

This policy applies to new connections to PowerNet managed distribution networks that use connection assets that were previously funded by another (pioneer) customer. It should be read alongside PowerNet's Capital Contributions policy.

The scope of this policy covers the establishment, administration, financial arrangements and disclosures of the connection services pioneer schemes that PowerNet operates within its managed networks.

## 1.0 Pioneer Scheme Policy

PowerNet 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. The customer who initially paid for the extension (the First Pioneer) then receives a rebate.

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.

We have 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).

This policy explains how we determine which extensions qualify as a Pioneer Scheme, the information that we will publish about each scheme, how we determine contributions and rebates, and various other aspects of how we administer the schemes.

Our policy has been developed to meet both the requirements of Part 6B.6 to 6B.9 of the Electricity Participation Code, as well as the policies and practices that guide PowerNet connections arrangements.

0 contains the definitions of terms used in this policy.

### 1.1 Coverage of Policy

This policy applies from 1 April 2026 to new network extensions.

#### 1.1.1 Network Extensions

Network extensions include works or operating arrangements to provide a connection to the distribution network, or to increase the security or capacity of either (a) a connection; or (b) any assets owned or operated by a distributor that do not increase the capacity of the shared network.

Network extensions also include extension-like upgrades. These are works or operating arrangements that increase the capacity of the shared network but that substantially benefit only the connecting party, and where this is reasonably considered likely to remain the case.

Network extensions do not include works or operating arrangements associated with customer-owned assets or work covered by a connection administration fee.

Incremental transmission works that are needed to connect a large customer may also be classified as a network extension. However, any portion of an extension cost that relates to a benefit-based transmission charge adjustment event are excluded from Pioneer Schemes.

### 1.1.2 Network Extensions that Qualify for Pioneer Schemes

Network extensions only qualify as a Pioneering Connection Works in the following circumstances:

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

Where PowerNet considers that 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.

When assessing whether the Pioneer Scheme threshold is met, we will use the actual costs of the network extension where we have that information. If we do not know the actual costs (for example, if the pioneering connection works or vested pioneering works were not constructed or contracted by PowerNet, we will use an estimate of the costs of the works. If the First Pioneer provides us with information on the costs of the works, we must be reasonably satisfied that the information is accurate before using that information.

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

Extensions that are established under our standard connection charges are not eligible to be a Pioneer Scheme.

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, are also not eligible to be a Pioneer Scheme.

Pioneer schemes do not apply to real estate developments.

#### **Treatment of vested assets**

PowerNet does not offer/accept vested Pioneer Schemes.

### 1.1.3 Pioneer Scheme Start and End Dates

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

Pioneer Schemes remain in place for 7 years from the starting date, unless each current Pioneer to the Pioneer Scheme and the distributor agree in writing that the scheme shall cease at an earlier date.

## 1.2 Administering Pioneer Schemes

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

Pioneer Schemes remain in place for 7 years from the starting date, unless each current Pioneer to the Pioneer Scheme and the distributor agree in writing that the scheme shall cease at an earlier date.

### 1.2.1 Administering Pioneer Schemes

We will pay rebates applicable under section **Error! Reference source not found.** below as soon as practicable after the subsequent connecting customer pays us the Pioneer Scheme contribution.

### 1.2.2 Determining Who the Rebate is Paid To

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.

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.

There may be a change in the holder of Pioneer status in a scheme when the Pioneer status is apportioned between multiple parties, for example, where a property is sub-divided.

If the event that we are unable to contact a current Pioneer after reasonable efforts, we 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 we are 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.

### 1.2.3 When Subsequent Connecting Customer Becomes a Pioneer

Where the Pioneer Scheme contribution of a connecting customer (as determined according to **Error! Reference source not found.**) is \$25,000 or more (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.

### 1.2.4 Determining Who Will be Required to Pay a Pioneer Scheme Contribution

We treat all connection applicants that connect to pioneering connection works as subject to paying a contribution to the relevant Pioneer Scheme.

### 1.2.5 Pioneer Scheme Disclosure

We will make each connection applicant aware of this Pioneer Scheme policy and publish this policy on our website.

We use the following approach to provide stakeholders with information about each active pioneer scheme. As a minimum, the following information will be published on our website:

- (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
- (v) the methodology that will be used to calculate contributions for the pioneer scheme

This information is available on PowerNet's website.

