Firstlight Network– Distribution pricing scorecard 2023

Overall score: 4.1/5

Summary:			
	Current state: 3.5/5	Strategy: 4/5	Outcomes: 4.4/5

Status detail:		
Circumstance	4/5	
Principles	3/5	
Strategy	4/5	
Roadmap	4/5	
Roadmap implementation	4/5	
Efficiency	4/5	
Consumer impact	4/5	
Focus areas	5/5	

Current state:

There is a good discussion of circumstances, forecasting possible growth and areas where investment may be needed to maintain security.
There is significant development of the discussion of consistency with pricing principles.

Strategy:

The roadmap is considering a review of solar panel cross-subsidy.
Roadmap implementation is well underway. Firstlight aims for 70% fixed charges in the future and expects to use load control to manage EV usage.

Key messages:

Firstlight Networks is making steady progress towards implementing efficient pricing practices. Their use of TOU pricing is a positive step towards managing peak loads in the future. However, additional consideration should be given to FMD.
Firstlight Networks could provide more quantitative information about network conditions, peak signal strength, and detailed calculations of incremental and stand-alone costs to improve their pricing methodology. We welcome the low off-peak charge.

Outcomes:

One suggestion to enhance the pricing methodology for Firstlight is to incorporate a quantitative analysis that links network circumstances to peak signal strength. Additionally, providing more information about the subsidy-free range for consumer groups and conducting a more detailed calculation of incremental and stand-alone costs could be beneficial.

The methodology clearly identifies and manages the consumer impacts of the new pricing.

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

- Focus area 1: Roadmaps responding to future network congestion: Firstlight recognizes the challenges of electrification for future network congestion and is responding by introducing an EV and battery tariff, solar generation cross-subsidy review and revision of TOU tariffs. Firstlight is considering the implementation of density-based pricing and modelling over service quality in low-populated regions.
- Focus Area 2: First mover disadvantage in new and expanded connections: The capital contribution policy has a reapportionment mechanism which partially addresses the issue.
- 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 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.