24 July 2026

Electricity Authority
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Submitted via email to networkpricing@ea.govt.nz

Transmission pricing methodology amendments 2026

1. Orion welcomes the opportunity to provide feedback to the Electricity Authority (Authority) on the Consultation paper – Transmission pricing methodology amendments 2026 (Consultation Paper).

2. Orion owns and operates the electricity distribution infrastructure in central Canterbury, including Ōtautahi Christchurch City and Selwyn District. The network is both rural and urban and extends over 8,000 square kilometres from the Waimakariri River in the north to the Rakaia River in the south; from the Canterbury coast to Arthur's Pass. Orion delivers electricity to more than 233,000 homes and businesses and is New Zealand's third largest Electricity Distribution Business (EDB).

3. Orion is supportive of the Authority proposing amendments to address the range of issues identified through its monitoring of the new transmission pricing methodology (TPM) and Workstream 1 of Transpower's operational review[1]. It is important that concerns relating to the complexity, volatility and uncertainty (CVU) of the TPM be addressed to support a stable and predictable framework for investment.

4. Appendix A responds to six of the seven proposals outlined in the Consultation Paper. A separate submission will be provided in response to proposal two, relating to anticipatory capacity.

Yours sincerely,

Grace Burtin
Regulatory Lead -Electricity Authority

[1] https://www.transpower.co.nz/our-work/industry/grid-pricing/tpm-operational-review/tpm-operational-review-workstream-1

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Appendix A

#	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. To ensure consistency, it is important to apply the same assessment criteria as Transpower has done to Workstream 1 of its TPM operational review.
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. The logic the Authority has applied to reach its view that the simple method may materially overstate the benefit of offtake to battery storage appears to make sense. The proposed technical amendment to the TPM, that would effectively reverse the application of the demand factor in clause 64, also appears logical. Orion also agrees that the concerns Transpower have raised (relating to the complexity of implementing the proposal) are unlikely to impact the core rationale for the amendment but should be considered during Workstream 2 of Transpower's operational review. However, not withstanding the above, Orion has concerns that issues associated with battery storage are being dealt with in a fragmented manner. The industry would benefit from a clear pathway forward that took into account distribution pricing and distributed pricing principles alongside the TPM.

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, but Orion supports the Authority being open to considering additional amendments if recommendations are made following Workstream 2 of Transpower's operational review.
6	Do you have any comment on the drafting of the amendment to the treatment of battery storage in Appendix C?	No.
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.	Yes. This proposed amendment appears to be logical. However, the Authority needs to manage stakeholder expectations and be transparent that the amendment will have a transitional impact (it will retain the asymmetric outcomes that have occurred under the current approach).
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.
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.	Orion is supportive of batching so long as it does not come at the expense of cost traceability. EDBs will require event-level information from Transpower that shows the triggering event, affected beneficiary-based investments/benefit-based charges, affected customer/location, the amount of the charge impact, the timing of the underlying connection/change, and how the annual batched adjustment has been calculated. Without this transparency, batching may make it harder for EDBs to demonstrate that any transmission cost on-charged to distributed generation (DG) is an incremental cost attributable to that DG, as required under the current DG pricing principles.
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.	Orion is supportive of the option proposed by Transpower to amend the TPM to treat most adjustment events in a July to June financial year as occurring on a pre-defined date, and for the adjustments to take effect from the beginning of the next pricing year. By removing the need for any backdating of charges for causing customers and any wash-ups for other customers, it will reduce the administrative burden for Transpower. While Orion appreciates the variant option proposed by the Authority is better in an economic sense, this needs to be balanced off with the added complexity. Given the TPM is already administrative heavy and the added benefit of the variant option is marginal, greater weight should be given to Transpower's concerns.
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.
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.	Orion is supportive of the Authority’s proposal to amend the TPM to remove the substantial sustained increase (SSI) adjustment event. It is Orion’s understanding that the SSI is unworkable in practice and therefore does not get used.
21	Do you have any comments on the drafting of the amendment to remove the SSI adjustment event in Appendix D?	No.
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. The efficiency and practical reasons provided by Transpower appear sound.
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 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.	Yes.
25	Do you have any comments on the drafting of the amendment to extend the first simple method period in Appendix D?	No.
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?	Orion has no feedback of additional suggestions 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?	Potentially but Orion agrees with Transpower's industry working group (IWG), who were not convinced that there is currently a problem with shared connection asset allocators sufficiently large to justify fixing at this stage. However, this issue could become more significant over time and therefore should be considered further through the Transpower's Workstream 1 operational review process.
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?	Orion sees that further analysis is required before it could be considered useful to address.
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 further information on these emerging issues and how these are being progressed?	Orion sees these are important emerging issues that require more in depth review, perhaps through an issues paper, but has no further feedback at this stage.