The Power Company – Powernet – Distribution pricing scorecard 2023

Overall score: 4.4/5

Summary: Current state: 4/5

Strategy: 4.7/5

Outcomes: 4.4/5

Status detail:

Circumstance

Principles

Strategy

Roadmap

Roadmap implementation

Efficiency

Consumer impact

Focus areas

Current state:

There is a good explanation of the network conditions and the uptake of evolving technologies such as EVs, solar PV and storage.
There is also a detailed description of the degree of consistency between current pricing and pricing principles.

Strategy:

The Power Company is implementing TOU for residential and general customers replacing Day/Night line charges. The recently updated roadmap shows the multiple actions to be analysed and implemented to accomplish fully cost-reflective pricing in the next four years. Some of those actions are rebalancing fixed and variable charges, refining peak TOU price signals, reviewing capital contribution policy, and developing EV pricing options.
Roadmap implementation was successful as The Power Company accomplished each of the targeted actions for the year.

Key messages:

When considering capital contribution policy, it would be beneficial to consider FMD.
The price schedule should be improved by explicitly including the load control tariffs. It's also advisable to increase the percentage of fixed charges. We welcome the low off-peak charge.
To enhance the pricing methodology, it's recommended to provide additional quantitative information regarding network circumstances and peak signal strength. Additionally, a more detailed calculation of incremental and stand-alone costs is necessary to calculate the subsidy-free consumer range.

Outcomes:

It is not obvious what the load control tariffs are from the schedule. The pricing methodology has little quantitative analysis linking network circumstances to peak signal strength. In addition, the methodology needs to include more information about how it calculates the subsidy-free range for customer groups. The Authority recognizes the growing number of ICPs assigned to TOU pricing.

The methodology contains a clear identification of consumer impacts and their management. The relevant section states that impacts are minimal.

Regarding the five specific expectations of progress shared in September in the Open Letter:

- Focus area 1: Roadmaps responding to future network congestion: Pricing methodology considers future congestion and responds to it by implementing TOU prices, load control tariffs and installed capacity charges. Considering monitoring TOU differential, including EV price option and pricing DG export.
- Focus Area 2: First mover disadvantage in new and expanded connections: FMD issue is partially addressed in capital contribution policy through a refund mechanism.
- Focus Area 3: Pass-through of new transmission charges: TPM pass-through is consistent with Authority guidance.
- Focus Area 4: Phase-out of low fixed charge (LFC) regulations: Price methodology follows guidance for the phase-out of the LFC tariff.
- Focus Area 5: Recovery of fixed costs through use-based charges: No presence of demand charges which avoids inefficient outcomes.