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Website: <https://www.ea.govt.nz/>

Contact phone: +64 4 460 8860

Contact address: PO Box 10041, Wellington 6143

Electricity Industry Participation Code (Transmission Pricing Methodology Related Amendments) Amendment 2025

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 that Act.

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Amendment

1 Title

This is the Electricity Industry Participation Code (Transmission Pricing Methodology Related Amendments) Amendment 2025.

2 Commencement

- (1) Clauses 6(1), 6(3), 8, 9(1), 10, 11, 12, and 13 come into force on 15 December 2025.
- (2) The remaining clauses in this amendment come 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)

In clause 3 of Schedule 12.4, insert in its appropriate alphabetical order:

revaluation means—

- (a) for a **connection asset** or **anticipatory connection asset** and **financial year**, the amount calculated under clause 27A for the asset and **financial year**; and
- (b) for an asset comprised in a **BBI** (other than an **anticipatory BBI**) and a **financial year**, the amount calculated under subclause 39(2A) for the asset and **financial year**

5 Clause 26 of Schedule 12.4 amended (Asset Component)

In clause 26 of Schedule 12.4, replace subclauses (7) and (8) with:

- (7) The **connection asset** return rate for a **pricing year** (ARR) is calculated as follows:

$$ARR = \frac{(r \times (V_{total} - V_{total\ anticipatory})) + (D_{total} - D_{total\ anticipatory}) - (RV_{total} - RV_{total\ anticipatory})}{RC_{total}}$$

where

r	is Transpower's PQ WACC (pre-tax) for the pricing year
V_{total}	is the total closing RAB value of all connection assets for the preceding financial year
$V_{total\ anticipatory}$	is the part of V_{total} attributable to anticipatory connection assets , as determined by Transpower
D_{total}	is total depreciation of all connection assets other than investment agreement assets during the preceding financial year , excluding accelerated depreciation
$D_{total\ anticipatory}$	is the part of D_{total} attributable to anticipatory connection assets , as determined by Transpower
RV_{total}	is total revaluation for all connection assets and the preceding financial year

$RV_{total\ anticipatory}$ is the part of RV_{total} attributable to **anticipatory connection assets**, as determined by **Transpower**

RC_{total} is the total **replacement cost** of all **connection assets** other than **investment agreement assets** and **anticipatory connection assets** at the end of the preceding **financial year**.

- (8) The discounted **connection asset** return rate for a **pricing year** (DARR) is calculated as follows:

$$DARR = \frac{(r \times V_{total\ anticipatory}) + D_{total\ anticipatory} - RV_{total\ anticipatory}}{RC'_{total}} \times 0.5$$

where

r is **Transpower's PQ WACC** (pre-tax) for the **pricing year**

$V_{total\ anticipatory}$ is the part of the total **closing RAB value** of all **connection assets** for the preceding **financial year** attributable to **anticipatory connection assets**, as determined by **Transpower**

$D_{total\ anticipatory}$ is the part of total **depreciation** of all **connection assets** other than **investment agreement assets** during the preceding **financial year**, excluding **accelerated depreciation**, attributable to **anticipatory connection assets**, as determined by **Transpower**

$RV_{total\ anticipatory}$ is total **revaluation** for all **anticipatory connection assets** and the preceding **financial year**

RC'_{total} is the total **replacement cost** of all **connection assets** (including **connection assets** that are **investment agreement assets**) other than **anticipatory connection assets** at the end of the preceding **financial year**.

6 Clause 27 of Schedule 12.4 amended (Anticipatory BBIs)

- (1) In clause 27(2)(b) of Schedule 12.4, replace “CVC” with “COVC” in each place.

- (2) In clause 27(2) of Schedule 12.4, replace paragraph (b) with:

- (b) that has a **covered cost** for the **pricing year** (COVC) calculated as follows:

$$COVC = ((r \times V_{anticipatory}) + D_{anticipatory} - RV_{anticipatory}) \times 0.5$$

where

r is **Transpower's PQ WACC** (pre-tax) for the **pricing year**

$V_{anticipatory}$ is the part of the total **closing RAB value** for the preceding **financial year** attributable to the **anticipatory connection asset**, as determined by **Transpower**

$D_{anticipatory}$ is the part of total **depreciation** during the preceding **financial year**, excluding **accelerated depreciation**, attributable to the **anticipatory connection asset**, as determined by **Transpower**

$RV_{\text{anticipatory}}$ is **revaluation** for the **anticipatory connection asset** and preceding **financial year**; and

- (3) In clause 27(2)(d), replace “and” with “and”.

7 New clause 27A of Schedule 12.4 inserted (Revaluation for Connection Assets and Anticipatory Connection Assets)

After clause 27 of Schedule 12.4, insert:

27A Revaluation for Connection Assets and Anticipatory Connection Assets

Revaluation for a **connection asset** or **anticipatory connection asset** and **financial year** (RV) is calculated as follows:

$$RV = RV_{IM} \times \frac{FRR}{RR \times (1 - r)}$$

where

RV_{IM} is revaluation for the asset and **financial year** calculated under the **Transpower IMs**, as determined by **Transpower**

FRR is the forecast revaluation rate used to calculate the forecast revaluation component of **maximum revenue** for the **pricing year** starting immediately before the start of the **financial year**

RR is the revaluation rate for the **financial year** calculated under the **Transpower IMs**

r is the corporate tax rate, as defined in the **Transpower IMs**, at the start of the **financial year**.

8 Clause 35 of Schedule 12.4 amended (Calculation of Benefit-based Charges)

In clause 35(2) of Schedule 12.4, replace “CC” with “COVC” in each place.

