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Electricity Industry Participation Code (Transmission Pricing Methodology Related Amendments) Amendment 2026

This amendment to the Electricity Industry Participation Code 2010 (Code) is made under section 38 of the Electricity Industry Act 2010 (Act) by the Electricity Authority having complied with section 39 of the Act.

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Amendment

1 Title

This is the Electricity Industry Participation Code (Transmission Pricing Methodology Related Amendments) Amendment 2026.

2 Commencement

This amendment comes into force on 1 April 2027.

3 Code amended

This amendment amends the Electricity Industry Participation Code 2010.

4 Clause 3 of Schedule 12.4 amended (General Definitions)

(1) In clause 3 of Schedule 12.4, insert in their appropriate alphabetical order:

effective pricing year means,—

(a) for a **type A benefit-based charge adjustment event**, the first **pricing year** that starts after the end of the **financial year** during which **Transpower** determines the **type A benefit-based charge adjustment event** occurred; and

(b) for a **type B benefit-based charge adjustment event**, the first **pricing year** that starts after the date **Transpower** determines the **type B benefit-based charge adjustment event** occurred or will occur

type A benefit-based charge adjustment event means a **benefit-based charge adjustment event** that is not a **type B benefit-based charge adjustment event**

type B benefit-based charge adjustment event means a **benefit-based charge adjustment event** that **Transpower** determines—

(a) has occurred or will occur during the period from 1 July to 31 March immediately before the start of a **pricing year** (**pricing year** a); and

(b) can reasonably practicably be factored into **Transpower's** calculation of **transmission charges** for **pricing year** a, taking into account the time required for **Transpower** to complete its **transmission charges** assurance and approval processes before notifying **customers** of their **transmission charges** for **pricing year** a under **transmission agreements**

(2) In clause 3 of Schedule 12.4, definition of **ancillary service BBI**, replace "**post-2019 BBI's counterfactual**" with "**BBI's counterfactual**".

(3) In clause 3 of Schedule 12.4, revoke the definition of **back-dated prudent discount**.

(4) In clause 3 of Schedule 12.4, replace the definition of **commissioned** with:

commissioned—

(a) for an asset, has the meaning in subclause 5(1); and

(b) for a **connection investment** or **interconnection investment** (including a **BBI**), has the meaning in subclause 5(2)

(5) In clause 3 of Schedule 12.4, definition of **expected effective full commissioning date**, insert "(in the case of **grid assets**) or started (in the case of **transmission alternatives**)" after "have been **commissioned**".

(6) In clause 3 of Schedule 12.4, replace the definition of **first pricing year** with:

first pricing year means **pricing year** 2023

(7) In clause 3 of Schedule 12.4, replace the definition of **fully commissioned** with:

fully commissioned, for a **connection investment** or **interconnection investment** (including a **BBI**), has the meaning in clause 5(3)

(8) In clause 3 of Schedule 12.4, revoke the definition of **high-value intervening BBI**.

(9) In clause 3 of Schedule 12.4, definition of **market BBI**, replace "**post-2019 BBI's counterfactual**" with "**BBI's counterfactual**".

(10) In clause 3 of Schedule 12.4, revoke the definition of **pre-commencement adjustment event**.

(11) In clause 3 of Schedule 12.4, definition of **pre-start adjustment event**, delete ". To avoid doubt, a **pre-start adjustment event** may be a **pre-commencement adjustment event**".

(12) In clause 3 of Schedule 12.4, replace the definition of **pricing year** with:

pricing year means a period of 12 months starting on 1 April and ending on 31 March. **Pricing year** n means the **pricing year** starting in year n

(13) In clause 3 of Schedule 12.4, definition of **reliability BBI**, replace "**post-2019 BBI's counterfactual**" with "**BBI's counterfactual**".

(14) In clause 3 of Schedule 12.4, definition of **replacement cost**, delete "and subject to subclause 34(5)".

(15) In clause 3 of Schedule 12.4, revoke the definition of **replacement cost adjustment factor**.

(16) In clause 3 of Schedule 12.4, definition of **resiliency BBI**, insert "**high-value**" before "**post-2019 BBI**".

(17) In clause 3 of Schedule 12.4, definition of **start pricing year**, delete "and subject to paragraph 122(2)" in each place.

