

Submission

TPM Operational Review 2026 Workstream 1

1 March 2026



Fonterra welcomes the opportunity to provide input to Transpower's TPM Operational Review 2026 Workstream 1 consultation.

Fonterra is a dairy co-operative owned by over 8,000 New Zealand farming families with 28 manufacturing sites across the country, making us the country's largest exporter and a major supplier of dairy products to the domestic market.

With manufacturing operations spread throughout New Zealand, Fonterra is a major electricity user. We rely on stable and affordable access to electricity to support our operations. This reliable affordable access underpins New Zealand's export competitiveness.

Fonterra welcomes the work Transpower is doing to review the TPM and the establishment of the working group including industrial representatives, since the TPM was implemented the level of complexity and uncertainty around transmission pricing has been high, and the projected savings have not appeared. Due to the difficulty to project what future GXP TPM charges are going to be it makes for difficult business case analysis for future decarbonisation via electrification.

Therefore, Fonterra's view is that the TPM review scope should be wider to the point of a looking at policy related analysis to confirm that it is delivering what was expected when the changes were approved as indicated in the Concept consulting post -implementation review.

- Fonterra supports the move to batching price adjustments to a June 30th date and applying in the following pricing year.
- Fonterra also supports option 3 of replacing the BBC adjustment events with an annual IRA and customer allocation but based on the move to increase the event trigger point to 25MW from 10MW at a GXP level. The reasoning for this is we don't see the need to trigger an adjustment if the GXP net load does not reach the 25MW threshold.
- Fonterra supports the removal of the SSI adjustment events.

With respect to disconnection from a shared connection location, Fonterra's view is that via the IRA methodology moving from one GXP to another within a region should not cause the remaining customers to see increased costs as the increase in load at the new GXP will continue to carry the interconnection asset TPM charges. With respect to the actual GXP connection asset the TPM already has a process to recover capital costs if a connection customer exits within 10 years. Therefore for a customer disconnection post the 10 year timeframe Transpower should carry those costs until future load is connected to replace the lost load.

Fonterra's opinion is that anticipatory investment should be carried by Transpower and not passed onto existing customers and instead Transpower place financial funding requirements on parties seeking connection agreements should they require or benefit from anticipatory investment should their project not proceed.

On the subject of FMD, Fonterra supports more analysis of the FMD situation as it has occurred where an EDB has connected to a new GXP that has a capacity far in excess of current required capacity yet existing

embedded customers are paying for the excess capacity with no methodology for compensation from future new load customers. We would challenge the Transpower connection process that allowed a significant GXP capacity overbuild without any clear customer consultation being performed by the EDB. In this situation the connection charges should be born by the EDB and not passed on to existing end users until they can connect new load customers.

The other area of FMD that is not currently considered is where new GXP assets are commissioned via connection agreement, but they have a component that needs to be built that has potential to reduce the future cost of interconnection asset build. For example, if the interconnection asset construction happens first the GXP expansion capital will be lower, but if the GXP expansion via a CWA happens first its capital cost will be higher and the interconnection asset build cost will be lower due to the shared assets and there is no regulatory framework to compensate the connection customer for that additional spend.

Fonterra welcomes further discussion on the point raised in our submission.

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