7 August 2026

Electricity Authority
PO Box 10041
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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 proposal two, relating to anticipatory capacity. The remaining six proposals outlined in the Consultation Paper are addressed in a separate submission, provided to the Authority on 24 July 2026.

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

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. It appears the simple method is not fit for purpose for appropriately allocating the 50% charged to expected beneficiaries.
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.	Yes, but there could be benefit in refining the proposal further. Orion appreciates the Authority's view that "it is not for the long-term benefit of consumers to socialise these investment costs because that weakens incentives for transmission customers to scrutinise proposals for anticipatory capacity, necessary to mitigate the risk of inefficient overbuilding that is present when costs are fully socialised". However, a better balance could be found if these costs were only socialised until such a time as the future beneficiary connects. Orion sees that this is a possibility that needs to be explored in greater detail.
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.	Given the suggestion in Q8 above, Orions sees there is value in waiting to address this issue as part of Transpower's operational review. However, if clear evidence is discovered as part of this consultation process that indicates current investment decisions are being affected then Orion would support this proposal progressing ahead of the review, in an interim capacity.
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.	No Comment.

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?	See response to Q8 above.
12	Do you have any comment on the drafting of the amendment to the treatment of anticipatory connection assets in Appendix C?	No comment at this stage as Orion sees the principle of the proposal would benefit from further refinement first.