(18) In clause 3 of Schedule 12.4, revoke the definition of **substantial sustained increase**.

(19) In clause 3 of Schedule 12.4, replace the definition of **Transpower IPP** with:

Transpower IPP means the *Transpower Individual Price-Quality Path Determination 2025* [2024] NZCC 26

5 Clause 5 of Schedule 12.4 amended (Commissioning)

(1) In clause 5(1) of Schedule 12.4, replace "first commissioned as defined in the **Transpower IMs**" with "ready for its intended use following testing".

(2) In clause 5 of Schedule 12.4, replace subclause (4) with:

(4) Subject to subclauses (1) to (3), the time an asset, **transmission alternative**, **connection investment** or **interconnection investment** (including a **BBI**) is **commissioned** (in the case of an asset), started (in the case of a **transmission alternative**) or **fully commissioned** (in the case of a **connection investment** or **interconnection investment**) is to be determined by **Transpower**.

6 Clause 6 of Schedule 12.4 replaced (Connection and Disconnection)

Replace clause 6 of Schedule 12.4 with:

6 Connection and Disconnection

(1) Subject to subclause (2), the time an asset becomes connected to or disconnected from a **network** or **plant** is to be determined by **Transpower**.

(2) For the purposes of this **transmission pricing methodology**, unless the context otherwise requires—

(a) an asset is not treated as connected to a **network** or **plant** when it is **electrically connected** to the **network** or **plant** only for the purposes of **commissioning** tests for the asset; and

(b) an asset is treated as **disconnected** from a **network** or **plant** if it is permanently **electrically disconnected** from the **network** or **plant**; and

(c) an asset may be treated as either connected to or disconnected from a **network** or **plant** when it is temporarily **electrically disconnected** from the **network** or **plant**, as determined by **Transpower**; and
(d) **plant** is **grid**-connected only if it is directly connected to the **grid**; and
(e) **embedded plant** is connected to a **local network** or **grid**-connected **plant** if the **embedded plant** is—
(i) directly connected to the **local network** or **grid**-connected **plant**; or
(ii) indirectly connected to the **local network** or **grid**-connected **plant** through other **plant** or a **non-grid network**.

7 Clause 26 of Schedule 12.4 amended (Asset Component)

In clause 26(3) of Schedule 12.4, insert "Neither the **anticipatory connection asset**, the larger **connection asset**, nor the non-anticipatory part of the larger **connection asset** (if any) is required to be an **investment contract asset**." after "not anticipatory for the **pricing year**.".

8 Clause 27 of Schedule 12.4 amended (Anticipatory BBIs)

(1) In clause 27(2) of Schedule 12.4, replace "**commissioned BBI**" with "**commissioned post-2019 BBI**".
(2) In clause 27(2)(d) of Schedule 12.4,—
(a) replace "**simple method**, subject to the modifications in subclause (3)" with "**price-quantity method**,"; and
(b) insert "not" before "more".
(3) Revoke clause 27(3) of Schedule 12.4.

9 Clause 34 of Schedule 12.4 amended (Replacement Costs)

In clause 34 of Schedule 12.4,—
(a) revoke subclause (2); and
(b) revoke subclause (5).

10 Clause 39 of Schedule 12.4 amended (Covered Cost)

(1) In clause 39(1) of Schedule 12.4, replace "preceding **financial year** calculated" with "**pricing year** calculated" in each place.
(2) In the chapeau of clause 39(2) of Schedule 12.4, replace "**financial year** (C)" with "**pricing year** (C)".
(3) In clause 39(2)(a) of Schedule 12.4,—
(a) replace "**opening RAB value** for the **financial year**" with "**opening RAB value** for the preceding **financial year**"; and
(b) replace "start of the **financial year**" with "start of the **pricing year**"; and
(c) replace "subclause 7, the **opening RAB value** for the asset and **financial year**" with "subclause (7), the **opening RAB value** for the asset and preceding **financial year**".
(4) In clause 39(2)(b) of Schedule 12.4,—
(a) replace "commissioned during the **financial year**" with "commissioned during the preceding **financial year**"; and

(b) replace "start of the **financial year**" with "start of the **pricing year**"; and
(c) replace "month of the **financial year**" with "month of the preceding **financial year**".

