

Pioneer Scheme Policy



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1. Pioneer Scheme Policy

The Pioneer Scheme operated by Counties Energy in accordance with this policy applies from **1 April 2026** to new connections that use an Extension (as defined in section 3) previously funded by another (pioneer) customer. This policy should be read in conjunction with Counties Energy's connection pricing policy.

Counties Energy reserves the right to update this policy at any time. Updated versions will take effect from, and apply to all new connection applications received after, the date of publication on our website.

The definitions used in this policy are set out in Appendix B.

2. Background and Context

Counties Energy operates a Pioneer Scheme so that a connection application who intends to use an 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 ensure that the costs of extension assets and works are shared across connecting parties in a fair and efficient manner

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

This policy explains how we determine which Extensions qualify as a Pioneer Scheme, the information we will publish about each scheme, how we determine contributions and rebates as well as other aspects relating to administration of the scheme.

This policy has been developed to meet the requirements set out in Part 6B.6 to 6B.9 of the Electricity Participation Code, as well as the policies and practices that guide Counties Energy's connection arrangements.

3. Coverage of Policy and Eligibility Criteria

This policy applies from 1 April 2026 to new Extensions.

3.1. What is an Extension?

Extensions include:

- Works or operating arrangements to provide a connection to the distribution network, or to increase the security or capacity of either:
 - a connection; or
 - any assets owned or operated by Counties Energy that do not increase the capacity of the shared network
- 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

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 customer may also be classified as an **Extension**. However, any portion of an Extension cost that relates to a benefit-based transmission charge adjustment event is excluded from **Pioneer Schemes**.

3.2. Which Extensions qualify for Pioneer Schemes?

a) Extensions only qualify for Pioneer Schemes if:

- the Extension cost initially met by the First Pioneer is more than the Pioneer Scheme Threshold of \$50,000 (in December 2025 dollar terms, adjusted annually by the CPI Movement); and
- Counties Energy considers it feasible that other parties may seek to connect to all or part of, or make use of, the Extension within 7 years of the date the Extension is lived.

In establishing Extension costs, we will use the actual costs of the Extension if we have that information. If actual costs are not known, we will use an estimate of the costs of the Pioneering Connection Works. If we use information provided by the Connection Applicant, we must be reasonably satisfied that the information is accurate before we use it.

- b) Extensions are excluded from Pioneer Schemes where:
- the Extension cost is established using our Posted Connection Charge; or
 - it is a connection covered by a Large Connection Contract; or
 - it is a Real Estate Development.

3.3. Pioneer Scheme start and end dates

The start date of a Pioneer Scheme is the date on which the First Pioneer's connection was livened by us.

Pioneer Schemes remain in place for 7 years from their start date, unless all current Pioneers in that Pioneer Scheme and Counties Energy agree in writing that the Pioneer Scheme will cease at an earlier date.

4. Administering Pioneer Schemes

4.1. Administration Fee

We are responsible for the administration of Pioneer Schemes on our network. We may charge an administration fee where we consider there are reasonable costs of administering the Pioneer Scheme.

The current administration fee is set at \$250 plus GST per Pioneer Scheme Contribution payment.

The administration fee will be deducted before calculating Rebates.

4.2. Payment of Rebates

- a) When will we pay?

We will pay Rebates applicable under section 5 of this Pioneer Scheme Policy as soon as practicable after the subsequent Connection Applicant pays us the Pioneer Scheme Contribution.

- b) Who will the Rebate be paid to?

- We will pay applicable Rebates to the party or parties that hold Pioneer status. This will be the Connection Applicant that paid for the Extension covered by the Pioneer Scheme. For the 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 the event we are unable to contact the party or parties that hold Pioneer status, after reasonable efforts to do so, we will reduce the value of the Pioneer Scheme to reflect the portion of total contributions to the Pioneer Scheme that were made by the Pioneer we are unable to contact. If that Pioneer is the only Pioneer of the Pioneer Scheme, then the Pioneer Scheme will be discontinued. If the Pioneer Scheme is discontinued, the Extension assets and works will still be able to be used by later Connection Applicants, but no Pioneer Scheme Contribution will be required.

