23 July 2026

Electricity Authority
PO Box 10041
Wellington 6143

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

Dear Authority team,

Submission to the Electricity Authority (Authority) on its transmission pricing methodology (TPM) amendments 2026 consultation

1 Introduction

Electricity Networks Aotearoa (ENA) appreciates the opportunity to comments on the Authority's consultation paper on *transmission pricing methodology (TPM) amendments 2026*.

ENA is the industry membership body that represents the 28 electricity distribution businesses (EDBs) that take power from the national grid and deliver it to homes and businesses (our members are listed in Appendix A).

EDBs employ over 7,800 people, deliver energy to more than two million homes and businesses, and have spent or invested $6.8 billion in network assets over the last five years. ENA harnesses members' collective expertise to promote safe, reliable, and affordable power for our members' customers.

ENA supports ongoing improvements to the operation of the TPM where they improve predictability, transparency and administrative efficiency while maintaining efficient pricing signals. We acknowledge the work undertaken by both Transpower and the Authority to identify operational improvements since implementation of the current TPM.

Overall, ENA supports a number of the proposed amendments. However, several proposals would benefit from further analysis or broader policy consideration before being progressed.

2 Overall observations

Consultation process

ENA appreciates the Authority consulting on these proposals and acknowledges the significant work undertaken since Transpower's earlier consultation.

However, both consultations occurred within relatively compressed timeframes for issues of this complexity. In particular, the original Transpower consultation coincided with one of the busiest periods of the year for EDB pricing teams as distributors finalised annual pricing schedules and implemented connection pricing changes ahead of 1 April. While the Authority has now undertaken further analysis, sufficient time for stakeholder consideration remains important where proposals affect long-term pricing arrangements.

Operational improvements versus broader policy issues

ENA considers the proposals fall into two broad categories.

The first comprises operational improvements that simplify implementation without materially changing the underlying policy intent of the TPM. ENA generally supports these proposals where they reduce unnecessary volatility, improve predictability and reduce administrative burden.

The second comprises proposals that begin to address broader policy questions arising from the changing nature of the electricity system, including battery storage and anticipatory investment. These issues extend beyond the mechanics of the TPM and intersect with other regulatory work programmes. ENA encourages the Authority to ensure these broader issues are considered in a coordinated manner to avoid unintended inconsistencies across pricing frameworks.

Supporting analysis

The Authority has undertaken additional analysis since Transpower's consultation, which ENA welcomes.

However, where proposals involve broader policy questions or change how emerging technologies are treated, ENA encourages the Authority to clearly articulate both the intended long-term policy outcome and how individual amendments contribute towards that outcome. This will help stakeholders assess proposals in the context of the wider regulatory framework.

Information sharing

Some of our members would welcome a consolidated summary of transmission charge components, allocator methodologies, measurement periods, effective dates and expiry dates across Connection Charges, Residual Charges and BBCs. Such information would improve forecasting capability, budgeting and transparency for distributors.

They would also welcome the provision of 5-years transmission price forecasts based on the amended TPM from 2026 onwards. Such information would assist distributors with planning, budgeting and customer pricing decisions and improve visibility of the long-term impacts of TPM changes.

3 Operational improvements

Batching of BBC adjustment events

ENA continues to support annual batching of benefit-based charge (BBC) adjustment events in principle.

One concern that we raised and discussed with Transpower was that batching might result in less visibility of customer-specific transmission cost impacts and could make it more difficult to identify and explain incremental transmission charges attributable to individual generators or customers. If batching proceeds, distributors should receive sufficiently detailed and timely information to enable effective pass-through and customer communication. Transpower have assured us that the same granularity of information can still be provided to EDBs, even with batching. On that basis, we support Transpower's proposal to batch BBC adjustment events.

The original proposal developed through Transpower's operational review appropriately balanced improved predictability, reduced administrative burden and simpler implementation. Subject to EDBs continuing to receive sufficient information to identify and allocate incremental transmission costs to the customers that cause them, ENA considers the original batching proposal would materially improve the operation of the TPM.

ENA does not support the Authority's proposed modification requiring causing customers to move onto adjusted charges ahead of the general pricing year while other customers continue to transition through the annual pricing cycle.

