

Pioneer Scheme Policy

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Purpose

The purpose of this Policy is to establish a framework where connection applicants who utilise network extensions that were previously funded by another customer (the Pioneer) contribute to the original cost of the Pioneer's works.

This ensures that the costs of extension assets are shared across all connecting parties in a fair and efficient manner.

Electra acts as the administrator, collecting contributions from new users and providing rebates to the original Pioneers.

This Policy has been designed to meet the requirements of Parts 6B.6-6B.9 of the Electricity Industry Participation Code 2010.



When this does this Policy apply?

This Policy applies to new network extensions on Electra's distribution network that meet the criteria detailed below, from 1 April 2026. It covers works to provide new connections or increase security and capacity that do not increase the capacity of the shared network, as well as extension-like upgrades and incremental transmission works.

A network extension specifically qualifies for a Pioneer Scheme if:

- The initial cost met by the First Pioneer exceeds the Pioneer Scheme threshold of \$50,000 (adjusted for CPI from December 2025).
- Electra considers it feasible that other parties may seek to connect to or make use of the extension at a later date.

This Policy does not apply to:

- Works associated with customer-owned assets.
- Real estate developments.
- Connections covered by a Large Connection Contract (except for specific reconciliation requirements).
- Extensions established using posted connection charges.

With agreement, Electra may vary the terms and conditions on a case-by-case basis.



Who does this Policy apply to?

This Policy applies to all connection applicants who connect to pioneering connection works. These include the:

- **First Pioneer:** The original applicant who initially paid for the network extension.
- **Subsequent Pioneer:** A connection applicant who subsequently connects to the works and makes a contribution of \$25,000 or more (adjusted for CPI from December 2025).
- **Connecting Customers:** Any applicant connecting to the works who is required to pay a contribution, regardless of whether they achieve Pioneer status



Where can I get more information?

Electra will publish this Policy and the details of all active Pioneer Schemes on its website. Published details for each Scheme will include a reference number, location, start and expiry dates, opening values, and the specific calculation methodology.

Clarification on any matter referred to in this document can be directed to pricing@electra.co.nz or by contacting 0800 Electra (0800 353 2872) to request a member of the Commercial team phone you back.



What are the key principles of this Policy?

The Pioneer Scheme Policy has been developed with consideration to the principles of:

- **Fairness:** Costs are apportioned based on the actual use of the extension assets.
- **Transparency:** All methodologies and active scheme details are disclosed publicly.
- **Depreciation:** Contributions are calculated using the present-day value of the assets, applying straight-line depreciation over 20 years.
- **De-minimus Limit:** No Pioneer Scheme contribution is collected if the calculated amount is less than \$1,000 (CPI adjusted). Electra reserves the right to review projects associated with customer connection works, and determine the required Capital Contribution, on a case-by-case basis.

What types of works will be covered by the pioneer scheme?

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

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.

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.

Network extensions that qualify for Pioneer Schemes

Network extensions only 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 Electra 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 Electra, 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.

Note, the following exclusions apply:

- any customer-selected enhancement beyond the minimum scheme will be excluded from 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

Vested Pioneer Schemes cover those parts of our network that were initially owned by a customer, but where we agreed to take ownership of the works and agreed that those works should form a Pioneer Scheme. Vested Pioneer Schemes are administered and operated in the same way as other Pioneer Schemes.

Pioneer Scheme start and end dates

The starting date of a Pioneer Scheme is the date that the First Pioneer made its first connection charge payment in relation to the pioneering connection works. If that date is unknown, the starting date of the Pioneer Scheme will be the date on which the First Pioneer's connection was livened.

