



16 September 2024

Submissions
Electricity Authority

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

Transmission pricing methodology amendments: a level playing field for emerging technologies

Meridian appreciates the opportunity to provide feedback on the Authority's consultation paper on proposed amendments to the transmission pricing methodology (TPM) to create a level playing field for emerging technologies.

Meridian supports the proposed amendments to:

- ensure transmission connection charges for shared connection assets are allocated in a more proportionate way where a single customer both injects into and offtakes from the grid; and
- change the way the residual charge is allocated for new customers and changes in consumption so that the effect on the residual charge of increased consumption is more consistent across customers.

Meridian agrees these changes will improve incentives for investment and allow technologies like battery energy storage systems (BESS) to compete on a level playing field with other technologies connecting to the grid. In the absence of these changes, BESS operators will pay disproportionately high charges that will actively disincentivise BESS investment.

Meridian's 100MW / 200MWh BESS at Ruakākā in Northland is expected to be completed early in 2025. It will be the first grid scale BESS in New Zealand. Meridian strongly supports the Authority resolving these issues well in advance of when they would impact on transmission charges for this investment. We understand that the Authority's proposal would come into force in April 2026, for pricing year 2026/27 but that this timeframe would not negatively impact the transmission charges for our Ruakākā investment due to lags in the connection and residual charge.

Critically, the proposal will also correct the artificial disincentive on future BESS investments. This will help BESS to compete with other technologies and lead to an efficient mix of generation and storage resources. The proposal will also help Meridian and other potential investors to make business cases for further BESS investment.

Responses to the Authority's consultation questions are attached as Appendix A.

Please contact me if you have any queries regarding this submission.

Nāku noa, nā

Matt Hall
Manager Regulatory and Government Relations

Appendix A: Responses to consultation questions

	Question	Response
1.	Do you agree with the proposed amendment for connection charges for shared connection assets?	Yes.
2.	Will the proposed amendment have any unintended consequences for unusual connection arrangements, eg complex connections?	None that we have identified at this time.
3.	Do you agree with the proposed amendment to the residual charge annual adjustment?	Yes.
4.	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?	None that we have identified at this time.
5.	Do you agree with the objectives of the proposed amendment? If not, why not?	Yes.
6.	Do you agree the benefits of the proposed amendment outweigh its costs?	Yes.
7.	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.	Yes.

8.	Do you agree the Authority's proposed amendment complies with section 32(1) of the Act?	Yes.
9.	Do you agree with the objectives of the proposed amendment? If not, why not?	Yes.
10.	Do you agree the benefits of the proposed amendment outweigh its costs?	Yes.
11.	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.
12.	Do you agree the Authority's proposed amendment complies with section 32(1) of the Act?	Yes.
13.	Do you have any comments on the drafting of the proposed amendment in Appendix A?	Not at this time.
14.	Do you have any comments on the drafting of the proposed amendment in Appendix B?	Not at this time.