

16 September 2024

Tim Sparks
Director Network Pricing
Electricity Authority
PO Box 10041
WELLINGTON 6143

Sent via email: network.pricing@ea.govt.nz

Dear Tim

TPM amendments: Level playing field for emerging technologies

1. This is a brief submission from the Major Electricity Users' Group (MEUG) on the Electricity Authority's (Authority) consultation paper "*Transmission pricing methodology amendments: a level playing field for emerging technologies*"¹ and supporting material published on 5 August 2024.
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 Authority's website unaltered. Members may lodge separate submissions.

Concern with proposed amendments that will undermine TPM durability

3. MEUG is not convinced that the Authority has set out a robust case to support making amendments to the Transmission Pricing Methodology (TPM). By trying to achieve a level playing field for emerging technologies, the Authority has threatened one of the key objectives of the TPM – durability.
4. As the consultation paper notes, the TPM is a long and technically complex part of the Code² and it has only recently been implemented after over a decade of industry debate, discussion and consultation. We understood that the TPM was intended to be durable and send consistent signals over time to encourage the more efficient use of the grid, and more efficient investment in transmission and generation assets. By making what we consider quite substantive changes now within the first two years of operation, this raises issues about the TPM's actual durability to future changes and the uncertainties that may arise from seeking to address new technologies and grid arrangements.

¹ https://www.ea.govt.nz/documents/5478/Consultation_paper_-_Emerging_technologies_in_the_TPM.pdf

² Paragraph 1.2 of the consultation paper.

5. MEUG supports the development and deployment of Battery Energy Storage Systems (BESS) across the New Zealand electricity system, and the benefits that new technologies can bring to the operation of the electricity market. BESS were a known technology during the TPM development process and were an issue even consulted on during the latter stages of the TPM process. It is concerning that these amendments are only now being pursued, given there seems to have been no appreciable change BESS deployment, other than that projects have commenced. We question what impact this may have on some third-party BESS agreements in place
6. We cannot support the proposed amendments without seeing wider consideration and discussion on the implications of these amendments. We welcome further discussion with the Authority and stakeholders.

Next steps

7. 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
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