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7 August 2026

To: The Electricity Authority
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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 proposal two relating to anticipatory connections.

Yours sincerely,

[redacted]

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

Consultation Questions and Genesis Energy's response

Chapter 5: Anticipatory capacity		
#	**Question**	**Response**
7	Has the Authority correctly described the nature and root cause of the cost-allocation issues for anticipatory connection assets? Please provide your reasons.	Yes, we broadly agree with the Authority's problem definition.
8	Do you agree with the proposal to require the use of the standard method to allocate the 50% share of capital cost of anticipatory connection assets that is to be recovered through benefit-based charges? Please give your reasons.	In principle, we support the proposal. We agree anticipatory transmission investments to enable future generation can produce benefits outside the investment region and the Standard Method will allow Transpower to identify beneficiaries with greater accuracy through use of bespoke modelling and is therefore likely to result in cost allocations consistent with the beneficiary-pays principle. We would therefore support the proposed amendment provided it can be applied consistently and meets the objectives identified by the Authority. We note that the improved accuracy of the Standard Method (relative to the Simple Method) depends on the accuracy and robustness of underlying assumptions and modelling inputs. Given customer allocations under the Standard Method will be highly sensitive to modelling assumptions, we encourage the Authority to ensure Transpower adopts clear, transparent and consistently applied assumptions regarding future demand, generation, commissioning timing, project maturity, transmission constraints and market scenarios. The Authority should also clarify the consultation obligations that will apply where anticipatory BBIs are allocated using the Standard Method, including the extent to which stakeholders will be able to review and comment on Transpower's modelling assumptions, beneficiary analysis and proposed customer allocations. Ensuring this consultation process is fit for purpose will be important to ensure stakeholders are able to meaningfully and effectively engage in the process and thereby improve the quality of information inputs available to Transpower.

		Given the inherent uncertainty associated with forecasting future generation and demand, the Authority could also consider whether there should be a mechanism to revisit customer allocations after a certain period of time where actual investment outcomes differ materially from those assumed when the Standard Method assessment was undertaken. One issue where further clarity is required is how projects already in development will be treated if they have been progressing under the expectation that the Simple Method would apply. We expect that transitional arrangements for projects that have already progressed under the expectation that the Simple Method would apply would be appropriate. Finally, we note the rationale for the proposed amendment is to ensure efficient and accurate benefit allocation for interconnection assets that materially change the distribution of benefits across regions or have material impacts beyond the immediate investment region. The Authority may wish to consider whether there is need to ensure the scope of the amendment is sufficiently targeted to ensure it applies to those types of investments. Similarly, the Authority may wish to consider whether a materiality threshold is appropriate, below which the additional complexity, modelling effort and consultation costs associated with the Standard Method may outweigh the incremental benefits relative to the Simple Method. This would help ensure the Standard Method is applied where it provides a meaningful improvement in benefit allocation, while avoiding unnecessary administrative complexity for smaller investments.
9	Do you agree with the proposal that the requirement to use the standard method for allocating the cost of anticipatory capacity should progress ahead of Transpower's operational review of the benefit-based charging methods? Please state your reasons.	As noted above, it will be important to give industry sufficient time ahead of the implementation of any changes.

10	Do you agree that the cost of anticipatory interconnection assets should be met by beneficiaries through the normal BBC allocation approach? Please explain your reasons.	In principle, we agree costs should be allocated to beneficiaries consistent with the BBC allocation approach, provided the Standard Method accurately identifies beneficiaries and is supported by transparent modelling assumptions and effective consultation.
11	Can you identify better options than those proposed by the Authority to allocate the cost of anticipatory assets? Why would your option be better?	No comment.
12	Do you have any comment on the drafting of the amendment to the treatment of anticipatory connection assets in Appendix C?	No comment.