(5) In clause 39(3) of Schedule 12.4,—
(a) replace "**financial year** (T_{dep})" with "**pricing year** (T_{dep})"; and
(b) replace "start of the **financial year**" with "start of the **pricing year**"; and
(c) replace "during the **financial year**" with "during the preceding **financial year**" in each place; and
(d) replace "**financial year** calculated" with "**pricing year** calculated".

(6) In clause 39(4) of Schedule 12.4,—
(a) replace "**financial year** (I)" with "**pricing year** (I)"; and
(b) replace "the asset and **financial year**" with "the asset and preceding **financial year**"; and
(c) replace "start of the **financial year**" with "start of the **pricing year**" in each place.

(7) In clause 39(5) of Schedule 12.4, replace "**financial year**" with "**pricing year**" in each place.

11 Clause 42 of Schedule 12.4 amended (BBI Customer Allocations for Appendix A BBIs)

In clause 42(1) of Schedule 12.4, replace "Subject to paragraph 75(5)(a), for" with "For".

12 Clause 43 of Schedule 12.4 amended (BBI Customer Allocations for Post-2019 BBIs)

In clause 43 of Schedule 12.4,—
(a) in subclause (2), replace "subclauses (3) and (4A)" with "subclause (4A)"; and
(b) revoke subclause (3); and
(c) revoke subclause (4).

13 Clause 44 of Schedule 12.4 amended (Overview of Price-quantity Method)

Replace clause 44(1)(b) of Schedule 12.4 with:

(b) only to—
(i) those **post-2019 BBIs** to which **Transpower** applies the **price-quantity method** in accordance with subclause 43(2); and
(ii) **anticipatory BBIs**.

14 Clause 51 of Schedule 12.4 amended (Calculation of Market Regional NPB based on Quantity)

(1) In clause 51(3) of Schedule 12.4, replace paragraphs (b) to (e) with:

(b) the period or periods during which the **market BBI** is modelled to generate its primary market benefits, as determined by **Transpower** (the **periods of benefit**), as follows:
(i) for a **regional demand group**, quantities in the **counterfactual** are positive if there are **alleviated prices** for the **regional demand group** during the **periods**

of benefit and negative if there are **exacerbated prices** for the **regional demand group** during the **periods of benefit**:

(ii) for a **regional supply group**, quantities in the **counterfactual** are positive if there are **exacerbated prices** for the **regional supply group** during the **periods of benefit** and negative if there are **alleviated prices** for the **regional supply group** during the **periods of benefit**:

(iii) subject to subclause (4), for a **regional demand group** or **regional supply group**, the positive or negative quantities under subparagraph (i) or (ii) (as appropriate) are summed with the changes in quantities between the **factual** and **counterfactual** during all periods, an increase being positive and a decrease being negative, the sum being the expected market benefit or disbenefit.

(2) In clause 51(4) of Schedule 12.4, replace "paragraph (3)(e)" with "subparagraph (3)(b)(iii)".

(3) In clause 51(5) of Schedule 12.4, replace "paragraphs (3)(c) and (3)(d)" with "subparagraphs (3)(b)(i) and (3)(b)(ii)".

15 Clause 52 of Schedule 12.4 amended (Calculation of Market Regional NPB based on Price and Quantity)

(1) In clause 52(3)(b) of Schedule 12.4:

(a) in subparagraph (i), replace "; or" with ".": and

(b) revoke subparagraph (ii).

(2) In clause 52(4)(b) of Schedule 12.4:

(a) in subparagraph (i), replace "; or" with ".": and

(b) revoke subparagraph (ii).

16 Clause 59 of Schedule 12.4 amended (Overview of Simple Method)

In clause 59(1) of Schedule 12.4,—

(a) replace "64" with "64A"; and

(b) revoke paragraph (b)(ii); and

(c) revoke paragraph (b)(iv).

17 Clause 61 of Schedule 12.4 amended (Individual NPB)

(1) Replace clause 61(1) of Schedule 12.4 with:

(1) A **customer's individual NPB** for a **BBI** in an **investment region** (NPB) is calculated as follows:

$$NPB = \sum_{g} \left(\frac{RNPB_g \times SMF_g}{F} \right)$$

where

$RNPB_g$ is **regional NPB** for **regional customer group** g, where **regional customer group** g is a **regional customer group** for the **BBI**—

(a) that has positive **regional NPB** in respect of the **investment region**; and
(b) of which the **customer** is a member

SMF_g is the **customer's simple method factor** for **regional customer group** g

F is:
(a) the **demand factor**, where **regional customer group** g is a **regional demand group** and the **customer** is a member of that **regional demand group** due to its **offtake** for **battery storage**; and
(b) otherwise 1.