We update active pioneer scheme details on our website as required. Details of active schemes will be confirmed to applicants during the process.

For queries on existing pioneer schemes, please contact: [enquiries@powernet.co.nz](mailto:enquiries@powernet.co.nz)

### 1.3 Operating the Scheme

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

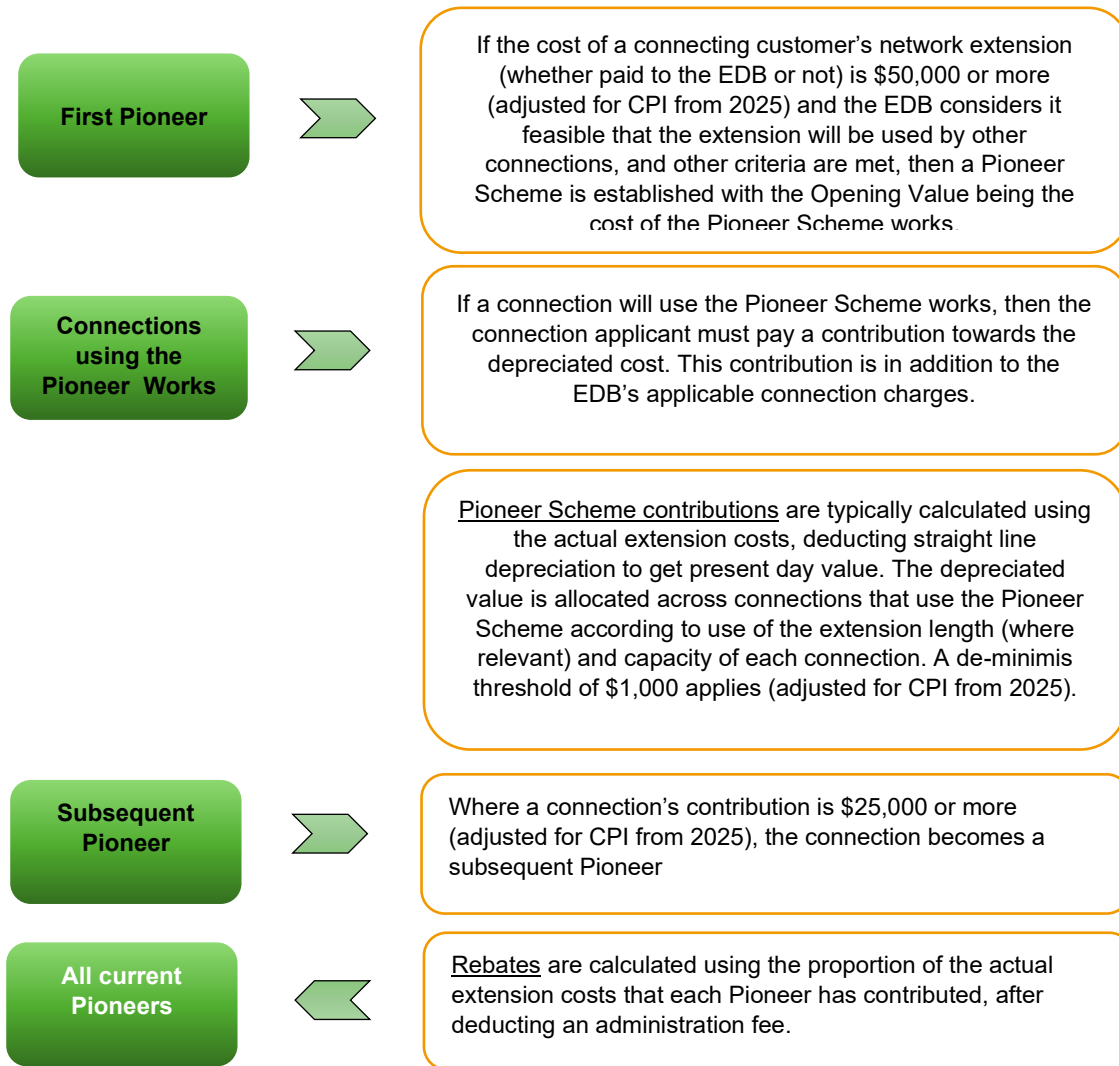


Figure 1 Calculating contributions and rebates

#### 1.3.1 Determining Scheme Contributions

Pioneer scheme contributions, payable by a connecting customer, are calculated using the depreciated value of the Pioneer Scheme works excluding any portion of the Pioneer Scheme which are exclusively for the Pioneer. Depreciation is applied over 20 years using a straight-line depreciation method. To calculate the depreciated value of the Pioneer Scheme Works, we 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*

