



21 September 2018

Craig Evans
Manager Retail and Network Markets
Electricity Authority
Wellington

By email: craig.evans@ea.govt.nz

Dear Craig

ORION PRICING ROADMAP UPDATE

The Authority is expecting six-monthly updates of EDB pricing roadmaps.

We intend to publish annual updates with our pricing methodology around the beginning of February each year, but we have no existing vehicle for intermediate updates. Hence, as with last year, I trust this letter will suffice. It will be published on our website.

The basis of this update is the information we published in our 2018 pricing methodology as Appendix C.

Process

Our consultation on future changes continues. I attach a copy of a recent consultation and discussion paper that we distributed to stakeholders – retailers, consultants and others. The paper builds on the 2017 paper and feedback on it, and has a particular focus on discussing and seeking feedback on the challenges of fixed period TOU pricing as a way forward.

The Authority might be also be interested in section 3 of the paper on the low fixed charge regulations.

Responses to our paper will guide our future work programme, and we will provide an update on this when we next publish our pricing methodology early next year.

Timeline

Of the factors we noted back in February (and last year), we observe that the timeframes for some components of the Authority's work programme - specifically the TPM and distribution pricing principles - have since slipped even further.

Overall it is clear that material changes to our pricing will not occur before 1 April 2020, and even then it is likely that a lengthy transition period would be required. In the interim we will continue to work on options, seek further input from our stakeholders and customers and continue to be actively engaged in the Electricity Networks Association's pricing reform process.

Resourcing

Our views on resourcing remain unchanged.

Please email or call if you have any questions, comments or concerns about this letter or our approach.

Yours sincerely

A handwritten signature in black ink, appearing to read 'BR', is positioned below the text 'Yours sincerely'.

Bruce Rogers
Pricing Manager