

Meeting date: 2 February 2026
Feedback to Transpower

Victoria Parker
Head of Grid Pricing
Transpower
By email

5 February 2026

Dear Victoria

Industry Working Group (IWG) - Feedback to Transpower

The IWG had its first substantive discussion on 2nd February. The objective for this meeting was to test Transpower's assessment of specific problems in workstream one and to identify options for development by Transpower. This was an ambitious objective that Transpower recognised may not be fully achieved in one meeting.

Members found the meeting to be valuable and, while not fully meeting initial objectives, successful. Specifically, in its first meeting the group was able to:

- establish good rapport between members and with Transpower's technical experts, conduct respectful challenge and open constructive discussion
- identify the type of information and evidence the working group would require to robustly test Transpower's analysis and provide the insight Transpower seeks
- make substantial progress on several of the more material issues under consideration, albeit without reaching firm conclusions
- better size the IWG task of comprehending the typically complex and technical issues, testing Transpower's analysis and providing useful feedback, insight and suggestions.

Transpower had been clear about time constraints for workstream one. It had also been clear that papers for this meeting would be provided only shortly before the meeting. While IWG accepts this was unavoidable it did impact members' preparations and should be avoided for future meetings.

Substantive matters

Adjustment events: while IWG has asked for additional information and evidence from Transpower to inform its consideration of adjustment events, the group understands the basic issues raised by Transpower and recognises the need for reform.

That reform will, most likely, result in fewer adjustment events and some form of 'batching' that the IWG understands will in combination (a) reduce complexity, uncertainty and volatility (b) reduce transaction costs (c) preserve policy intent.

The IWG notes that:

- the TPM guidelines expressly consider the need to balance precision and practicality; further, that the development process for adjustment provisions (by Transpower) appeared to receive limited attention or stakeholder engagement.

- the policy intent and expectation that charges for benefit-based investments be near-fixed and revised only in certain *limited* circumstances. The IWG doubts this intent is being met by current adjustment provisions.¹
- it would be helpful to the IWG for Transpower to confirm the policy intent / TPM Guidelines requirements for each provision under consideration
- materiality is a key factor in coming to an appropriate decision and it will be necessary for Transpower to demonstrate the materiality of (a) the problem it has identified (b) the consequences of different change options.

While the IWG considers that it is possible to *detect* increases in embedded plant consumption or generation (if Transpower is provided access to data held by the reconciliation manager) it considers the sustained and substantial increase provision requires the exercise of judgement, even speculation, on Transpower's part.

Transpower is aware of the information and evidence the IWG needs to see before reaching a clear position on adjustment events.

Emerging connection issues

Disconnection from a shared location: as a matter of principle the IWG considers 'lumping' remaining customers at a shared location (when one or more parties disconnects) with the entirety of costs for that location inefficient and unfair. The situation is analogous to 'first mover disadvantage' scenarios, though worse in the sense the remaining customer was, isn't and never will be given the option not to connect prior to committing its investment.

The IWG understands this is not a "new TPM" issue, rather an artefact of initial drafting for connection charges which has, until recently, not been realised in practice. The IWG's clear view is that change is required here and that, if such risk cannot be borne by Transpower itself, this should be borne by all consumers via the residual charge or via all connection charges.

Anticipatory investments: the IWG was only able to discuss a subset of the issues in the paper and agreed to address remaining matters at a catch-up meeting.

The issue IWG was able to discuss related to the recovery of costs of interconnection assets built to enable new generation. IWG considers safeguards are needed for such investment to avoid "regrettable" investment, for example, a level of contractual commitment from generators prior to investment commitment by Transpower. However, where such investment does occur, the IWG agrees it is inappropriate for only consumers in the investment region to bear investment costs expected to be met by connecting generators.

The IWG accepts that, ultimately, all consumers benefit from generation investment and are likely best placed to bear the risk that expected generation does not materialise when expected. It was unclear from the presentation whether the current situation (costs borne by consumers in the investment region) is intentional, or an artefact of how benefit-based-investments are allocated. It is possible the issue might be addressed through a wider definition of the 'investment region'.

¹ Section 9.14 of the Electricity Authority's 10 June, 2020 TPM Guidelines decision paper

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Next steps

The IWG trusts that this feedback is useful to Transpower. The IWG will meet again on 10th February and, at that meeting expects to:

- consider adjustment events in light of additional information to be provided by Transpower
- address matters deferred from the previous meeting.

The IWG understand that Transpower then takes account of the IWG's feedback in firming up its analysis and re-testing that with the IWG on 18th February. The IWG understands that Transpower will also discuss consultation plans with the IWG on the 18th, before progressing to a short public consultation in early March.

I acknowledge and thank IWG members for their responsiveness, time commitment, constructive engagement and insight.

Yours sincerely

A handwritten signature in black ink, appearing to be 'JC' followed by a long horizontal stroke and a small flourish below it.

Jeremy Cain

On behalf of the TPM industry working group