers any part of a distributor's network or the distributor's grid connections that comprises pioneering connection works, and includes an acquired Pioneer Scheme; and

  (b) a vested Pioneer Scheme.
- pioneer scheme contribution means a payment to be made by a connection applicant to a distributor—

  (a) determined in accordance with clause 6B.8; and

  (b) any similar legally binding obligation put in place for any connection works built or established for a single consumer prior to 1 April 2026
- pioneer scheme policy means a policy published in accordance with clause 6B.9
- pioneer scheme pricing methodology requirements means the mandatory connection pricing methodologies set out in clauses 6B.6 to 6B.9.
- rebate means any disbursement, credit or deduction made to a pioneer by a distributor in accordance with clause 6B.8(5) of the Code

Other relevant definitions:

- Code 6B.[X] refers to the relevant parts of the amendments that the Authority have made to the Electricity Participation Code in its July 2025 Decision.
- Chargeable connection services refer to the relevant definitions of these services that are described in Part 6b of the Code.


Aurora
ENERGY