

Proposed amendments to Schedule 12.4, clauses 3 and 83

[Clause 3, Definitions]

simple method BBC cap has the meaning in subclause 83(5B)

[Clause 83]

83 Benefit-based Charge Adjustment Event: New Customer

- (1) This clause 83 applies in the case of the **benefit-based charge adjustment event** in paragraph (81)(1)(b).
- (2) The new **customer**—
 - (a) is a **beneficiary** of each **post-2019 BBI** (a relevant **post-2019 BBI**) that has positive **regional NPB** for a **regional customer group** of which the new **customer** is expected to be a member (a relevant **regional customer group** for the relevant **post-2019 BBI**); and
 - (b) may be a **beneficiary** of 1 or more of the **Appendix A BBIs**.
- (3) **Transpower** must, for each relevant **post-2019 BBI**—
 - (a) estimate the value of the new **customer's intra-regional allocator** for each relevant **regional customer group** as if the new **customer's assets** were fully operational and taking into account—
 - (i) the type and **capacity** of the new **customer's assets**; and
 - (ii) the values of the **intra-regional allocators** for any other ~~customers~~**beneficiaries of the relevant post-2019 BBI** with **assets** of the same or a similar type as the new **customer's assets**; and
 - (b) subject to subclause (4) and applying subclause (13) if required, calculate the new **customer's individual NPB** for the relevant **post-2019 BBI**—
 - (i) under clause 47, 57 or 61 (as applicable depending on the method used to calculate **beneficiaries' BBI customer allocations** for the relevant **post-2019 BBI**); and
 - (ii) based on the value of the new **customer's intra-regional allocator** for each relevant **regional customer group** estimated under paragraph (a), but excluding the value of the new **customer's intra-regional allocator** from the denominator of the formula in clause 47 or subclause 61(2) (as applicable) unless the **regional customer group** had no members immediately before the new **customer** joined it; and
 - (c) calculate the new **customer's BBI customer allocation** for the relevant **post-2019 BBI** based on the new **customer's individual NPB** for the relevant **post-2019 BBI** calculated under paragraph (b), but excluding the value of the new **customer's individual NPB** from the denominator of the formula in subclause 43(1); and
 - (d) scale down all **beneficiaries' (including the new customer's) BBI customer allocations** for the relevant **post-2019 BBI** by a factor (F) calculated as follows:

$$F = \frac{1}{1 + CA}$$

where CA is the new **customer's BBI customer allocation** for the relevant **post-2019 BBI** calculated under paragraph (c); and

- (e) calculate or re-calculate (as the case may be) all **beneficiaries' benefit-based charges** for the relevant **post-2019 BBI** based on the **beneficiaries' BBI customer allocations** calculated under paragraph (d).
- (4) If the new **customer** is in a **future regional customer group** for a relevant **BBI**, **Transpower** must calculate the new **customer's individual NPB** for the relevant **BBI** under paragraph (3)(b) in respect of the **future regional customer group** by using the **future regional customer group's notional IRA value** in the denominator of the formula in clause 47.
- (5) The following tables illustrate the application of subclause (3) to a new **customer** (**customer E**) entering **regional customer group Y** for a **post-2019 BBI** under the price-quantity method where **regional customer group Y** is not a **future regional customer group** ~~and the post-2019 BBI is not a resiliency BBI:~~

Before

regional customer group	beneficiary	regional NPB	intra-regional allocator	individual NPB	BBI customer allocation
X	A	60	1	20	18.18%
	B		2	40	36.36%
Y	C	50	3	30	27.27%
	D		2	20	18.18%

Transition (paragraphs (3)(a) to (3)(c))

regional customer group	beneficiary	regional NPB	intra-regional allocator	individual NPB	BBI customer allocation
X	A	60	1	20	18.18%
	B		2	40	36.36%
Y	C	50	3	30	27.27%
	D		2	20	18.18%
	E		1 (estimated)	$1/5 \times 50 = 10$	$10/110 = 9.09\%$

After (paragraph (3)(d))

regional customer group	beneficiary	regional NPB	intra-regional allocator	individual NPB	BBI customer allocation (scaled by 1/1.0909)
X	A	60	1	20	16.67%
	B		2	40	33.33%
Y	C	50	3	30	25.00%
	D		2	20	16.67%
	E		1 (estimated)	10	8.33%

(5A) Subclause (5C) applies to the new customer's benefit-based charges for post-2019 BBIs under the simple method if—

$$BBC_{(3) \text{ total}} > SMBC$$

where

$BBC_{(3) \text{ total}}$ is the new customer's total benefit-based charges for relevant post-2019 BBIs under the simple method calculated under subclause (3)

$SMBC$ is the new customer's simple method BBC cap.

