

Summary

Current state



Strategy



Outcomes



Status-detail

Circumstance Principles



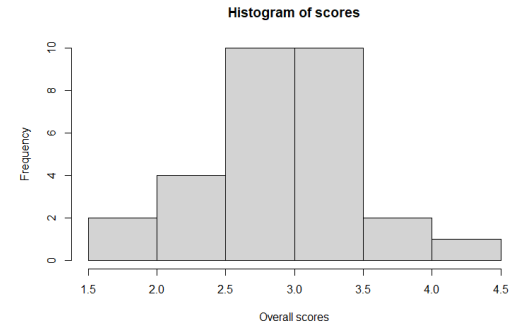
Strategy Roadmap



Efficiency



Consumer impact



Current state

- Excellent context in main document and supporting pricing strategy and roadmap. Clear links from context to implications for pricing in its different regions.
- Excellent discussion of extent of alignment of current pricing to pricing principles and, particularly useful, the target state.

Strategy

- Aurora is very clear about its direction for cost allocation and pricing, the main steps, and the nature of choices it will engage on with the community.
- Achievements to date and next steps are outlined. A separate roadmap document provides more useful context and detail.

Outcome

- Aurora has identified the potential inefficiencies of, and risks associated with, its historic pricing. These include inconsistent price signals, and price signals that may be too strong during periods when demand could be accommodated by the network.
- Recent changes to cost allocation improved the cost reflectiveness of pricing.
- Aurora has built in consumer impact considerations into its multi-year pricing strategy, including by smoothing cost allocation variations within each region.

Key messages

- Aurora has made significant progress in setting out its pricing strategy. Its plans are linked to a clear identification of issues, risks and opportunities related to pricing. The Authority looks forward to checking-in on progress.
- The Authority acknowledges that Aurora has recently addressed some of the issues with its historic cost allocation method and has indicated further changes are in the works (in particular replacing its current use of optimised replacement cost with regulatory asset base values for assets).
- Aurora’s multi-year approach is designed in part to manage bill shocks that may occur when cost allocation and pricing are reviewed. The Authority agrees this is a relevant consideration consistent with the pricing principles.
- Future methodologies could expand on how customer impacts were being managed. The Authority recognises that in the last year these matters were considered within the context of community consultation and stakeholder engagement with respect to the CPP and pricing.

For scoring, see practice note and methodology at <https://www.ea.govt.nz/operations/distribution/pricing/>.

