



Presentation to the Electricity Authority Conference on Distribution Pricing

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What do we all agree on?

- Changes need to happen (and, indeed, have already started to be made)
- Keeping consumers' interests at the forefront in developing new pricing structures
- Low-user fixed charge is a factor, but not a block



What are the changes trying to achieve?

- More efficient pricing for providing the service of network capacity
- The benefit being a better reflection of true cost to allow for improved investment for infrastructure and forward planning for the network



Not pricing to change consumer behaviour

- Adjusted pricing models may result in some change in consumer behaviour, or they may not
- Pricing for consumer behaviour change is an entirely separate matter



Outcomes that we'd like to see from today:

Clear timeframes

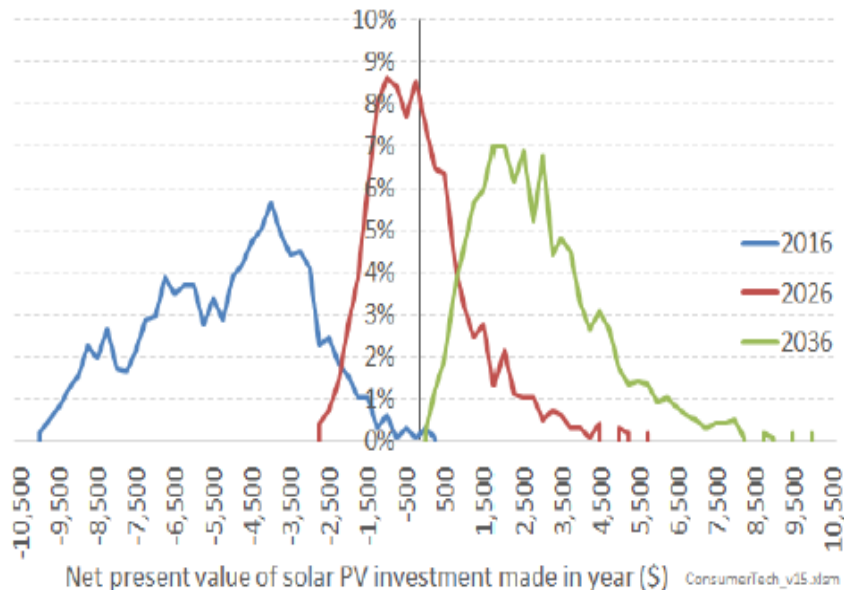
More consistency

Communication



Clear timeframes

Figure 41: Change in consumer NPV of solar investment - based on continuation of current tariff structures



Source: Concept Consulting June 2016 New Technologies Economic Impacts Report

- Enabling efficient ‘no regrets’ choices to be made is critical for consumers
- Implementation 1 April 2018
-indicative pricing models signalled to retailers mid-2017

More consistency

- Efficiency is the primary end game, but consistency needs to be part of the picture too
- It is consistency not simplicity that ultimately counts most



Communication

- Distributors, retailers, and the Electricity Authority all have a part to play
- Consumers need to understand *WHY* the changes are happening from their perspective
- Early lead time (> 40 business days) will be key
- Consideration of prior learnings is essential



Where to from here?

- New forms of pricing are being offered – there will be phasing
- More can and will be done
- Build it and we will come

Let's get a plan



Conclusions

- Service-based and cost-reflective pricing – not behavioural changes – is what is required
- At all times consumers need to be kept in the picture by distributors, retailers and the Authority – get our story straight
- Implementation from 1 April 2018 should be the aim
- Retailers will adapt their approaches to suit their customers based on competitive principles

