

# Summary of distributor roadmaps for efficient pricing

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# 1 PROCESSES TO BE ADOPTED BY DISTRIBUTOR FOR COST-REFLECTIVE, SERVICE-BASED PRICING

No.	Submitter	Submission
1.	Alpine Energy	Alpine Energy's engagement strategy, processes and outcomes will be published on the website. Consumer surveys are the likely method for engaging with consumers, and some stakeholders will be contacted directly.
2.	Aurora Energy	Has proposed four stages to reform: <ol style="list-style-type: none"> <li>1 <b>Initiating pricing reform</b> over 2017-2019, by defining objectives, gathering data and generating a final pricing plan.</li> <li>2 <b>Regulatory enablers:</b> basing plan on a change in form of price control in 2020.</li> <li>3 <b>Plan changes in more detail</b> over 2020-2121. Customers and retailers will be educated about the changes over 2020-2022.</li> <li>4 <b>Managing rollout of new pricing options</b> in 2022-2023 with ongoing review of progress.</li> </ol>
3.	Buller Electricity	It is premature to develop and commit to detailed implementation plans until guidelines and standards developed by the Authority are closer to completion. Will be following the ENA's and other industry-led work. Will seek to engage with stakeholders once the industry understanding matures, and once paths for the development of appropriate distribution pricing structures are established.  The immediate need to implement pricing reform is unlikely to be as strong as Buller Electricity is a small rural network. The best option is to learn from the early adopters, and make the best use of industry experience.
4.	Centralines, Unison Networks	Has already started to introduce more cost-reflective, service-based price offerings, including by introducing a distributed generation price category for residential consumers installing solar, and improving its TOU price offering.  Has identified five network pricing types. Will adhere to the Authority's Consultation Guidelines to explore those options with consumers and retailers.  Implementation of new pricing structures will need to be supported by the industry's billing and data

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		<p>management systems, and smart meters.</p> <p>The intended plan is to ensure wide customer distribution of information through emails to interested participants, brochures and printed material, the website, and local community events. Will consider conducting real-world trials of trials with a limited group of consumers if necessary.</p>
5.	Counties Power	<p>Is part way through a three year transformation of consumer prices. Introduced smart tariffs in 2014 for residential and business customers. Launched cost-reflective prices for services in FY 2017. Will be working with the Authority, the Commerce Commission and retailers to create a roadmap for the adoption of cost-reflective prices. Counties Power is trialling new tariff structures with selected retailers and consumers that encourage uptake of new electricity tariffs.</p> <p>Will be working with retailers and the Authority to model and understand alternatives to a LUFC and options for cost-reflective pricing. Will launch an "all you can eat plus the peak" tariff in a pilot trial in FY 2018. Further improvements and simplification will be implemented in FY 2019. FY 2017 pilot tariff and the engagement and support of retailers during FY 2018 will inform the price structure in FY 2019.</p>
6.	Eastland Network	<p>The project has been divided into five key areas of work, to be completed by 1 April 2020:</p> <ul style="list-style-type: none"> <li>• planning and preparation (2017);</li> <li>• building capability (2017-2018);</li> <li>• consultation and collaboration (2017-2020);</li> <li>• test and review; and</li> <li>• implementation (2018-2020).</li> </ul>
7.	Electra	<p>Electra has changed to price option naming to align with ENA guidelines, implemented low and medium user TOU options, and has implemented a daily use LUFC.</p> <p>Will consolidate TOU price options, discontinue the LUFC associated with uncontrolled consumption, update the CoSM, and adjust the long run marginal cost for the network.</p> <p>Will develop plans that seek to recover the long run marginal cost from the variable charge of the price, introduce a demand and/or capacity service charge, and monitor the uptake of alternative energy sources to advance or defer timing.</p>
8.	EA Networks	Fundamental pricing reform is not necessary.

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	(Electricity Ashburton)	<p>EA Network's current tariff structure is cost-reflective. Fixed/capacity style charges are the most cost-reflective method for establishing distribution pricing.</p> <p>One customer segment (General) needs to be reviewed as it uses a variable charging method. The other five customer segments are cost-reflective by design and do not need to be reformed. A project is underway to review the General tariff group. Future plans and further details will be provided as they become available. The review will likely encompass the entire tariff portfolio.</p> <p>Customers are surveyed bi-annually, and the pricing team is in regular contact with customers in the region.</p>
9.	Horizon Energy Distribution	<p>Will undertake a review of future pricing structures. Considerations and prospective changes need to be investigated, analysed, and consulted on.</p> <p>Considerations for the review include:</p> <ul style="list-style-type: none"> <li>• the changing use of grid-supplied electricity due to emerging technology;</li> <li>• changes in the Commerce Commission's price-quality regulation;</li> <li>• changes in the TPM;</li> <li>• the Authority's review of the DPPs;</li> <li>• the Authority's guide on interpretation of the LUFC regulations; and</li> <li>• the Authority's views on disclosures relating to distributors participating in and providing value added services to consumers.</li> </ul>
10.	MainPower	<p>Customers and the community will be consulted to ensure feedback informs how pricing structures are set. The determination of overall objectives and consultation with consumers has already started. Three streams of consultation started in 2015, and will be completed in 2017. Further consultation with stakeholders and retailers, the preparation of reform plans, testing and feedback on those plans will occur in 2017.</p> <p>Any changes will be implemented from 2018 onwards. A transition and communication plan will be presented before implementation.</p> <p>Customers are being informed through the use of the website, online surveys, focus groups, interviews, advertisements, and community consultation.</p>
11.	Marlborough Lines	<p>A completely cost-reflective methodology is inappropriate.</p> <p>Current network prices will remain unchanged from 1</p>

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		<p>April 2017 because:</p> <ul style="list-style-type: none"> <li>• the elimination of cost-sharing would result in the cost of supply becoming prohibitive for some customers;</li> <li>• low service intensity in the Marlborough network means higher costs are required for distribution services;</li> <li>• there is a lack of diversity in commercial and industrial load;</li> <li>• the Marlborough Lines network costs of supply are largely fixed, and not time dependent or capacity constrained;</li> <li>• significant numbers of customers in Marlborough do not, and will not have a smart meter in the foreseeable future, meaning the Authority's pricing options are not suitable; and</li> <li>• government policies, such as the LUFC regulations and urban/remote rural cost sharing, mean it is hard to move towards totally cost-reflective supply.</li> </ul> <p>Pricing is already relatively cost-reflective compared to peer electricity lines businesses as customers in remote areas do not receive discounts on line charges, LUFC plans are not offered to non-residential customers, Marlborough Lines has received exemptions for LUFC plans, and charges are somewhat capacity based, using a basic TOU structure.</p> <p>Intends to increase charges relative to capacity and reduce consumption-based charges.</p> <p>Information must be provided to customers and widespread consultation undertaken before embarking on significant changes. Will continue to monitor the situation relative to pricing. Intend to work with consumers, the Government, regulatory agencies, and the Authority to establish a way forward.</p>
12.	Nelson Electricity	<p>Pricing reform will occur in three stages:</p> <ol style="list-style-type: none"> <li>1 <b>Initiating pricing reform:</b> preparatory work, data gathering, consultation with retailers and the preparation of a final pricing plan will be completed over 2017. Pricing comparison with other EDBs will occur in 2017-2018.</li> <li>2 <b>Planning changes in more detail:</b> the development of more detailed plans will occur over 2017-2018. Customers will be educated about change and the plan will be checked for regulatory compliance over 2017-2019.</li> <li>3 <b>Manage rollout of new pricing options:</b> transition strategies will be developed over 2017-2019. Prices</li> </ol>

