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Electricity Authority | Te Mana Hiko

By email to: networkpricing@ea.govt.nz



Tēnā koutou,

RESPONSE TO SUBMISSION TRANSMISSION PRICING METHODOLOGY AMENDMENTS 2026

Unison Networks Limited (Unison) and Centralines Limited (Centralines) are consumer-owned electricity distribution businesses serving communities in Hawke's Bay, Taupō, Rotorua, and Central Hawke's Bay. We appreciate the opportunity to comment on the Authority's consultation on proposed amendments to the Transmission Pricing Methodology (TPM)

As consumer-owned entities, we operate in the best interests of the communities we serve. Guided by our vision, and values, we strive to deliver economic benefits to both our customers and community shareholders, while championing a sustainable energy future. We are committed to maintaining the right balance between keeping electricity affordable and making strategic investments that secure the long-term reliability and resilience of our network. In all aspects of our operations, we place strong emphasis on meeting industry compliance requirements, ensuring we uphold all relevant standards. This approach not only supports New Zealand's transition to new energy solutions but also enables our communities to access cleaner, smarter, and more flexible energy options, now and for generations to come.

EDBs occupy a unique position within the transmission pricing framework. While they are direct transmission customers, they recover transmission charges from a diverse range of consumers and connected parties through lines charges. Changes to transmission pricing affect not only EDBs, but also consumers, investment decisions, regional development and the efficient integration of new electricity demand and distributed energy resources.

Executive Summary and Overall Position

We support the Authority's decision to undertake a targeted review of the Transmission Pricing Methodology (TPM) based on operational experience since implementation.

The consultation appropriately recognises that the TPM generally functions as intended, but that several provisions no longer deliver the most efficient, equitable or administratively practical outcomes. The proposed amendments seek to:

- improve the alignment between transmission charges and the customers that benefit from transmission investments;
- ensure charging arrangements remain appropriate as New Zealand's electricity system becomes increasingly characterised by electrification, distributed generation, battery storage and changing demand patterns;

- reduce unnecessary complexity and administrative burden where existing TPM mechanisms provide limited practical benefit;
- improve the predictability and stability of transmission charges; and
- better align TPM charging methodologies with Transpower's regulated revenue framework.

We support these objectives. The TPM should continue to provide efficient investment signals while remaining transparent, predictable and practical for transmission customers to understand and respond to.

Overall, we support:

- the proposed treatment of battery storage;
- removal of the WACC lag;
- annual batching of benefit-based charge adjustment events;
- removal of the substantial sustained increase (SSI) adjustment mechanism; and
- technical drafting improvements.

While we agree that historical electricity flows are unlikely to provide an appropriate basis for allocating the costs of investments intended to accommodate future demand or generation, forward-looking allocation approaches introduce greater reliance on assumptions, forecasts and modelling.

As transmission customers, EDBs occupy a unique position within the TPM. Although charges are levied on EDBs, the costs are ultimately borne by consumers through distribution prices. Accordingly, implementation should ensure that forecasting risk, uncertainty and administrative burden are allocated proportionately and transparently.

Our support for the proposed amendments is therefore contingent on:

- transmission customers receiving sufficient information to meaningfully participate in investment decisions;
- modelling assumptions being transparent and subject to sensitivity testing;
- forecasting risk not being disproportionately transferred to EDBs;
- allocation methodologies reflecting the parties that ultimately benefit from transmission investment;
- mechanisms existing to revisit allocations where anticipated benefits do not materialise; and
- implementation remaining aligned with broader regulatory developments, including distribution pricing reform, distributed generation pricing, flexibility markets and future distribution system operation.

In our view, the most important considerations arising from this consultation are:

- ensuring robust governance and transparency for anticipatory investments;
- maintaining charge predictability and stability for consumers; and
- allocating both costs and risks to the parties best able to influence outcomes.

