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To: The Electricity Authority  
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## Genesis supports a level playing field for all technologies under TPM

Genesis Energy Limited (**Genesis**) welcomes the opportunity to comment on the Electricity Authority's (**the Authority**) consultation paper titled *Transmission pricing methodology amendments: a level playing field for emerging technologies*.

Genesis supports the initiatives by the Electricity Authority to review and set the right regulatory parameters to enable further decarbonisation of the electricity system and addressing unforeseen consequences of existing regulation.

Genesis therefore supports the proposed amendments to the Transmission Pricing Methodology (TPM). A well-designed TPM creates long-term certainty for all customers equally, enabling more investment in new technologies such as BESS. As noted in the paper, this amendment is necessary to create a level playing field for all participants and is consistent with the Authority's statutory objective to promote competition and efficiency in the electricity system to the long-term benefit of consumers. Without the proposed changes, the TPM method for calculating connection charges and residual charges risks disincentivising investment in new technologies, such as BESS, that are critical to enabling the continued growth of renewables, while also supporting electrification of New Zealand's economy.

Genesis supports the Authority's proposed amendment to the method for calculating residual charges. The existing methodology to calculating Residual Charges distorts incentives among Transpower customers with respect to development of new technology projects, including BESS. As noted in the Paper, this has potential to reduce efficiency and competition (paragraphs 3.25-3.29), to the long-term detriment of consumers. Moreover, residual charges are not designed to influence investment decisions. The proposed amendment will mitigate these issues.

Yours sincerely,

A handwritten signature in black ink that reads "Mitchell Trezona-Lecomte".

Mitch Trezona-Lecomte  
**Senior Advisor, Government Relations and Regulatory Affairs**

## Genesis's response

Question Number	Question	Genesis response
1.	Q1. Do you agree with the proposed amendment for connection charges for shared connection assets?	Yes, insofar as the amendment will provide a more level playing field.
2.	Q2. Will the proposed amendment have any unintended consequences for unusual connection arrangements, eg complex connections?	We are not aware of any. We recommend EA to monitor for any unintended consequences that may materialise following adoption of the proposed amendments.
3.	Q3. Do you agree with the proposed amendment to the residual charge annual adjustment?	Yes, we agree with the Authority's rationale for change and its reasoning, and we support the proposed amendment. A level playing field between Transpower customers introducing new technology, such as BESS, is important for the efficient functioning of the electricity market and avoiding unnecessary investment costs that potentially result in higher costs for end-users. As noted in the paper, residual charges are not intended to act as signals to investment decisions or influence grid use, and it is therefore necessary to amend the residual charge to avoid the perverse incentives noted in the Paper. Namely, change is needed to ensure a level playing field and avoid deterring or distorting investment decisions and decisions about deployment of new load.
4.	Q4. The residual charge is intended to be non-distortionary and this proposed amendment is aimed at levelling the playing field and avoiding inefficient investment (irrespective of technology). Are there any other approaches the Authority should consider to address this issue?	The electricity market is rapidly changing, we strongly suggest the Authority to continue to monitor if the TPM requires further enhancements to accommodate. As noted, applying different methods to calculating residual charges for existing and new customers is in principle undesirable. However, we do not have a proposed solution, and agree with the Authority that the proposed amendment will be net-beneficial. If, in future, this becomes an issue, the Authority could re-consider it then.
5.	Q5. Do you agree with the objectives of the proposed amendment? If not, why not?	Yes.
6.	Q6. Do you agree the benefits of the proposed amendment outweigh its costs?	Yes.
7.	Q7. Do you agree the proposed amendment is preferable to the other options? If you disagree, please explain your preferred option in terms consistent with the Authority's main statutory objective in section 15 of the Electricity Industry Act 2010.	No further comment.
8.	Q8. Do you agree the Authority's proposed amendment complies with section 32(1) of the Act?	Yes, we agree the proposed amendment complies with section 32(1), as it is consistent with the Authority's main statutory objective under section 15(1) of the Act to promote competition and efficiency for the long-term benefit of consumers.

<b>9.</b>	Q9. Do you agree with the objectives of the proposed amendment? If not, why not?	Yes, we agree with the objectives and support the Authority's analysis and conclusion to resolve the unintended consequence that the current TPM methodology has on new technologies such as BESS.
<b>10.</b>	Q10. Do you agree the benefits of the proposed amendment outweigh its costs?	Yes, we agree. New Zealand's electricity system is changing rapidly and needs to accommodate new technology fast and efficiently. The benefits of the proposed amendments outweigh its cost.
<b>11.</b>	Q11. Do you agree the proposed amendment is preferable to the other option? If you disagree, please explain your preferred option in terms consistent with the Authority's main statutory objective in section 15 of the Electricity Industry Act 2010.	Yes, we agree that the proposed amendment is preferable to the other option.
<b>12.</b>	Q12. Do you agree the Authority's proposed amendment complies with section 32(1) of the Act??	Yes, we agree the proposed amendment complies with section 32(1), as it is consistent with the Authority's main statutory objective under section 15(1) of the Act to promote competition and efficiency for the long-term benefit of consumers.
<b>13.</b>	Q13. Do you have any comments on the drafting of the proposed amendment in Appendix A	No
<b>14.</b>	Q14. Do you have any comments on the drafting of the proposed amendment in Appendix B?	No