No.	Submitter	Submission
		will be implemented over 2019-2020. Risk management strategies and ongoing reviews will take place over 2018-2023.
13.	Network Tasman	<p>Deployment of smart meters is underway, with 60% of connections on the network having smart meters. Has identified issues for review in each key load group. Has conducted research on possible pricing structures, and started to examine samples of smart meter data. Has identified two streams of work:</p> <ol style="list-style-type: none"> <li>1 reviewing existing pricing; and</li> <li>2 continuing to work with other electricity distribution businesses regionally, the ENA, retailers, and consumers to identify a practical pricing structure.</li> </ol>
14.	Network Waitaki	<p>Four main activities are proposed:</p> <ul style="list-style-type: none"> <li>• developing price structures;</li> <li>• undertaking consultation and communication;</li> <li>• rolling out price structures; and</li> <li>• undertaking ongoing monitoring.</li> </ul> <p>Consultation and communication will be one of the biggest tasks.</p>
15.	Northpower	<p>Key aspects of the review process will be:</p> <ul style="list-style-type: none"> <li>• defining the problem, modelling scenarios and working with the wider industry to consider feedback from retailers and stakeholders;</li> <li>• trialling new distribution prices with electricity retailers; and</li> <li>• engaging with key stakeholders.</li> </ul> <p>Pricing structures are expected to be trialled in 2019, refined in 2020 and implemented in 2021.</p> <p>Will look at the experience of other distributors around New Zealand, take stakeholder and retailer feedback into account, and contribute to and monitor output from the ENA working group on distribution pricing.</p>
16.	Orion New Zealand, OtagoNet, PowerNet (The Power Company Limited), Electricity Invercargill	<p>Will undertake retailer and customer consultation as the pricing review potentially represents a fundamental shift in approach. Consultation will inform the development of options. Anticipate multiple rounds of stakeholder consultation. Will use the Authority's Consultation Guidance as a reference.</p> <p>Key considerations to future plans are:</p> <ul style="list-style-type: none"> <li>• changes to regulation under Part 4 of the Commerce Act;</li> <li>• the final form of the TPM guidelines and</li> </ul>

No.	Submitter	Submission
		<p>methodology;</p> <ul style="list-style-type: none"> <li>• the Authority's review of the DPPs;</li> <li>• recent changes to Part 6 of the Code;</li> <li>• potential changes to the LUFC regulations;</li> <li>• the extent of consultation; and</li> <li>• the knowledge that many distributors will be making pricing changes at the same time.</li> </ul>
17.	OtagoNet	<p>Is exploring options to roll out smart meters. Consumer views and data from smart meters will form the options for change.</p> <p>Further considerations to those listed in cell 16 include the:</p> <ul style="list-style-type: none"> <li>• negotiation and implementation of a smart meter roll out; and</li> <li>• negotiation of the supply of smart meter data with retailers.</li> </ul>
18.	Powerco	<p>Has adopted a pricing strategy that involves transitioning the Western Region to ICP-based pricing and introducing differential time-of-use charging. Powerco is gathering ICP-based data in preparation for change.</p> <p>Pricing reform roadmap has four stages:</p> <ol style="list-style-type: none"> <li>1 <b>Initiating pricing reform:</b> preparatory work, data gathering, consultation with retailers and preparation of a final pricing plan will occur over 2017. A pricing comparison with other EDBs will occur in 2017-2018.</li> <li>2 <b>Planning changes in more detail:</b> more detailed plans will be developed over 2017-2018. Customers will be educated about the changes and the plan will be checked for regulatory compliance over 2018-2019.</li> <li>3 <b>Enabling infrastructure:</b> systems will be reviewed in 2017, with improvements/adjustments made over 2017-2020.</li> <li>4 <b>Managing rollout of new pricing options:</b> transition strategies will be developed and pricing trials to be carried out over 2017-2018. Prices will be implemented over 2018-2021.</li> </ol>
19.	PowerNet (The Power Company Limited), Electricity Invercargill	<p>Is currently rolling out smart meters. The rollout is to be completed by the end of 2019. Consumer views and data from smart meters will form the options for change.</p> <p>Additional considerations to these listed in cell 16 are:</p> <ul style="list-style-type: none"> <li>• the completion of the smart meter roll out; and</li> <li>• any enhancements to the ICP management and</li> </ul>

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		billing systems.
20.	Scanpower	<p>Key milestones include:</p> <ul style="list-style-type: none"> <li>• project initiation, definition and scoping, to be completed by March 2018;</li> <li>• detailed project planning, to be completed and socialised by 31 March 2019;</li> <li>• project implementation, to be completed by March 2021.</li> </ul> <p>Any changes and/or progress on the plan will be reviewed and reported on six-monthly.</p>
21.	The Lines Company	<p>The TLC Board commenced an independent review of the service-based pricing approach in September 2016. The review recommended that TLC move away from the current approach based on a "variable demand charge" to a "TOU" charge.</p> <p>Will engage with the community to talk through the findings of the review and the consequences of changing to such a system. In deciding whether to change to TOU pricing, the Board will need to:</p> <ul style="list-style-type: none"> <li>• consider feedback from community leaders and customers;</li> <li>• work within regulations around pricing resets;</li> <li>• ensure that IT systems and meters can accommodate a change in charging method; and</li> <li>• ensure that there are sufficient staff resources available.</li> </ul> <p>The Board supports the recommendations in principle. The next step is to ensure that there would be no unintended consequences in adopting a TOU system, and that such a system will be acceptable to customers.</p> <p>Will publish a plan once consultation has concluded, and the TLC Board has decided on any changes and the timetable for those changes.</p>
22.	Top Energy	<p>Pricing reform roadmap has three stages:</p> <ol style="list-style-type: none"> <li>1 <b>Initiating pricing reform:</b> preparatory work will be completed over 2017-2019, consultation, gathering data, and preparing a final pricing plan will be completed over 2018-2019, and alignment across EDBs will occur over 2019-2020.</li> <li>2 <b>Planning changes in more detail:</b> more detailed plans will be developed over 2018-2020, communication with customers and retailers will occur over 2019-2021, and the plan will be checked for regulatory compliance over 2017-2020.</li> </ol>

