



My ~~10~~ ~~15~~ 20ish fave cost reflective pricing **myths**

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Cost reflective network pricing myth 1:

Cost reflective network pricing is just another opportunity for networks to make bigger profits at consumers' expense.



Cost reflective network pricing myth 2:

Most consumers will be worse off with cost reflective pricing.



Cost reflective network pricing myth 3:

Any given analysis of the impacts of cost reflective pricing is universally applicable.



Cost reflective network pricing myth 4:

Consumers with solar
(or air conditioning, or
gas...) will pay more
than their fair share.



Cost reflective network pricing myth 5:

We can't do cost reflective pricing because we don't have smart meters.



Cost reflective network pricing myth 6:

We can't do cost
reflective pricing
because I don't like it.



Cost reflective network pricing myth 7:

Voluntary cost reflective pricing is a long term fix.



Cost reflective network pricing myth 8:

Cost reflective pricing
will fail if retailers don't
pass the signal through
to consumers.



Cost reflective network pricing myth 9:

Cost reflective pricing
will fail if consumers
don't change their
behaviour.



Cost reflective network pricing myth 10:

Consumers can't
respond to cost
reflective pricing
anyway.



Cost reflective network pricing myth 11:

Cost reflective pricing must be reeeally cost reflective, or it wont work.



Cost reflective network pricing myth 13:

Identifying peak demand costs is straight forward.



Cost reflective network pricing myth 12:

Identifying any energy consumer's contribution to peak demand is straight forward.



Cost reflective network pricing myth 14:

Volume based tariffs (c/kWh) are reflective of network costs...



Cost reflective network pricing myth 15:

... so we can't have
volume based tariffs.



Cost reflective network pricing myth 16:

It's not cost reflective to charge for peak demand when Long Run Marginal Cost is low (due to surplus network capacity)



Cost reflective network pricing myth 17:

Peak demand (\$/kW)
tariffs are all the same.



Cost reflective network pricing **myth 18**:

All 'peaks' need to be included in a peak demand tariff.



Cost reflective network pricing **myth 19**:

‘Any time’ peak charges
(aka capacity charges)
are cost reflective. Or
necessary. Or even
remotely a good idea.



Cost reflective network pricing myth 20:

A charge on energy exported to the grid would be cost reflective.



Cost reflective network pricing **bonus myth**:

Cost reflective network tariff design is all about cost reflective network pricing.



Cost reflective network pricing **bonus myth 2:**

Sense and reason can prevail in tariff reform.