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Pricing Team  
Transpower New Zealand Limited  
Wellington  
By email: [pricingteam@transpower.co.nz](mailto:pricingteam@transpower.co.nz)

Dear Pricing team,

**Re: Updated proposed BBI customer allocations for NZGP1 CNI and HVDC Reactive Support projects**

The Independent Electricity Generators Association Inc. (IEGA) appreciates the opportunity to provide feedback on Transpower's updated proposed BBI customer allocations for NZGP1 CNI and HVDC Reactive Support projects.

The IEGA agrees with Transpower updating the proposed BBI customer allocations for both the CNI and HVDC Reactive Support projects for the updated reality that the Tiwai smelter remains open for the 20-year modelling period. This change has a marginal impact on allocation of the costs of the CNI project.

However, the change from energy flows modelling (c.51) to the impact on market prices modelling (c.52) has a significant impact on the allocation of the HVDC Reactive Support BBI cost. The previous allocation – to North Island load and South Island generation – seemed intuitive. Under the new proposals about 50% of Transpower's customers that will now be allocated charges from this HVDC investment were not allocated any costs in the prior modelling disclosed in the April 2023 consultation. Transpower notes that "no submissions were received" on the proposed allocations disclosed in April 2023.<sup>1</sup> This is not a reason to assume lack of interest in the updated proposed allocations when the investment has approved funding and is under construction.<sup>2</sup>

The IEGA's interest is to ensure that Transpower feels assured that customers that are now impacted by this cost allocation are informed and have engaged in the current process.

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<sup>1</sup> There was also limited engagement in the Commerce Commission's consultation on approving the HVDC Reactive Support Major Capital Project. <https://www.comcom.govt.nz/regulated-industries/electricity-lines/projects/transpowers-net-zero-grid-pathways-2/>

<sup>2</sup> It is unclear, without reading the detail of the HVDC Link Upgrade Stage 1 MCP proposal, whether the approved \$103m investment in this HVDC Reactive Support project will become redundant when the Link Upgrade is fully operational in 2035/36