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		<p><b>3 Managing rollout of new pricing options:</b> will develop transition strategies over 2019-2021, and will have ongoing review and risk management processes in place from 2020 onwards.</p>
23.	Vector	<p>Is currently undertaking consultation with Entrust. Pricing reform will involve:</p> <ul style="list-style-type: none"> <li>• the need to remove barriers – such as regulations, the TPM uncertainty, or the reluctance of retail market to change;</li> <li>• accommodation for new technology, uncertainty and innovation;</li> <li>• establishing what customers want through forums, focus groups, interviews, surveys and other research; and</li> <li>• testing, implementation and refinement, through trials, feedback and reviews.</li> </ul>
24.	Waipa Networks	<p>Is currently transitioning from legacy price plans to a TOU approach. Plan to phase out existing legacy price plans (with two exceptions) by 1 April 2019.</p> <p>Undertook consultation with retailers in 2015 and 2016 and the Authority in 2015. Customers have been kept informed through newsletters, the website, and the ENA Working Group.</p>
25.	WEL Networks	<p>Implemented mandatory TOU pricing for new ICPs on Residential, General, and SSDG price plans on 1 April 2016. In September 2016, engaged with retailers on potential future pricing options.</p> <p>Undertaking customer focus groups on future pricing options in March 2017. Will refine potential future pricing options, then conduct further consultation with retailers. Retailer and customer feedback will help form future pricing work.</p> <p>Released a final pricing schedule to retailers in December 2016, which takes effect from 1 April 2017.</p>
26.	Wellington Electricity	<p>Critical success factors for pricing reform:</p> <ul style="list-style-type: none"> <li>• <b>Stakeholder engagement and consultation:</b> Will include consultation with end consumers.</li> <li>• <b>Industry alignment:</b> Working with other distributors including through the ENA and the Distribution Pricing Working Group to ensure consistency with other distributors.</li> <li>• <b>Electric vehicles:</b> From 1 April 2017, Wellington Electricity is introducing a demand charge period for the electric vehicle tariff. Intends to further evaluate</li> </ul>

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		pricing options for electric vehicle owners as part of its pricing road map.
27.	Westpower	<p>Pricing reform roadmap has three stages:</p> <ol style="list-style-type: none"> <li>1 <b>Initiating pricing reform</b> by issuing an RFP to service providers, selecting a service provider and receiving a report, then commencing work, all to be completed throughout 2017.</li> <li>2 <b>Initiating and completing detailed consultation</b> with customers over 2017-2019.</li> <li>3 <b>Managing rollout of pricing options</b> over 2019-2020.</li> </ol>

## 2 TIMELINES

**Key:**

Q1 = first quarter

Q2 = second quarter

Q3 = third quarter

Q4 = fourth quarter

H1 = first half

H2 = second half

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28.	Alpine Energy	Declines to provide a roadmap. Prices are already cost-reflective – a roadmap would therefore be a reactive rather than a proactive response.
29.	Aurora Energy	<p><b>2017</b></p> <ul style="list-style-type: none"> <li>• H1: prepare and publish future pricing road map.</li> </ul> <p><b>2018</b></p> <ul style="list-style-type: none"> <li>• H1 2017-H1 2018: justify reform, complete early modelling, and identify challenges.</li> <li>• H2 2017-H1 2018: define overall objectives for reform, and develop strategy to deliver reform.</li> </ul> <p><b>2019</b></p> <ul style="list-style-type: none"> <li>• H1 2018-H1 2019: gain commitment to reform, agree on plan, and allocate resources.</li> <li>• H1 2017-H1 2019: consult with retailers.</li> <li>• H1 2018-H2 2019: gather basic data for analytics.</li> </ul> <p><b>2020</b></p> <ul style="list-style-type: none"> <li>• H1 2017-2020: compare plan with other EDBs and form coalitions.</li> <li>• Change form of price control from Weighted Average Price Cap to Revenue Cap.</li> </ul> <p><b>2021</b></p> <ul style="list-style-type: none"> <li>• 2020-2021: develop detailed plans, identify issues, prepare detailed pricing reform plans, check plan meets regulatory expectations, narrow down preferred options, test market impacts, identify what will drive success, implement feedback loops, and participate in ENA processes.</li> </ul> <p><b>2022</b></p> <ul style="list-style-type: none"> <li>• 2020-2022: educate consumers and retailers about change and develop transition strategies.</li> </ul>

No.	Submitter	Submission
		<p><b>2023</b></p> <ul style="list-style-type: none"> <li>• H1 2018-2023: identify and manage risks.</li> <li>• 2021-2023: consider progress towards outcomes over time.</li> <li>• 2022-2023: monitor and manage customer responses as required.</li> </ul>
30.	Buller Electricity	<p><b>2017-2018</b> Preparation and planning, including:</p> <ul style="list-style-type: none"> <li>• comparing existing pricing methodology with DPPs and determining areas for reform; and</li> <li>• establishing a decision-making framework, formulating options for pricing methodologies and strategies, developing a stakeholder engagement plan, preparing stakeholder consultation documents, carrying out the stakeholder engagement process, and finalising a long term pricing strategy.</li> </ul> <p><b>2019-2021</b> Implementation and transition, including:</p> <ul style="list-style-type: none"> <li>• completing implementation plans, communicating with retailers and consumers on the implementation plans, adjusting strategies and implementation plans if required; and</li> <li>• launching new pricing options and transitioning customers to new pricing options.</li> </ul> <p><b>2022-2026</b></p> <ul style="list-style-type: none"> <li>• Will be a widespread adoption of new technologies, removal of legacy pricing options, and review of pricing strategy.</li> </ul>
31.	Centralines, Unison Networks	<ul style="list-style-type: none"> <li>• <b>April 2017 to November 2017:</b> develop specific pricing options in consultation materials.</li> <li>• <b>December 2017 to April 2018:</b> undertake customer consultation.</li> <li>• <b>May 2018:</b> develop preferred pricing option.</li> <li>• <b>June 2018 to December 2018:</b> make decisions on implementation timetable, including need for small scale trials.</li> </ul> <p>There is a reasonable likelihood that a multi-year transition period will be required. Substantive pricing reform is unlikely to commence until the year beginning 1 April 2020.</p>
32.	Counties Power	<p><b>FY17</b> Will create a new UoSA and implement cost-reflective service pricing by:</p>