We also encourage the Authority to ensure that:

- the treatment of battery storage is clearly distinguished from conventional load in relevant definitions; and

- timing provisions for charge adjustments are applied consistently across Appendices C and D.
- we note that grid-scale battery energy storage systems (BESS) are an emerging feature of the electricity system, as acknowledged in the consultation, and that further work is planned in this area (section 4.24). We encourage the Authority to ensure this work includes robust economic analysis of the costs and benefits that BESS create across the system, to support future TPM amendments that appropriately allocate costs and benefits and maintain cost-reflective pricing outcomes.

The most significant risk associated with the proposals is the allocation of forecasting uncertainty through anticipatory investment and allocator design. Appropriate safeguards will be necessary to ensure the TPM continues to support efficient investment while maintaining consumer confidence and affordability.

1. Policy objectives

1.1 The TPM should evolve with the electricity system

The consultation reflects a broader transition occurring across New Zealand's electricity sector. Electrification, distributed energy resources, battery storage, greater customer participation and increasingly dynamic power flows mean that transmission assets are being used differently than when many of the existing charging methodologies were developed. We support the Authority's recognition that transmission pricing must evolve alongside these changes while preserving the underlying principles of efficiency, cost reflectivity and investment certainty.

1.2 These amendments should not be considered in isolation

Many of the issues raised in this consultation interact with other significant regulatory reforms currently underway, including:

- distribution pricing reform;
- distributed generation pricing;
- battery energy storage market arrangements;
- future distribution system operation;
- flexibility services and non-network solutions;
- connection pricing reform.

Taken together, these initiatives will shape investment decisions across transmission and distribution networks for many years. We therefore encourage the Authority to continue assessing transmission pricing within a whole-of-system framework, recognising that decisions made under one regulatory workstream may have unintended consequences elsewhere if considered independently.

1.3 Efficient allocation of costs and risk

The risk transfer has practical consequences, including increased price volatility for consumers and reduced confidence in cost-reflective signals. The TPM should therefore require that forecasting and implementation risks are borne, to the extent possible, by the parties best able to influence outcomes, including through appropriate allocation methodologies, governance, and review mechanisms.

2. Recommendations

Our recommendations focus on ensuring that the TPM improvements deliver practical, predictable and cost-reflective outcomes, while avoiding the transfer of unnecessary risk to consumers.

Priority recommendations

- Require robust governance for anticipatory investments: Transpower should publish the scenarios, assumptions, sensitivities and allocation ranges underpinning investment decisions, supported by independent assurance and early indicative BBCs to enable meaningful stakeholder input.
- Maintain pricing certainty and predictability: Notification and implementation timeframes should be clearly defined, mid-year charge changes for non-causing customers should be avoided, and TPM processes should align with distributors' 1 April pricing cycle.
- Retain a firm backstop for the simple method: The simple allocator should not extend beyond 2030. Where supporting evidence, delivery certainty or investment justification is insufficient, allocators should be updated using more robust methodologies.
- Ensure flexibility for shared connection allocations: Any changes to shared connection shares should include a mechanism to recalculate allocations where material circumstances change, including new connections, disconnections or significant network upgrades.
- Provide implementation-ready information: The Authority and Transpower should publish code amendments, worked examples, data requirements and customer-level impact assessments sufficiently in advance to support informed pricing decisions.
- Coordinate related regulatory reforms: TPM amendments should be implemented consistently with battery storage arrangements, distribution pricing reforms and broader market developments to maintain coherent and efficient investment signals across the electricity system.

Further recommendations:

- proceed with the battery, WACC, batching and SSI amendments, subject to the safeguards above;
- implement anticipatory-capacity changes only with early disclosure, transparent modelling, and a clear reassessment mechanism;
- clearly distinguish between EDBs as invoiced customers and the parties receiving underlying benefits;
- require evidence that existing simple method allocators remain reasonable before granting any extension;
- provide early visibility of customer-level impacts to support EDB pricing and consultation;
- monitor the cumulative impact of increasingly fixed allocations on price signals; and
- engage directly with affected EDBs on the design and modelling of major investments.

