



New approaches to distribution pricing

Graeme Peters
Chief Executive



Electricity Networks Association

Who we are, what we do

29 electricity distribution companies

ENA
(non-profit professional organisation)

Pricing

Health and
Safety

Public
Safety

Customers

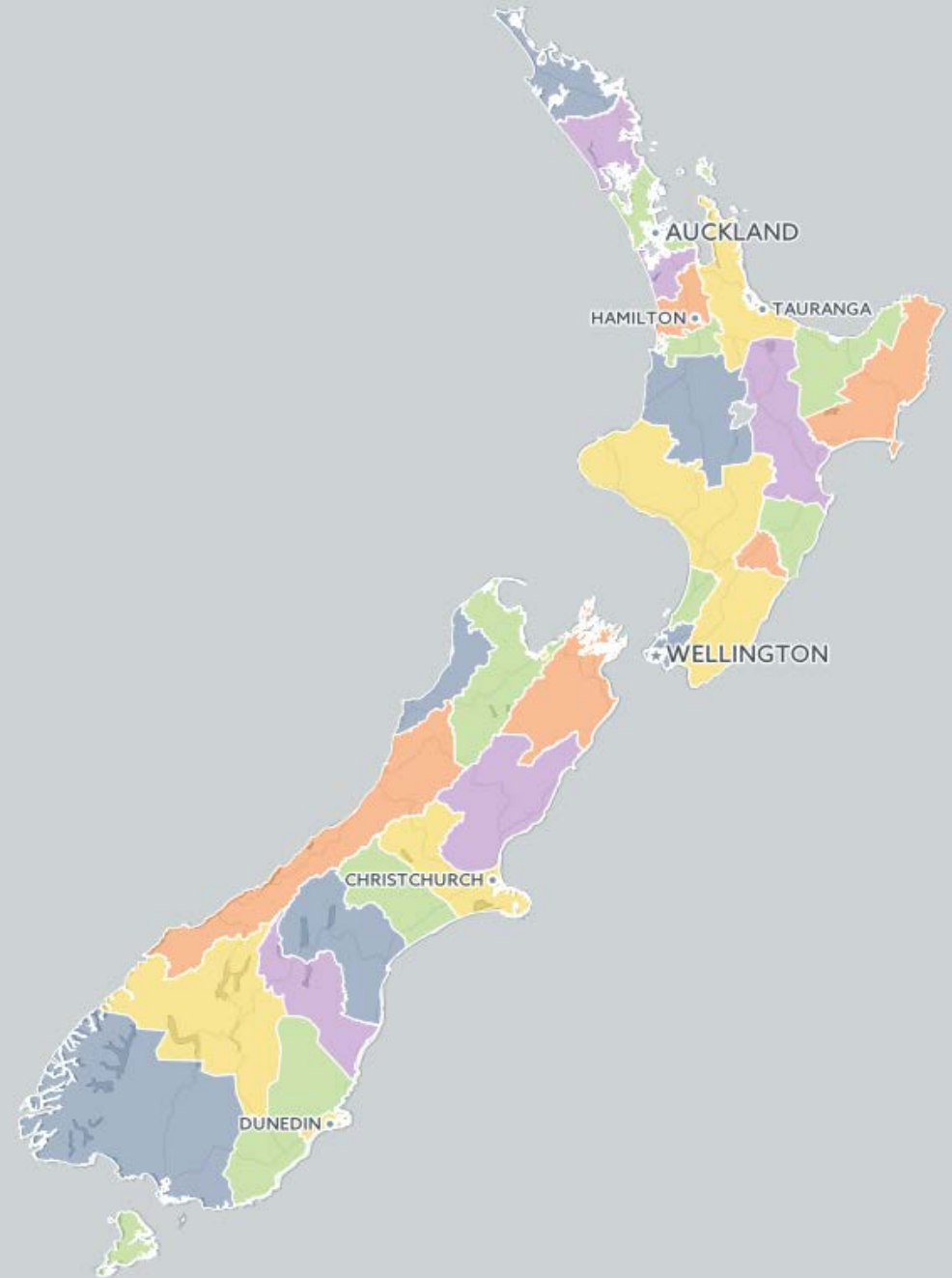
Regulation

Private
lines

Smart
Technology

Our members

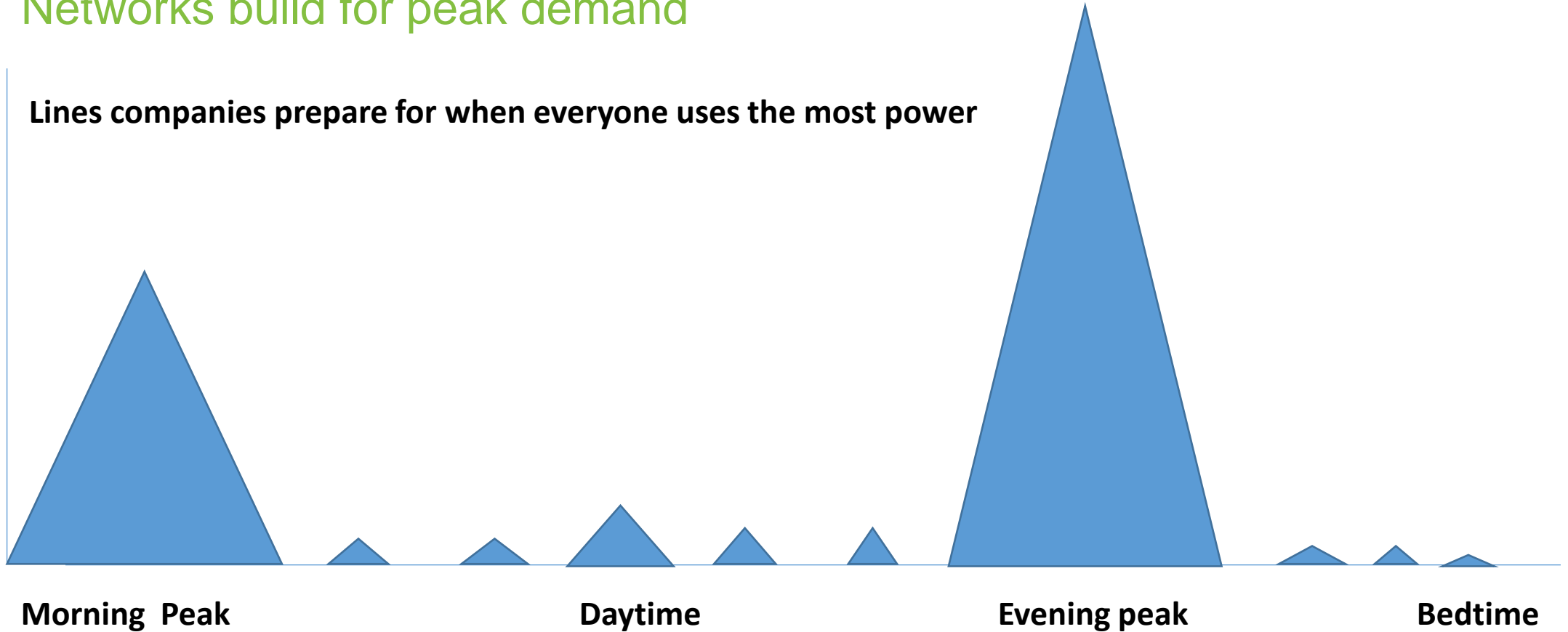
Geographic territories
covering all of New Zealand



Peak demand

Networks build for peak demand

Lines companies prepare for when everyone uses the most power



Increasing prices...

Consumers who rely solely on the distribution network for electricity could see their distribution charges rise 10% in the next five years, or 30% in the next 10 years

Source: NZIER/Electricity Authority

Standardisation working group

Reducing operating costs and barriers to more retail competition, benefitting consumers

Guideline, version one (August 2015)

- focused on pricing structures and terminology used for mass market customers

Guideline, version two (Sept 2016)

- includes pricing structures for larger commercial customers (incl. irrigation)

