



# Review of advisory group administrative arrangements

Summary of submissions

18 June 2013

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## Introduction

- 1 The Electricity Authority (Authority) published a consultation paper on 5 March 2013 on a review of advisory group administrative arrangements (consultation paper). The consultation paper sought feedback on a small number of minor changes to the charter about advisory groups and the advisory group terms of reference (together comprising the 'advisory group administrative arrangements'). The proposed change would:
  - (a) allow members' appointments to continue, despite the expiry of their terms of appointment, until the member is reappointed or the member's successor is appointed
  - (b) allow members' appointments to continue, despite the expiry of their terms of appointment, to enable them to assist in the completion of a particular matter on the advisory group's work plan
  - (c) stagger the terms of appointment of the chairpersons to expire three months before the expiry of other members
  - (d) clarify that each advisory group may decide whether to publish meeting papers prior to each meeting or as soon as practicable after each meeting.<sup>1</sup>
- 2 This paper provides a summary of the views and points raised in submissions. The Authority received eight submissions on the consultation paper, as detailed in Table 1.

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**Table 1 submissions**

Retailers/Generators	Networks	Others
Contact Energy Genesis Energy Meridian Energy	Transpower	Major Energy Users Group (MEUG) Norske Skog Tasman (Norske Skog) Retail Advisory Group (RAG) Wholesale Advisory Group (WAG)

<sup>1</sup> The consultation paper is available at <http://www.ea.govt.nz/our-work/consultations/corporate/review-of-advisory-group-administrative-arrangements/>.

## Summary of feedback in submissions

- 3 This section provides a summary of the key comments and themes in submissions. Each of these key comments are addressed in separate sections below:
- (a) the advisory group model is generally working well
  - (b) the process for agreeing work plans needs improvement
  - (c) advisory groups are an appropriate size and have a good range of skills and experience
  - (d) retiring members should be able to continue for a short period
  - (e) presence of Authority staff
  - (f) more timely publication of meeting papers
  - (g) on-going role of advisory groups after making recommendations to the Board.

### The advisory group model is generally working well

- 4 Submitters mostly considered that the advisory group model is working well.
- 5 Norske Skog, supported by MEUG, raised concerns about the requirement for advisory groups to reach consensus, and about the potential for industry representatives to reflect the views of their employers. Norske Skog considered the requirement to reach consensus on every issue may compromise the effectiveness of the groups by curtailing the development of innovative new ideas. Norske Skog suggested the advisory groups should facilitate a think tank to encourage new and innovative ideas to be put forward, and submitted that the advisory groups should not necessarily be consulting on solutions, but instead disseminating ideas to stimulate debate.
- 6 Transpower suggested there may be merit in a broader review of the advisory group model to identify where improvements could be made, in light of the Strategic Directions proposed and advisory group experience to date.

### The process for agreeing work plans needs improvement

- 7 Submitters suggested a number of improvements to the process for developing the advisory groups' work plans.
- 8 Genesis suggested the Authority should seek input from the groups about the priorities and projects that they consider should be addressed, either by providing groups with an opportunity to provide input to the development of the Authority's forward work programme, or possibly by allowing each group to submit a proposed work plan to the Authority prior to the annual appropriations consultation process.
- 9 MEUG and Meridian considered the annual consultation on appropriations to be the appropriate process for prioritising work for the year ahead, both for the Authority's work plan in general, and for each advisory group. MEUG submitted that if advisory groups were to have a greater influence in setting their work plans and priorities, then this would require additional time and resources for the Authority to consult on the proposed work programme and may risk duplication of, or gaps in, the respective work programmes of the advisory groups and of the Authority.
- 10 Genesis considered there should be criteria for determining what work will be assigned to advisory groups. A criterion Genesis recommended was the Authority should commit to

seeking advice from an advisory group on any significant issue that is likely to have a material impact on the fundamental operation of the market. Transpower suggested using the Authority's Strategic Directions as criteria for determining what work will be assigned to advisory groups.

