

Responses to stakeholder questions, Non-discrimination obligations: RPCA, uncommitted capacity and other matters consultation, March 2026

Question from Allen Consulting (received 5 March 2026)	Response
<p>The consultation states, “A gentailer should identify all relevant retail operating costs attributable to the different mass market RPCA segments as well as a contribution to shared and common costs.” That would suggest an avoidable cost allocation method (ACAM) would not be permitted.</p> <p>But the consultation follows this by stating “The assessment of retail costs that goes into the RPCA should reflect a subsidy-free standard.”</p> <p>ACAM reflects a subsidy free standard.</p> <p>It is not clear what the Authority considers would be “a contribution to shared and common costs” that would “reflect a subsidy-free standard” given subsidy-free pricing is based on avoidable/incremental cost (excluding shared and common costs). Any allocation from zero (ACAM) upwards would reflect a subsidy free standard?</p> <p>The consultation also states that the EA prefers an “as-efficient competitor standard” and that this “is usually interpreted as applying a long-run avoidable costs approach. As the Commission put it: “long-run average avoidable costs do not include an allocation of common costs shared between the relevant downstream service and other services (whether upstream services or services in other markets)”.” So here the consultation seems to be saying shared and common costs would be excluded?</p>	<p>The Authority’s approach starts from its understanding that pricing between incremental and standalone cost is consistent with subsidy-free pricing.</p> <p>While the avoidable cost method is therefore consistent with subsidy-free pricing, it is not what the Authority is proposing. Instead, the Authority currently considers “a more bespoke approach best suits the RPCA – applying the [as efficient competitor] standard but including an appropriate contribution to common and shared costs.”</p> <p>See para 3.32 of the consultation paper, and the discussion in that section of the paper for our reasons to taking this bespoke approach, which we also consider to be consistent with subsidy-free pricing.</p> <p>Where the guidance refers to taking a principled basis to cost allocation it explains that this means attribution of costs [including shared and common costs] should be based on “using rational cost drivers that reflect a causal relationship, or if this cannot be established, some other reasonable proxy measure”.</p> <p>It also asks gentailers to provide reasons for the approach taken. See paras A.70-A.75. This seeks to reduce the risk that cost allocation is arbitrary.</p>

<p>The draft Code and Guidelines are much clearer that operating costs ARE to include a contribution to shared and common costs, but I am not sure what the EA would consider to be a "principled cost allocation methodology" or attribution of shared and common costs on a "principled basis". ACAM and Fully Allocated Cost Methods are both principled. Economists often think of allocation of shared and common costs as being pretty arbitrary.</p>	
<p>Question from The Energy Collective, Electric Kiwi and Kiwi Mobile (received 16 March 2026)</p>	<p>Response</p>
<p>I am seeking clarification regarding the scope of the proposed code changes shown in appendix B of the consultation paper.</p> <p>Specifically, does Appendix B show <i>all</i> currently proposed amendments to the Code (including those relating to RPCA, uncommitted capacity, and any other aspects of the NDO regime), or does it only mark up the changes relating to RPCA and uncommitted capacity discussed in this consultation?</p> <p>In other words, should we expect that the final Code amendments may include further changes to other draft provisions (for example, record-keeping requirements or other sections) that are not shown in the current draft attached to this consultation?</p> <p>Eg, the references in clauses 13.236Q(4)(c) to (e) cross reference clause 13.236P(5) to (9) whereas at page 52 of the Consultation Paper there is only reference to clauses 12.236P(1)-(4).</p>	<p>The most recent February consultation paper only includes the clauses which have been further amended since the October consultation paper. The latest amendments are shown in red– whereas the amendments proposed in the October paper are in black underline.</p> <p>At this stage of the project, we are only after submissions on this most recent round of amendments (those in red). The proposed clauses which are not included in the February paper have not been further amended (at this stage) from the October consultation paper – so do not require additional consultation.</p> <p>The next stage is a decision paper. Subject to this current consultation and board decisions, that paper will include the final Code amendments – which may include amendments to any of the proposed clauses – where those amendments are in response to submissions to both the October and February papers and which do not require further consultation.</p>