4. Conclusion

Unison supports the Authority's targeted review of the TPM informed by implementation experience to date. The issues identified in the consultation warrant consideration to ensure the framework continues to support efficient investment, transparent cost allocation and stable pricing outcomes as the electricity system evolves.

The transition towards greater electrification, increased deployment of distributed energy resources and battery storage, and more dynamic demand patterns reinforces the need for transmission pricing arrangements to evolve alongside the broader regulatory framework. We support the Authority's objective of improving the alignment between transmission charges and beneficiaries of transmission investment while enhancing predictability and reducing unnecessary complexity.

We agree that historical electricity flows will not always provide an appropriate basis for allocating the costs of investments intended to meet future demand. However, greater reliance on forward-looking allocation methodologies should be supported by robust governance, transparent modelling, early engagement with affected parties and appropriate mechanisms to manage forecasting uncertainty. These safeguards are necessary to avoid transferring undue complexity and risk to EDBs and, ultimately, consumers.

We also encourage the Authority to consider the proposed amendments within the context of its broader reform programme, including transmission pricing, distribution pricing, distributed generation, battery integration, flexibility markets and future distribution system operation. These workstreams are increasingly interconnected, and a coordinated whole-of-system approach will help maintain consistent investment signals across transmission and distribution networks.

Subject to the recommendations set out in this submission, Unison supports the overall direction of the proposed amendments. In finalising the framework, the Authority should ensure it:

- maintains a clear link between transmission charges and the beneficiaries of transmission investment;
- provides sufficient certainty and transparency to support efficient investment and pricing decisions;
- allocates costs and forecasting risks fairly and proportionately; and
- promotes efficient long-term investment across the electricity system while protecting consumer interests.

We look forward to continuing to engage with the Authority and Transpower as this work progresses and would welcome the opportunity to discuss any aspect of this submission.

Ngā mihi nui,

JASON LARKIN / TARRYN BUTCHER
GM COMMERCIAL AND REGULATORY / REGULATORY MANAGER



Appendix A: Submission form

Transmission Pricing Methodology amendments 2026

Please email your submission to networkpricing@ea.govt.nz by 5pm, 24 July 2026.

#	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.	We generally agree the approach is proportionate and supports efficient investment and use of the system. However, greater weight should be given to how forecasting uncertainty is allocated. As the TPM becomes more forward-looking, risks should not default to transmission customers who cannot influence key drivers. Costs and risks should be aligned with those best able to manage them.
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.	We do not consider that an alternative assessment approach is required. The Authority's framework is broadly appropriate for assessing targeted amendments to the TPM. The criteria should explicitly recognise the allocation of forecasting and implementation risk. As the TPM becomes more forward-looking, uncertainty is being transferred to transmission customers, including EDBs, who cannot influence key drivers. This weakens cost-reflective pricing. Costs and risks should sit with those best able to manage them.
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.	We agree that offtake by battery storage should be exempt from the Demand Factor. Battery storage does not represent net demand in the same way as traditional load but rather shifts demand across time. Applying the Demand Factor to battery offtake risks overstating its contribution to peak demand and could distort price signals. Exempting battery offtake better reflects its role in supporting system efficiency, including peak management and integration of variable generation. It also avoids creating disincentives for investment in storage, which is increasingly important for maintaining system flexibility and reliability.
4	Do you prefer any of the alternative options discussed for the treatment of battery storage under the simple method? Please explain your reasons.	We support the Authority's preferred approach. Exempting battery offtake from the Demand Factor is the most direct way to reflect its role in shifting, rather than creating, demand. Alternative options add complexity and risk diluting price signals, creating uncertainty and potential disincentives for storage investment.
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	We agree that the amendment should be progressed ahead of Transpower's next phase of its operational review. The current treatment risks sending inefficient price signals by overstating the contribution of battery offtake to demand, and this

