

15 July 2026

Network Pricing Team
Electricity Authority
By email: network.pricing@ea.govt.nz

Tēnā koutou,

Transmission pricing methodology amendments 2026 – Consultation Paper

Thank you for the opportunity to comment on the Authority's proposed amendments to the Transmission Pricing Methodology (**TPM**). As Powerco is not commercially exposed to most of the proposals in this consultation, we have limited our comments to Chapter 7, where the practical mechanics of passing changes through affect us directly.

Powerco supports batching benefit-based charge (**BBC**) adjustment events, under the Authority's payment timeline, rather than Transpower's.

An adjustment event is nearly always triggered by one large customer connecting or changing its usage. As the Authority notes other customers effectively cover the gap through a wash-up in the following pricing year, with no efficiency case for the transfer.

As Transpower's Operational Review identified and consistent with our experience, customers don't like surprises. To mitigate this impact, we recommend that the Authority's proposal include a requirement for Transpower to provide guidance or notice about the likely BBC adjustment when a large connection or augmentation is being planned, so that customers can budget for it.

Our responses to consultation questions 16-18 are set out below.

We are always keen to meet with the Authority to discuss and develop the ideas in our submissions. In the meantime, if you have any questions or would like to talk further on the points we have raised, please contact Emma Wilson (Emma.Wilson@powerco.co.nz).

Nāku noa, nā,



Emma Wilson

Head of Regulatory, Policy and Markets

POWERCO

Powerco response to consultation questions

Question	Comments
16. Do you agree with the proposal to allow Transpower to batch and process BBC adjustment events at a single annual date? Please provide your reasons.	Not at a single annual date. We agree that batching and lagging changes balances the need to adjust transmission cost allocations to take account of large changes with their increasing frequency. Batching reduces volatility and administrative cost for both Transpower and its customers but doing it annually perpetuates the difficulty of passing costs through efficiently. Perhaps quarterly would be a good balance?
17. Do you agree that the causing customer should be charged from the batching date, with any adjustments for other customers to be applied in the subsequent pricing year? Please state your reasons.	Yes. The customer responsible for the adjustment is usually identifiable and should be charged promptly, with a washup lagged to the following year. We recommend a requirement to provide early guidance (during the planning of the new connection or augmentation) about the size and timing of BBCs is as important as the timing of the actual adjustments.
18. Do you consider it more efficient if, instead of the proposal mentioned in Q17, adjusted charges for both the causing customers and other customers should apply from the following pricing year? Please provide your reasons.	No. As the Authority notes, this extends the delay before the responsible customer pays to as much as 21 months which makes it harder to pass the BBC adjustment through to the causer. While we accept the operational complexity of adjusting allocations, delaying applying changes to charges to causer undermines the efficiency incentives of cost-reflective pricing.
19. Do you have any comment on the drafting of the amendment to enable batching of BBC adjustment events in Appendix D?	Given the operational complexity of calculating adjustments, an alternative would be to have a provisional BBC adjustment from the connection date, with the batching then handled later. This is similar to Transpower's New Investment Charges which aren't always fully calculated until after the connection date, and may be initially billed as a provisional amount. This could be developed for BBC adjustment events by publishing an indicative rate each year, which would aid forecasting the BBC impact from a new connection or major augmentation.