(5B) The new customer's simple method BBC cap ($SMBC$) is calculated as follows:

$$SMBC = E \times \frac{1}{J} \sum_j \frac{BBC_{j \text{ total}}}{E_j}$$

where

E is Transpower's estimate of the value of the new customer's intra-regional allocator for the relevant regional customer group under paragraph 83(3)(a)

J is the number of customers of the same type as the new customer (generator or connected asset owner)—

(a) at the new customer's connection location; or

(b) if there are no such customers at the new customer's connection location, at the connection location electrically closest to the new customer's connection location at which there is 1 or more such customers, as determined by Transpower,

each such customer being customer j

$BBC_{j \text{ total}}$ is customer j 's total annual benefit-based charges for BBIs under the simple method for the current pricing year and regional customer group in which customer j 's connection location is located

E_j is the value of customer j 's intra-regional allocator for the current simple method period and regional customer group in which customer j 's connection location is located.

This subclause is subject to subclause (9A).

(5C) If this subclause applies under subclause (5A), Transpower must, instead of applying the new customer's benefit-based charges for the relevant post-2019 BBIs under the simple method calculated under subclause (3)—

(a) attribute part of the new customer's simple method BBC cap to each investment region in respect of which the relevant regional customer group has positive regional NPB as follows:

$$SMBC_{\text{region}} = SMBC \times \frac{BBC_{(3)}}{BBC_{(3) \text{ total}}}$$

where

$SMBC_{region}$ is the **part of the new customer's simple method BBC cap** attributed to the **investment region**

$SMBC$ is the **new customer's simple method BBC cap**

$BBC_{(3)}$ is the **part of the new customer's annual benefit-based charges** for the relevant **post-2019 BBIs** under the **simple method** attributed to the **investment region** calculated under paragraph 83(3)(e)

$BBC_{(3) total}$ is the **new customer's total annual benefit-based charges** for the relevant **BBIs** under the **simple method** calculated under paragraph 83(3)(e); and

- (b) calculate the new customer's BBI customer allocation for each relevant **post-2019 BBI (CA)** as follows:

$$CA = \frac{SMBC_{region}}{CC_{region total}}$$

where

$SMBC_{region}$ is the **part of the new customer's simple method benefit cap** attributed to the **investment region** in which the relevant **post-2019 BBI** is located under paragraph (a)

$CC_{region total}$ is the **total covered cost** of all relevant **post-2019 BBIs** under the **simple method** located in the **investment region** for the current **pricing year**; and

- (c) scale down all beneficiaries' (including the new customer's) BBI customer allocations for each relevant **post-2019 BBI** by a factor (F) calculated as follows:

$$F = \frac{1}{1 + CA}$$

where CA is the **new customer's BBI customer allocation** for the relevant **post-2019 BBI** calculated under paragraph (b); and

- (d) calculate or re-calculate (as the case may be) all beneficiaries' benefit-based charges for each relevant **post-2019 BBI** based on the **beneficiaries' BBI customer allocations** calculated under paragraph (c).

- (6) **Transpower** must, for each **Appendix A BBI**—

- (a) calculate the **new customer's BBI customer allocation** for the **Appendix A BBI (CA)** as follows:

$$CA = E \times \frac{1}{J} \sum_j BF_j$$

where

E is **Transpower's** estimate of the **new customer's average annual offtake** or **injection** at the **new customer's connection location** when the **new customer's assets** are fully operational

J is the number of **Appendix A customers** of the same type as the new **customer (generator or connected asset owner)**—

- (i) at the new **customer’s connection location**; or
- (ii) if there are no such **Appendix A customers** at the new **customer’s connection location**, at the **connection location** electrically closest to the new **customer’s connection location** at which there is 1 or more such **Appendix A customers**, as determined by **Transpower**, each such **Appendix A customer** being **Appendix A customer j**

BF_j is **Appendix A customer j’s benefit factor** for the **Appendix A BBI** and the new **customer’s connection location** ([or the electrically closest connection location, as the case may be](#)) (which may be zero); ~~and~~

[This paragraph is subject to subclause \(9A\); and](#)

(b) scale down all **beneficiaries’** (including the new **customer’s**) **BBI customer allocations** for the **Appendix A BBI** by a factor (F) calculated as follows:

$$F = \frac{1}{1 + CA}$$

where CA is the new **customer’s BBI customer allocation** for the **Appendix A BBI** calculated under paragraph (a); and

(c) calculate or re-calculate (as the case may be) all **beneficiaries’ benefit-based charges** for the **Appendix A BBI** based on the **beneficiaries’ BBI customer allocations** calculated under paragraph (b).

