



Distribution Pricing Admin Issues – Survey of Distributors

DPAIWG 27th Nov 09

Issues raised at DPAIWG

- Complexity of pricing used by some distributors
- Information flows and use of EIEP standards
- Reconciliation of data and wash-up complexities/accuracy (3 EIEP1 network reporting options used)
- Small networks posed problems for retailers:
 - Complex pricing
 - Some Individualised admin approaches
 - Difficult to engage
 - Question about transparency – re discount methodologies



Distributors Surveyed

- Key questions asked of all line companies
- Response from 14, covering 17 line companies, approx 23 pricing regions

	ICPs	Rank	Pricing Regions
Vector	522,147	1	2
Powerco	315,379	2	3
Orion	190,286	3	1
Unison	107,484	5	3
WEL	83,715	6	1
Aurora	80,686	7	2
Electra	41,761	9	1
Counties	35,970	10	1
Network Tasman	35,829	11	1
PowerNet (The Power Co)	33,692	12	1
MainPower	33,248	13	1
Eastland	25,300	16	1
Elec Ashburton	17,218	21	1
PowerNet (Elec Invercargill)	17,126	22	1
Powernet (OtagoNet JV)	14,761	23	1
Unison Centralines	7,981	27	1
Buller	4,398	29	1
Totals	1,566,981	79%	23

Questions Asked

Do you use the Industry EIEP standards for data and ICP status information? If not, are you intending to do so? If not, what are the issues?

Do you apply a retrospective wash-up process or scaling – if so is this due to inaccurate billing data from retailers, or a legacy of the pricing structure introduced?

If so – what are the barriers to a quick transition and do you have a time frame in mind for price restructuring?

A comment made at the working group session “small distributors seem to be working in isolation while large retailers/distributors tend to be engaged and discuss issues” – do you agree, if so to what extent is this due to lack of retailer presence/involvement with customers connected to your network? Have you had to incur costs or change the way you relate/deal with customers as a result of retailer inactivity?

A suggestion has been made to publish the UFE % from the 14 month wash-ups for unaccounted for electricity for each GXP. Will this help identify problem areas, are there other options available to help deal with UFE issues?

If you distribute a discount or rebate to customers – do you make the methodology available to customers so that they can ensure accuracy of payment? For example where a payment is based on an allocation based on total customer group volumes, do you provide (on request) or publish the calculation or inputs? There was comment by one of the meeting participants that this info is not always made available to customers.

Question 1

- All use EIEP standards
- Appear to be manual interventions due to some pricing info – MD for non-TOU
- Note all retailers use distributor billing codes
- Installation address changes – manual intervention
- GXP pricing issues? Some mainly use reconciliation info for mass market billing

Question 2

- Wash-ups seem to be point of contention
- Distributor issues with data accuracy and UFE
- Conveyance process requires only as-billed info
- GXP pricing uses mainly reconciliation cycle wash-ups,
- Some scaling in agreement with retailers, with wash-ups linked to market timing

Question 3

- Several distributors felt pricing was “simple” enough (possibly more about granularity and ability to reflect costs more accurately?)
- Several had made changes and simplified
- Some six distributors are looking at changes and simplifications
- One distributor is looking to a move to ICP based pricing

Question 4

- Smaller distributors have difficulty engaging with retailers
- Medium to large distributors recorded good levels of communication in general
- Comments made are that smaller distributors are proactive due to revenue risk on their business
- A case of matching level of attention with market size?
- Problems here are around data accuracy (UFE) and reflection of number of distribution companies

Question 5

- Suggestion that publication is only part of the answer, need actions to address issues that become apparent
- Suggestion of balancing area instead of GXP
- Suggestion to show last month's UFE, to compare retailer billing data with data supplied to NRM
- Comment about impact of vacant disconnects
- Suggestion to have 14 month reconciled data from each retailer along with associated UFE published
- Generally in favour of something like this

Question 6

- Some did not pay discounts, one provided dividend and left it to owners to distribute
- Some provide information to retailers/call centres, but would support with further details
- Some published the amounts by customer group
- One requests the retailer disclose the rebate (c/kWh based)
- All appear happy to provide details – not clear as to how much detail whether there would be push-back if requests were too specific around justifying methodology
- One had trouble getting the incumbent retailer to pass on details to customer, not allowing bill inserts