9 Clause 39 of Schedule 12.4 amended (Covered Cost)

- (1) In clause 39(1) of Schedule 12.4, replace “CC” with “COVC” in each place.

- (2) In clause 39 of Schedule 12.4, replace subclause (2) with:

- (2) The **capital charge** for an asset and **financial year** (C) is calculated—

- (a) if the asset had an **opening RAB value** for the **financial year**, as follows:

$$C = (r \times V) - RV$$

where

r is **Transpower’s PQ WACC** (vanilla) at the start of the **financial year**

V is, subject to subclause 7, the **opening RAB value** for the asset and **financial year**

RV is **revaluation** for the asset and **financial year**; or

- (b) if the asset was **commissioned** during the **financial year**, as follows:

$$C = V \times \frac{r \times (12.5 - m)}{12}$$

where

V is, subject to subclause (7), the asset's **value of commissioned asset**

r is **Transpower's PQ WACC** (vanilla) at the start of the **financial year**

m is the month of the **financial year** during which the asset was **commissioned** (for example, m = 3 for September).

(2A) **Revaluation** for an asset comprised in a **BBI** and a **financial year** (RV) is calculated as follows:

$$RV = RV_{IM} \times \frac{FRR}{RR}$$

where

RV_{IM} is revaluation for the asset and **financial year** calculated under the **Transpower IMs**, as determined by **Transpower**

FRR is the forecast revaluation rate used to calculate the forecast revaluation component of **maximum revenue** for the **pricing year** starting immediately before the start of the **financial year**

RR is the revaluation rate for the **financial year** calculated under the **Transpower IMs**.

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

(1) In clause 83 of Schedule 12.4, replace subclause (5B) with:

(5B) Subject to subclause (9A), the new **customer's simple method BBC cap** (SMBC) is calculated as follows:

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

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**) as at the later of 1 April 2023 and the start of the relevant **simple method period**—

- (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 or was 1 or more such **customers**, as determined by **Transpower**,
- each such **customer** being **customer j**

$BBC_{j\ total}$ is:

$$\sum_i CA_{ij} COVC_{i\ total}$$

where

CA_{ij} is **customer j's BBI customer allocation**, as at the later of 1 April 2023 and the start of the relevant **simple method period**, for **post-2019 BBIs** under the **simple method** for the **regional customer group** in which **customer j's connection location** is located and in respect of **investment region i**

$COVC_{i\ total}$ is the total **covered cost** of all **post-2019 BBIs** under the **simple method** in **investment region i** at the time the new **customer** connected to the **grid**

E_j is the value of **customer j's intra-regional allocator**, as at the later of 1 April 2023 and the start of the relevant **simple method period**, for the **regional customer group** in which **customer j's connection location** is located.

- (2) In clause 83(5C)(a) of Schedule 12.4, definition of $BBC_{(3)\ total}$, replace “**BBIs**” with “**post-2019 BBIs**”.
- (3) In clause 83(5C) of Schedule 12.4, replace paragraph (b) with:
- (b) calculate the new **customer's BBI customer allocation** for each relevant **post-2019 BBI** (CA) as follows:

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

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)

COVC_{region total}

is the total **covered cost** of all relevant **post-2019 BBIs** under the **simple method** located in the **investment region** at the time the new **customer** connected to the **grid**; and

11 Clause 97 of Schedule 12.4 amended (Reassignment Amount)

In clause 97 of Schedule 12.4, replace “CC” with “COVC” in each place.

12 Clause 102 of Schedule 12.4 amended (Forecast Peak Loading and Reassignment Factors)

In clause 102(4) of Schedule 12.4:

- (a) replace “CC_{total}” with “COVC_{total}” in each place; and
- (b) replace “CC_i” with “COVC_i” in each place.

13 Clause 110 of Schedule 12.4 amended (Cap and Cap Condition)

In clause 110(2) of Schedule 12.4, replace “CC” with “CAPC” in each place.

Made at Wellington on 6th November 2025



Anna Kominik
Chair
Electricity Authority

Certified in order for signature:



Nicholai Mumford
Senior Legal Counsel
Electricity Authority
6 November 2025



Rachael Brown
Partner
Bell Gully
6 November 2025

Explanatory Note

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

Clauses 6(1), 6(3), 8, 9(1), 10, 11, 12, and 13 of this amendment to the Electricity Industry Participation Code 2010 (Code) come into force on 15 December 2025. The remaining clauses come into force on 1 April 2027.

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

- incorporate indexation to ensure that costs recovered through the TPM remain broadly aligned with the way costs are calculated for Transpower under Part 4 of the Commerce Act;
 - standardise the allocators used in the simple method benefit-based charges (BBC) cap formula to ensure a consistent calculation of the cap in any pricing period; and
 - make minor editorial changes to make the TPM clearer.
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Electricity Industry Participation Code (Transmission Pricing Methodology Related Amendments) Amendment 2025

This is secondary legislation issued under the authority of the Legislation Act 2019 .	
Title	Electricity Industry Participation Code (Transmission Pricing Methodology Related Amendments) Amendment 2025
Principal or amendment	Amendment
Consolidated version	No
Empowering Act and provisions	Electricity Industry Act 2010, section 38
Replacement empowering Act and provisions	Not applicable
Maker name	Electricity Authority
Administering agency	Electricity Authority
Date made	[06 November 2025
Publication date	11 November 2025
Notification date	11 November 2025
Commencement date	15 December 2025 and 1 April 2027
End date (when applicable)	Not applicable
Consolidation as at date	Not applicable
Related instruments	Electricity Industry Participation Code 2010