

Wellington Electricity – Distribution pricing scorecard 2023

Overall score: 4.6/5



Current state:

The context provided is excellent and refers to the AMP. It does a good job of discussing future constraints.
The document effectively describes the degree of alignment with pricing principles.

Strategy:

The roadmap is clear and introduces forecasts for each zone substation. More specific constraints will rely on flexibility service providers. It explains how when demand may exceed constraints, they will use demand management tools to shift load when n-1 capacity is breached. Wellington Electricity is also considering whether using specific pricing areas or a single pricing area recalculates the peak incentives.
The Authority acknowledges that the previous roadmap was relatively ambitious and notes that all the proposed actions have been done. We welcome the residential, EV, and battery TOU charges. The roadmap is being updated, and we look forward to reading it.

Key messages:

The Authority appreciates the ongoing efforts to raise the fixed charges and restrict variable charges to the peak TOU period. We welcome the low off-peak charge. To improve its pricing methodology, Wellington Electricity could consider including a quantitative analysis that links network conditions with peak signal strength.

Outcomes:

Wellington Electricity has outstanding practices in terms of efficiency and is following the guidance provided by the Authority. Their pricing methodology has some room for improvement, particularly in incorporating a quantitative analysis that considers the network's circumstances and peak signal strength.

Authority acknowledges that Wellington Electricity has in place a transition to limit the impact of pricing changes on customers.

Regarding the five specific expectations of progress shared in September 2022 in the Open Letter:

- Focus area 1: Roadmaps responding to future network congestion: Wellington Electricity currently has nine zone substations where demand exceeds capacity, or soon will. It uses load management tools, including control load tariff and a TOU tariff. Considering implementing prices for managed services and developing flexibility services.
- Focus Area 2: First mover disadvantage in new and expanded connections: FMD is discussed in the capital contribution policy.
- Focus Area 3: Pass-through of new transmission charges: TPM pass-through is consistent with Authority guidance.
- Focus Area 4: Phase-out of low fixed charge (LFC) regulations: Price schedule follows guidance for the phase-out of the LFC tariff.
- Focus Area 5: Recovery of fixed costs through use-based charges: No presence of demand charges which avoids inefficient outcomes.