

# EA Networks – Distribution pricing scorecard 2023

Overall score: 4.2/5



### Current state:

A good overview of the context related to pricing is provided, along with a valuable table containing pertinent information from the AMP. The network possesses a reasonable capacity, with only a few isolated regions facing potential congestion issues. There is a good discussion of consistency with pricing principles.

### Strategy

We welcome the general move away from variable charges towards fixed charges. Further refining of subcategories and developing non-distortionary pricing is good to see. Roadmap implementation was successful as EA Networks accomplished all targeted actions for the year.

### Key messages:

The Authority acknowledges that EA Networks has moved away from AMD charges. EA Networks has considered how to smooth charges during their transition. We welcome the low off-peak charge. Consideration of FMD is important and implementation of the refund solution appears likely to be effective. Pricing methodology could be improved by providing more quantitative information about network circumstances and peak signal strength and more detailed calculation of incremental and stand-alone costs important for calculating the subsidy-free range.

### Outcomes:

EA Networks could improve their pricing methodology by including a quantitative analysis linking network circumstances to peak signal strength, more information about the subsidy-free range, and more detailed calculation of incremental and stand-alone costs. The Authority was unable to determine the proportion of residential customers on the night-only supply, nights and weekends tariffs from the material provided.

The methodology contains a clear identification of consumer impacts and their management.

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

- Focus area 1: Roadmaps responding to future network congestion: The pricing roadmap shows the need to signal future congestion on the low-voltage network from EV charging.
- Focus Area 2: First mover disadvantage in new and expanded connections: FMD issue is mentioned in the new methodology.
- Focus Area 3: Pass-through of new transmission charges: TPM pass-through is broadly consistent with Authority guidance. Future consideration should be given to the small variable component of the residual charge.
- 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: Authority acknowledges EA Networks' effort to eliminate AMD charges.