

# Alpine – Distribution pricing scorecard 2023

Overall score: 3.1/5



### Current state:

Alpine’s methodology provides a general overview of the current network circumstances. However, it could give more detail about current and future network constraints and the uptake of new technologies that may affect future pricing. The methodology provides a reasonable discussion of how the methodology is coherent with the pricing principles.

### Strategy:

There is currently no Pricing Strategy or roadmap. However, the Authority acknowledges that Alpine is currently developing both, including roadmaps of future congestion, and as part of this process is engaging very closely with its customers. Alpine is also currently working with consultants to investigate what could be the impact of climate change in its assets. Given there is no previous roadmap, so it is not possible to trace roadmap implementation. Alpine states in the pricing methodology that its main target is achieving 80% of revenue from fixed and fixed charges and considering locational pricing.

### Key messages:

In the future, it may be necessary to implement some level of congestion signaling - depending on Alpine’s view of demand growth and future network constraints. We also encourage Alpine to continue its efforts to develop a pricing strategy and roadmap. To improve the pricing methodology, it would be helpful to provide more quantitative information about network circumstances and peak signal strength. Additionally, we encourage Alpine to develop a more detailed calculation of incremental and stand-alone costs for determining the subsidy-free range. We welcome information regarding the proportion of residential customers on TOU pricing. The Authority acknowledges Alpine’s efforts to engage and inform customers about price impacts.

### Outcomes:

Alpine could improve its pricing methodology by including a quantitative analysis linking network circumstances to peak signal strength, more information about the subsidy-free range for consumer groups, and more detailed calculation of incremental and stand-alone costs. The Authority was unable to determine the proportion of residential customers on TOU pricing (including day/night) from the material provided.

The methodology provides a clear explanation of the customer impact assessment. The Authority acknowledges Alpine’s effort to engage and inform customers about pricing.

Regarding the five specific expectations of progress shared in September 2022 in the Open Letter:

- Focus area 1: Roadmaps responding to future network congestion: Alpine is actively considering the impact of future congestion of their network by including analysis of future network congestion within the strategy which they have commissioned.
- Focus area 2: First mover disadvantage in new and expanded connections: FMD issue is mentioned in the methodology.
- Focus area 3: Pass-through of new transmission charges: the pass-through of transmission charges is consistent with Authority guidance.
- Focus area 4: Phase-out of low fixed charge (LFC) regulations: Price methodology follows MBIE and Authority guidance for the phase-out of LFC tariff.
- Focus area 5: Recovery of fixed costs through use-based charges: Charges for residential customers have become almost all fixed. The demand charges that the pricing schedule includes are installed capacity charges based on the assets used for the connection. Hence, these types of charges do not create unnecessary incentives for customers.