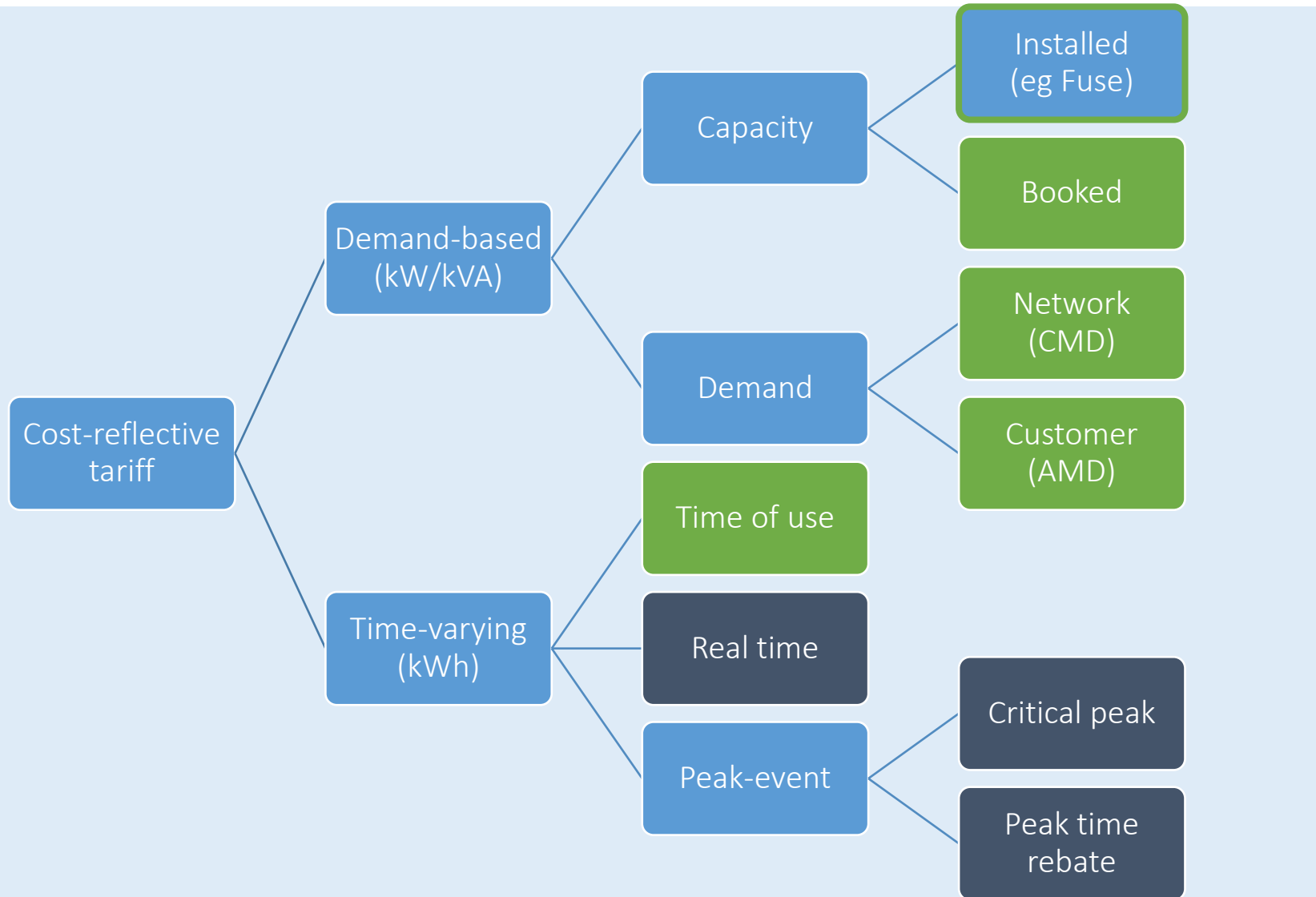
Also being tackled:

- unmetered load including streetlights
- simple prices for DG such as kWh charges for units imported
- power factor charges
- billing formats and processes.

New pricing options working group

Future, service-based distribution tariffs

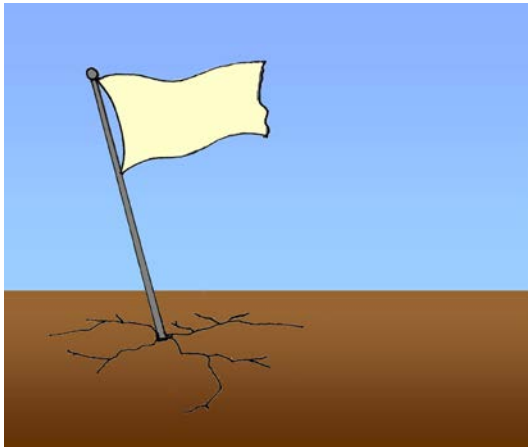
- Changes in technology and energy conservation present need for new consumer pricing options
- People increasingly reacting to pricing signals which are inappropriate and unsustainable
- More accurate and fairer, cost-reflective, signals are likely to be through new service-based pricing options, including:
 - capacity charges
 - demand charges
 - time-of-use charges.
- These help better manage peak load and lower the cost of maintaining and building networks (compared to 'do nothing' approach).