- 11 Contact raised concerns about the potential to over-load advisory groups, and considered the advisory groups should not be expected to undertake too many projects at the same time. MEUG submitted the advisory groups should focus on three to five strategic issues set annually by the Authority, with sub-groups working on the detail of these issues (comprising group members, plus seconded experts from the industry).
- 12 Genesis suggested there could be a role for advisory groups to undertake an initial assessment and evaluation of participant Code change proposals.

### **Advisory groups are an appropriate size and have a good range of skills and experience**

- 13 Submitters mostly considered that the advisory groups are the appropriate size, and have a good mix of skills, but some suggested alternative ways of increasing the range of skills, experience and representation.
- 14 Contact submitted there should be more retail experience on the WAG, and more wholesale experience on the RAG, with this being achieved perhaps by requiring a member of the RAG to attend WAG meetings and vice versa.
- 15 Genesis suggested the Authority should provide clarity about the level of seniority and expertise that is required for members. Contact suggested that when considering a party for membership of an advisory group, the Authority should focus on the skills of nominees, rather than their title or tier level.
- 16 Norske Skog submitted the advisory groups should include greater consumer representation to offset the potential for a supply-side/industry bias, which they thought led at times to consumer views being overridden and inefficient outcomes being recommended, due to a strong desire to achieve a consensus view.
- 17 Genesis suggested more flexible membership arrangements, perhaps by enabling the chair to invite non-member stakeholders to sit in on key deliberations as advisors (where an interest is expressed); and/or prescribing the ability for interested parties to present on issues/workstreams that are being considered by an advisory group.
- 18 MEUG considered that the attributes and balance of skills and experience sought by the Authority are reasonable, but that the advisory groups are required to address very detailed parts of the Code, without each member having the knowledge to effectively contribute to every issue. MEUG suggested the advisory groups could establish sub-groups to work on the detail of certain issues, with the sub-groups comprising advisory group members, plus seconded experts from the industry.
- 19 Meridian considered that the Authority should consider operational changes that could improve the way that technical working groups, such as the Settlement and Prudential Review Technical Group, are used to progress the work of advisory groups. To ensure role clarity, Meridian considered representatives of technical groups, where possible, should be distinct from representatives of advisory groups.

### **Retiring members should be able to continue for a short period**

- 20 Submitters mostly considered that some flexibility on expiry of appointments is reasonable.

- 21 MEUG suggested three months, rather than the proposed six months, would create better incentives to efficiently tidy up transitional matters.

### **Presence of Authority staff**

- 22 Submitters were mostly unconcerned by the presence of Authority staff at advisory group meetings, subject to the chair having the ability to manage any concerns group members may have that Authority staff/consultants become too dominant in discussions.
- 23 Some parties raised concerns that Authority staff/consultants may unduly influence debate (Norske Skog) or crowd out the industry voice (Transpower). MEUG suggested it may be appropriate for advisory groups to conduct discussions on an issue without Authority staff and advisors present to ensure the independent ideas of all group members are facilitated.

### **More timely publication of meeting papers**

- 24 Submitters were generally in favour of transparency, with several not agreeing with the reasons given for why each advisory group should determine when meeting papers are published. There were three approaches suggested for when meeting papers are published: at the same time as they are provided to the groups (Contact, Genesis); as soon as practicable (MEUG); or at the chair's discretion, but no later than one day following the meeting (Meridian).

### **On-going role of advisory groups after making recommendations to the Board**

- 25 The RAG and the WAG suggested that the Authority revise the Charter about advisory groups to clarify that advisory groups have an on-going role in a project or issue after making recommendations to the Board. The suggestions were that the Authority regularly update advisory groups on progress; give advisory groups the opportunity to comment where the Authority is considering altering the groups' recommendations; and allow an advisory group to request that it present its views directly to the Board.