

08 May 2013

Carl Hansen
Chief Executive
Electricity Authority

Dear Carl

Advisory group involvement after recommendations are made to the Authority

The Retail Advisory Group (RAG) wishes to express its view on the level of advisory group involvement in projects, beyond the point when advisory groups make their recommendations to the Authority.

The RAG would appreciate its view being taken into consideration in the Authority's review of advisory group administrative arrangements.

The Charter about Advisory Groups currently states:

- 3.8 The Board will make the decision whether or not to consult on Advisory Group recommendations on Code amendment proposals or market-facilitation measures. The Board may, at its sole discretion, seek Advisory Group feedback on submitters' comments.
- 3.9 As noted above, the Authority has sole responsibility for amending the Code and for market-facilitation measures. The Authority's final decision will reflect the conclusions it reaches and may differ from those preferred by a particular Advisory Group.
- 3.10 If the Authority decides further work is required on a Code amendment proposal or a market facilitation proposal, the Authority may choose to send the advice back to the relevant Advisory Group to be reworked, or it may establish a new Advisory Group to consider the issue, or seek advice from any other party it wishes, including Authority staff and independent experts.

The RAG interprets this to mean that the Authority is under no obligation to discuss any developments with projects that were formerly on an advisory group's work programme, after the advisory group has made a recommendation to the Authority.

While the RAG accepts that the Board retains final responsibility for any decisions on Code amendments or market facilitation measures, the RAG considers the Charter should be amended to require the Authority to at least consider feedback from the relevant advisory group, if the Authority proposes to deviate from the advisory group's recommendations in a material way.

The RAG's reasons for taking this view are as follows:

1. Advisory groups look at their work programme issues in depth and from many different directions to seek the best (optimum) solution and are likely to have already considered issues relevant to any changes proposed by the Authority and will be well positioned to offer further sound advice that will likely be invaluable in any final decision.
2. Advisory groups spend considerable time and effort investigating issues and, as a matter of good process, should be given the opportunity to respond if material changes to their recommendations are proposed.
3. To exclude advisory groups from further input, we suggest, diminishes the advisory group process value and I am concerned that members may become disengaged and unwilling to put time and/or effort into future projects. Further, the Authority may have difficulty, in the future, attracting new members to participate in advisory groups, if their focussed deliberations of matters are not adequately taken into account throughout the whole decision making process.

Please feel free to contact me if you wish to discuss this matter further.

Yours sincerely



Peter Allport
Chair, Retail Advisory Group