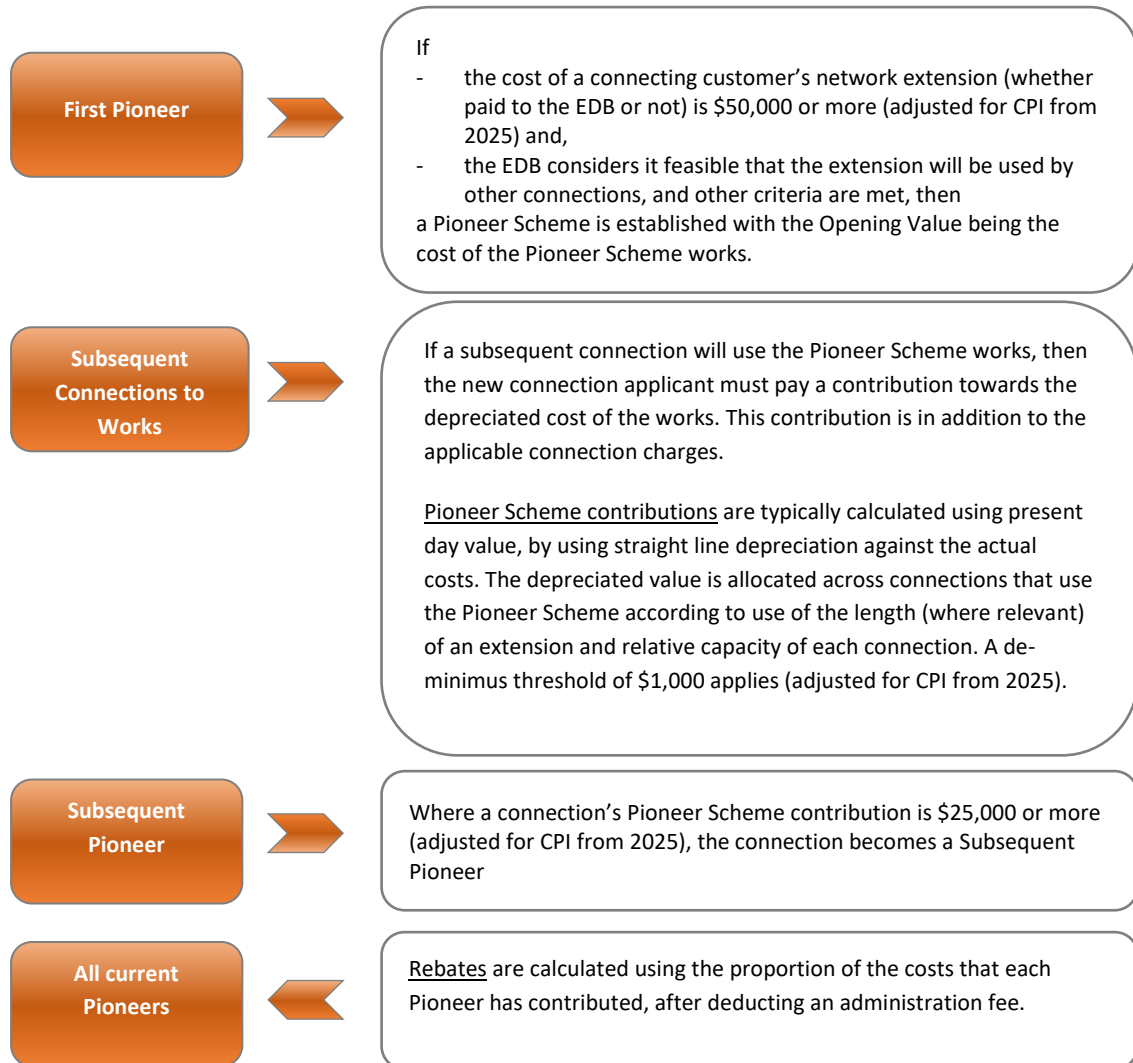
Pioneer Schemes remain in place for **seven years** from the starting date, unless each current Pioneer to the Pioneer Scheme and the distributor agree in writing that the scheme shall cease at an earlier date.



How does the pioneer scheme operate?

The following diagram provides stakeholders with overall guidance as to how Electra calculates Pioneer Scheme contributions and rebates.

Figure 1 Calculating contributions and rebates



How are scheme contributions determined?

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, we multiply the Opening Value of the works by a depreciation factor, where the depreciation factor is calculated as:

$$\text{Depreciation factor} = (20 \text{ years} - \text{years since starting date of Pioneer Scheme}) / 20 \text{ years}$$

For example, where a Pioneer Scheme had an Opening Value of \$100,000 and a contribution is to be calculated 6 months after the commencement of Pioneer Scheme, then the depreciation factor will be: $(20 \text{ years} - 0.5 \text{ years}) / 20 \text{ years} = 0.975$. 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.

How are scheme rebates determined?

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.

