

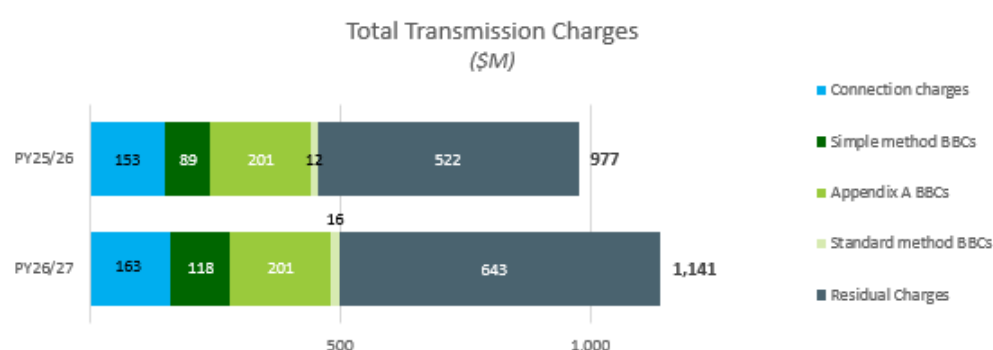
Transmission charges

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 (PY2026/27) in comparison to the pricing year (PY2025/26).

For information about the TPM and the different components that make up transmission charges, see our [guide to the TPM](#).

The key changes between PY2026/27 in comparison to the current year (PY2025/26) are:



Total revenue has increased by \$164.7M (16.9%)

The Commerce Commission set our revenue for PY2026/27 at \$1,141.4M.

Connection revenue has increased by \$10.7M (7.0%) due to growth in the value of connection assets and depreciation

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 \$32.7M (10.8%)

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.

- Twelve BBC adjustment events occurred during the financial year ending June 2025 (FY25) and resulted in scaling of other customers' allocations to ensure Transpower does not over-recover BBC revenue:

- An electric boiler connected to Powernet's network at Edendale.
- Contact Energy's geothermal plant connected at Tauhara B.
- A solar farm connected to Northpower's network at Maungaturoto.
- A data centre connected to Vector's network at Henderson.
- A data centre connected to Vector's network at Takanini.
- A solar farm connected to EA Network's network at Ashburton.
- Disconnection of Winstone Pulp International at Tangiwai.
- A geothermal plant connected to Unison's network at Tauhara B.
- Lodestone's Te Herenga O Te Ra Solar Farm connected at Waiotahi.
- Meridian's Ruakaka BESS connected at Bream Bay.
- A solar farm connected to Top Energy's network at Kaikohe.
- KiwiRail's connection to Vector's network at Hepburn Road.

- BBC revenue for standard method BBIs has increased by \$4.1M (34.9%) due to the commissioning of additional HVDC Pole 2 assets (covered cost increase of \$1.3M – from \$1.7M in PY2025/26 to \$2.9M in PY2026/27), and the commissioning of two new standard method BBIs: NZGP1 CNI (\$0.5M) and WUNIVM1b (\$1.9M).

- BBC revenue for simple method BBIs has increased by \$28.9M (32.4%) due to the commissioning of new assets in the simple method regions.

- BBC revenue for Appendix A (historical investment) BBIs has decreased by \$0.3M (0.13%) due primarily to depreciation of the asset values.

Residual charge revenue has increased by \$121.2m (23.2%) 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.

Increase to the transitional cap recovery charge

- The transitional price cap recovery charge has increased from \$0.41M to \$0.48M due to changes in CPI, which is used in the calculation, and higher KiwiRail residual charges. The \$0.48M is recovered from other customers.

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 PY2025/26 and PY2026/27 by 18%, due primarily to the increase in residual charges (driven by the increased revenue requirement), which load customers are more sensitive to, and any changes in their total gross energy over time (Lagged Average Total Gross Energy).

Generators

- Generators' charges have generally increased by 13%, due primarily to the increase in BBCs (driven by the commissioning of additional interconnection assets during FY25), which generators are more sensitive to.

Transmission Pricing Data for 2026/27 Pricing Year

Pricing year 1 April 2026 to 31 March 2027

Capacity measurement period 1 September 2024 to 31 August 2025

Revenue and Rates	2023/24*	2024/25	2025/26**	2026/27	
Pre-tax WACC (%)***	5.88	5.88	8.94	8.94	
Asset Return Rate (%)	4.12	4.26	5.50	5.93	
Maintenance Recovery Rates	Substations (%)	1.06	1.15	1.22	1.30
	220kV tower lines (\$/km)	6,657	6,605	6,518	6,889
	All other tower lines (\$/km)	4,353	4,943	5,199	5,577
	Pole lines (\$/km)	2,827	2,829	3,608	3,993
Operating Recovery Rate (\$/switch)	1,616	1,315	1,496	1,724	
Total Connection Charge Revenue (\$m)	119.25	123.85	152.58	163.30	
Total residual Revenue (\$m)	451.53	452.21	521.83	642.99	
Residual Charge Rate (\$/kW)	53.47	54.54	62.66	77.42	
Total Anytime Maximum Demand Residual (AMDR) kW	8,444,570	8,291,341	8,327,931	8,305,260	
Total Benefit Based Charge (BBC) Revenue (\$m)	257.31	264.10	302.34	335.05	
Appendix A BBC revenue (\$m)	205.85	193.89	201.40	201.14	
Simple method BBIs (<\$30M)^ BBC revenue (\$m)	48.26	63.75	89.23	118.12	
Standard method BBIs (>\$30M)^ BBC revenue (\$m)	3.19	6.47	11.71	15.80	

* 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).

^ on 1 April 2025 the high-value/low value test in the TPM changed from \$20M to \$30M.