(1A) **Transpower** must—
(a) continue to use existing **customers' individual NPBs** calculated under subclause (1) before it was amended by the Electricity Industry Participation Code (Transmission Pricing Methodology Related Amendments) Amendment 2026 until 31 March 2027; and
(b) recalculate existing **customers' individual NPBs** calculated under subclause (1) in accordance with subclause (1) as amended by the Electricity Industry Participation Code (Transmission Pricing Methodology Related Amendments) Amendment 2026 with those calculations applying on and after 1 April 2027.

(2) In clause 61(6)(b) of Schedule 12.4, replace "commissioned" with "**commissioned**".

18 Clause 63 of Schedule 12.4 amended (Regional Customer Groups)

In clause 63 of Schedule 12.4, replace "Subject to subclause 27(3), the" with "The".

19 Clause 75 of Schedule 12.4 amended (Adjustment Events)

(1) Replace clause 75(1) of Schedule 12.4 with:

(1) Subject to subclause (4), **Transpower** determines when an **adjustment event** occurs.

(2) After clause 75(1) of Schedule 12.4, insert:

(1A) This **transmission pricing methodology**—
(a) as it was before amendment by the Electricity Industry Participation Code (Transmission Pricing Methodology Related Amendments) Amendment 2026 applies to any **benefit-based charge adjustment event** that occurred before 1 April 2027; and
(b) as it is after amendment by the Electricity Industry Participation Code (Transmission Pricing Methodology Related Amendments) Amendment 2026 applies to any **benefit-based charge adjustment event** that occurred, occurs or is expected to occur on or after 1 April 2027.

(3) In clause 75(3) of Schedule 12.4, insert ", to the extent necessary," after "**Transpower** must".

(4) In clause 75(4)(b) of Schedule 12.4, replace "during the **start pricing year**" with "in accordance with clause 81A".

(5) Revoke clause 75(5) of Schedule 12.4.

(6) Replace clause 75(6) of Schedule 12.4 with:

(6) Unless a **pre-start adjustment event** is a **SSCGU**, **Transpower** is not required to (but may) factor the **pre-start adjustment event** into its calculation of **regional NPB** under paragraph (4)(a).

(7) Replace clause 75(7) of Schedule 12.4 with:

(7) Subclause (4) does not apply to a **pre-start adjustment event** that is a **specified pre-start adjustment event** to which subclause 65(13) applies.

(8) Revoke clause 75(8) of Schedule 12.4.

20 Clause 77 of Schedule 12.4 amended (Connection Charge Adjustment Event: Connecting Customer)

(1) In clause 77(3)(a) of Schedule 12.4, replace "connection location" with "connecting **customer's** new **connection location** (the new **connection location**)".

(2) In clause 77(3)(b) of Schedule 12.4, replace "(as applicable depending on **Transpower's** determination under paragraph (a) for the **connection location**" with "for the new **connection location** (as applicable depending on **Transpower's** determination under paragraph (a) for the new **connection location**)".

(3) In clause 77(3)(b)(ii) of Schedule 12.4, replace "**connection location**" with "new **connection location** or any other **connection location**".

(4) Replace clause 77(3)(c) of Schedule 12.4 with:

(c) calculate or re-calculate (as the case may be) all **customers' connection customer allocations** for—

(i) the new **connection location**; and

(ii) each other **connection location** where the connecting **customer's AMDC** or **AMIC** affects **connection customer allocations**,

(the relevant **connection locations**) to account for the connecting **customer's AMDC** or **AMIC** estimated under paragraph (b); and

(5) In clause 77(3)(d) of Schedule 12.4, replace "**connection location**" with "relevant **connection locations**".

(6) Replace clause 77(3)(e) of Schedule 12.4 with:

(e) calculate or re-calculate (as the case may be) all **customers' connection charges** for any relevant **connection transmission alternative**—

(i) to account for the **customers' annual connection charge** for the relevant **connection locations** calculated or re-calculated under paragraph (d); and

(ii) assuming those **annual connection charges** applied for the previous **pricing year**.