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		<ul style="list-style-type: none"> <li>• simplifying tariffs;</li> <li>• commencing industry and stakeholder consultation;</li> <li>• reviewing and pricing non-regulated services;</li> <li>• developing a per ICP based price, and a volume and effect model; and</li> <li>• engaging with regulators and industry to consult on effect of the LUFC regulations, and distribute distributed energy feed and pricing.</li> </ul> <p><b>FY18</b> Limited cost-reflecting charging mechanisms will be introduced through:</p> <ul style="list-style-type: none"> <li>• price simplification from X to Y;</li> <li>• launching an "all you can eat" pilot;</li> <li>• engaging with retailers to further refine UoSA for FY19; and</li> <li>• sharing ICP and modelling data to inform the debate on the LUFC regulations.</li> </ul> <p><b>FY19</b> Comprehensive cost-reflective prices will be implemented through:</p> <ul style="list-style-type: none"> <li>• further tariff reductions;</li> <li>• the removal and replacement of the LUFC regulations;</li> <li>• consumer engagement and communications in concert with retailers;</li> <li>• UoSA improvement pan-industry; and</li> <li>• will depend upon the outcome of the pilot.</li> </ul>
33.	EA Networks (Electricity Ashburton)	<p>Will embark on a process of discovery and information gathering during FY 2017-2018.</p> <p>It is too early to provide a specific plan regarding pricing options, and would be inappropriate to do so. Will only publish a plan once it has formulated a detailed plan for change.</p>
34.	Eastland Network	<p><b>Timeline of expected costs</b></p> <ul style="list-style-type: none"> <li>• 2017-2018: \$200K</li> <li>• 2018-2019: \$70K</li> <li>• 2019-2020: \$1095K</li> <li>• 2020-2021: \$10K</li> </ul> <p><b>Planning and preparation</b></p> <ul style="list-style-type: none"> <li>• Q4 2017: prepare high level plan.</li> <li>• Q1 2018: create internal detailed project plan.</li> </ul> <p><b>Build capability</b></p>

No.	Submitter	Submission
		<ul style="list-style-type: none"> <li>• Q1-Q2 2018: develop and build new CoSM.</li> <li>• Q1-Q2 2018: review of processes and systems.</li> <li>• Q3-Q4 2018: develop new processes where required.</li> <li>• Q3 2018-Q1 2019: investigate and select new systems if required.</li> </ul> <p><b>Communications and collaboration</b></p> <ul style="list-style-type: none"> <li>• Q2-Q3 2018: develop consultation and communication strategy and report progress to stakeholders.</li> <li>• Q4 2018-Q1 2019: share/collaborate CoSM model with other EDBs and seek feedback for refinement of model.</li> <li>• Q4 2018-Q3 2020: undertake consumer education and stimulate discussion.</li> <li>• Q4 2018-Q3 2020: seek retailer views on pricing reform.</li> <li>• Q2 2019: seek regulator response to proposed pricing.</li> <li>• Q1 2018-Q3 2021: seek opportunities to engage with other distributors.</li> <li>• Q1 2020: communicate final pricing reform decisions to key stakeholders.</li> </ul> <p><b>Test and review</b></p> <ul style="list-style-type: none"> <li>• Q1 2019: test proposed pricing changes with customers and retailers, seek feedback, and identify issues.</li> <li>• Q2-Q3 2019: check that the proposed pricing is compliant with regulations and meets key objectives.</li> <li>• Q1 2021: survey stakeholders after implementation.</li> </ul> <p><b>Implementation</b></p> <ul style="list-style-type: none"> <li>• Q3-Q4 2019: develop transition strategy for implementation.</li> <li>• Q3 2020: implement transition strategy.</li> <li>• Q2 2019-Q4 2020: implement new processes and systems as developed in the capability stage.</li> </ul>
35.	Electra	<p><b>From 1 April 2017:</b> introduced a new LUFC associated with TOU consumption price option.</p> <p><b>Potential future changes</b></p> <ul style="list-style-type: none"> <li>• adjust pricing options developed from a new CoSM;</li> <li>• improving the attractiveness of TOU price options;</li> <li>• consolidating Electra's pricing options; and/or</li> <li>• introducing a demand and/or capacity charge</li> </ul>

No.	Submitter	Submission
		component.
36.	Electricity Invercargill, OtagoNet, Orion New Zealand, PowerNet (The Power Company Ltd)	Do not have a detailed timeline and milestones as the size of the task is not yet known. Material changes are unlikely to be implemented before April 2020, and may be phased in over a number of years.
37.	Horizon Energy Distribution	<p><b>2017</b></p> <ul style="list-style-type: none"> <li>Q2: undertake discovery, define overall objectives; and develop strategy for reform.</li> <li>Q3: prepare and publish roadmap, identify challenges, establish high level plan, gather basic data, and consult with retailers.</li> <li>Q4: prepare a final strategic pricing plan, compare the plan with other EDBs, and form coalitions.</li> </ul> <p><b>2018 onwards</b></p> <ul style="list-style-type: none"> <li>Develop more detailed plans including through: research, pricing trials, data analysis, feedback loops, communication, regulatory compliance checks, and system changes.</li> <li>Roll out new pricing options, develop transition strategies, adopt a risk management approach, review progress, and interact with customers.</li> </ul>
38.	MainPower	<p><b>2017</b></p> <ul style="list-style-type: none"> <li>Q2: undertake stakeholder engagement, consult with retailers, and prepare of strategic pricing plan.</li> <li>Q3: review internal resources, undertake further consultation with retailers, consult with customers, complete pricing trials, and undertake data analysis.</li> <li>Q4: review billing systems capability, communicate with customers, plan for implementation, carry out feedback loops, and identify and manage risks.</li> </ul> <p><b>2018 onwards</b></p> <ul style="list-style-type: none"> <li>Q1: implement changes, notify retailers, manage the transition, and continue to manage risks.</li> <li>Q4: develop a review mechanism.</li> </ul> <p><b>2020</b></p> <ul style="list-style-type: none"> <li>Q1: repeat implementation stage for other pricing groups.</li> </ul>
39.	Marlborough Lines	Did not provide timeline information as prices will remain unchanged from 1 April 2017.

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40.	Nelson Electricity	<p><b>2017</b></p> <ul style="list-style-type: none"> <li>• Q1: identify problem, define overall objectives, develop strategy to deliver reform, prepare and publish future pricing road map, and identify challenges.</li> <li>• Q2-Q3: consult retailers and establish high level plan.</li> <li>• Q1-Q4: gather basic data for analytics and define pathway.</li> </ul> <p><b>2018</b></p> <ul style="list-style-type: none"> <li>• Q3 2017-H1 2018: compare plan with other EDBs and form coalitions.</li> <li>• Q3 2017-H2 2018: identify issues/prepare detailed pricing reform plans, establish research programme and focus groups, conduct pricing trials, and examine impact on customer groups.</li> </ul> <p><b>2019</b></p> <ul style="list-style-type: none"> <li>• Q3 2017-H1 2019: narrow down preferred options and test market impacts.</li> <li>• Q4 2017-H1 2019: identify what will drive success, create feedback loops, and undertake issue resolution.</li> <li>• Q4 2017-H2 2019: educate customers and retailers about change and check plan meets regulatory expectations.</li> <li>• H1 2018-H2 2019: develop transition strategies.</li> </ul> <p><b>2020</b></p> <ul style="list-style-type: none"> <li>• H2 2019-2020: introduce new pricing options.</li> </ul> <p><b>2023</b></p> <ul style="list-style-type: none"> <li>• H1 2018-2023: adopt risk management approach.</li> <li>• H2 2018-2023: review progress, make adjustments, and monitor customer responses.</li> </ul>
41.	Network Tasman	<p><b>2017</b></p> <ul style="list-style-type: none"> <li>• Q2: identify areas of simplification and improvement, review price cost model, engage with retailers; analyse billing, metering and data systems, and undertake customer impact analysis.</li> <li>• Q2-Q3: carry out customer focus groups and undertake analysis of billing, metering and data implications and customer impact.</li> <li>• Q3: consult with retailers.</li> <li>• Q4: seek board approval and confirm changes with retailers.</li> <li>• Over 2017: carry out customer focus groups,</li> </ul>

