

Electra – Distribution pricing scorecard 2023

Overall score: 3.6/5



Current state:

The methodology states that the network is not currently constrained, but expected population growth could likely result in emerging congestion. The methodology provides a clear description of the expected technology uptake in the network, such as DER, and the opportunities that come with it and flexibility services. Good discussion of alignment to pricing principles.

Strategy:

In 2022 TOU was introduced as a helpful tool to signal peak usage before an expected physical constraint arises. Plans are to gradually recover more revenue from fixed charges.

Roadmap implementation was successful as Electra accomplished each of the targeted actions for the year.

The current roadmap rightly contains specific activities for the next five years around LFC phase-out, small DG exports, examining flexibility pricing, LV monitoring, and considering capacity pricing.

Key messages:

To make charges more transparent, we suggest separating out the transmission component. Increasing the number of customers on time-of-use pricing may be beneficial. Electra's methodology could improve by including a quantitative analysis that links network circumstances to peak signal strength. Additionally, calculating a subsidy-free range using incremental and stand-alone costs would be helpful. We welcome the currently low off-peak charge.

Outcomes:

It has been noted that less than 45% of ICPs are on non-uniform tariffs. Electra may want to include a quantitative analysis to enhance its pricing methodology that establishes a link between network conditions and peak signal strength. Additionally, it could provide a transparent calculation of a subsidy-free range for consumer groups based on incremental and standalone costs. The pricing schedule has an EV pricing plan, though it has only 5 customers currently. Capacity charge is set at zero because Electra is planning to have a capacity charge for all customers and is preparing for it. The off-peak charge for customers is increasing, which is a concern. The methodology contains a clear identification of consumer impacts and their management.

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

- Focus area 1: Roadmaps responding to future network congestion: Pricing methodology considers future congestion and responds to it by implementing TOU and load control. Electra is considering the value of flexibility pricing, LV monitoring and preparing for possible capacity pricing.
- Focus Area 2: First mover disadvantage in new and expanded connections: Capital contribution is under review – this is where we expect FMD to be discussed.
- Focus Area 3: Pass-through of new transmission charges: TPM pass-through is not consistent with Authority guidance and contains some variable charges.
- Focus Area 4: Phase-out of low fixed charge (LFC) regulations: Price methodology 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.