4.3. When does a subsequent connecting customer become a Pioneer?

Where the Pioneer Scheme Contribution of a Connection Applicant 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.

4.4. Who will be required to pay a Pioneer Scheme Contribution?

All Connection Applicants that connect to Pioneering Connection Works are subject to paying a contribution to the relevant Pioneer Scheme unless the contribution amount is less than \$1,000 (December 2025 dollar terms, adjusted each year for CPI Movements), in which case a contribution by the Connection Applicant is not required.

All Connection Applicants that connect to Pioneering Connection Works are subject to paying a contribution to the relevant Pioneer Scheme unless the contribution amount is less than \$1,000 (December 2025 dollar terms, adjusted each year for the CPI Movement), in which case a contribution by the Connection Applicant is not required.

4.5. Disclosure

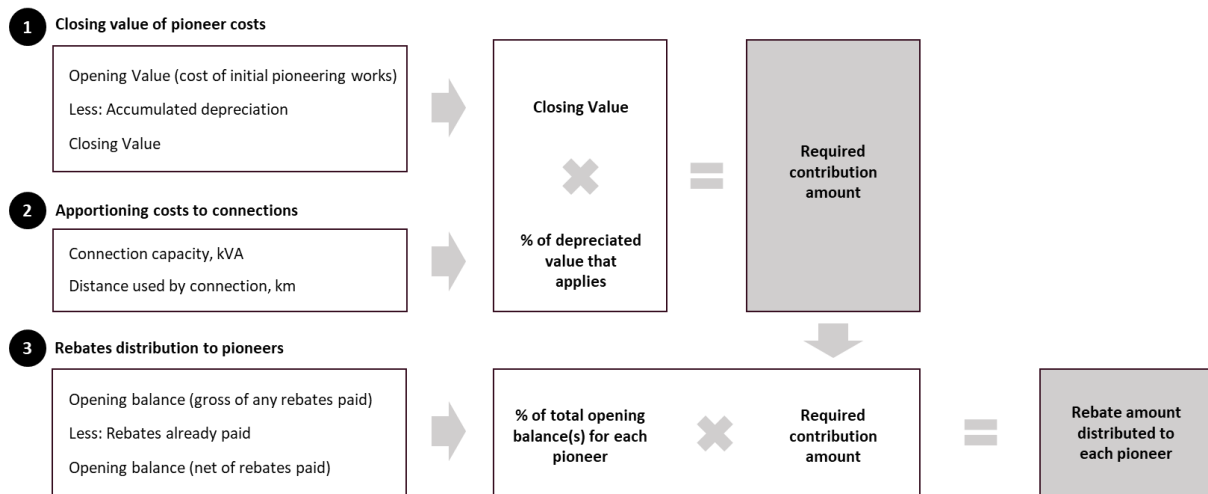
We will make each Connection Applicant aware of this Pioneer Scheme Policy. In addition, the following information will be published:

- a) this Pioneer Scheme Policy;
- b) the location of each active Pioneer Scheme on our network;
- c) the start and expiry date of each Pioneer Scheme; and
- d) the relevant opening value(s) of each Pioneer Scheme.

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

5. Operating the Pioneer Scheme

The following diagram provides overall guidance as to how Counties Energy calculates pioneer scheme contributions and rebates.



- The Opening Value (cost of initial Pioneering Connection Works) of the Pioneer Scheme in each period is based on straight-line depreciated asset value of the First Pioneer’s initial contribution – refer to section 3 above.
- Pioneer Scheme Contribution amounts (paid by each subsequent Connection Applicant) are based on the Closing Value of the Pioneer Scheme (determined as the (straight-line) depreciated asset base, using 20-years asset life), the contribution amounts* for Connection Applicants (determined by [line length (km) x capacity kVA of Connection Applicant] / [Sum of each line length x capacity kVA of each Pioneer member]).

