

Attachment 1 – Proposed amendments for full allocation of anticipatory connection costs to connection customers

Note: The base version of this document was provided by the Electricity Authority. It includes all TPM amendments up to 15 December 2025 and the housekeeping changes Transpower proposed for workstream 1 of its operational review (the housekeeping changes are not tracked). Other TPM amendments that took/take effect on 1 April 2026 and 1 April 2027 are not included.

3 General Definitions

In this **transmission pricing methodology**, unless the context otherwise requires—

...

anticipatory BBI *[Revoked]*,

...

Deleted: has the meaning in subclause 27(2)

26 Asset Component

...

(5) *[Revoked]*,

...

Deleted: Half of the capital cost of an **anticipatory connection asset** is recovered through the asset component of **connection charges**. The other half of the capital cost of the **anticipatory connection asset** is recovered through **benefit-based charges** for the relevant **anticipatory BBI** (see clause 27).

(8) The discounted **connection asset** return rate for a **pricing year** (DARR) is calculated as follows:

$$DARR = \frac{(r \times V_{total\ anticipatory}) + D_{total\ anticipatory}}{RC'_{total}}$$

where

r is Transpower's PQ WACC (pre-tax) for the **pricing year**

$V_{total\ anticipatory}$ is the part of the total **closing RAB value** of all **connection assets** for the preceding **financial year** attributable to **anticipatory connection assets**, as determined by Transpower

$D_{total\ anticipatory}$ is the part of total **depreciation** of all **connection assets** other than **investment agreement assets** during the preceding **financial year**, excluding **accelerated depreciation**, attributable to **anticipatory connection assets**, as determined by Transpower

RC'_{total} is the total **replacement cost** of all **connection assets** (including **connection assets** that are **investment agreement assets**) other than **anticipatory connection assets** at the end of the preceding **financial year**.

27 Anticipatory BBIs *[Revoked]*

...

Deleted: (1) The **benefit-based charges** for **anticipatory BBIs** recover the part of the capital cost of **anticipatory connection assets** that is not recovered through the asset component of **connection charges**, specifically half of that capital cost.¶

¶
(2) For each **anticipatory connection asset** for a **pricing year** there is deemed to be a **commissioned BBI** (an **anticipatory BBI**) for the **pricing year** (only for the purpose of recovering half of the capital cost of the **anticipatory connection asset**)—¶

(a) that comprises the **anticipatory connection asset**; and¶

(b) that has a **covered cost** for the **pricing year** (COVC) calculated as follows:¶

¶

$$COVC = ((r \times V_{anticipatory}) + D_{anticipatory}) \times 0.5¶$$

¶ where¶

¶

r

41 Covered Cost of Anticipatory BBI *[Revoked]*

...

Deleted: To avoid doubt, clauses 39 and 40 do not apply to an **anticipatory BBI**, the deemed **covered cost** of which is calculated under paragraph 27(2)(b).¶

59 Overview of Simple Method

- (1) Clauses 59 to 64A apply—
- (a) to the **simple method** only; and
 - (b) only to—
 - (i) those **low-value post-2019 BBIs** to which **Transpower** applies the **simple method** in accordance with subclause 43(2); and
 - (ii) *[Revoked]*
 - (iii) those **high-value post-2019 BBIs** to which **Transpower** applies the **simple method** in accordance with subclause 43(4A); and
 - (iv) *[Revoked]*.

Deleted: anticipatory BBIs.

84 Benefit-based Charge Adjustment Event: Exiting Customer

- (5) In subclauses (6) and (7), a **continuing BBI** is any of the following **BBIs**:
- (a) *[Revoked]*
 - (b) a **post-2019 BBI**—
 - (i) *[Revoked]*,
 - (ii) of which the exiting **customer** was a **beneficiary** immediately before ceasing to be a **customer**; and
 - (iii) in the case of a **post-2019 BBI** under a **standard method**, **commissioned** or deemed to have been **commissioned** less than 10 years before the date the exiting **customer** ceased to be a **customer**; and
 - (iv) in the case of a **post-2019 BBI** under the **simple method**, **commissioned** during a **simple method period** that started less than 12.5 years before the date the exiting **customer** ceased to be a **customer**, provided that **Transpower** must treat all such **BBIs commissioned** during that **simple method period** in an investment region as a single **continuing BBI** in that investment region with a **covered cost** equal to the aggregate of all such **BBIs'** covered costs.

Deleted: which is not an anticipatory BBI; and

85 Benefit-based Charge Adjustment Event: Large Plant Connected or Disconnected

- (4) In subclauses (5) and (6), a **continuing BBI** is any one of the following **BBIs**:
- (a) *[Revoked]*
 - (b) a **post-2019 BBI**—
 - (i) *[Revoked]*,
 - (ii) of which the notional exiting **customer** was a **beneficiary** immediately before the disconnection of the **large plant**; and
 - (iii) in the case of a **post-2019 BBI** under a **standard method**, **commissioned** or deemed to have been **commissioned** less than 10 years before the date the **large plant** was disconnected; and
 - (iv) in the case of a **post-2019 BBI** under the **simple method**, **commissioned** during a **simple method period** that started less than 12.5 years before the date the **large plant** was disconnected, provided that **Transpower** must treat all such **BBIs commissioned** during that **simple method period** in an investment region as a single **continuing BBI** in that investment region with a **covered cost** equal to the aggregate of all such **BBIs'** covered costs.

Deleted: which is not an anticipatory BBI; and