For example, where a Pioneer Scheme had an Opening Value of \$100,000 and a contribution is be calculated 6 months after the commencement of 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.

When we calculate pioneer scheme contributions we take 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.

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.

If we calculate that the contribution for a connection applicant would be less than \$1,000 (December 2025 dollar terms, adjusted each year for CPI), then we would not require a contribution.

### **1.3.2 Determining Scheme Rebates**

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 an administration fee.

### **1.3.3 Pioneer Scheme Contribution and Rebate Example**

Pioneer Scheme contribution and rebate example

To demonstrate how the contribution calculation works, we provide 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 \$250.

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

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

We will provide a rebate to the first Pioneer of \$48,500, (\$48,750 minus the administration fee of \$250). The second connection applicant will become a subsequent Pioneer.

In this same example, assume that a third connection applicant wishes to use the Pioneer Scheme works 2 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, we would calculate the contribution of the third connection in the following way:

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

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

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

In this case, the third applicant will pay a contribution of \$1764.71.

To calculate the rebates that we would pay to the first and second Pioneers, we first calculate the contribution balance of each of the two Pioneers:

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

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

The rebate provided to the first Pioneer will be:

$$\begin{aligned} &= (\$1764.71 - \$250) \times \frac{\$51,500}{(\$51,500 + \$48,750)} \\ &= \$778.13 \end{aligned}$$

And the rebate provided to the second Pioneer will be

$$= (\$1764.71 - \$250) \times \frac{\$48,750}{(\$51,500 + \$48,750)}$$

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= \$736.58

The third applicant does not qualify for Pioneer status.

### 1.3.4 Rebates that Relate to Funded Asset Rebates from Transpower

Where a funded asset rebate is provided to us by Transpower<sup>1</sup> and the funded asset is covered by a Pioneer Scheme due to incremental transmission works being paid for by one or more Pioneers, we will distribute the rebate to the Pioneer (or Pioneers) using a similar methodology to that discussed above.

### 1.3.5 Details of Methodologies for Individual Pioneer Schemes

Sections **Error! Reference source not found.** to 1.3.4 describe the general costing and pricing methodologies that we will use for Pioneer Schemes. When a pioneer scheme is established, we 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. Our methodology for each individual pioneer scheme will also explain how we will determine who is eligible to receive rebates.

## 1.4 Pioneer Schemes will Survive any Change of Ownership of PowerNet

If PowerNet or the networks it manages are 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.

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.

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<sup>1</sup> Under clause 29 of the Transmission Pricing Methodology.

## Appendix A Definitions

### Appendix A Definitions

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

- **acquired pioneer scheme** means a pioneer scheme established by a distributor (the selling distributor) in accordance with clause 6B.7 relating to pioneering connection works carried out by a distributor that relate to the distribution network of a distributor, where ownership of the distribution network on which the pioneer scheme is established or relates or the part of a distribution network on which the pioneer scheme is established or relates is transferred to another distributor (the buying distributor) connection works means an extension or a network capacity upgrade

- **connection charge** means—

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

(b) excludes any connection fees or pioneer scheme contributions

- **connection 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

- **minimum scheme** means the least-cost solution for any connection works provided by a distributor, including for security and firmness of capacity, in accordance with the distributor's connection and operation standards or a different standard if agreed to in writing between the connection applicant and the distributor

- **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.

- **posted connection charge** means a connection charge that is published by a distributor that applies to any connection of a type that meet requirements specified by the distributor
- **posted extension rate** means a unit rate that has been published by a distributor for use in building up extension cost estimates for connections of a type specified by the distributor that meet requirements specified by the distributor
- **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.

**Version Change Table**

VERSION	PAGE	PARAGRAPH	DESCRIPTION OF CHANGE