

**TrustPower Submission**

**on**

**Draft Distribution Pricing Principles and  
Methodological Requirements**

## Submission

TrustPower in general supports the proposed pricing principles as outlined in the discussion paper. We would like to see the strengthening of the principles in the following areas

### Proposed Pricing Principles :

Principle (a) Prices are to signal the economic cost of service, by:

- (i) replace “ being subsidy free” with Reflecting the true cost of supply

[ The words *Reflecting the true cost of supply* are in our opinion is less prescriptive than the phrase “ subsidy free” ]

Additional sub point

- (iv) Price signalling to take into consideration the ability of the consumer to take advantage of any such signals.

[ This additional point requires the Distributor to have a practical approach to price signalling not just a purely theoretical approach. A purely theoretical approach could mean substantial costs for the consumer and retailer to take up the pricing signals being promoted ]

Principle (d) add after “consumers” and retailers

[ Pricing stability, certainty and clarity are just as critical for the retailer, in most instances the retailer is interposed between the consumer and the distributor. The practice of GXP pricing does not provide transparency through to the individual consumer or predictability for the retailer when setting consumer charges. ]

Proposed Methodological Requirements:

Methodology (v) Replace -“including the re-allocation of transmission charges while preserving the transmission pricing signal;” with Having consideration of transmission pricing methodology and signalling in a manner which is practicable.

[ The words we have used we believe are less prescriptive. It is important that any translation of allocated costs should only be done if they are able to be passed through to consumers in a meaningful manner by the retailer. ]