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TPM Operational Review 2026 – Workstream 1 consultation paper

Thank you for the opportunity to make a submission on the TPM Operational Review 2026 – Workstream 1 consultation paper.

Our feedback focuses on the adjustment event process and its outcomes, as these have had—and will continue to have—a significant impact on our benefit-based charges. To provide context for our concerns, we outline below a number of issues relating to adjustment events, several of which are not explicitly addressed in the consultation paper.

We believe these concerns would be addressed with the annual IRA update option, and we set out the issues and support for that option below.

Issues with the Adjustment Event Framework

1. Generational distortion

Embedded generation customers that connected to our network prior to the introduction of the current TPM reduced our net offtake and therefore reduced our exposure to benefit-based charges. In contrast, large embedded generators that connect now are notionally assessed as being directly connected to the grid and will always increase our charges.

This creates an inequity between generations of embedded generation based purely on timing of connection. We consider this outcome to be inequitable and inconsistent with cost-reflective pricing principles.

2. Counter-intuitive charging outcomes

When a large generator embeds within our network, it supplies a portion of our local load, reducing the amount of energy we must extract from the grid. Despite this reduced use of the grid, the adjustment event process results in higher charges.

An alternative way to view this outcome is that Transpower is charging us for transmitting electricity that never enters the grid. This is a difficult proposition to explain to affected embedded generators and undermines confidence in the pricing framework.

3. Paying twice for the same connection

Treating new large embedded generators as notionally connected directly to the grid, and then adding those charges to our grid-exit-point based charges, results in us simultaneously paying as both a load customer and an injecting customer.

At a workshop held in Christchurch in 2021 during development of the TPM, the Electricity Authority advised that this outcome would not occur, and that charges would transition proportionally from load to injection only once that transition was observed at a grid exit. The current outcome therefore appears to be an unintended consequence of the adjustment event framework.

4. Market distortions around the 10 MW trigger

The 10 MW threshold for triggering adjustment events creates behavioural distortions. We have observed customers actively moderating or staging enhancement activity to avoid triggering an adjustment event, rather than making efficient investment decisions.

5. Uncertainty in the treatment of successive upgrades

We have sought clarity on whether successive upgrades may cumulatively trigger an adjustment event and have received inconsistent responses. The most recent response suggested that, if a subsequent upgrade arises from a separate board decision by the embedded customer, it would not be combined with earlier upgrades.

This interpretation appears to create a pathway to avoid adjustment events altogether, which further undermines consistency and equity.

6. Cumulative impacts of smaller changes not captured

Any trigger threshold (including the current 10 MW threshold) inherently excludes the cumulative impact of smaller incremental changes. Over time, these cumulative effects can be significant and result in benefit-based charges that no longer reflect the extent to which an EDB uses the grid.

7. Difficulty quantifying adjustment event impacts

A key frustration is that the financial impact of an adjustment event is not clearly quantified in subsequent years. In practice, we often need to pass adjustment-event-related charges through to the embedded customer that triggered the event. This requires us to estimate these impacts within the complex TPM framework, without explicit support or transparency from Transpower.

This lack of clarity can lead to disagreement between EDBs and embedded customers, which is both time-consuming and difficult to resolve.

Practical Impact

To illustrate the significance of these issues, our first adjustment event arose from the connection of a 47 MW grid-scale solar farm. As a result:

- In FY26, we paid approximately $337,000 more in benefit-based charges.
- In FY27, we forecast an increase of approximately $380,000.

This represents a 26% increase in our benefit-based charges, despite using the grid less.

Support for Annual IRA Updates

We support the proposed move to annual Intra-Regional Allocator (IRA) updates, as this approach directly addresses the issues outlined above.

Annual IRA updates would:

- Ensure charges evolve over time to better reflect actual use of the grid.
- Enable reverse-engineering of changes in IRA to identify the contribution of individual embedded generators or load changes.

- Support a progressive transition where embedded injection exceeds load and a GXP transitions to a GIP, by gradually shifting charges from load-based to generation-based, consistent with the Electricity Authority's stated intent.
- Correct future impacts of prior adjustment events by realigning benefit-based charges with underlying load or injection levels, rather than permanently locking in historical adjustment outcomes.

We are comfortable that charges for prior periods do not need to be revisited. However, a forward-looking correction mechanism is necessary to avoid permanently embedding inequitable outcomes for customers that have connected since the introduction of the current TPM.

While we acknowledge that annual IRA updates may create an incentive to embed generation while load remains available to offset charges, we consider this a lesser concern than the material distortions and inequities arising under the current framework. In practice, decisions to embed or connect directly to the grid are often driven by technical or locational constraints, and in many cases only one option is feasible.

Closing

Thank you again for the opportunity to provide feedback on the consultation paper. If you have any questions regarding these comments, please feel free to contact me on 027 248 8614 or at anisbet@eanetworks.co.nz.

Yours sincerely

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