Example of Pioneer Scheme and rebates

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:

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

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

$$\text{Contribution} = \$90,000$$

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

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

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:

$$\begin{aligned} & = (\$1,764.71 - \$250) \times \frac{\$51,500}{(\$51,500 + \$48,750)} \\ & = \$778.13 \end{aligned}$$

And the rebate provided to the second Pioneer will be

$$\begin{aligned} & = (\$1,764.71 - \$250) \times \frac{\$48,750}{(\$51,500 + \$48,750)} \\ & = \$736.58 \end{aligned}$$

The third applicant must pay the rebates to the First Pioneer and Subsequent Pioneer (via Electra), but because the total rebate they pay is less than \$25,000 they do not

qualify for Pioneer status, so would not receive any future rebates if another applicant utilised the network extension.

What happens with funded asset rebates for transmission upgrades?

Where a funded asset rebate is provided to us by Transpower¹ 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 the same methodology as detailed above.

Why might my Pioneer Scheme differ from others?

The above sections describe the *general* methodology that Electra will use for Pioneer Schemes. Where a Pioneer Scheme is established, Electra will define and record the details specific to that Pioneer Scheme that will be applied 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.



What is the administration process?

Electra is responsible for the administration of the Pioneer Schemes on our network and we may charge an administration fee, where we consider that fee reasonable to cover the cost of administering the scheme. The administration fee is deducted from Pioneer Scheme contributions before calculating rebates.

When are rebates paid?

Electra will pay any pioneer that is eligible for a rebate as soon as practicable after the subsequent connecting customer pays their Pioneer Scheme contribution.

How is the eligible party for rebate determined?

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.

¹ Under clause 29 of the Transmission Pricing Methodology.

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. Electra will make decisions to designate the occupier or another party 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 subdivided.

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.

What happens to subsequent connecting customers?

Where the Pioneer Scheme contribution from a connecting customer 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.

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.

How will Electra disclose who is affected by a Pioneer Scheme?

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:

- a) Pioneer Scheme reference number

- b) the location of the Pioneer Scheme on the network
- c) the start date of the Pioneer Scheme
- d) the relevant opening value(s) of the Pioneer Scheme
- e) the expiry date of the Pioneer Scheme
- f) the methodology that will be used to calculate contributions for the Pioneer Scheme

This information is available here: <https://electra.co.nz/our-company/disclosures/>

We update active Pioneer Scheme details on our website as required. Details of active Schemes will be confirmed to applicants during the process.

What would happen if the works subject to the Pioneer Scheme were no longer owned by Electra?

If the works were no longer owned by Electra, the purchaser of the works must not change any aspect of the matters 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. For example, if Electra were to be acquired by another distributor, then the purchasing distributor must obtain written consent from each Pioneer subject to a Pioneer Scheme to change any details associated with the individual scheme. 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.



Are there any obligations on the customer?

- **Accuracy:** If a customer constructs the works, they must provide accurate cost information to Electra to establish the Opening Value.
- **Payment:** Subsequent users must pay their calculated pioneer contribution before connection.
- **Status Transfer:** Customers must notify Electra if they no longer own or occupy the premises. Pioneer status generally transfers to the current owner, though Electra may designate an occupier as the Pioneer on a case-by-case



Are there any obligations on Electra?

Electra is responsible for the ongoing administration of all schemes on its network. This includes:

- Identifying and recording the location of all pioneering connection works.
- Determining the specific pricing methodology for each individual scheme.
- Processing and paying rebates as soon as practicable after receiving contributions.
- Distributing any funded asset rebates received from Transpower that relate to pioneer-funded incremental transmission works.



Consistency with Pricing Principles

This policy is designed to comply with Part 6B (Clauses 6B.6 to 6B.9) of the Electricity Industry Participation Code. It adheres to the mandatory connection pricing methodologies, ensuring that connection charges are transparent and based on a relevant minimum scheme.



Right to review our approach

Electra reserves the right to make case-by-case decisions on specific administrative matters, such as the apportionment of status during property subdivisions or designating occupiers as Pioneers. If Electra is unable to contact a Pioneer after reasonable efforts, it may reduce the value of the scheme to reflect that Pioneer's missing share.



What other policies apply?

- Capital Contribution Policy

This Policy has been developed with consideration given to:

- The [Electricity Distribution Information Disclosure Determination 2012](#)
- The [Electricity Industry Distribution Pricing Principles 2019](#)

For more information on Electra’s pricing and related disclosures see:

- [Prices - Electra](#)
- [Disclosures - Electra.](#)



How might this policy be updated?