(7) In clause 77(4) of Schedule 12.4, replace "**connection location** or **connection transmission alternative** from the date the connecting **customer** connected at the **connection location**" with "relevant **connection locations** or **connection transmission alternatives** from the date the connecting **customer** connected at the new **connection location**".

(8) In clause 77(5) of Schedule 12.4, replace "**connection location** or **connection transmission alternative**" with "relevant **connection locations** or **connection transmission alternatives**" in each place.

21 Clause 80 of Schedule 12.4 amended (Connection Charge Adjustment Event: Voluntary Under-recovery)

In clause 80(4) of Schedule 12.4, replace "1 month of" with "1 month before".

22 Clause 81 of Schedule 12.4 amended (Benefit-based Charge Adjustment Events)

(1) In clause 81(1) of Schedule 12.4,—
  (a) revoke paragraph (f); and
  (b) revoke paragraph (g).

(2) Revoke clause 81(4) of Schedule 12.4.

(3) In clause 81(8) of Schedule 12.4, delete "86," in each place.

(4) In clause 81(9) of Schedule 12.4,—
  (a) revoke paragraph (a); and
  (b) in paragraph (b), replace "; and" with "."; and
  (c) revoke paragraph (c).

23 New clause 81A of Schedule 12.4 inserted

After clause 81 of Schedule 12.4, insert:

81A Timing of Adjustments for Benefit-based Charge Adjustment Events

(1) Subject to subclauses (2) and (3), for the purpose of adjusting **benefit-based charges** for a **benefit-based charge adjustment event**, the **benefit-based charge adjustment event** is deemed to have occurred—
  (a) at the start of the **benefit-based charge adjustment event's effective pricing year**; and
  (b) simultaneously with all other **benefit-based charge adjustment events** deemed to have occurred at the start of that **effective pricing year**.

(2) Subclause (1) does not apply to the **benefit-based charge adjustment events** in paragraphs 81(1)(j), 81(1)(k) and 81(1)(l).

(3) For the purpose of adjusting **benefit-based charges** for the **benefit-based charge adjustment event** in paragraph 81(1)(c), the **benefit-based charge adjustment event** is deemed to have occurred immediately for the exiting **customer** (but not for any other **customer**).

(4) To avoid doubt, subclause (3) does not apply to any notional exiting **customer**.

(5) For the purpose of applying paragraph 83(3)(d), 83(5C)(c) or 83(6)(b) or subparagraph 84(3)(a)(ii) to 2 or more **benefit-based charge adjustment events** deemed to have occurred simultaneously under subclause (1)—
  (a) the variable CA in paragraph 83(3)(d), 83(5C)(c) or 83(6)(b), as applicable, is the total of all new **customers'** and notional new **customers' BBI customer allocations** for the relevant **BBI**; and
  (b) the variable CA in subparagraph 84(3)(a)(ii) is the total of all notional exiting **customers' BBI customer allocations** for the relevant **BBI**.

(6) **Transpower** does not breach subclause 81(2) if —
  (a) **Transpower** factors an expected **type B benefit-based charge adjustment event** into its calculation of **transmission charges** for a **pricing year**; and
  (b) the expected **type B benefit-based charge adjustment event** does not occur on or before 31 March immediately before the start of the **pricing year**; and

(c) **Transpower** chooses to delay any incremental **benefit-based charge** attributable to the expected **type B benefit-based charge adjustment event** until **Transpower** determines it has occurred.

24 Clause 82 of Schedule 12.4 amended (Benefit-based Charge Adjustment Event: Material Damage)

(1) In clause 82(2) of Schedule 12.4,—
- (a) revoke paragraph (a); and
- (b) in paragraph (b), replace "subsequent **pricing year**" with "**pricing year** from and including the **benefit-based charge adjustment event's effective pricing year**".

(2) Revoke clause 82(5) of Schedule 12.4.

(3) Revoke clause 82(6) of Schedule 12.4.

25 Clause 83 of Schedule 12.4 amended (Benefit-based Charge Adjustment Event: New Customer)

(1) Revoke clause 83(10) of Schedule 12.4.

(2) Revoke clause 83(11) of Schedule 12.4.