	the simple method? Please explain your reasons.	can be addressed through a targeted amendment without waiting for broader changes to the simple method. Progressing the amendment now improves price signals and reduces the risk of disincentivising storage investment, while the operational review can address any wider methodological issues in due course.
6	Do you have any comment on the drafting of the amendment to the treatment of battery storage in Appendix C?	We have no specific drafting concerns and consider the amendment is generally clear. However, the drafting should ensure that the treatment of battery storage is unambiguous and consistently applied, particularly in distinguishing storage from conventional load. Clear definitions and application will be important to avoid uncertainty or inconsistent implementation.
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.	We agree with the Authority's assessment of the consequences of the WACC lag. The lag misaligns cost recovery with when costs are incurred, weakening cost-reflective pricing and investment signals. Addressing this will better align charges with underlying costs and improve predictability.
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.	We agree the Authority should address the WACC lag now, as the efficiency impacts are likely to grow over time. Delaying action would prolong the misalignment between cost recovery and when costs are incurred, further weakening cost-reflective pricing and investment signals. Addressing the issue now will improve alignment and support more efficient outcomes. These impacts are not purely theoretical and can be material at a customer level, with even small changes in allocation or cost recovery translating into noticeable changes in transmission charges and downstream prices for consumers.
15	Do you have any comment on the drafting of the amendment to address the WACC lag in Appendix C?	We have no specific drafting concerns and consider the amendment is generally clear. However, the drafting should ensure the treatment of the WACC adjustment is applied consistently and transparently, with clear alignment to Transpower's regulated revenue framework. Clear cross-referencing and definitions will be important to avoid ambiguity in implementation.
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.	We agree with the proposal to batch and process BBC adjustment events at a single annual date. Batching reduces administrative complexity and improves predictability of charges, while still allowing adjustments to be reflected in a timely manner. A single annual process also provides greater transparency for transmission customers and

		supports more efficient implementation, without materially weakening cost-reflective signals. The timing of batching is important to ensure customers have sufficient visibility of upcoming changes. Advance notice allows customers to understand the drivers of adjustments, incorporate them into pricing and planning processes, and respond where possible. Without adequate notice, batching could reduce predictability and limit the ability of customers to manage the impact of changes. The effectiveness of batching will depend on timely and transparent communication of changes. The TPM should require that sufficient advance notice is provided so that transmission customers can incorporate impacts into pricing and planning processes.
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.	We agree that the causing customer should be charged from the batching date, with adjustments for other customers applied in the subsequent pricing year. This approach is fair as it ensures the party driving the cost faces the signal as soon as practicable, while avoiding retrospective or unexpected impacts on other customers. Deferring adjustments for other customers provides time to understand and incorporate changes into pricing and planning processes, supporting transparency and predictability. This strikes a reasonable balance between cost-reflectivity and practical implementation.
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.	We do not consider it more efficient for adjusted charges for both the causing customer and other customers to apply from the following pricing year. Delaying charges for the causing customer would weaken the link between cost causation and price signals, reducing incentives for efficient behaviour. Applying charges to the causing customer from the batching date, while deferring impacts on other customers, better balances cost-reflectivity with predictability. It ensures timely signals for those driving costs, while avoiding unnecessary volatility for others.
19	Do you have any comment on the drafting of the amendment to enable batching of BBC adjustment events in Appendix D?	We have no specific drafting concerns and consider the amendment is generally clear. However, the drafting should ensure that the timing and application of batching are unambiguous, particularly in relation to when charges take effect for causing and non-causing customers. Clear definitions and cross-referencing will be important to support consistent and transparent implementation.
Chapter 8: Removing SSI adjustment event		