More thinking

The way forward

**We need to engage more with consumers,
we need to talk and listen**

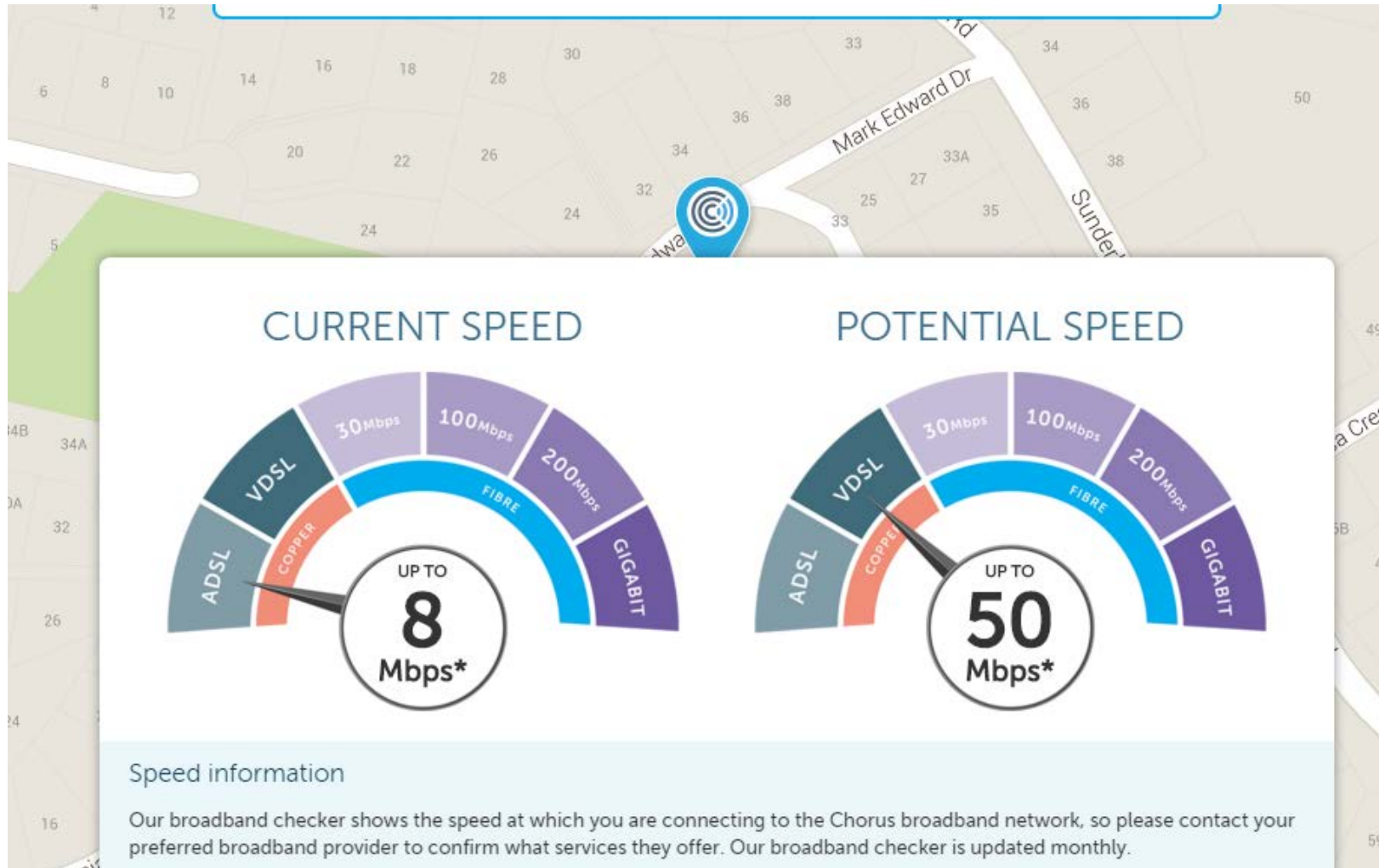


**In regards to pricing, this is new territory for the ENA
and our members**

Remember when...



Technology gives more choice





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