No.	Submitter	Submission
		<p>engage with consumer representatives, and participate in ENA initiatives on future pricing.</p> <p><b>2018 onwards</b></p> <ul style="list-style-type: none"> <li>• Q1-Q2: implement changes.</li> <li>• Participate in ENA initiatives on future pricing and develop long term strategy.</li> </ul>
42.	Network Waitaki	<p><b>2017</b></p> <ul style="list-style-type: none"> <li>• Q2-Q3: analyse price structures and impacts.</li> <li>• Q3-Q4: identify preferred price structures.</li> <li>• Q4: identify challenges.</li> </ul> <p><b>2018</b></p> <ul style="list-style-type: none"> <li>• Q1: identify measures to overcome challenges.</li> <li>• Q2: review cost of supply/allocation methodology.</li> <li>• Q3: communicate with stakeholders.</li> </ul> <p><b>2019</b></p> <ul style="list-style-type: none"> <li>• Q4 2018-Q4 2019: undertake consultation on preferred price structures.</li> <li>• Q3-Q4: prepare documentation for trial run.</li> </ul> <p><b>2020</b></p> <ul style="list-style-type: none"> <li>• Q4 2019-Q2 2020: trial new price structures.</li> <li>• Q2-Q4: analyse results of trial and make changes where necessary.</li> </ul> <p><b>2021</b></p> <ul style="list-style-type: none"> <li>• Q3 2020-Q1 2021: communicate reformed price structures for implementation by 1 April 2021.</li> <li>• Q1: develop risk mitigation strategy and notify customers of price structures.</li> <li>• Q1-Q2: develop transition strategy.</li> </ul>
43.	Northpower	<p><b>2017</b></p> <ul style="list-style-type: none"> <li>• Q1: develop strategy and prepare and publish roadmap.</li> <li>• Q1-Q3: gather data for analytics.</li> <li>• Q2-Q3: identify problem and define overall objectives.</li> <li>• Q3-Q4: consult retailers.</li> <li>• Q4: gain commitment to reform and allocate resources.</li> </ul> <p><b>2018</b></p> <ul style="list-style-type: none"> <li>• Q3 2017-H1 2018: compare plan with other EDBs and form coalitions.</li> <li>• Q4 2017-H1 2018: establish high level plan.</li> </ul>

No.	Submitter	Submission
		<ul style="list-style-type: none"> <li>• H1: prepare final strategic pricing plan.</li> </ul> <p><b>2019</b></p> <ul style="list-style-type: none"> <li>• H1: develop detailed plans, establish research program, conduct pricing trials, and narrow down preferred options.</li> <li>• H2: create feedback loops and participate in ENA processes.</li> </ul> <p><b>2020</b></p> <ul style="list-style-type: none"> <li>• Communicate with customers and retailers about change and check plan for regulatory compliance.</li> </ul> <p><b>2021</b></p> <ul style="list-style-type: none"> <li>• Implement changes, develop transition strategies, identify risks, review progress and adjust, and maintain ongoing customer interaction.</li> </ul>
44.	Powerco	<p><b>2017</b></p> <ul style="list-style-type: none"> <li>• Q1: identify problem, define overall objectives, develop strategy for reform, prepare and publish roadmap, and identify challenges.</li> <li>• Q1-Q2: establish high level plan, and conduct system capability review.</li> <li>• Q1-Q3: gather data, consult retailers, and conduct gap analysis.</li> <li>• Q2-Q4: define pathway, develop transition strategies, and conduct TOU pricing trials.</li> </ul> <p><b>2018</b></p> <ul style="list-style-type: none"> <li>• Q2 2017-H1 2018: establish research/focus groups and conduct market testing.</li> <li>• Q4 2017 -H1 2018: compare plan with other EDBs and review progress.</li> <li>• Q3 2017-H2 2018: carry out data analysis, develop implementation arrangements, and conduct feedback loops.</li> </ul> <p><b>2019</b></p> <ul style="list-style-type: none"> <li>• H1 2018-H1 2019: communicate with customers and check plan for regulatory compliance.</li> <li>• H2 2018-H1 2019: implement TOU pricing (Eastern region).</li> <li>• H1 2018-H2 2019: consumption submission manager.</li> </ul> <p><b>2020</b></p> <ul style="list-style-type: none"> <li>• Q4 2017-2020: implement system improvements/updates.</li> <li>• H2 2018-2020: update billing and reconciliation system.</li> </ul>

No.	Submitter	Submission
		<p><b>2+021</b></p> <ul style="list-style-type: none"> <li>• H2 2018-2021: monitor and manage customer response.</li> <li>• H2 2019-2021: transition to ICP-based pricing in Western region and implement TOU pricing in Western region.</li> </ul>
45.	Scanpower	<p><b>1 April 2017 – 31 March 2018</b></p> <p><i>Project initiation:</i> identify problem, define project objectives, develop project strategies and options, carry out initial stakeholder communications, identify challenges, establish high level plan, gather data, define pathways, compare plan with other EDBs, and form coalitions.</p> <p><b>1 April 2018 – 31 March 2019</b></p> <p><i>Project planning:</i> carry out customer interactions, conduct pricing trials, carry out data analysis, develop implementation/transition arrangements, implement feedback loops and issues resolution, communicate with customers and retailers, and check plan meets regulatory expectations.</p> <p><b>1 April 2019 -31 March 2020</b></p> <p><i>Project implementation:</i> commence full market rollout, identify and manage risks, review progress and make adjustments, and monitor and manage customer responses.</p> <p>Will review and update any changes six-monthly.</p>
46.	The Lines Company	<p>March-May 2017: complete community consultation process.</p> <p>A change to TOU pricing is unlikely to happen before 2018.</p>
47.	Top Energy	<p><b>2017-2018</b></p> <ul style="list-style-type: none"> <li>• Identify problem, define objectives, develop strategy, prepare and publish roadmap, and identify challenges.</li> </ul> <p><b>2017-2019</b></p> <ul style="list-style-type: none"> <li>• Consult retailers, establish high level plan, gather basic data, and define pathway.</li> </ul> <p><b>2017-2020</b></p> <ul style="list-style-type: none"> <li>• Compare with other EDBs and form coalitions.</li> </ul> <p><b>2018-2020</b></p> <ul style="list-style-type: none"> <li>• Develop detailed plans by establishing program and focus groups, narrowing preferred options, developing implementation and transition</li> </ul>