26 Clause 84 of Schedule 12.4 amended (Benefit-based Charge Adjustment Event: Exiting Customer)

(1) In clause 84(3)(a)(iii), replace "; and" with ".".

(2) Revoke clause 84(3)(b) of Schedule 12.4.

(3) In clause 84(5) of Schedule 12.4,—
- (a) revoke paragraph (a); and
- (b) in paragraph (b)(iii), delete "or a **high-value intervening BBI** under the **simple method**"; and
- (c) in paragraph (b)(iv), replace "any other" with "a".

(4) In clause 84(6) of Schedule 12.4,—
- (a) in paragraph (a), replace "the Bunnythorpe Haywards **Appendix A BBI**, a **post-2019 BBI** under a **standard method** or a **high-value intervening BBI** under the **simple method**" with "a **post-2019 BBI** under a **standard method**"; and
- (b) in paragraph (b), replace "any other" with "a".

27 Clause 85 of Schedule 12.4 amended (Benefit-based Charge Adjustment Event: Large Plant Connected or Disconnected)

(1) In clause 85(4) of Schedule 12.4,—
- (a) revoke paragraph (a); and
- (b) in paragraph (b)(iii), delete "or a **high-value intervening BBI** under the **simple method**"; and
- (c) in paragraph (b)(iv), replace "any other" with "a".

(2) In clause 85(5) of Schedule 12.4,—
- (a) in paragraph (a), replace "the Bunnythorpe Haywards **Appendix A BBI** or a **post-2019 BBI** under a **standard method** or a **high-value intervening BBI** under the **simple method**" with "a **post-2019 BBI** under a **standard method**"; and
- (b) in paragraph (b), replace "any other" with "a".

28 Clause 86 of Schedule 12.4 revoked (Benefit-based Charge Adjustment Event: Substantial Sustained Increase)

Revoke clause 86 of Schedule 12.4.

29 Clause 88 of Schedule 12.4 amended (Benefit-based Charge Adjustment Event: Changed Point of Connection)

In clause 88 of Schedule 12.4,—

(a) in subclause (3)(b), replace "subclause 85(5)" with "subclauses 85(4) to 85(6)"; and

(b) in subclause (4)(b), replace "subclause 85(5)" with "subclauses 85(4) to 85(6)".

30 Clause 90 of Schedule 12.4 amended (Benefit-based Charge Adjustment Event: Voluntary Under-recovery)

In clause 90(4) of Schedule 12.4, replace "1 month of" with "1 month before".

31 Clause 95 of Schedule 12.4 amended (Residual Charge Adjustment Event: Voluntary Under-recovery)

In clause 95(4) of Schedule 12.4, replace "1 month of" with "1 month before".

32 Clause 107 of Schedule 12.4 amended (Reversal for Increased Forecast Peak Loading)

In clause 107(2)(b)(i) of Schedule 12.4, replace "**BBI adjustment factor**" with "**BBI reassignment factor**".

33 Clause 122 of Schedule 12.4 revoked (Back-dated Prudent Discounts)

Revoke clause 122 of Schedule 12.4.

Made at Wellington on 9 November 2026

John Harbord

John Harbord
Chair
Electricity Authority

Certified in order for signature:

Nicholai Mumford
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5 November 2026

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Explanatory Note

This note is not part of the amendment but is intended to indicate its general effect.

This amendment to the Electricity Industry Participation Code 2010 (Code) comes into force on 1 April 2027.

The amendment amends the transmission pricing methodology (TPM) in Schedule 12.4 of the Code to:

(a) refine the simple method treatment of battery storage so that battery storage is not charged disproportionately compared to other supply technologies:
(b) remove the two-year lag between when an updated weighted average cost of capital applies to determine Transpower's maximum allowable revenue, and when it applies to calculate benefit-based charges (BBCs):
(c) use the standard method (instead of the simple method) to allocate 50% of the capital cost of anticipatory connection capacity:
(d) enable the processing of BBC adjustments in one annual batch:
(e) remove the 'substantial sustained increase' adjustment event for BBCs:
(f) make minor amendments to the drafting of the TPM to improve clarity and remove redundant provisions.

More information about the amendments is available on the Electricity Authority's website https://www.ea.govt.nz/

This is secondary legislation issued under the authority of the Legislation Act 2019.	
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