

Mainpower – Distribution pricing scorecard 2023

Overall score: 4/5



Current state:
 There is a general discussion on the network’s circumstances, including the emerging need for investment to accommodate the forecast growth in irrigation and the recent significant growth in Distributed Generation. There are no material constraints across the network. The explanation of residual cost recovery could be much more detailed.
 There is a good discussion of the pricing methodology’s alignment to the pricing principles.

Strategy
 Good strategy moving towards more fixed and TOU charges and considering critical peak and other pricing in future. Recently Mainpower introduced an EV tariff. Mainpower is consulting with retailers about having 100% fixed tariff for residentials and is updating its use of system agreements with retailers. The roadmap has had significant consultation and is expected to gain support from customers. There is an excellent link to AMP. Mainpower completed most of the activities targeted for the year. They are monitoring developments on the network, exploring the evolution of temporal and locational constraints.

Key messages:
 It is positive to see the shift towards fixed and time-of-use charges. Mainpower has room to improve its pricing method by incorporating a quantitative analysis that connects network conditions to peak signal strength, as well as providing more details about the subsidy-free range for consumer groups associated with the calculation of incremental and stand-alone costs. We welcome the low off-peak charge.
 The Authority would also encourage greater detail being provided in its disclosed tariffs so that the number of residential customers on TOU pricing can be understood.
 We hope that Mainpower introduce a more sophisticated time pricing and allocate more consumers to it.

Outcomes:
 It has been noted that less than 9% of ICPs are on non-uniform tariffs (all-inclusive with night only). It is good to see that the cost of network use at nighttime is close to zero. However, we encourage Mainpower to introduce a more sophisticated time pricing and allocate more consumers to it.

Mainpower could incorporate a quantitative analysis to enhance its pricing methodology that establishes a connection between network conditions and peak signal strength. Additionally, Mainpower could provide more information on its subsidy-free range for consumer groups and perform a more detailed calculation of incremental and stand-alone costs.

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: The pricing roadmap responds to near and future congestion and shows efforts to understand better what is required in terms of cost recovery and price signalling.
- Focus area 2: First mover disadvantage in new and expanded connection: The capital contribution policy was recently updated. Here and in the pricing methodology the FMD issue is discussed.
- 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.