While intended to improve cost attribution, this approach substantially reduces the administrative benefits of batching by introducing different charging dates for different customers and retaining aspects of the complexity that batching was intended to remove. In ENA's view, the better solution is to retain Transpower's original proposal while ensuring EDBs receive sufficient information to meet their obligations under the Distributed Generation Pricing Principles and recover incremental transmission costs from the appropriate parties.

Removal of SSI adjustment events

ENA supports removing the substantial sustained increase (SSI) adjustment event.

The provision has proven difficult to operate in practice and appears to rely on significant judgement regarding future customer behaviour. Removing an adjustment mechanism that has not been workable should improve transparency and reduce unnecessary administrative complexity.

ENA agrees, however, that material long-term changes in demand and generation should continue to be reflected through other TPM mechanisms over time.

Extension of the first simple method period

ENA supports extending the first simple method period in principle. The proposed extension should avoid unnecessary duplication of work while the broader operational review progresses. However, continued reliance on historical allocators should remain subject to appropriate safeguards to ensure they continue to provide a reasonable proxy for beneficiaries.

4 Broader policy matters

Battery storage

ENA supports the Authority's objective of ensuring battery storage is treated appropriately under the TPM.

However, ENA is concerned that battery treatment is increasingly being considered through a series of discrete amendments across different regulatory work programmes. Batteries can operate as load, generation, flexibility services and network support, meaning their treatment under transmission pricing cannot readily be considered in isolation from distribution pricing, distributed generation pricing and other market arrangements.

ENA therefore encourages the Authority to develop a more coordinated framework for battery treatment across these work programmes. This would reduce the risk of inconsistencies, gaps and unintended incentives as battery deployment continues to increase.

If the Authority considers that an interim amendment is necessary before that broader work is completed, it should clearly explain how the proposed amendment aligns with the intended long-term treatment of battery storage and commit to reviewing the approach as part of that wider programme.

WACC alignment

ENA understands the rationale for aligning the WACC used in BBC calculations with the WACC applying to Transpower's regulated revenue and generally supports aligning the WACC applied to benefit-based charges with the WACC applying to Transpower's regulated revenue.

However, we note that implementing this change at this point in time will effectively preserve the asymmetric outcomes that have arisen under the current approach. During the recent period of increasing WACC, generators benefited from the existing methodology. If the methodology is changed before WACC subsequently falls, the corresponding offsetting effect will not occur. While ENA does not oppose the proposed amendment, we consider the Authority should acknowledge this transitional consequence in its decision.

Before progressing the amendment, ENA encourages the Authority to clearly demonstrate the practical implications for different customer groups and confirm that the proposed change will improve transparency without introducing unnecessary implementation complexity.

5 Conclusion

ENA appreciates the opportunity to provide feedback and welcomes the Authority's continued work to improve the operation of the TPM. ENA:

- supports operational improvements that improve predictability, transparency and administrative efficiency;
- supports retaining Transpower's original batching proposal rather than the modified approach proposed by the Authority;
- supports removal of the SSI adjustment event;
- supports extension of the first simple method period, subject to appropriate safeguards;
- encourages broader policy issues, particularly battery storage, to be considered within coordinated work programmes; and
- looks forward to continuing to engage with the Authority as the TPM Operational Review progresses, including engaging on anticipatory capacity.

We have provided responses to the specific questions asked by the authority in Appendix B.

ENA thanks the Authority for considering these comments. If you have any questions about ENA's submission please contact Gemma Pascall, Regulatory Manager ( ).

Yours sincerely

Gemma Pascall

Regulatory Manager

Appendix A: ENA Members

Electricity Networks Aotearoa makes this submission along with the support of its members. Listed below are the lines companies represented:

- Alpine Energy
- Aurora Energy
- Buller Electricity
- Centralines
- Counties Energy
- EA Networks
- Electra
- Electricity Invercargill
- Firstlight Network
- Horizon Networks
- MainPower
- Marlborough Lines
- Network Tasman Limited
- Network Waitaki
- Northpower
- Orion New Zealand
- OtagoNet – represented by PowerNet
- Powerco
- Scanpower
- The Power Company – represented by PowerNet
- Top Energy
- The Lines Company
- Unison Networks
- Vector
- Waipa Networks
- WEL Networks
- Wellington Electricity
- Westpower

