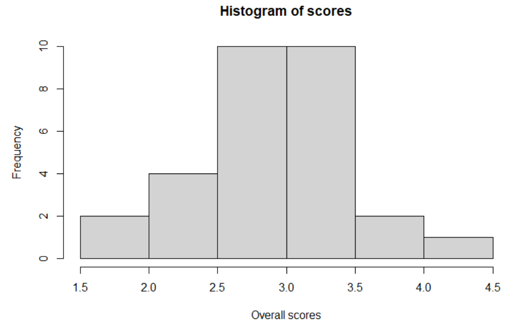
Overall Rating 2.8/5

Distribution pricing principles – Scorecard 2021: Unison Networks

Summary	Current state	●●●◐○	Strategy	●●●○○	Outcomes	●●○○○
Status-detail	Circumstance	●●●●○	Strategy	●●●○○	Efficiency	●●○○○
	Principles	●●●○○	Roadmap	●●●○○	Consumer impact	N/A



Current state

- Great description of the circumstances that affect pricing considerations. Unison explains it has no general capacity issues and relies on ripple control and arrangements with specific customers to manage demand to avoid capacity upgrades.
- Displays a good understanding of the pricing principles; pricing is not always aligned with them: peak rate seems strong compared to off-peak rate in contrast to apparent intent.

Strategy

- Unison generally considers its pricing is cost-reflective with the challenge being to avoid strong price signals where they are not needed, and to have a stable pricing structure that prepares for future challenges (e.g. EVs).
- Intends to make TOU mandatory for residential consumers from April 2022; further changes depend on announcements on LFC regulations.
- Roadmap explains relevant considerations, pricing strategy, and activities. Would be improved if it provided more detail on future actions and timelines.

Outcome

- Variable charges make up about 50% of revenue (excluding LFC consumers); Unison considers its volume-based prices may be too high but sees this as a function of LFC regulations.
- Winter and summer demand charges to recover transmission interconnection charges from commercial customers may not reflect how costs are incurred, but Unison prefers its approach to avoid customers being surprised by monthly/seasonal variations in bills.

Key messages

- Unison's pricing methodology is thoughtful about the role of price-signals. Positive aspects of its pricing approach include DG/PV prices with higher fixed daily charges, and incentives to EV owners to charge at night.
- Unison is comfortable that the differentials between variable prices do note create undue signals, but the methodology could be improved by showing this to be the case, i.e., showing how variable prices link to the actual cost of network use.
- Larger commercial consumers appear to face cost-reflective prices. On average, 50% of revenue comes from fixed charges, allowing a greater role for volumetric charges to help with allocation as a proxy for 'ability to pay'. We suggest Unison monitors that this does not risk inefficient cost-avoidance strategies.

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