No.	Submitter	Submission
		<p>arrangements, and implementing feedback loops.</p> <p><b>2019-2020</b></p> <ul style="list-style-type: none"> <li>• Educate consumers and retailers about change.</li> <li>• Develop transition strategies.</li> </ul> <p><b>2017-2021</b></p> <ul style="list-style-type: none"> <li>• Check that plan meets regulatory requirements.</li> </ul> <p><b>2020-2023</b></p> <ul style="list-style-type: none"> <li>• Adopt a risk management approach, review progress and make adjustments, and monitor and manage customer responses.</li> </ul>
48.	Vector	<p><b>2017</b></p> <ul style="list-style-type: none"> <li>• Completed first customer pricing engagement survey, and engaged international pricing experts.</li> <li>• Socialise pricing plan possibilities.</li> <li>• 2017 onwards: continuous engagement with, and provision of information to, stakeholders.</li> </ul> <p><b>2018 onwards</b></p> <ul style="list-style-type: none"> <li>• Look at ways to inform and engage customers and undertake more customer surveys and focus groups.</li> <li>• Try to remove barriers such as retailer pass through of price signals.</li> <li>• Leverage experts and research studies.</li> <li>• Develop and analyse options, trial/test, and refine options.</li> </ul>
49.	Waipa Networks	<p><b>April 2017</b></p> <ul style="list-style-type: none"> <li>• Introduced Advanced Uncontrolled plan (compulsory for all ICPs with distributed generation).</li> <li>• Closed Existing Uncontrolled plans (no ICPs can change to this plan).</li> <li>• Introduced new requirements around 400V Capacity Contract.</li> <li>• Eliminated existing Day/Night plan.</li> <li>• Created new Builders' Temporary Supply price plan.</li> </ul> <p><b>1 April 2019</b></p> <ul style="list-style-type: none"> <li>• Move all ICPs to Advanced Uncontrolled.</li> <li>• Move all ICPs on All Inclusive/single register to Advance All Inclusive Plan.</li> <li>• Eliminate remaining legacy tariffs excluding controls and Night Only.</li> </ul>
50.	WEL Networks	<p><b>2017</b></p> <ul style="list-style-type: none"> <li>• Q1: carry out customer focus groups on potential</li> </ul>

No.	Submitter	Submission
		<p>future pricing options.</p> <ul style="list-style-type: none"> <li>• Q2: prioritise future pricing options, identify challenges, analyse potential customer impacts in risk management, and conduct preliminary retailer consultation - discuss participant and potential customer impacts, system limitations, transition strategies, and mitigation strategies.</li> <li>• Q3: provide detail on future pricing, customer impacts, transition strategies, challenges and how to overcome them, and desired timeframes.</li> <li>• Q4: conduct retailer consultation, analyse and consider feedback received, carry out risk management, and (dependent on stakeholder feedback) release final future pricing plan.</li> </ul> <p><b>2018 onwards</b></p> <ul style="list-style-type: none"> <li>• Develop communication plan with retailers, and review and monitor progress and stakeholder feedback.</li> </ul>
51.	Wellington Electricity	<p><b>April 2017-March 2018: initiate pricing reform</b></p> <ul style="list-style-type: none"> <li>• Identify overall objectives for pricing reform, update strategy and plan, consult with stakeholders on future pricing structures, undertake high level scoping of issues, gather data for analytics, and introduce trial demand charge for residential electric vehicle customers.</li> </ul> <p><b>April 2018-March 2020: develop detailed plans for pricing reform</b></p> <ul style="list-style-type: none"> <li>• Work with the ENA and other distributors to ensure alignment in pricing approaches, determine preferred future price structures, consult with stakeholders, develop plan for remediation of issues, seek funding from the Commerce Commission for required changes to billing systems, work with third parties to resolve issues, carry out modelling, conduct customer trials if required, check plan for regulatory compliance, separate pricing categories, and reach agreement about how retailers will pass through price signals to end customers.</li> </ul> <p><b>April 2020-March 2023: manage roll out of future pricing</b></p> <ul style="list-style-type: none"> <li>• Implement new price structures and prices; transition customers from old to new price structures, consult with stakeholders, educate customers, resolve implementation issues, and review progress towards achieving pricing objectives.</li> </ul>
52.	Westpower	<p><b>2017</b></p> <ul style="list-style-type: none"> <li>• April 2017-June 2017: engage with West Coast</li> </ul>

No.	Submitter	Submission
		<p>Electric Power Trust, engage with retailers, and issue RFP to service providers regarding analysis of appropriate pricing options.</p> <ul style="list-style-type: none"> <li>• April 2017-September 2017: analyse RFP responses and select a service provider.</li> <li>• September 2017-December 2017: appoint a service provider, commence work, and receive report from service provider with recommended option and discussion of transition issues.</li> <li>• April 2017-June 2017: engage with identified medium sized consumer representatives.</li> </ul> <p><b>2018</b></p> <ul style="list-style-type: none"> <li>• June 2017-March 2018: run pricing trials and understand the impacts of proposed price changes across consumer groups.</li> <li>• March 2018-June 2018: develop consultation process.</li> <li>• March 2018-September 2018: commence consultation with selected consumer groups.</li> </ul> <p><b>2019</b></p> <ul style="list-style-type: none"> <li>• September 2018-June 2019: review feedback against proposed options.</li> <li>• June 2019-September 2019: publicly notify of final decisions/directly notify retailers.</li> <li>• June 2019-December 2019: establish new charges in pricing/charging software.</li> </ul> <p><b>2020</b></p> <ul style="list-style-type: none"> <li>• December 2019-March 2020: roll out charges to retailers for implementation at the start of the new financial year.</li> </ul>

### 3 DISTRIBUTOR RESOURCE IMPLICATIONS

No.	Submitter	Submission
53.	Alpine Energy	The ERANZ will be used to help draft surveys and create an engagement strategy for engaging with mass market consumers.
54.	Aurora Energy, Centralines, Counties Power, EA Networks, Electra, MainPower, Marlborough Lines, Northpower, Powerco, Top Energy, Unison Networks, Vector	Did not provide information about distributor resource implications.
55.	Buller Electricity	Has limited experience and resources available for the development of efficient pricing structures.  Intends to make use of consultants and industry led work to develop distribution pricing guidelines and standards.
56.	Eastland Network	Internal resources will be required for the following tasks: <ul style="list-style-type: none"> <li>developing plans and new processes, investigating and selecting new systems, developing consultation and communication strategies, sharing and collaborating on a CoSM model with other EDBs and seeking feedback, seeking retailer and regulator responses to proposed pricing, seeking opportunities to engage with other distributors, checking that proposed pricing is compliant with regulations and meets key objectives, developing a transition strategy, and implementing a transition strategy.</li> </ul> Internal and external resources will be required for the following tasks: <ul style="list-style-type: none"> <li>developing and building a new CoSM, reviewing processes and systems, educating customer on pricing reform, communicating final pricing reform decisions to stakeholders, testing proposed pricing changes with customers and retailers, surveying stakeholders after implementation, and implementing new processes and systems.</li> </ul>
57.	Electricity	Has an agency agreement with PowerNet Limited.