Appendix B: Responses to specific questions

#	QUESTION	RESPONSE
Chapter 3: Context and approach		
1	Do you agree with the assessment approach and criteria set out in this chapter? Please explain your reasons.	ENA broadly agrees with the assessment framework. In addition to the matters identified by the Authority, the practical implementation of proposals, including the ability of EDBs to identify and pass through transmission costs to the appropriate customers, should also be considered.
2	Do you consider an alternative approach or assessment criteria should be used? If so, please describe these and explain why these would be better.	ENA does not propose an alternative framework. However, greater emphasis should be given to implementation impacts, customer behaviour and consistency with related pricing frameworks.
Chapter 4: BBC simple method treatment of battery storage		
3	Do you agree that offtake by battery storage should be exempt from the Demand Factor? Please explain your reasons.	ENA recognises the issue identified by the Authority but considers battery treatment should be reviewed holistically across transmission pricing, distribution pricing and distributed generation pricing. Whilst some ENA members support this interim measure, a piecemeal amendment risks creating inconsistencies and unintended consequences. If an interim amendment proceeds, the Authority should explain how it fits within the wider framework and commit to reviewing it as part of that broader work.
4	Do you prefer any of the alternative options discussed for the treatment of battery storage under the simple method? Please explain your reasons.	ENA does not have a preferred alternative at this stage. The options should be assessed within the context of a broader review of battery treatment rather than solely within the simple method.
5	Do you agree that the proposed amendment for battery storage offtake should be made ahead of Transpower's next phase of its operational review, when it will review the simple method? Please explain your reasons.	ENA is not yet persuaded that this amendment should proceed ahead of the broader review unless the Authority can demonstrate that the current approach is creating an immediate and material distortion.

#	QUESTION	RESPONSE
6	Do you have any comment on the drafting of the amendment to the treatment of battery storage in Appendix C?	ENA has no drafting comments at this stage. Given our broader comments regarding the treatment of battery storage, we consider it appropriate to first resolve the policy approach before commenting on the drafting used to implement it. The Authority should ensure the drafting appropriately addresses embedded battery storage and enables transmission charges to be identified and passed through where appropriate.
Chapter 6: Applying updated WACC without a lag		
13	Do you agree with the Authority's assessment of the consequences of the WACC lag? Please provide your reasons.	ENA generally agrees with the Authority's description of the issue. ENA agrees that removing the WACC lag will simplify the TPM and improve alignment between Transpower's regulated revenue and benefit-based charges. However, the Authority should also acknowledge that implementing the change at this point in the regulatory cycle has a one-off distributional effect because the corresponding adjustment that would have occurred if WACC subsequently declined under the existing methodology will no longer occur. Further analysis of the practical impacts on different customer groups would assist stakeholders in assessing the proposal.
14	Do you agree that, because the efficiency impacts will likely grow over time, the Authority should address this WACC lag issue now? Please explain your reasons.	ENA understands the rationale for addressing the issue now, provided implementation complexity is proportionate to the benefits achieved.
15	Do you have any comment on the drafting of the amendment to address the WACC lag in Appendix C?	ENA has no drafting comments at this stage.
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.	Yes. ENA continues to support annual batching as proposed by Transpower. Annual batching should improve predictability, reduce administrative burden and simplify implementation.
17	Do you agree that the causing customer should be charged from the	No. ENA prefers Transpower's original proposal. The Authority's modification reduces many of the

#	QUESTION	RESPONSE
	batching date, with any adjustments for other customers to be applied in the subsequent pricing year? Please state your reasons.	administrative benefits of batching while reintroducing unnecessary complexity. ENA considers the better solution is to retain the original proposal while ensuring EDBs receive sufficient information to identify and recover incremental transmission costs from the appropriate customers under the DGPPs.
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.	Yes. ENA considers Transpower's original proposal provides the better balance between administrative simplicity and effective implementation.
19	Do you have any comment on the drafting of the amendment to enable batching of BBC adjustment events in Appendix D?	ENA has no detailed drafting comments at this stage.
Chapter 8: Removing SSI adjustment event		
20	Do you agree with the proposal to remove the SSI adjustment event? Please provide your reasons.	Yes. ENA supports removing the SSI adjustment event. The mechanism has not proven workable in practice and removing it should improve the operation of the TPM. ENA agrees that material long-term changes should continue to be captured through other TPM mechanisms where appropriate.
21	Do you have any comments on the drafting of the amendment to remove the SSI adjustment event in Appendix D?	ENA has no drafting comments at this stage.
Chapter 9: Simple method period 1 extension		
22	Do you agree with the proposal to extend the first simple method for up to two years (to end 31 March 2029 or 31 March 2030 if needed), so that Transpower can complete its operational review of its methods for benefit-based charging in a more timely manner? Please provide your reasons.	Yes. ENA supports the extension in principle. It should avoid unnecessary duplication of work while the broader operational review progresses.

