

RMCA Summary The Lines Company Review

This document is a very brief overview of the link which RMCA is forwarding of The Lines Company (TLC) Pricing Review and is intended to summarise it for the assistance of the Clubs.

TLC is and has been since 2007 using Service Based Pricing for its customers.

The purpose of the review is to seek to achieve the following;

Equity,

Clarity and transparency

Stability

Efficiency

Control

Compliance with Electricity Authority pricing principles

Durability

Practicality

Acceptable as possible to consumers.

To do this TLC will engage with stakeholders and will seek to make a genuine effort to resolve deadlocked customer complaints.

The Board have therefore appointed independent consultants to undertake the review, and their report has now been received.

The current pricing method is based on;

Variable charges (last year's demand)

Charge for fixed assets

Fixed charge on contracted capacities.

Criticisms of the current pricing policy include;

Complexity and lack of transparency

Volatility

Opaque

High remote area costs

Peak load measurements leading to perverse energy usage

Unusual events can affect next years charges

No other company uses this method

Areas with financial/social issues can have difficulty paying

The methodology is a blunt instrument.

There have been a number of prior reviews to which links are available.

As a result of now receiving the Review document the Board will consult with its Customer Service Panel, and invites participation from consumers.

The Review Document has been authored by Roger Sutton and Lynne Taylor. Their credentials are set out in the documents.

In summary, the Document recommends a move away from variable demand charge to variable Time Of Use charge. The reason for this is that this method is seen as more equitable, simple and transparent.

The Board are receptive to this recommendation, however any change of method will not reduce the amount of revenue required operationally and will lead to winners and losers.

Features of TOU charging include;
Network pricing known in advance
Quantities known in more time
Invoices sent one month after consumption
Providers of crucial controllable load can be rewarded.

TLC will now engage with the Community to discuss the Review Document and the consequences of change.

The Board will need to consider;
Any feedback received
Compliance with regulations
Ensure the current IT can cope with the change
Adequate staff resources to manage change.

Change is not seen as occurring before 2018.

The full document is available on www.thelinescompany.co.nz/news/pricing-review.