Overall Rating 3.3/5

Distribution pricing principles – Scorecard 2021: Top Energy

Summary

| Current state | ●●●◐○ | Strategy | ●●●◐○ | Outcomes | ●●●○○ |

Status-detail

| Circumstance | ●●●●○ | Strategy | ●●●●○ | Efficiency | ●●●○○ |
| Principles | ●●●○○ | Roadmap | ●●●○○ | Consumer impact | N/A |

Histogram of scores
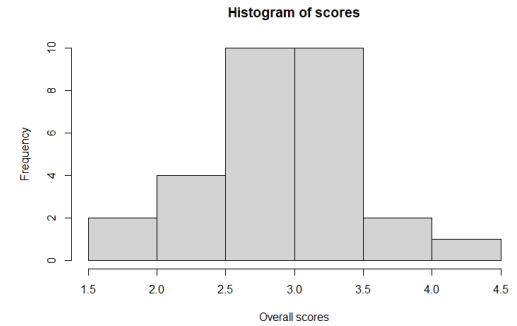
Current state

- Useful summary of characteristics of region; pricing may help with local (11kv) network pressures; Top has put a small charge on exports from micro generation growth in direct response to substantial growth in solar power.
- Top Energy offers a useful summary of its alignment with the pricing principles.

Strategy

- Top Energy is now bedding-in its pricing, having introduced TOU. It is migrating more customers onto it, and this year introduced a capacity charge for large customers (as part of increasing revenue from fixed charges) and a demand charge (set at zero until needed).
- In light of work over the last years, its roadmap now has a more limited horizon.

Outcome

- Top Energy has pricing structures that could support efficient pricing, although we cannot tell if actual price levels are there yet. The methodology could be improved by detailing how the chosen TOU tariffs (and other variable prices) relate to economic costs of network use, given the still heavy reliance on income from variable charges.

Key messages

- We note that Top Energy has made further progress on pricing reform. Top Energy could use the roadmap to reflect and report on pricing-related work it is undertaking, such as the LV network study, impact of changes to TPM, and cost of supply model.
- Top Energy could improve its pricing methodology by explaining the level of variable prices (and differences between them) in terms of the economic cost of network use at different times. This will help us to assess the 'efficiency' outcome, particularly given the still heavy reliance on income from variable charges.
- We note Top Energy has decided not to reflect locational cost differences in its pricing, as it considers the issue is not significant overall. It does consider non network solutions where this becomes relevant, e.g. for its more remote customers.

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