#	QUESTION	RESPONSE
23	Has the Authority correctly identified the risk that a delay may involve efficiency costs as historical allocators risk being less than a reasonable proxy for net private benefits? Please provide your reasons.	Yes. ENA agrees there is a balance between avoiding unnecessary updates and ensuring allocators remain representative over time.
24	Do you agree that, if Transpower cannot convince the Authority that the review can be completed within a timeframe that would allow simple method allocators to be updated for the 2030/31 pricing year at the latest, then Transpower should first update the simple method allocators as currently required? Please provide your reasons.	ENA agrees there should be an appropriate backstop if updated allocators cannot be delivered within a reasonable timeframe.
25	Do you have any comments on the drafting of the amendment to extend the first simple method period in Appendix D?	ENA has no drafting comments at this stage.
Chapter 10: Drafting refinements		
26	The Authority is not consulting on technical and non-controversial drafting tidy-ups of the TPM, however, do you have any feedback on any potential re-drafting errors or additional suggestions?	ENA supports improving drafting clarity and removing redundant provisions. ENA has not identified any further drafting issues at this stage.
Chapter 11: Fixing shared connection asset allocators		
27	Has the Authority correctly identified a potential issue with the current approach to determining customers' shares of cost at shared connection assets?	ENA agrees this has the potential to become a more significant issue over time and supports further consideration. This can potentially cause complaints from large industrial customers who get transparent pass through of transmission connection charges. However, as the paper mentioned, there are currently no issues observed so we're not clear why imposing a change is the best response here. Simply locking in 2026 allocation permanently is not well justified, when most mechanisms under BBCs use a moving historical average (for example, the Simple Method).

#	QUESTION	RESPONSE
		At a minimum, it should allow adjustments for material increase/decrease in anytime maximum demand and injection (AMDIC). An example could be where one customer of the connection assets significantly reduce load at the connection location (or even a close down) after 2026. By fixing the allocation at 2026 level, it then could create a significant dilemma whether EDBs pass on the same cost to the customer who reduced load (which is unlikely to be well received), or socialise with the wider mass market customers, which is not fair.
28	Do you agree with the Authority's assessment that, while the immediate benefit of the proposal is likely marginal, it is nonetheless useful to address this issue to remove volatility in shares (and thus charges) and to protect against issues becoming bigger in future?	ENA supports further investigation but considers more operational evidence would be valuable before progressing any amendment. Please also see comments in response to question 27.
29	Do you have any initial feedback on the Authority's current thinking to inform a possible amendment to the TPM (to be developed and consulted on in future) to: A: Fix cost shares at shared connection assets at those that applied in the 2026 pricing year? B: Fix the shares for a new customer at a shared connection asset based on Transpower's estimate given the capacity and type of the customer's plant, or some other approach? C: Not make any provision for those fixed shares to adjust even when there is a material and enduring change in the AMDIC of one of the customers sharing the connection asset? D: Add a clause to clarify that shares will be recalculated when a change in AMDIC by one or more customers at the shared connection asset necessitates an upgrade?	ENA does not have a settled position at this stage. While greater stability may be beneficial, fixed shares may also reduce responsiveness to genuine changes in customer usage. Please also see comments in response to question 27.

#	QUESTION	RESPONSE
Chapter 12: Emerging connection charge and FMD issues		
30	The Authority is not consulting on proposals to address these emerging issues, but do you have any feedback or further information on these emerging issues and how these are being progressed?	ENA continues to consider these important emerging issues. The interaction between connection charging, embedded generation, anticipatory investment and first mover disadvantage would benefit from continued engagement with industry before any policy decisions are made. ENA also encourages coordination with the Authority's related work on distributed generation pricing.