Genesis Energy Limited
Level 6
155 Fanshawe Street
PO Box 90477
Victoria St West
Auckland 1142
New Zealand

T. 09 580 2094

24 July 2026

To: The Electricity Authority
Email: networkpricing@ea.govt.nz

Genesis Energy's submission on proposed Transmission Pricing Methodology amendments

Genesis Energy Limited **(Genesis)** welcomes the opportunity to comment on the Electricity Authority's **(the Authority)** *Transmission pricing methodology amendments 2026 Consultation paper*. Please find below our comment on six of the seven proposals (those due 24 July).

Yours sincerely,

[redacted]

Mitchell Trezona-Lecomte
Senior Advisor, Government Relations and Regulatory Affairs

Consultation Questions and Genesis Energy's response

#	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.	Yes. We agree that CVU (complexity, volatility and uncertainty) remain key concerns with the TPM generally and we are supportive of changes that reduce unnecessary CVU consistent with the Authority's criteria.
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.	No.
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.	Yes. We agree with the Authority that BESS is functionally more like dispatchable generation than load where electricity is consumed as an end-use. For this reason, we agree that the rationale behind the demand scaling factor under the simple method overstates the benefits to BESS. We therefore support the Authority's proposed amendment.
4	Do you prefer any of the alternative options discussed for the treatment of battery storage under the simple method? Please explain your reasons.	No.
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.	Yes.
6	Do you have any comment on the drafting of the amendment to the treatment of battery storage in Appendix C?	No further comments.
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.	In principle we support the proposal and agree with its rationale.
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.	Yes, we agree.
15	Do you have any comment on the drafting of the amendment to address the WACC lag in Appendix C?	No.
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.	In our submission to Transpower during its consultation on phase one of the Operational Review, we acknowledged that batching adjustment events based on a fixed adjustment date should create more predictability for participants, allowing OPEX

18		budgets to be forecast against a fixed BBI rate for each financial year. However, we also noted the potential for unintended consequences and gaming as outlined by the Authority in paragraphs 7.14 onwards. We therefore agreed a wash-up or rebate mechanism would be necessary to ensure fairness and efficiency. On that basis, we agree the Authority's alternative solution appears to be preferable to the original proposal by Transpower. We agree avoiding within-year changes is also desirable to reduce CVU.
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.	See our comments above under question 16.
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.	See our comments above under question 16.
19	Do you have any comment on the drafting of the amendment to enable batching of BBC adjustment events in Appendix D?	No.
Chapter 8: Removing SSI adjustment event		
20	Do you agree with the proposal to remove the SSI adjustment event? Please provide your reasons.	No comment.
21	Do you have any comments on the drafting of the amendment to remove the SSI adjustment event in Appendix D?	No comment.
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.	No comment.
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.	No comment.
24	Do you agree that, if Transpower cannot convince the Authority that the review can	No comment.

	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.	
25	Do you have any comments on the drafting of the amendment to extend the first simple method period in Appendix D?	No comment.
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?	No comment.
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?	We do not at this stage have comments or a position on this issue but appreciate the Authority identifying it and support further work to understand its implications in greater detail.
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?	No comment.
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?	No comment.
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	Please find below the comments we made to Transpower during its consultation on these issues.

	further information on these emerging issues and how these are being progressed?	**Disconnection from a shared connection location** We agreed with Transpower and the IWG that 'lumping' the entirety of costs onto remaining customers at a shared location is inefficient and inconsistent with cost-reflective pricing principles and there may be merit in Transpower and the Authority considering this issue via the Operational Review. Applying a Prudent Discount Policy adaptation to allow prudent discounts where disconnection from a shared location causes connection charges to increase until a new customer connects could be an effective solution. We agree that in principle this should be done via the least distortionary mechanism, e.g. via residual charges and/or connection charges. Allocation of costs for extra capacity (whether as a result of new connections or disconnections) can lead to inefficient outcomes that do not appear to be consistent with the TPM policy intent. That is, where the allocation of costs for extra capacity leads to remaining customers paying more than the standalone cost, we understand this to be inefficient and inconsistent with the principles underpinning the TPM. The structure of the TPM is that connection charges and BBC are, generally, designed to allocate costs above incremental cost but not to exceed standalone. We understand that costs not able to be recovered in this war are then recovered through residual charges which applies similar principles to taxation in that it tries to apply the charges in the least distortionary way practicable i.e. charges are intended to be applied to those deemed to be least sensitive to the charges and in a way that makes the charges as close as practicable to a fixed cost. Note this point applies also to our comment on FMD Type 2 below. **FMD Type 2: Anticipatory investment in assets** We agree first-mover disadvantage issues generally are highly material and warrant further consideration as a priority by Transpower and the Electricity Authority, particularly given the need for ongoing and rapid new generation investment at scale across the system. Genesis has directly

		experienced first-mover disadvantage and the "free-rider" problem. This can have a material impact on new generation connections, and it is therefore critical for Transpower and the Authority to address it. We also note a key source of uncertainty is the lack of visibility regarding future connections or disconnections. Regarding the problem identified in the paper, we would be in principle supportive of "no-regrets tactical fixes" that afford protection to existing regional load customers for anticipatory investments, provided these are net-beneficial, and align with the TPM policy intent. Given the sensitivity of new generation investment to transmission charges, it is critical that transmission pricing is efficient and consistent with TPM pricing principles i.e. charges should be above the incremental cost but below the standalone cost (as noted above). We agree with the feedback by the IWG that it is inappropriate for only regional load customers to bear interconnection investment costs expected to be shared by connecting generators. We also agree that any mechanism to address this issue should not have the effect of deterring future connection by generators. This is obviously a critical point, given the potential sensitivity of new generation investment to transmission charges, and the need to accelerate deployment of new renewable generation to support New Zealand's energy security, affordability and sustainability. As noted in the paper, residual charges are one option for socialising anticipatory interconnection investment costs and we agree this may be the appropriate mechanism where costs exceed the standalone cost (based on our understanding of TPM principles noted above).