No.	Submitter	Submission
	Invercargill, OtagoNet, PowerNet (The Power Company Ltd)	Additional resourcing would be met by PowerNet. Resourcing may be required for an internal or external resource for retailer and consumer consultation, an external consultant to review the ICP and billing platforms, an external consultant to help evaluate and develop pricing options, additional resourcing for the distribution billing team, and education and communication with consumers during the transition phase.
58.	Horizon Energy Distribution	The majority of tasks will use internal resources. Will work with retailers on preparing and publishing a future price roadmap, identifying challenges, socialising ideas and plans with retailers, establishing a research programme and focus groups, developing processes to account for stakeholder views, educating customers about change, going live, and monitoring and managing customer responses.  Will work with a coalition to gather basic data for surveying customers, conducting market analytics, and consulting with peers.
59.	Nelson Electricity	Will use internal resources for the following tasks: <ul style="list-style-type: none"> <li>• problem identification and discovery, the preparation and publication of a future pricing roadmap, gaining commitment to reform, introducing new pricing options, reviewing progress and making adjustments, and monitoring and managing customer responses.</li> </ul> Will work with the ENA and shareholders on the following tasks: <ul style="list-style-type: none"> <li>• defining overall objectives for reform, developing a strategy to deliver reform, socialising ideas and plans with retailers, gathering basic data for analytics, defining a pathway, comparing plans with other EDBs and forming coalitions, identifying issues, developing detailed plans, developing transition strategies, and identifying and managing risks.</li> </ul>
60.	Network Tasman	Expect to use internal resources to carry out the majority of tasks involved with the review and implementation of pricing reform. Will utilise external resources for: <ul style="list-style-type: none"> <li>• engagement with consumers, using communications consultants and input from retailers;</li> <li>• residential consumer focus groups, using external facilitators; and</li> <li>• market surveys, using a market research consultant.</li> </ul>
61.	Network Waitaki	Internal resources will be used on the following tasks:

No.	Submitter	Submission
		<ul style="list-style-type: none"> <li>• consultation on preferred price structures, preparing necessary documentation for trial run, trialling new price structures, developing risk mitigation and transition strategies, notifying customers of price structures, implementing new pricing, and ongoing monitoring.</li> </ul> <p>Will require expert advice for:</p> <ul style="list-style-type: none"> <li>• analysing current price structures and impacts, identifying preferred price structures and their challenges, analysing the results of trials (metering and billing expert advice) and making changes to price structures;</li> <li>• reviewing the cost of supply and allocation methodology (electricity expert modeller);</li> <li>• communicating with stakeholders (communication expert); and</li> <li>• communicating reformed price structures (survey expert and stakeholders).</li> </ul>
62.	Orion New Zealand	<p>Consultation on and development of pricing reform is expected to be largely internally resourced. Third parties may be used for consumer consultation and external peer review. The ENA may also coordinate and support some activities. Pricing developments may require the development of new business processes and systems.</p>
63.	Scanpower	<p>Has adequate internal resources to meet requirements. Resourcing demand will be ameliorated by the ability to participate in work undertaken by the ENA Working Group, and collaborative work undertaken by sub-groups of companies.</p> <p>Anticipates that additional resources will be required for customer consultation and education and deployment of new hardware (if required).</p>
64.	The Lines Company	<p>The Board has retained Roger Sutton to head the community consultation process. Further details of community meetings will follow.</p> <p>The CFO (Kevin Barnes) will head the evaluation of the recommendations from a project and technical perspective. The CEO (Sean Horgan) will take overall responsibility. Will work with the Board to finalise recommendations regarding expected changes.</p>
65.	Waipa Networks	<p>Does not anticipate a need for additional resources.</p> <p>Communication mediums include customer service staff, customer newsletters, the website, and social media.</p>

No.	Submitter	Submission
		No additional costs are anticipated with the move to TOU pricing, but some additional costs are anticipated for retailers' as their smart meter rollout plans would need to be brought forward.
66.	WEL Networks	<p>Internal resources will be required for prioritising future pricing options, identifying challenges, analysing potential customer impacts and risk management, creating a detailed plan, analysing and considering feedback, releasing future pricing, and reviewing and monitoring progress and stakeholder feedback.</p> <p>Will work with a professional research firm on customer consultation.</p> <p>Will work with retailers on retailer consultation, and developing a communication plan on future pricing and customer education.</p>
67.	Wellington Electricity	Changes to current metering and billing systems could create significant costs. Wellington Electricity will request additional funding through Commerce Commission allowances.
68.	Westpower	<p>Will require a mix of internal and external resources for the following tasks:</p> <ul style="list-style-type: none"> <li>• issuing a RFP for a service provider to give an independent view of options; analysing the RFP responses; selecting and appointing a service provider (CEO, GM Assets, Finance Manager – might delegate to temporary resource if Finance Manager is in audit process);</li> <li>• receiving a report from service provider (consultant);</li> <li>• running pricing trials (IT/external/temporary support under supervision of GM Assets and Finance Manager);</li> <li>• developing the consultation process (CEO, GM Assets, Finance Manager, possible temporary resource);</li> <li>• carrying out customer interactions, feedback analysis, and communicating final distribution pricing decisions (CEO, GM Assets, Finance Manager, possible temporary resource); and</li> <li>• engaging with software house and regulator for introduction of new charges, and engaging with retailers for introduction of new charges (GM Assets, Finance Manager, Finance staff).</li> </ul>

## 4 OTHER COMMENTS

### Comments on the LUFC regulations and regulatory restrictions

No.	Submitter	Submission
69.	Alpine Energy	Prices are already as cost-reflective as possible within the confines of current legislation.
70.	Buller Electricity, Counties Power, EA Networks	The LUFC regulations are a barrier to cost-reflective distribution pricing.
71.	Counties Power	To achieve cost-reflective pricing, Counties Power is reliant on open dialogue between stakeholders, and changing the restrictions of the LUFC regulations.  It is curious that the Authority has shown no inclination to support a review of the LUFC regulations.
72.	EA Networks (Electricity Ashburton)	Customers desire stability, and EA Networks does not wish to make changes based on regulations that are under review – particularly the LUFC regulations and the TPM.
73.	Marlborough Lines	Although there are concerns about the way solar generation will impact distribution services, the impact of solar connections on the Marlborough Lines network is less than the impact of providing unprofitable supply to uneconomic areas or the LUFC regulations provided to residential customers.
74.	Wellington Electricity	The LUFC regulations and the weighted average price cap are barriers to cost-reflective pricing. Making a change to cost-reflective pricing depends on the implementation of a revenue cap.

