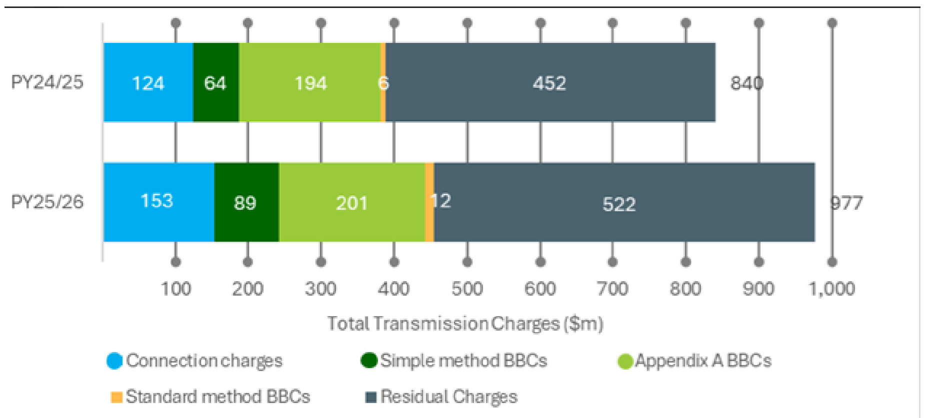
Transmission charges

The Electricity Authority's transmission pricing methodology (TPM) specifies how Transpower must set transmission charges to recover the annual cost of running the national grid. The amount of revenue Transpower recovers under the TPM is set by the Commerce Commission.

Transpower charges its directly connected transmission customers (generators, distributors and large consumers who directly connect to the grid). The graph to the right shows the different components that make up transmission charges for the pricing year beginning April 2025 (PY2025/26) in comparison to the pricing year (PY2024/25).

For information about the TPM and the different components that make up transmission charges, see our guide to the TPM.

The key changes between PY2025/26 in comparison to the current year (PY2024/25) are:



Total revenue has increased by $136.5M (16.2%)

The Commerce Commission set our revenue for PY2025/26 at $976.7M.

Connection revenue has increased by $28.7M (23.2%) due to the increase on WACC and growth in the value of connection assets

Connection charges recover the capital costs and applicable operating costs associated with connection assets from the customer(s) connected to them.

Benefit-based charges (BBCs) revenue has increased $38.2M (14.5%)

BBCs recover the capital costs and applicable operating costs associated with all new and some historic interconnection investments benefit-based investments (BBIs) from the expected beneficiaries of those investments.

- Nine BBC adjustment events occurred during the financial year ending June 2024 (FY24) and resulted in scaling of other customers' allocations to ensure Transpower does not over-recover BBC revenue:
  - Disconnection of Southdown Cogen Ltd (SCGL): large plant disconnection as Mercury continues to be a customer.
  - Lodestone Solar Farm connected to Top Energy's network at Kaikohe: large embedded plant connected adjustment event.
  - Mataura Valley Milk's electric boiler connected to Powernet's network at Gore: large embedded plant connected adjustment event.
  - Lodestone Solar Farm connected to Horizon Energy's network at Edgecumbe: large embedded plant connected adjustment event.
  - Meridian's Harapaki Wind Farm connected at Harapaki: large plant connected adjustment event.
  - Mercury's Kaiwera Downs Wind Farm connected to Powernet's network at Gore: large embedded plant connected adjustment event.
  - Rotohiko's BESS connected to WEL's network at Huntly: large embedded plant connected adjustment event.
  - CDC Data Centre – Silverdale connected to Vector's network at Silverdale: large embedded plant connected adjustment event.
  - CDC Data Centre - Hobsonville connected to Vector's network at Henderson: large embedded plant connected adjustment event.
- BBC revenue for standard method BBIs has increased by $5.2m (81%). The increase is driven by the increased attributable opex ratio (AOR) and commissioning of additional HAM STATCOM and the Pole 2 refurbishment assets.
- BBC revenue for simple method BBIs has increased by $25.5M (40%) due to the increased AOR and commissioning of new assets.
- BBC revenue for Appendix A BBIs has increased by $7.5M (3.9%) due to the increased AOR.
- The AOR has increased from 1.02 to 1.25 due to increased opex, pass-through and recoverable costs from $1,584m in RCP3 to $2,359m in RCP4, a 48.9% increase.

Residual charge revenue has increased by $69.6m (15.4%) due to the increased revenue requirement

- Residual charges apply to each customer's gross load, whether it is supplied from the grid or from embedded generation, and regardless of season or its time-of-use.

Decrease to the transitional cap

- Two customers (Kiwirail and Resolution Development) received transitional price cap reductions for PY2024/25, totalling $0.55m. These two customers' cap reductions reduce to $0.41m for PY2025/26, due to the increase in the change in CPI from 0.144 for PY2024/25 to 0.202 for PY2025/26. The change in CPI from the average of the quarterly CPIs in PY2019/20 is an input to the calculation of the transitional price cap.

How have these changes *impacted* our customers?

Load customers (distributors and direct connect load customers)

- Load Customers (including Electricity Distribution Businesses (EDBs)) charges have generally increased between PY2024/25 and PY2025/26 by 16.5% due to higher Connection and Residual charges. Load customers are more sensitive to changes to the residual charge rate (driven by the total revenue requirement, as the residual charge achieves revenue adequacy), and any changes in their total gross energy over time (Lagged Average Total Gross Energy).

Generators

- Generator charges have generally increased by 15.1% due to higher BBCs and connection charges. Generators are more sensitive to changes in BBCs (because residual charges are payable on load only, including any generator offtake).

Transmission Pricing Data for 2025/26 Pricing Year

Pricing year 1 April 2025 to 31 March 2026
Capacity measurement period 1 September 2023 to 31 August 2024

Revenue and Rates		2023/24*	2024/25*	2025/26**
Pre-tax WACC (%)***		5.88	5.88	8.94
Asset Return Rate (%)		4.12	4.26	5.50
Maintenance Recovery Rates	Substations (%)	1.06	1.15	1.22
	220kV tower lines ($/km)	6,657	6,605	6,518
	All other tower lines ($/km)	4,353	4,943	5,199
	Pole lines ($/km)	2,827	2,829	3,608
Operating Recovery Rate ($/switch)		1,616	1,315	1,496
Total Connection Charge Revenue ($m)		119.25	123.85	152.58
Total residual Revenue ($m)		451.53	452.21	521.83
Residual Charge Rate ($/kW)		53.47	54.54	62.66
Total Anytime Maximum Demand Residual (AMDR) kW		8,444,570	8,291,341	8,327,931
Total Benefit Based Charge (BBC) Revenue ($m)		257.31	264.10	302.34
Appendix A BBC revenue ($m)		205.85	193.89	201.40
Simple method BBIs (<$20M) BBC revenue ($m)		48.26	63.75	89.23
Standard method BBIs (>$20M) BBC revenue ($m)		3.19	6.47	11.71

*On 12 April 2022, the Electricity Authority announced its decision to adopt a new Transmission Pricing Methodology (TPM). The new TPM came into effect from 1 April 2023
** On 25 September 2024 Commerce Commission announced its decision of Cost of capital determination for EDB and Transpower for RCP4 period (2025 - 2030).
*** Under clause 10(9) of the TPM, pre-tax WACC = post-tax WACC / (1 – corporate tax rate).