

20 March 2026

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Sent via email: tpmreview@transpower.co.nz

Dear Victoria

TPM Operational Review Workstream 1

1. The Major Electricity Users' Group (MEUG) welcomes the opportunity to provide feedback on Transpower's consultation document "*Consultation on TPM Operational Review 2026 Workstream 1*"¹ and supporting attachments published on 3 March 2026.
2. MEUG members have been consulted on the approach to this submission. This submission does not contain any confidential information and can be published on Transpower's website unaltered. Members may lodge separate responses.

Support for TPM operational review

3. MEUG welcomes Transpower commencing this operational review of the current Transmission Pricing Methodology (TPM) and the establishment of the TPM operational review working group, to bring together expertise and insights from across the sector. We have been open about our serious concerns with the TPM, as members and businesses across the country continue to face increases in transmission charges, yet with less transparency and predictability of how these charges are allocated.
4. We have appreciated the continued engagement with Transpower over the last year, as we have discussed our concerns and submitted on the indicative TPM charges for several of Transpower's Major Capex Projects (MCPs). It has also been extremely helpful to have both the Electricity Authority and the Commerce Commission staff in these discussions, given that responsibility for electricity transmission is spread across multiple agencies.
5. MEUG considers that the Concept Consulting post-implementation review report² succinctly captures the concerns raised by a broad range of stakeholders and has provided a good evidence base for this operational review.

¹https://static.transpower.co.nz/public/uncontrolled_docs/TPM%20Operational%20Review%202026%20Workstream%201%20-%20Consultation%20Document.pdf?VersionId=1PSf27iwESEfZONAjpWjOv_3h6dD01un

²https://static.transpower.co.nz/public/uncontrolled_docs/TPM%20PIR%20-%20summary%20report.pdf?VersionId=MIG3bDWxN.kf3UNqqxflz2i9LsibFbdY

6. In this consultation document, Transpower is clear that there are limitations on the changes that it can propose through this process.³ We fully support Transpower and the working group capturing any broader, policy-related issues raised during its discussions and ensuring that these issues are passed up to the Electricity Authority. The Authority has signalled that it is also looking into the TPM and has “*identified [its]own set of potential amendments to the TPM to improve the efficiency and predictability of charges and [to] respond to some stakeholder concerns*”.⁴ We encourage the Authority to prioritise this work, as it looks to finalise its work programme for the coming financial year.
7. MEUG recognises that for Transpower to make a number of these proposed changes in time for the 1 April 2027 pricing year, it must work at pace to get changes to the Authority for consideration by early April 2026. We appreciate the effort Transpower has made to undertake this work in this timeframe, as well as ensuring stakeholders have had the opportunity to be briefed on the work and given the chance to ask questions of the staff directly involved.

Proposed amendments to the TPM through workstream one

8. MEUG has reviewed the proposed changes and has the following comments on the consultation document.

Proposed changes	MEUG comments
Process, timing and prioritisation of each of the operational review workstreams	We are comfortable with the proposed plan of work put forward by Transpower, with the use of legal advice and cost benefit analysis to support the changes.
Adjustment events <ul style="list-style-type: none"> • Timing issues • Triggers / threshold sensitivity • Workability 	MEUG supports Transpower proceeding with Option 1, to batch process adjustment events and apply the changes in the following pricing year. We agree that this is the lower cost, lower risk option to address stakeholder concerns. We are comfortable with Transpower adjusting the definition of what constitutes a large plant or upgrade, from 10MW to at least 25 MW, as discussed in the paper. We support Transpower removing the SSI adjustment events.
Housekeeping <ul style="list-style-type: none"> • Second simple method period • Drafting hygiene 	We are comfortable with the proposal to extend the first simple method period to the end of PY2029 or to the end of PY2030, if required. We fully support Transpower undertaking a general clean-up of the TPM legal text to remove redundant and outdated clauses and make some changes for clarity and to correct typographical errors.

Early feedback on emerging TPM issues

9. We appreciate Transpower setting out its early thinking on emerging TPM issues. We provide comments on two of the areas raised in the consultation document, with our views on the next steps.

Disconnection from a shared connection location⁵

10. The lost of a significant load connection or a substantial reduction in load is unfortunately an emerging theme in New Zealand, as businesses face increasing cost pressures across numerous fronts, including electricity and gas. Several businesses shut down following the conditions of winter 2024 and several businesses have severely reduced their operations in the last two years; for example, Oji Fibre Solutions closed its Penrose Mill⁶ and Wattie’s is currently

³ Section 3.1 of the consultation document.

⁴ <https://www.ea.govt.nz/news/general-news/next-steps-in-our-network-pricing-reform-work/>

⁵ As discussed in section 10.1 of the consultation document.

⁶ <https://ojifs.com/ojifs-confirms-penrose-mill-closure>

proposing cuts to its factories in Auckland, Dunedin, and Christchurch and its packing facility in Hastings.⁷

11. We agree with Transpower's position that "*it is not efficient for a subset of connection customers to bear this disconnection risk,*" and that other options need to be explored for managing the costs over a broader group of customers. We need to avoid the risk of a "death spiral" occurring. This is a concept talked about particularly in the gas sector,⁸ where an increasingly shrinking group of customers is required to cover fixed costs. As individual costs increase substantially for the remaining customers, more continue to disconnect, leaving very few to cover the full cost of the network.
12. We recommend that this issue is elevated up to the Authority, so that it can begin exploring options for addressing this issue within the next year. Modelling of different options will help determine what is the best approach for consumers overall, and what Code amendments may be required to enable the necessary changes.

Anticipatory investment in assets

13. There is increasing discussion across the electricity sector about the need for anticipatory investment in not only transmission assets, but also generation and distribution networks.
14. New Zealand's approach to transmission is currently focused on five-year regulatory periods, taking more of a "just in time" approach with balancing supply with demand. However, there is increasing discussion about the benefits that could be realised for both the electricity system and the broader economy, if investments were made ahead of demand. For example, enabling greater wind resources in areas to be brought to market; attracting businesses to regions where capacity is not constrained.
15. As the consultation sets out, under the current approach any anticipatory investments would be paid for by existing load customers, meaning that "*the existing load customers fund benefits ultimately received by future generation customers (or, potentially, vice versa).*" This can exacerbate existing affordability issues for consumers, will also creating intergenerational equity issues.
16. We recommend that this issue be conveyed to the Authority urgently and be set as a priority workstream to discuss with both Transpower and the Commerce Commission.

Next steps

17. We look forward to continued engagement with Transpower as it progresses the remaining workstreams signalled for this operational review. If you have any questions regarding our submission, please contact MEUG on 027 472 7798 or via email at karen@meug.co.nz.

Yours sincerely



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⁷ <https://www.rnz.co.nz/news/business/589807/wattie-s-nz-s-proposed-cuts-a-really-big-blow-to-seed-arable-growers>

⁸ <https://www.rnz.co.nz/news/business/536280/death-spiral-for-gas-frank-energy-turns-off-switch>