(7) An **Appendix A customer’s benefit factor** for an **Appendix A BBI** and **connection location** (BF) is calculated as follows:

$$BF = \frac{CA}{E}$$

where

CA is the part of the **Appendix A customer’s Appendix A allocation** for the **Appendix A BBI** attributable to the **connection location** (which may be 0)

E is—

- (a) if the **Appendix A customer** is a **Schedule 1 customer**, and subject to subclause (7A), the **Appendix A customer’s average annual offtake** (for a **connected asset owner**) or **injection** (for a **generator**) at the **connection location** over **CMP D**, being the period the **Authority** used to calculate the **Schedule 1 allocations**, adjusted as necessary to take account of any adjustments of the type referred to in subclause 42(2); or
- (b) otherwise, the estimate of the **Appendix A customer’s average annual offtake** (for a **connected asset owner**) or **injection** (for a **generator**) at the **connection location** over **CMP D** used to calculate the **Appendix A customer’s Appendix A allocation** for the **Appendix A BBI**.

- (7A) This subclause applies to an **Appendix A customer** and **connection location** if—
- (a) paragraph (a) of the definition of variable E in subclause (7) applies to the calculation of the **Appendix A customer’s benefit factors** for the **connection location**; and
 - (b) the **Appendix A customer**—
 - (i) is or was a **connected asset owner** at the **connection location** and had average annual **injection** at the **connection location** over **CMP D** that was greater than its average annual **offtake** at the **connection location** over **CMP D**; or
 - (ii) is or was a **generator** at the **connection location** and had average annual **offtake** at a **connection location** over **CMP D** that was greater than its average annual **injection** at the **connection location** over **CMP D**.

If this subclause applies, **Transpower** must—

- (c) if the **Appendix A customer** is or was a **connected asset owner** at the **connection location**—
 - (i) use the **Appendix A customer’s** average annual **injection** at the **connection location** over **CMP D** as the value of variable E in subclause (7), instead of its average annual **offtake** at the **connection location** over **CMP D**; and
 - (ii) treat the **Appendix A customer** as a **generator** at the **connection location** for the purposes of calculations under paragraph (6)(a); and
 - (d) if the **Appendix A customer** is or was a **generator** at the **connection location**—
 - (i) use the **Appendix A customer’s** average annual **offtake** at the **connection location** over **CMP D** as the value of variable E in subclause (7), instead of its average annual **injection** at the **connection location** over **CMP D**; and
 - (ii) treat the **Appendix A customer** as a **connected asset owner** at the **connection location** for the purposes of calculations under paragraph (6)(a).
- (8) For the purposes of the calculation under paragraph (6)(a), if the new **customer’s assets** are **battery storage**—
- (a) the new **customer** must be treated as a **generator** and not a **connected asset owner**; and
 - (b) variable E must be **Transpower’s** estimate of the new **customer’s** average annual **injection** at the new **customer’s connection location** when the new **customer’s battery storage** is fully operational.
- (9) The following tables illustrate the application of subclause (6) to a new **customer (beneficiary E)** for an **Appendix A BBI**, where the incumbent **beneficiaries** are all **Appendix A customers** and the **benefit factors** for **beneficiaries B** and **C** are used in the calculation in subclause (6)(a):

Before

beneficiary	benefit factor	average annual offtake/injection	BBI customer allocation
A	0.1818	100	18.18%
B	0.1818	200	36.36%
C	0.0909	300	27.27%
D	0.0455	400	18.18%

Transition (paragraph (6)(a))

beneficiary	benefit factor	average annual offtake/injection	BBI customer allocation
A	0.1818	100	18.18%
B	0.1818	200	36.36%
C	0.0909	300	27.27%
D	0.0455	400	18.18%
E	$(0.1818 + 0.0909)/2 =$ 0.1364	250 (estimated)	$0.1364 \times 250 = 34.10\%$

