About the Transmission Pricing Methodology, our Operational Review, and this consultation

This document aims to introduce our consultation topic to a wider audience than only Transpower's connected customers. This could include aggregators, distributed energy resource developers, new entrants to the electricity sector, and large or growing industrial customers. It may also be helpful for regional business and economic development groups, particularly where investment attraction or regional growth is a high priority. We are happy to discuss your queries and welcome all submissions.

What is the TPM?

Transpower owns and operates New Zealand's electricity transmission network, which brings electricity from where it is generated to grid substations across the country, where it is distributed to homes and businesses. The Transmission Pricing Methodology (TPM) sets out how Transpower recovers its costs from those who use or produce electricity. The TPM is set by the Electricity Authority.

The TPM matters because it decides how the cost of running the transmission network is allocated overall – about $1 billion each year. Businesses and homes pay a share of these costs through their electricity bills.

The organisations that Transpower allocates charges to are connected to its grid substations. They are electricity generators, NZ's largest industrial companies, and local lines companies.

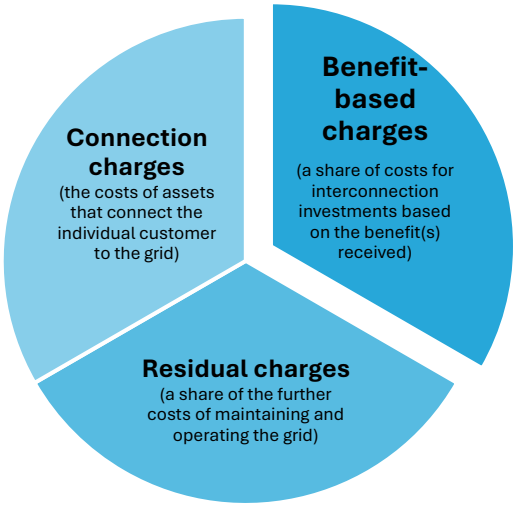
Our Operational Review

The TPM has been in place for three years and customers and investors have told us it can be complex, difficult to replicate and hard to forecast. Our Operational Review aims to identify practical improvements that reduce complexity, price fluctuations and unpredictability. Wherever possible, we will prioritise enhancements to our systems and processes before considering Code changes. Where Code changes are needed, we will propose them to the Electricity Authority, which sets the TPM.

What is this consultation about?

We're reviewing whether an important element of the TPM, benefit-based charges, is working as intended. Our review is seeking evidence about what is going well, and what is not.

Benefit-based charges matter because they decide who pays the costs of interconnection assets and for investments to build, upgrade or replace them. Interconnection assets are shared parts of the transmission network that transport electricity between regions and users. Benefit-based charges are designed so that those who benefit most pay a higher proportion of the cost.



Benefit-based charges decide who pays for interconnection investments on the national grid and how much.

NB: This illustration does not necessarily represent accurate proportions of these three charge types.

Therefore, benefit-based charges can influence where businesses build, how local lines companies plan for growth, and how confident business owners and investors can be about future electricity costs for their businesses. The TPM can influence investment timing, location and structure, particularly where price signals affect large electricity users. Allocations and values can change over time and estimates of future benefits can be impacted by assumptions.

Before we develop and consult on options for improvements, we're testing whether we correctly understand current concerns and deepening our understanding about the issues being experienced. We are seeking feedback, evidence and data.

Share your views

Your submission could help shape how future transmission costs are allocated and signalled. It will help us as we develop solutions to implement, and if Code changes are required, propose to the Electricity Authority.

More investment in our national grid will be needed in the future as New Zealand's use of electricity increases. The stakes for how these costs are shared will also increase.

The overall process for the review

After this consultation, we'll use the feedback we get to develop possible solutions with our Industry Working Group. These are experts who are bringing all their knowledge and experience to give feedback as we've developed our consultation, and will help us develop improvements to implement, and, where needed, propose to the Electricity Authority.

In parallel, we are commissioning independent analysis to strengthen the evidence base for the next stage of work. We expect to publish the report early next year, alongside any decisions on next steps.

We also We also ran an earlier workstream in April 2026 on administrative aspects of the TPM that could be improved quickly. We are grateful for the contributions and submissions made on that consultation, which enabled us to progress solutions and propose these to the Electricity Authority. The Authority consulted on these in July and August and will make decisions in due course.

For completeness, this is a Transpower-led consultation. The Electricity Authority has not endorsed our consultation paper or any potential changes at this stage. If we propose changes to the TPM, the Electricity Authority will consider our proposals through its usual process.

	Electricity Authority	**Transpower**
Role	Owns the TPM and sets the overarching outcomes and policy	Administers and applies the TPM
Developing changes	Can initiate consultations, amendments and reviews	Can initiate operational reviews and develop amendments to propose to the Authority
Decisions on changes	Considers and may approve TPM amendments	Cannot change the TPM, but can propose amendments to the Authority

We welcome your submissions and you can make them by emailing tpmreview@transpower.co.nz by 5pm on Friday, 11 December. We're also happy to discuss the TPM and respond to your questions. Consultation information is on our website.