### Comments on emerging technology

No.	Submitter	Submission
75.	Buller Electricity, Horizon Energy Distribution, MainPower, Marlborough Lines	Emerging technologies will affect future pricing structures.
76.	Centralines, Electra, Unison	The emergence of new technology can lead to market distortions and adverse impacts.

No.	Submitter	Submission
77.	Centralines, MainPower, Marlborough Lines, Unison	Customers who cannot afford emerging technologies suffer the greatest effects of market distortions.
78.	EA Networks (Electricity Ashburton)	A variable usage approach is not durable with the potential adoption of mass-market solar and battery combinations in the future.
79.	Electricity Invercargill, Orion New Zealand, OtagoNet, The Power Company Ltd	Consumption-based distribution pricing risks encouraging the uptake of technologies that reduce consumption, and slowing the uptake of other emerging technologies.
80.	Electricity Invercargill, OtagoNet, The Power Company Ltd	Over-rewarding the use of solar runs the risk of pushing costs onto households without solar.
81.	WEL Networks	Pricing design should endeavour to enhance the efficiency of new technologies and be cost-reflective of their utilisation on the network.

### Comments on the Authority

No.	Submitter	Submission
82.	Buller Electricity	The Authority needs to complete the review of the DPPs and information disclosure guidelines. It is likely that guidelines and standards developed by the Authority will have a significant bearing on Buller Electricity's distribution pricing implementation plan.
83.	Orion New Zealand	There is a need for consistency in regulatory messages and approaches if the Authority wants distributors to change pricing methods.  Certain types of capacity charge deemed "variable" by the Authority have similar customer impacts as higher fixed charges.

### Comments on cost of new distribution pricing structures

No.	Submitter	Submission
84.	Buller Electricity	A certain level of distribution price structure standardisation across the industry would be advantageous in terms of limiting implementation costs/complexities of new distribution pricing strategies.
85.	Counties Power, Wellington Electricity	Designing and implementing clear cost-reflective prices will send the right signals to consumers to reduce peak demand. This avoids the need for expensive electricity network reinforcement expenditure.

### Issues with current pricing

No.	Submitter	Submission
86.	Centralines, Counties Power, Electra, Northpower, Marlborough Lines, Scanpower, Unison	Current distribution price structures that are consumption-based, or based on fixed daily charges, are not cost-reflective or service-based.
87.	Counties Power	Consumer volume is decreasing but consumer peak is increasing, creating a mismatch between revenue received and costs incurred.
88.	Scanpower	Current distribution price structures have the potential to distort customer investment and decisions, and may result in outcomes contrary to the interests of customers and the New Zealand economy.

### Comments on strategies for successful reform

No.	Submitter	Submission
89.	Centralines, Unison	Close collaboration and alignment across stakeholders will be important for distribution pricing reform to be successful.
90.	EA Networks (Electricity Ashburton)	Theoretical cost-reflective design must be balanced against the needs of consumers, the market, and societal challenges.
91.	Marlborough Lines	New pricing approaches should be introduced before customers make decisions based on outdated pricing models, and those approaches should be durable to change.

No.	Submitter	Submission
92.	Network Tasman	A successful approach to pricing will require a coordinated approach across the sector. Successful implementation will need to work through how demand or capacity prices would be implemented, how the change would be conveyed to consumers, and what the end impact on consumers is likely to be.
93.	Network Waitaki	The success of the pricing review will depend on the understanding and "buy-in" of retailers and consumers.
94.	The Lines Company	TOU pricing would be more equitable, have greater simplicity, and be more transparent.  Making a change to TOU pricing will decrease and increase costs allocated to individual consumers.
95.	EA Networks (Electricity Ashburton)	Making, and committing to, detailed plans is challenging given the uncertainty in the pricing space.
96.	EA Networks (Electricity Ashburton)	Customer feedback can be at odds with cost-reflectivity.
97.	Electra	Energy retailer re-bundling can weaken price signals seen by customers.
98.	Marlborough Lines, Powerco	Changes to pricing cannot be implemented without a higher rate of installation of smart meters.
99.	Network Waitaki	There are uncertainties in the review process, such as the impact of the TPM, the slow rate of smart meter rollout, perceptions of consumers about smart meters, data access, and privacy.
100.	Orion New Zealand	The Authority should take caution to ensure that distributors do not have to reverse any changes in pricing methods, recognise that a focus on capacity can have undesirable side effects, avoid compromising economic efficiency by removing peak demand components, and square the TPM with the LUFC regulations.
101.	Vector	There is a danger that changes to pricing structure will satisfy economic theory but not customers.  It is important to recognise the limited extent to which reform of a quarter of the bill (the proportion of a customer's bill made up of distribution pricing) can benefit consumers.
102.	Powerco	Potential barriers such as the DPPs and LUFC

No.	Submitter	Submission
		regulations, the deployment of smart meter technology, and managing retailer and consumer engagement, need to be understood and addressed prior to implementation.
103.	Wellington Electricity	The introduction of cost-reflective pricing may require significant changes to current metering and billing systems.

### Research findings

No.	Submitter	Submission
104.	MainPower	Customers' preferred price structures were Volume and TOU. Peak Consumption and Fixed Price pricing structures were less appealing to customers as they result in higher costs.
105.	Vector	Pricing engagement research has shown that customer preferences are varied, many customers are briefly engaged with electricity pricing, 80% of customers preferred new pricing plan concepts over current pricing, and there is a real interest in the potential for technology to help energy needs.
106.	WEL Networks	Customer surveying undertaken in June 2015 found that the majority of customers are satisfied with the current level of reliability of supply. Only a small number of customers would like to see further improvement, with relatively few being prepared to pay slightly more.

### Other comments

No.	Submitter	Submission
107.	Electra	New types of connections to networks and customer installations have been flagged by Energy Safety as representing new hazards that are not yet well managed by standards and codes.
108.	Marlborough Lines	Propose a vegetation levy for consumers in areas where vegetation management costs are disproportionate to the costs in other areas.

## Glossary of abbreviations and terms

Consultation Guidelines	Guidelines for consulting on distributor tariff structure changes
CoSM	cost of supply model
DPPs	distribution pricing principles
EDBs	Electricity Distribution Businesses
ENA	Electricity Networks Association
ERANZ	Electricity Retailers' Association of New Zealand
ICP	installation control point
LUFC	low user fixed charge
RFP	request for proposal
TOU	time of use
TPM	transmission pricing methodology
UoSA	use of system agreements