20	Do you agree with the proposal to remove the SSI adjustment event? Please provide your reasons.	We agree with the proposal to remove the SSI adjustment event. The mechanism adds complexity and administrative burden, while providing limited additional benefit given other TPM adjustments already capture material changes over time. Removing SSI improves simplicity and predictability of charges without materially weakening outcomes, resulting in a more practical and transparent framework.
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.	We also consider it important that this remains a strictly bounded extension, with no extension beyond March 2030, and that Transpower is required to update allocators under existing TPM requirements if there is insufficient evidence or delivery assurance. This provides a necessary
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.	We agree the Authority has correctly identified this risk. Delaying updates to allocators increases the likelihood that historical values become a weaker proxy for net private benefits, reducing cost-reflectivity over time. However, this risk needs to be balanced against the risk of implementing poorly specified allocators. On balance, a time-limited delay to enable a more robust review is appropriate, provided there is a clear backstop to ensure allocators are updated within a reasonable timeframe.
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.	We agree that, if Transpower cannot demonstrate that the review will be completed within the required timeframe, it should update the simple method allocators in accordance with existing TPM requirements. This provides an important backstop to ensure allocators remain fit for purpose and do not rely on increasingly outdated assumptions. Maintaining this requirement also preserves incentives for timely completion of the review and supports continued alignment between charges and underlying benefits.
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	We have no specific drafting issues to raise. We encourage the Authority to ensure that any re-

	drafting tidy-ups of the TPM, however, do you have any feedback on any potential re-drafting errors or additional suggestions?	drafting maintains consistency of terminology, clear cross-referencing between provisions, and alignment with existing TPM definitions. Minor drafting changes should also be checked to avoid unintended changes in interpretation or application, particularly where provisions interact across Appendices.
Chapter 11: Fixing shard 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?	Yes, the Authority has correctly identified a potential issue with annually recalculating customers' shares of shared connection asset costs using AMDIC. Connection assets are largely fixed-cost once constructed, and annual recalculation can introduce volatility without a meaningful economic signal, shift costs due to another customer's behaviour, and disproportionately affect smaller customers. We do not support fixing shares indefinitely without adjustment. Any approach to fixed shares should include a clear and workable reopening mechanism for material and enduring changes, including new connections, disconnections, upgrades, or significant changes in utilisation
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?	Yes, but proportionately. The average current impact appears modest and there is no evidence of deliberate gaming. Nevertheless, fixing the methodology now would improve predictability and remove a potential future distortion as batteries and other flexible technologies make peak management easier.
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?	We support the Authority's focus on improving stability and predictability of cost shares at shared connection assets. However, any move to fix shares should be approached with caution to avoid weakening cost-reflective outcomes over time. We do not support fixing cost shares indefinitely at 2026 levels (A), or fixing shares for new customers based solely on initial estimates (B), without a clear mechanism to revisit those allocations. While these approaches may improve short-term stability, they risk becoming increasingly misaligned with actual utilisation and benefits. We do not support an approach that provides no ability to adjust shares in response to material and enduring changes in AMDIC (C). This would risk locking in inefficient allocations and undermining the link between charges and underlying cost drivers. We consider that any approach to fixing shares should include a clear and workable mechanism to

		recalculate shares where there is a material and enduring change, such as where an upgrade is triggered (D). This would better balance stability with cost-reflectivity and ensure allocations remain aligned with underlying system use over time.
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?	The Authority continuing to monitor these emerging issues and progressing them in a coordinated way with broader TPM and distribution pricing developments. Many of these issues, including the treatment of new technologies, changing demand patterns, and increasing use of flexibility, are evolving and interrelated, and are best considered as part of a wider system view. It will be important that any future changes maintain clear and consistent price signals across transmission and distribution, and do not introduce unnecessary complexity or uncertainty for consumers. This is particularly relevant as DER uptake, electrification, and export pricing frameworks continue to develop, requiring alignment across the value chain. Ongoing engagement with industry will also be important to ensure practical implementation and consistency with evolving market arrangements. We note the consultation recognises grid-scale battery energy storage systems (BESS) as an emerging feature of the electricity system and signals further work in this area. We encourage the Authority to ensure future work includes economic analysis of the costs and benefits that BESS create across the transmission and distribution system. This will help ensure future TPM amendments appropriately allocate costs and benefits, avoid unintended cross-subsidies, and maintain efficient investment and pricing signals as storage deployment increases.