Good evening,

Please find attached below some high-level comments and observations from MEUG on the Authority's consultation paper Transmission Pricing Methodology amendments 2026, focusing on proposal 2 on anticipatory capacity for connection assets.

- MEUG does not support the Authority's proposed amendment to address the calculation of beneficiaries for anticipatory connection assets.
- While a shift to the standard method may provide some minor benefits over status quo, it doesn't address the underlying issues around allocation of costs for anticipatory investments and broader issues with the TPM.
- MEUG's concerns with TPM are well documented, so will not be repeated in this email. We consider the Authority needs to undertake a fundamental review of the TPM to ensure that it is "fit for purpose" and providing the intended benefits.
- We do not believe that the current pricing methodology adequately addresses the issue of anticipatory capacity.
    - In many cases, there are considerable benefits possible from Transpower undertaking investments in advance of need - it can unlock generation in regions and enable demand growth, by providing opportunities for both existing and new businesses to expand their businesses.
    - However, allocating the cost of these investments to only existing customers creates significant issues, It will worsen cost-of-living pressures on all consumers, stifle business growth and possible electrification plans, and creates severe intergenerational equity issues during a time of flat demand growth.
- We believe that the Authority need to take a "first principles" approach and work with the Commerce Commission and MBIE to consider if broader changes are needed to Part 4 regulation to address a shift to anticipatory investments to support electrification / economic growth, and subsequently how investment is recovered from consumers.
- We push back on the Authority's assumption that the TPM should incentivise customers to scrutinise transmission proposals. We do not believe the new TPM has shifted the behaviour of consumers around reviewing Transpower investments. There is a similar level of focus on the technical approach to investments, but most submitters are now focused on querying the allocation of costs under the TPM, with the approach not providing a great deal of visibility for

proposed beneficiaries of the pricing impact. From our cursory observation, there has been often less submissions made now, rather than more.

MEUG would like to invite Authority staff to an upcoming MEUG member meeting to discuss direction of the TPM and transmission investment. Please let us know who to best liaise with to find a time in late August or September.

My apologies for the slight lateness in these comments - was on route to airport,

Kind regards,

Karen Boyes

Executive Director

Major Electricity Users' Group

[redacted]

[redacted]

W: www.meug.co.nz