6 August 2026

Electricity Authority
PO Box 10041
Wellington 6143

By email to: network.pricing@ea.govt.nz

Dear Authority team,

# Submission to the Electricity Authority (Authority) on its transmission pricing methodology (TPM) amendments 2026 consultation – anticipatory capacity

## 1 Introduction

Electricity Networks Aotearoa (ENA) appreciates the opportunity to comment on the Authority's consultation paper on *transmission pricing methodology (TPM) amendments 2026*.

ENA is the industry membership body that represents the 28 electricity distribution businesses (EDBs) that take power from the national grid and deliver it to homes and businesses (our members are listed in Appendix A).

EDBs employ over 7,800 people, deliver energy to more than two million homes and businesses, and have spent or invested $6.8 billion in network assets over the last five years. ENA harnesses members' collective expertise to promote safe, reliable, and affordable power for our members' customers.

ENA supports ongoing improvements to the operation of the TPM where they improve predictability, transparency and administrative efficiency while maintaining efficient pricing signals. We acknowledge the work undertaken by both Transpower and the Authority to identify operational improvements since implementation of the current TPM.

## 2 Anticipatory capacity

ENA agrees that the increasing use of anticipatory investment raises important questions regarding the allocation of transmission costs.

The Authority has identified evidence that the current approach may be affecting investment decisions, although the evidence presented is limited to two examples. On balance, ENA supports the proposed use of the standard method as a pragmatic interim step to improve the allocation of anticipatory connection capacity costs. However, anticipatory investment raises broader questions around funding across the sector, beneficiary identification, forecasting, risk allocation and investment incentives.

The consultation also notes that Transpower intends to consider the treatment of anticipatory capacity further through Workstream 2 of its operational review. ENA encourages the Authority to engage closely with Transpower through that process. The proposed amendment should not preclude further development of the approach as better information becomes available or as the wider benefit-based charging methods are refined.

We have provided responses to the specific questions asked by the Authority in Appendix B.

Please refer to our previous submission on the broader issues raised in this consultation.

ENA thanks the Authority for considering these comments. If you have any questions about ENA's submission please contact Gemma Pascall, Regulatory Manager ( ).

Yours sincerely

Gemma Pascall

Regulatory Manager

# Appendix A: ENA Members

Electricity Networks Aotearoa makes this submission along with the support of its members. Listed below are the lines companies represented:

- Alpine Energy
- Aurora Energy
- Buller Electricity
- Centralines
- Counties Energy
- EA Networks
- Electra
- Electricity Invercargill
- Firstlight Network - owned by Powerco
- Horizon Networks
- MainPower
- Marlborough Lines
- Network Tasman Limited
- Network Waitaki
- Northpower
- Orion New Zealand
- OtagoNet – represented by PowerNet
- Powerco
- Scanpower
- The Power Company – represented by PowerNet
- Top Energy
- The Lines Company
- Unison Networks
- Vector
- Waipa Networks
- WEL Networks
- Wellington Electricity
- Westpower

# Appendix B: Responses to specific questions

| # | QUESTION | RESPONSE |
|---|---|---|
| **Chapter 5: Anticipatory capacity** | | |
| 7 | Has the Authority correctly described the nature and root cause of the cost-allocation issues for anticipatory connection assets? Please provide your reasons. | ENA agrees that the Authority has identified a genuine issue. Historical allocators may not reflect the expected beneficiaries of anticipatory capacity, particularly where future customers have not yet connected. However, the issue extends beyond allocation methodology and also involves forecasting, beneficiary identification, investment incentives and risk allocation. |
| 8 | Do you agree with the proposal to require the use of the standard method to allocate the 50% share of capital cost of anticipatory connection assets that is to be recovered through benefit-based charges? Please give your reasons. | ENA supports the proposed use of the standard method as a more forward-looking basis for allocating the benefit-based share of anticipatory connection capacity costs. Historical allocators may not reflect the expected beneficiaries of an investment intended to meet future demand. The standard method should nevertheless be applied transparently and proportionately, with sufficient information provided to affected customers to understand and scrutinise the allocation. |
| 9 | Do you agree with the proposal that the requirement to use the standard method for allocating the cost of anticipatory capacity should progress ahead of Transpower's operational review of the benefit-based charging methods? Please state your reasons. | ENA supports progressing the proposed amendment as an interim step. We acknowledge the Authority's view that the current approach may be affecting investment decisions, although the evidence presented is limited and largely anecdotal. The amendment should not, however, be treated as the final or enduring solution. The Authority should engage closely with Transpower through Workstream 2 of its TPM operational review, and remain open to further refinement as better information becomes available and the benefit-based charging methods are developed. |
| 10 | Do you agree that the cost of anticipatory interconnection assets should be met by beneficiaries through the normal BBC allocation approach? Please explain your reasons. | ENA agrees in principle that the costs of anticipatory interconnection assets should be allocated to beneficiaries through the normal BBC framework. However, identifying beneficiaries before future customers connect is inherently uncertain and may create first-mover and non-arrival risks. ENA therefore supports further consideration of this issue through Transpower's TPM operational review and continued |

| # | QUESTION | RESPONSE |
|---|---|---|
| | | engagement with industry before an enduring approach is settled. |
| 11 | Can you identify better options than those proposed by the Authority to allocate the cost of anticipatory assets? Why would your option be better? | ENA has not identified a better alternative at this stage. We support the proposed standard-method approach as an interim improvement, while encouraging the Authority and Transpower to continue working with industry on whether further refinements are needed as part of the TPM operational review. |
| 12 | Do you have any comment on the drafting of the amendment to the treatment of anticipatory connection assets in Appendix C? | ENA has no specific drafting comments at this stage. This should not be taken as suggesting that the proposed drafting should constrain further development of the approach through Transpower's TPM operational review. |