Chairman: Ben Gibson, [redacted]
Secretary: David Inch, [redacted]

INDEPENDENT ELECTRICITY GENERATORS ASSOCIATION

16 July 2026

Matthew Clark
Manager, Transpower and Gas
Commerce Commission
Wellington
By email: infrastructure.regulation@comcom.govt.nz

Dear Matthew,

RE: Submission on Transpower IM amendment (Recoverable costs) draft decision

The Independent Electricity Generators Association (IEGA) welcomes the opportunity to engage on the Commerce Commission's (Commission) draft decision to amend the Transpower IM to allow recovery of NTS recoverable costs.

The IEGA supports the intent of the proposed amendment to allow reasonable cost recovery of non-transmission solution (NTS) costs– although a limited understanding of the IM means this submission is not commenting on whether the proposed drafting achieves the intent.

As the IEGA has submitted previously, our interest in the topic of NTS relates to the opportunity for new generation and/or energy storage investments to be contracted as an NTS to defer, or avoid, the need for traditional transmission investment.

The IEGA's submission[1] on the Upper South Island MCP draft decision highlighted our concern about the Commission approving NTS opex for one year at a time. The following is a cut and paste of the relevant part of that submission. The IEGA suggests the Commission prioritise considering how it could provide more certainty to NTS providers that deferral of a Transpower investment can be contracted and funded for more than one year under the MCP approval process.

> "The Commission's draft decision is to approve $193m for the cost of the project plus up to $7m if NTS can be contracted by Transpower to defer the entire project for one year.
>
> It is clear that Transpower and the Commission understand that NTS could defer this project for more than one year. But the Commission's process is:

[1] See https://www.comcom.govt.nz/assets/Documents/upper-south-island-mcp/IEGA-Submission-on-Transpowers-USI-MCP-draft-decision-17-February-2026.pdf

"We note that additional deferral may be possible if this proves to be economic. In this case **Transpower would need to seek an MCP outputs amendment for additional NTS funding**."[2] [emphasis added]

This requirement for an annual application to the Commission for additional NTS funding raises two concerns:

- the time and cost for Transpower may discourage Transpower from contracting NTS for subsequent years. This is an additional cost that Transpower does not face if it proceeds with the approved transmission infrastructure investment; and

- there is no certainty for NTS providers that another year's funding will be approved by the Commission.

It would be a perverse outcome if the Commission's processes impeded the development of economically efficient non-transmission solutions."

Nothing in this submission is confidential.

Yours sincerely

Ben Gibson
Chair

[2] Paragraph X13 of the Commission's draft decision reasons paper