*Only contributions of >\$1,000 (in December 2025, adjusted annually by the CPI Movement) are required.

- Rebate amounts are distributed to Pioneer members in proportion to each member’s opening balance (i.e. net of any Rebates already paid). Opening balances for each member are then reduced by any Rebates received to determine each member’s Closing Balance.

Where a funded asset rebate is provided to us by Transpower^[1], 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 as above.

Refer to Appendix A for an illustrative example.

6. Changes in our ownership

If Counties Energy is acquired by another distributor, or has a change in ownership, the purchasing party must not change any aspect of the matters that have been determined for individual Pioneer Schemes established under this Pioneer Scheme Policy.

An acquiring distributor must continue to administer, and comply with, the requirements of each established Pioneer Scheme, including with respect to the methodologies used to calculate Pioneer Scheme Contributions and Rebates, and in disclosing information about the Pioneer Schemes.

Appendix A

A worked illustrative example of the Pioneer Scheme Contributions and Rebates is set out below. This example is based on an initial pioneering cost of \$100k where the subsequent connecting customers (Connections 2 and 5) are also pioneers.

	Initial pioneer	2 nd connection	3 rd connection	4 th connection	5 th connection
Contribution required?	Yes	Yes	Yes	No	Yes
Contribution amount	100% of pioneer costs is payable	Based on % of depreciated value of pioneer costs [^]	Based on % of depreciated value of pioneer costs [^]	Not applicable	Based on % of depreciated value of pioneer costs [^]
Pioneer (or subsequent pioneer)?	Yes	Yes	No	No	Yes
Rebate(s) payable, from each connection:					
1 st connection (initial)					
2 nd connection	Receives 100% of contribution*				
3 rd connection	Receives x% of contribution*	Receives (1 - x%) of contribution*			
4 th connection	No contribution to disburse	No contribution to disburse	No contribution to disburse		
5 th connection	Receives x% of contribution*	Receives (1 - x%) of contribution*	Not eligible for rebate	Not eligible for rebate	

Thresholds:

Only contributions > \$1k required (Real, 2025)	\$1,000	\$1,000	\$1,039	\$1,080	\$1,126
Meets threshold to be a subsequent pioneer	\$25,000	\$25,000	\$25,967	\$27,009	\$28,146

		Initial pioneer	2 nd connection	3 rd connection	4 th connection	5 th connection
Pioneer contributions						
Opening value		100,000	100,000	97,500	90,000	80,000
(-) Depn		-	2,500	7,500	10,000	10,000
Closing value	A	100,000	97,500	90,000	80,000	70,000
Connection capacity, kVA		100	100	20	15	250
Distance used by connection, km		0.5	0.5	0.1	0.09	0.5
% of depreciated value that applies	B	100.0%	50.0%	2.0%	1.3%	54.7%
Pioneer contribution amount	AxB	100,000	48,750	1,765	-	38,318
Member balances		Initial pioneer	Connection 2	Connection 3	Connection 4	Connection 5

Contribution/(Rebate) amount:

- When First Pioneer Connects	+100,000					
- When 2 nd connection connects	(48,750)	+48,750				
- When 3 rd connection connects	(904)	(860)				
- When 4 th connection connects	-	-				
- When 5 th connection connects	(19,638)	(18,680)				+38,318

As illustrated above:

- The initial pioneer makes a payment of \$100k towards initial pioneering costs. This connection becomes the first pioneer of the scheme.
- The 2nd connection pays a contribution of \$48,750. This is distributed to the initial pioneer. Further, as their contribution exceeds the subsequent pioneer threshold (ie \$25k) they will also receive a rebate from future contributions to the scheme.
- The 3rd connection pays a contribution of \$1,765. This is less than the subsequent pioneer threshold of \$25,967 which means they are not eligible to receive any future rebates (ie is not a subsequent pioneer) but is required to pay a pioneer contribution. Their contribution is distributed to the pioneers of the scheme (ie the initial pioneer and 2nd connection).
- The 4th connection is not required to pay any contribution. This is because their estimated contribution is \$1,044 which is less than the contribution threshold of \$1,039.
- The 5th connection pays a contribution of \$38,318. They are also eligible to receive rebates from future scheme connections because this amount is greater than the subsequent pioneer threshold of \$28,146.

