

16 July 2026

Matt Clark
Manager Transpower and Gas
Commerce Commission
44 The Terrace
WELLINGTON

Dear Matt

Submission - Transpower IM Amendment (Recoverable Costs) Draft Decision

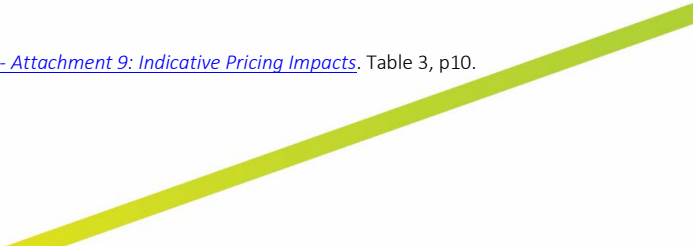
1. INTRODUCTION

1. Orion welcomes this opportunity to provide feedback on the Commerce Commission's (Commission) consultation, '*Proposed amendment to Transpower Input Methodology Determination relating to recoverable costs*'.
2. No part of this submission is confidential.
3. Orion owns and operates the electricity distribution infrastructure in Central Canterbury, including Ōtautahi Christchurch city and Selwyn district. Our network is both rural and urban and extends over 8,000 square kilometres from the Waimakariri River in the north, to the Rakaia River in the south; from the Canterbury coast to Arthur's Pass. We deliver electricity to more than 230,000 homes and businesses and are New Zealand's third largest Electricity Distribution Business (EDB).

2. AMENDMENT SUPPORTED

4. Orion supports the proposed Transpower input methodologies (IM) amendment.
5. Orion has been identified as the majority beneficiary of Transpower's Upper South Island (USI) Major Capital Project (MCP) proposal currently being scrutinised by the Commission. The indicative starting allocations published by Transpower state that Orion's customers will bear approximately 58 percent¹ of the project costs, which is expected to result in a material uplift in the transmission component of consumer bills.
6. Orion supports Transpower's USI MCP proposal but has residual concerns about the timing of the capital investment and associated uncertainties in the demand forecasts that drive investment timing.

¹ Transpower (2025). [Upper South Island Upgrade Stage 1: Major Capex Proposal - Attachment 9: Indicative Pricing Impacts](#). Table 3, p10.
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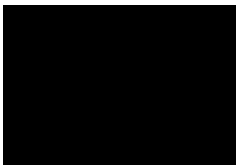


7. Helpfully, Transpower's USI MCP proposal includes an opex provision for procuring a non-transmission solution (NTS),² which may result in deferral of the project and thereby benefit consumers by delaying the transmission component increase in their electricity bills. The Commission has indicated, in its draft decision, that the NTS opex provision should be approved.³ Orion also supports the NTS provision and considers that the proposed IM amendment will remove a barrier to its implementation.
8. Orion considers that the proposed IM amendment better serves the Part 4 purpose in section 52A of the Commerce Act 1986 (the Act) by:
 - 8.1. removing a barrier to innovating (limb a); and
 - 8.2. strengthening incentives to improve and share (for a period) efficiencies (limbs b and c).
9. We also consider that the proposal is consistent with the IM purpose statement in section 52R of the Act by removing uncertainty for Transpower in recovering the costs of an NTS proposed within an MCP.

3. CLOSING

10. Thank you for the opportunity to provide our views on the proposed IM amendment. Please contact the undersigned if you require further information.

Yours sincerely



Alec Findlater
Regulatory Lead – Commerce Commission

² Transpower. (2025). [Upper South Island Upgrade Stage 1: Major Capex Proposal – Overview](#). Section 3.2, p13.

³ Commerce Commission. (2026). [Transpower's Upper South Island \(USI\) major capex project proposal: Draft decision - Reasons paper](#). Paragraphs X9.1 and X10-X13, pp4-5.