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Transmission Pricing Team
Transpower New Zealand Limited
Wellington
By email: tpmreview@transpower.co.nz

Dear team,

Re: Consultation on TPM Operational Review 2026 Workstream 1

The Independent Electricity Generators Association Inc. (IEGA) appreciates the opportunity to provide feedback on Transpower’s analysis of potential changes to the Transmission Pricing Methodology (TPM) in this Workstream 1 of an Operational Review.¹

Adjustment Events

Transpower has outlined how the TPM process for Adjustment Events depends on both the threshold for ‘large plant’ at 10MW and the date on which changes to charges must be effective and that these factors are creating a heavy workload for the Pricing Team (in part also due to the higher than anticipated number of Adjustment Events). It is also clear that these Adjustment Events are imposing costs on distributors and for generation investors that trigger or are impacted by an Adjustment Event – in terms of time, uncertainty, unpredictability and opportunity cost.

The TPM Guidelines were designed to identify and allocate transmission costs to the beneficiaries of specific major capital transmission investments (Standard Method) or regional transmission investment (base capex of \$30m or less) – ie. ‘beneficiary pays’.² Adjustment events impact the allocation of interconnection investment under both the Simple Method and Standard Method of Benefit-based charges.

The IEGA notes the [TPM Guidelines](#) also state:

“iv. The purpose of the benefit-based charge is to ensure that the costs of post-2019 and certain pre-2019 investments in the interconnected grid are (*except where the benefits associated with an investment are insufficiently material to warrant the administrative costs of applying even a generalised approach under a simple method*) recovered in accordance with the positive net private benefits ...” [emphasis added]

¹ The IEGA Steering Committee has signed off this submission on behalf of members.

² The Electricity Authority’s [TPM Decision Paper](#) says: “At the heart of the new TPM is a benefit-based approach. Those who benefit from transmission investments will pay for them, through fixed-like charges.”

This is particularly relevant for allocation using the Simple Method. The number of customers in a region can have a substantial impact on allocation of base capex projects (recovered by the Simple Method) where benefits for customers may have less value. The IEGA supports reviewing the number of IRA regions.

The IEGA suggests the key question is ‘What is the MW capacity of a generation and load plant where it is technically feasible that distribution or transmission connection are equally viable (to avoid price signals influencing connection location)?

We note Transpower’s analysis of its connection pipeline reveals “plant smaller than 25MW is unlikely to connect to the grid” and agree with Transpower’s conclusion that “This suggests 10MW may not genuinely represent “large” plan”.³

The IEGA supports increasing the ‘large’ plant threshold and batching processing of adjustment events (or a switch to an annual review of IRAs):

- to the extent distributed generation is on a level playing field with transmission grid connected generation if they are beneficiaries of the transmission grid investment; and
- where the benefits associated with a transmission investment are sufficiently material to warrant the administrative costs (for all of Transpower, the relevant distributor and the distribution connected generation/load) of applying even a generalised approach under a simple method.

The IEGA supports the proposed changes to address two other ‘workability’ issues: removing the SSI adjustment events; and clarifying how Transpower should treat staged projects by adding time and certainty constraints.

Housekeeping proposals

The IEGA supports Transpower’s proposed ‘housekeeping’ changes. Specifically, we agree with:

- extending the first simple method period, if required (section 9.1 and Q12)
- cleaning up the TPM legal text to make it clearer reduce interpretative uncertainty and lower the risk of misapplication of the TPM (section 9.2 and Q14)

Disconnection from a shared connection location

Where customers share connection assets at a connection location, a significant disconnection or load reduction by one customer shifts that customer’s allocations for the shared (or previously shared) connection assets onto the remaining customer(s). In our view, the risk of a customer on shared connection assets disconnecting is always present and is outside the control of the other connected customers.

The IEGA agrees with Transpower that it is not efficient for the remaining subset of connection customers to be charged for the capacity previously used by the disconnected customer. We also

³ Section 8.2.1 page 19

consider it “is inherently unfair to require a customer to pay for connection assets designed for a materially higher capacity than was ever required by that customer alone”.⁴

The IEGA supports further investigation of options to address the impact of disconnection on remaining customers to a connection asset. **Transpower must be required to review the valuation of a connection asset after a customer disconnects.** We note that the TPM has a process for reassignment of interconnection assets which includes consideration of the impact on asset value.

FMD Type 2: Anticipatory investment in assets

We support the Authority further investigating the wide range of options to socialise anticipatory interconnection investment costs arising due to anticipated generation investment.⁵

⁴ Page 28 of consultation paper

⁵ In our view the TPM already recovers anticipatory investment in interconnection assets to meet demand growth as Transpower’s major capital investment project planning is based on forecasts of demand growth and the cost recovered from beneficiaries – both load and generation