

29 April 2025

Matthew Clark
Manager, Transpower and Gas
Commerce Commission
PO Box 2351
WELLINGTON

Sent via email: regulation.branch@comcom.govt.nz

Dear Matthew

Transpower's Western Bay of Plenty (WBOP) major capex project proposal

1. This is a brief submission from the Major Electricity Users' Group (MEUG) on the Commerce Commission's (Commission) draft decision and reasons paper "*Transpower's Western Bay of Plenty (WBOP) major capex project proposal*"¹ published on 3 April 2025.
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 the Commission's website unaltered. Members may lodge separate submissions.

Support need for project but concern with application of costs via TPM

3. MEUG is comfortable with Transpower's major capex proposal for the WBOP that addresses forecast demand growth in the region arising from residential, commercial and industrial developments. We also welcome funding being made available to support the development of Non-Transmission Solutions (NTS). We support Transpower taking a different approach to engaging with NTS providers in WBOP, than followed for previous projects.
4. However, MEUG has concerns with the indicative starting allocations and benefit-based charges for this project, as estimated under the recently enacted Transmission Pricing Methodology (TPM).² As Transpower notes, the WBOP project is one of the first high-value post-2019 benefit-based investments (BBIs) and therefore, the TPM specifies that costs are to be:

*".....recovered from customers identified as beneficiaries, in proportion to their expected positive net private benefit (EPNPB) from those investments."*³

5. The indicative starting allocations and estimated increases in transmission charges are set out in Tables 2 – 4 of Transpower's proposal, with Transpower noting that these will be further refined as the project is finalised.⁴

¹ https://comcom.govt.nz/_data/assets/pdf_file/0023/365414/Transpower27s-Western-Bay-of-Plenty-major-capex-project-5BDRAFT5D-decision.pdf

² As covered in [Attachment 10](#) of Transpower's WBOP Major capex proposal.

³ Page 4, [Attachment 10](#), Transpower

⁴ Section 4.3, [Attachment 10](#), Transpower.

6. MEUG considers that there is a lack of transparency around how these charges are being forecast and therefore, this makes it difficult to understand the potential impact on consumers both within and outside the region. We observe that while most of the project's costs and benefits relate to the customers within WBOP, customers outcomes of the region⁵ are collectively allocated 40% of the NPB share. It is then difficult to track how this high-level allocation flows through to the customers specified in Table 3.
7. These outcomes seem counter to the intent of the new TPM, where it was anticipated that TPM BBI charges would be levied to demand-side participants at the GXPs involved and would impact the supply side (generators) for a wider geographical area. The spreading of costs over a broader range of consumers is an extremely concerning precedent for future regional projects.
8. We note in the supporting attachments, that the Commission will be "*encouraging Transpower to provide more transmission cost allocation detail, consistent with the Transmission Pricing Methodology (TPM).....This will enable affected parties, and beneficiaries of the proposed investment, to fully consider the impact on their electricity bills.*"⁶ One of our members has contacted both the Commerce Commission and Transpower to discuss this issue but has not been able to get sufficient insight to address their queries.
9. MEUG has similar concerns with the starting allocations and charges for the Upper South Island (USI) major capex project,⁷ that Transpower is currently seeking feedback on. We will also provide a submission on that project but consider that this is an issue that needs to be addressed by both the Authority and Transpower as major capex proposals continue to be developed. We would welcome discussions directly with Authority and Transpower staff on how the TPM is being applied to the first set first BBI investments and how this is consistent with the intent of the benefit based TPM.

Next steps

10. We look forward to taking part in the cross-submission process. 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



Karen Boyes
Major Electricity Users' Group

Copied to: Sarah Gillies, Chief Executive, Electricity Authority
James Kilty, Chief Executive, Transpower

⁵ Described as "NI_Supply" and "SI_supply" in [Attachment 10](#) from Transpower.

⁶ Paragraph B25, [Draft decision and reasons paper – Attachment A to D](#), Commerce Commission.

⁷ <https://www.transpower.co.nz/projects/upper-south-island-upgrade-project/further-consultation-our-short-list-upper-south-island>