

24 July 2026

Electricity Authority
Level 7 AON Centre
1 Willis Street
Wellington, 6011

By email: network.pricing@ea.govt.nz

Horizon Energy Distribution Limited (Horizon Networks) submission on Transmission pricing methodology amendments 2026

1. Thank you for the opportunity to provide feedback proposed amendments to the Transmission Pricing Methodology (TPM).
2. Horizon Networks is a small trust-owned Electricity Distribution Business (EDB) serving over 25,000 consumers in the Eastern Bay of Plenty region. As a trust-owned EDB, we have a strong consumer focus and seek to benefit both our Shareholder Trust Horizon and the communities we serve.
3. While Horizon Networks supports amendments that improve the workability and transparency of the TPM. However, we are concerned that the proposed batching amendment will **reduce transparency and prevent EDBs from being able to identify incremental costs associated with specific TPM adjustment events**.
4. Our submission is limited to one point: if benefit-based charge (BBC) adjustment events are batched, Transpower should be required to provide the modelled incremental impact of each material event included in the batch.

Batching adjustments directly impact EDBs ability to apply the distributed generation pricing principles

5. The proposed batching of benefit-based charge (BBC) adjustments creates a practical identification problem for Electricity Distribution Businesses (EDBs). EDBs are expected to apply cost-reflective pricing, including allocating incremental transmission costs to parties that cause them (such as distributed generation). However, EDBs do not have access to Transpower's TPM models or the information needed to deconstruct a batched BBC change to determine the marginal impact of each event.
6. The TPM is complex, and many EDBs, including Horizon Networks, do not attempt to replicate or model it. Instead, we rely on Transpower's published adjustment-event charge information to quantify the incremental transmission charges that should be allocated to the causer within the distribution network.
7. Batching events means that multiple events, including multiple events within the same network are combined into a single charge. This charge cannot be broken down into the individual contributions, and as a result the incremental transmission costs EDBs are expected to pass through to causers are not observable and EDBs cannot isolate the transmission charge impact of a single event within their network.
8. If EDBs cannot observe event-specific incremental transmission costs, those costs cannot be accurately allocated to causers. This risks spreading costs across all distribution customers and weakening the signals that cost-reflective pricing is intended to provide.
9. While batching may improve stability and reduces administrative burden, it does so by **removing the only practical mechanism by which EDBs can assess incremental transmission costs**, information that is necessary to allocate costs to causers.

If batching proceeds, Transpower should provide event-specific incremental impact disclosures

10. If the Authority proceeds with batching, the Code should require Transpower to publish an event-specific breakdown alongside each annual batch. The breakdown should identify each adjustment event included in the batch and provide a modelled "with and without" dollar value assessment of that event's incremental impact on each BBC element for that customer.
11. **Horizon Networks recommends:** The Electricity Authority require Transpower, as part of any batching amendment, to provide sufficient incremental impact disclosure for each adjustment event within the batch. At a minimum, this should show the modelled dollar impact of each material event on relevant BBC charges, and where practicable the impact at GXP or connection-point level.

12. This would preserve the administrative benefits of batching while maintaining the transparency EDBs need to allocate incremental transmission costs to causers.

Yours Sincerely



Jonathon Staite
Regulatory Manager



HORIZON ENERGY DISTRIBUTION LIMITED

APPENDIX A: FORMAT FOR SUBMISSIONS

#	Questions	Comment
Chapter 7: Batching BBC adjustment events		
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.	Horizon Networks supports reducing unnecessary complexity, volatility and administrative cost, but only if it is accompanied by a mandatory event-specific incremental impact disclosure from Transpower. Without adjustment event-specific information, batching removes the practical mechanism EDBs use to observe the incremental transmission cost of a specific adjustment event. That would make it harder for EDBs to apply cost-reflective pricing and would weaken downstream investment signals.
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.	Horizon Networks agrees that, if batching proceeds, causing customers should be charged from the batching date rather than the following pricing year. This better preserves cost-reflectivity and competitive neutrality. However, charging from the batching date does not resolve the information problem for EDBs unless Transpower also discloses the incremental impact of each event in the batch.
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. Applying all adjusted charges from the following pricing year may be administratively simpler, but it would further delay cost-reflective pricing for causing customers. Horizon Networks considers the Authority's alternative is preferable, provided it is supplemented by event-specific incremental impact information.
19	Do you have any comment on the drafting of the amendment to enable batching of BBC adjustment events in Appendix D?	The drafting should expressly require Transpower to provide sufficient information about each adjustment event included in a batch to allow customers and EDBs to understand the incremental impact of that event. This should include, at minimum, the identity of each event, the modelled change in relevant BBC charges with and without that event, and the dollar impact at the level needed for EDBs to allocate incremental transmission charges to causers. Without this requirement, the drafting would improve batching workability but materially reduce transparency.