This Policy and active scheme details are updated as required. In the event of a change in ownership of Electra, the acquiring distributor must continue to comply with this Policy. No aspect of an established individual scheme can be changed without the written agreement of both the distributor and every current Pioneer in that scheme

This Policy will be reviewed every three years for Board approval, or earlier to capture:

- Changes to legislation, regulation and/or best practice;
- Continuous improvement;
- System changes;
- Audit findings; or
- User feedback that impacts this document.



Definitions

The policy contains terms that are used internally to Electra and across the industry and have a certain meaning that is important for understanding this policy:

Acquired Pioneer Scheme	Where network ownership changes (in a part or the whole of the distribution network) for which a Pioneer Scheme relates is transferred to another distributor (the buying distributor), a scheme that was established by a selling distributor is transferred to a buying distributor.
Buying distributor	The purchaser of an Acquired Pioneer Scheme.
Connection Applicant	A person who applies to connect a load to the distribution network or to change the security or capacity of an existing connection.

Connection works	An extension to the network assets, or upgrade of network capacity
Connection charge	(a) any charge that is required by Electra in relation to connection works for a connection applicant for the purposes of recovering connection works costs; (b) excludes any connection fees or Pioneer Scheme contributions
Connection Point	The point on the system network where the consumer is connected. In most situations this is also the point where the responsibility for the equipment that conveys electricity transfers from Electra to the consumer.
Connection pricing methodologies	The Pricing Methodology that Electra publishes each year which sets out how it determines connection charges
Consumer	The person who is responsible for the energy consumed at a Connection Point
Customer	A party (person, persons, trust, corporation or company), or agent thereof, who requests Electra to undertake Customer-Initiated Works
Customer-selected enhancement	Any enhancement to the relevant minimum scheme requested, and agreed to in writing, by a Connection Applicant
Distribution Works Agreement	The contract used between a customer and Electra to outline responsibilities and expectations associated with the delivery of Customer-Initiated Works
Electra	Electra Limited trading as Electra
Extension	Works to provide a connection or increase security/capacity that do not increase the capacity of the shared network; this includes extension-like upgrades and incremental transmission works.
First Pioneer	The original connection applicant who initially met the costs of the pioneering connection works (the network extension).
Large connection contract	A connection arrangement under which a customer funds the construction of network assets that will form part of Electra's network, where the connection involves capacity of 5 MW or greater and the associated assets are valued at more than \$2.5 million, as defined in the Commerce Commission's Electricity Distribution Services Input Methodologies .
Minimum scheme	The least-cost solution for any connection works provided by Electra, including for security and firmness of capacity, in

	accordance with the Electra’s connection and operation standards or a different standard if agreed to in writing between the connection applicant and the distributor
Pioneer	The first connection applicant to fund an extension (First Pioneer) and subsequent connection applicants who make a qualifying contribution (Subsequent Pioneer)
Pioneering connection works	An extension costing more than the Pioneer Scheme threshold (\$50,000 CPI adjusted) where it is feasible for others to connect later
Pioneer Scheme	(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 threshold	The amount below which a Pioneer Scheme does not need to be established. Electra applies a threshold of \$50,000 (CPI adjusted)
Pioneer Scheme contribution	A payment to be made by a connection applicant to a distributor— (a) determined in accordance with clause 6B.8 of the Code; 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
Posted connection charge	A connection charge published by Electra that applies to any standard connection as specified by Electra
Real estate development	the development of land for a commercial purpose including its development in one or more of the following ways: (a) subdivision; (b) the construction of commercial or industrial premises (or both); (c) the construction of multiple new residential premises.
Rebate	A disbursement, credit, or deduction made to a Pioneer from contributions received from subsequent connections
Subsequent Pioneer	A connection applicant who connects to the pioneering connection works at a later date and makes a Pioneer Scheme contribution of more than \$25,000 (December 2025 dollar terms, adjusted for CPI). Once this threshold is met and they are designated as a Pioneer by Electra, they become eligible to receive rebates from future connection applicants who subsequently use those same works

System network	The existing electrical distribution assets owned or operated by Electra Limited for the distribution or associated with the distribution of electricity to end consumers
Vested Pioneer Scheme	A scheme covering assets initially built or funded by a consumer where Electra has agreed to take ownership.