Notes:

^ The pioneer contribution amount is based on the weighted average of the connection's connection capacity and line length (or distance used by connection). This is applied against the depreciated value of the initial cost of pioneering works (amount that was paid in full by initial pioneer).

* Where "x" is based on an existing member's opening balance(s) in the scheme as a % of the total balance. For example, the initial pioneer (or 1st connection) receives 100% of the contribution amount from the 2nd connection when this is paid into the scheme because there is only the initial pioneer.

Appendix B

Term	Definition/Meaning
Acquired Pioneer Scheme	A Pioneer Scheme established by a Counties Energy (the selling distributor) in accordance with clause 6B.7 of the Code, relating to pioneering connection works carried out by Counties Energy that relate to the distribution network of Counties Energy, 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.
Code	Electricity Industry Participation Code 2010.
Connection Applicant	Means a person who – <ul style="list-style-type: none"> a) applies to Counties Energy to connect any load owned or operated, or to be owned or operated, by the person to the Counties Energy’s distribution network, or to a consumer installation that is connected to the distribution network, including by an extension; or b) is a consumer, and applies to Counties Energy – <ul style="list-style-type: none"> i) to increase the security, or change the capacity of, the load connection provided to the consumer at the connection between the consumer installation owned or operated by the consumer and Counties Energy’s distribution network; or ii) to change to or from a flexible connection; and iii) includes where any of the connection applications in subparagraphs (i) and (ii) involves allocating additional network security or capacity, with or without associated physical works.
Connection charge	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 Counties Energy 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 (excludes any connection fees or Pioneer Scheme Contributions).
Consumer Price Index or CPI	The Consumers Price Index (all groups) published by Statistics New Zealand or, if that index ceases to be published, any measure certified by the Government Statistician as being equivalent to that index.

CPI Movement	The percentage movement in the Consumers Price Index for the 12-month period ending on 31 March in the previous calendar year.
Extension	Means – <ul style="list-style-type: none"> 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 Counties Energy that do not increase the capacity of the shared network; or b) an extension-like upgrade; or c) incremental transmission works; d) but does not include works or operating arrangements associated with customer- owned assets or work covered by a connection fee.
Large Connection Contract	As defined in the Commerce Commission’s EDB Input Methodologies or any revision or replacement of this determination
Pioneer	Means – <ul style="list-style-type: none"> 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 – <ul style="list-style-type: none"> 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 Counties Energy; and ii) is determined by Counties Energy to be a pioneer under clause 6B.7(1)(b) of the Code.
Pioneering Connection Works	An Extension where – <ul style="list-style-type: none"> 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 Counties Energy 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	The amount below which a Pioneer Scheme does not need to be established.
Pioneer Scheme	An arrangement that covers any part of Counties Energy's network or Counties Energy's grid connections that comprises Pioneering Connection Works and includes an Acquired Pioneer Scheme.
Pioneer Scheme Contribution	A payment to be made by a Connection Applicant to Counties Energy – <ul style="list-style-type: none"> 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
Pioneer Scheme Policy	A policy published in accordance with clause 6B.9 of the Code
Posted Connection Charge	A connection charge that is published by Counties Energy that applies to any connection of a type that meet requirements specified by Counties Energy.
Rebate	Any disbursement, credit or deduction made to a Pioneer by Counties Energy in accordance with clause 6B.8(5) of the Code.
Real Estate Development	Means the development of land for on-selling, including: <ul style="list-style-type: none"> a) Subdivisions; b) Creation of unit titles that provide individual ownership of separate dwellings over a single parcel of land; c) Construction of commercial or industrial premises; or d) Construction of multiple new residential premises.