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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.

Executive Summary and Overall Position

Unison supports, in principle, the Authority's proposal to use the standard benefit-based charging method to allocate the 50% share of anticipatory connection asset costs that are not socialised. Historical power flows may be a poor proxy for future benefits where an investment enables significant new generation or load and materially changes regional or inter-regional power flows. In these circumstances, the current simple method may concentrate costs on existing regional customers who receive only limited benefits.

A forward-looking, investment-specific assessment is likely to better identify beneficiaries and place investment scrutiny incentives on those expected to bear the resulting costs. This should improve the alignment between investment decisions and beneficiary outcomes,

supporting efficient anticipatory investment while protecting consumers from inefficient overbuilding.

More fundamentally, the challenge is not simply the choice of allocation methodology. Anticipatory investment relies on assumptions about future generation, demand and connection timing that may differ materially from actual outcomes. The framework therefore needs to manage forecasting uncertainty as well as identify beneficiaries.

Our support is subject to appropriate safeguards. The standard method depends on assumptions about future generation and demand, connection timing, wholesale market outcomes and the counterfactual used to assess benefits. These assumptions may materially affect both beneficiary identification and charges.

For the proposal to operate effectively, affected customers should receive early visibility of likely allocations and sufficient information to understand, test and challenge the underlying assumptions, including:

- indicative benefit-based charge allocations;
- factual and counterfactual scenarios;
- key modelling assumptions and sensitivities;
- appropriate consultation and assurance processes; and
- clear rules for addressing material differences between forecast and actual development outcomes.

These requirements are particularly important for EDBs, which must incorporate transmission charges into customer pricing. Material changes in charge allocations may ultimately affect customer prices and can be difficult to adjust within established 1 April pricing processes. Early visibility and certainty are therefore important.

We agree the amendment can proceed ahead of Transpower's wider operational review. Efficient anticipatory investments may arise before that review is completed, and retaining a potentially unsuitable allocation method could delay or distort investment decisions. However, early implementation should be supported by guidance and worked examples and reviewed once the operational review is complete.

The operational review should also consider whether alternative approaches to sharing costs and forecasting risk between existing and future beneficiaries could produce better outcomes where future development is uncertain.

We support the principle that anticipatory interconnection asset costs should be allocated to beneficiaries through the BBC framework, provided beneficiary identification is supported by credible evidence and robust analysis.

Finally, we recommend reviewing the drafting to ensure the remaining regional customer-group limitations do not prevent the standard method from recognising material benefits outside the region in which the anticipatory connection asset is located. The drafting should

also clarify how frequently allocations are calculated, how changes in assumptions are treated, and how the provision operates regardless of the applicable capex threshold.

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
GROUP GM CUSTOMER, COMMERCIAL AND REGULATORY

TARRYN BUTCHER
REGULATORY MANAGER



Transmission Pricing Methodology amendments 2026

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.	Broadly yes. We agree that historical power flows may be a poor proxy for future benefits where anticipatory capacity enables material new load or generation and changes the direction or scale of power flows. In those circumstances, the simple method may allocate costs primarily to existing customers in the region even where a significant share of the benefits is realised elsewhere. However, the issue extends beyond the choice between the simple and standard methods. Anticipatory investment is inherently forward-looking and depends on assumptions about future generation, demand, connection timing, wholesale market outcomes and the relevant counterfactual. The central challenge is therefore both identifying beneficiaries and managing forecasting uncertainty. Moving to the standard method should improve beneficiary identification, but the framework must also provide appropriate governance around the assumptions that drive allocation outcomes.
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, in principle. Anticipatory investments are non-routine and are specifically intended to accommodate future developments that may materially change system conditions and power flows. A forward-looking, investment-specific assessment is therefore more likely than historical allocators to identify expected beneficiaries and place investment scrutiny incentives on those expected to bear the costs. This should support more efficient investment

		decisions and better align charges with benefits. Our support is subject to appropriate implementation safeguards. The standard method relies on assumptions that may materially influence allocation outcomes and should not become a complex process that affected parties cannot practically understand or challenge. Beneficiaries should receive early visibility of indicative allocations, underlying assumptions, sensitivities and relevant counterfactuals. Allocating scrutiny incentives to beneficiaries will only be effective if those beneficiaries receive information early enough to meaningfully influence investment decisions.
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.	Yes. We accept that efficient anticipatory investments may arise before the operational review is completed and that retaining a potentially unsuitable allocation method may delay or distort investment decisions. The proposed amendment represents a practical improvement that can be implemented using an existing methodology. However, implementation should not defer work on improving transparency, timeliness and customer visibility of likely charges. The Authority should review the effectiveness of the amendment once the operational review is complete to ensure the approach remains fit for purpose and reflects any broader improvements to benefit-based charging methodologies.
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.	We support the beneficiary-pays principle and agree that anticipatory interconnection asset costs should generally be allocated through the BBC framework. However, it should not be assumed that existing downstream load is always the primary beneficiary simply because future generation or load has not yet connected. Anticipatory interconnection investments may create benefits that are geographically dispersed and realised through lower

		wholesale prices, improved reliability, increased competition or avoided future investment. Beneficiary identification should therefore be based on investment-specific analysis rather than predetermined assumptions regarding customer classes or regions. We support application of the BBC framework where it can reliably identify beneficiaries through robust factual and counterfactual analysis. The operational review should nevertheless examine whether enhancements are required where development outcomes differ materially from forecasts or where anticipated generation or load is delayed or does not proceed.
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?	We do not currently consider that a new allocation methodology is preferable to the proposed use of the standard method. The priority should be improving confidence in the standard method through greater transparency of assumptions, sensitivity testing, customer engagement and clearer governance over how material forecasting errors are managed. This would address the principal weakness in the current arrangements while avoiding the complexity and implementation risks associated with developing an entirely new methodology. Where development outcomes differ materially from forecast assumptions, the framework should provide clearly defined trigger points for reassessment. Any reassessment should generally apply prospectively and avoid frequent retrospective reallocations that could create pricing volatility and reduce certainty for customers.
12	Do you have any comment on the drafting of the amendment to the treatment of anticipatory connection assets in Appendix C?	The proposed amendment appears to give effect to the core policy intent. However, several drafting and implementation matters would benefit from further clarification. First, the marked-up drafting contains what appears to be an editing error ("less more than the base capex threshold"), which should be corrected. The provision should

		clearly state that the standard method applies irrespective of whether the deemed covered cost is below or above the relevant threshold. Second, the Authority should clarify how clause 27(3) interacts with the standard method. In particular, the continued limitation to regional supply groups or regional demand groups should not prevent the allocation methodology from recognising material benefits that arise outside the region where the anticipatory asset is located. Otherwise, the drafting risks preserving the cost concentration issue the amendment seeks to address. Third, given that an anticipatory BBI is deemed to arise for each pricing year, the Authority should clarify whether allocators and net private benefits are recalculated annually, what forecasting period applies, and how material changes in assumptions are managed. Finally, supporting guidance should include worked examples covering anticipatory injection and offtake investments, inter-regional benefit allocation, delayed development and circumstances where anticipated development does not proceed. Guidance should also provide indicative timelines for allocation decisions so that affected parties have sufficient visibility to incorporate transmission charges into pricing and customer engagement processes.
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