After (paragraph (6)(b))

beneficiary	benefit factor	annual offtake/injection	BBI customer allocation (scaled by 1/1.341)
A	0.1818	100	13.56%
B	0.1818	200	27.11%
C	0.0909	300	20.34%
D	0.0455	400	13.56%
E	0.1364	250 (estimated)	25.43%

(9A) Despite subclause (5B) and paragraph (6)(a), Transpower may exclude from the calculation under subclause (5B) or paragraph (6)(a) (as the case may be) any other customer’s generating plant, consuming plant or local network that is not reasonably comparable to the new customer’s generating plant, consuming plant or local network, whether by reason of different expected operating modes or otherwise.

- (10) **Transpower** must start the new **customer’s monthly benefit-based charges** calculated under paragraph (3)(e) or (6)(c) as soon as reasonably practicable. The new **customer’s monthly benefit-based charges** may include an adjustment as necessary to ensure the new **customer** pays its full **benefit-based charge** for each **BBI** from the date the new **customer** connected to the **grid**.
- (11) **Transpower** is not required to (but may) start any other **beneficiary’s monthly benefit-based charges** re-calculated under paragraph (3)(e) or (6)(c) during, or from the start of, an **exempt pricing year** for the **beneficiary**. However, any over-recovery of the **benefit-based charge** for a **BBI** and **exempt pricing year** resulting from the start of the new **customer’s monthly benefit-based charge** for the **BBI** must be rebated, as appropriate, to the other **beneficiaries** by way of an adjustment to their **transmission charges**—
- (a) if reasonably practicable, at the end of the **exempt pricing year**; or
 - (b) otherwise, as soon as reasonably practicable during the next **pricing year**.
- (12) Subclause (13) applies if the new **customer** is expected to be a member of a **regional customer group** under the **simple method** that—
- (a) had no members during **CMP C** for the relevant **simple method period**; and
 - (b) has **regional NPB** of 0 in respect of at least one **investment region** for the relevant **simple method period** (each a **zero RNPB investment region**).

- (13) If this subclause applies under subclause (12), **Transpower** must, for the purposes of the calculation under paragraph (3)(b), calculate **regional NPB** for the **regional customer group** in respect of each **zero RNPB investment region** (RNPB) as follows:

$$RNPB = \frac{RNPB_{type\ total}}{I \times IRA_{type\ total}} \times IRA \times \frac{RNPB_{inv\ total}}{RNPB_{total}}$$

where, subject to subclause (14)

$RNPB_{type\ total}$ is—

- (a) if the **regional customer group** is a **regional demand group**, the total of all other **regional demand groups’ regional NPBs** in respect of all **investment regions** for the **simple method period**; or
- (b) if the **regional customer group** is a **regional supply group**, the total of all other **regional supply groups’ regional NPBs** in respect of all **investment regions** for the **simple method period**

I is the number of **investment regions** for the **simple method period**

$IRA_{type\ total}$ is—

- (a) if the **regional customer group** is a **regional demand group**, the total of all **customers’ intra-regional allocator** values for all other **regional demand groups** for the **simple method period**; or
- (b) if the **regional customer group** is a **regional supply group**, the total of all **customers’ intra-regional allocator** values for all other **regional supply groups** for the **simple method period**

IRA is the value of the **customer’s intra-regional allocator** estimated under paragraph 83(3)(a)

$RNPB_{inv\ total}$ is the total of all other **regional customer groups’ regional NPBs** in respect of the **zero RNPB investment region** for which RNPB is being calculated

$RNPB_{total}$ is the total of all other **regional customer groups’ regional NPBs** in respect of all **zero RNPB investment regions**.

- (14) The other **regional customer groups** referred to in the definitions of variables $RNPB_{type\ total}$, $RNPB_{inv\ total}$ and $RNPB_{total}$ in subclause (13) exclude **regional customer groups** with no members.

Clause 83(7): amended, on 31 July 2023, by clause 18 of the Electricity Industry Participation Code Amendment (Transmission Pricing Methodology Amendments) 2023.

Clause 83(7A): inserted, on 31 July 2023, by clause 18 of the Electricity Industry Participation Code Amendment (Transmission Pricing Methodology Amendments) 2023.