

# **Terms of Reference of the Loss Factor Review Panel (LFRP)**

**November 2010**



## Background

1. In accordance with the Electricity Industry Act (Act) the Electricity Authority (Authority) is intending to consult interested parties on a draft Advisory Group Charter. The Authority will finalise the Charter following consultation, and proceed to form new advisory groups.
2. In the meantime, the Authority will continue to use the Electricity Commission's technical and advisory groups based on the Charter inherited by the Authority. This Terms of Reference has been minimally revised to continue current group arrangements until new groups are formed.
3. The Loss Factor Review Panel (LFRP) has been established to advise and assist the Electricity Authority to standardise the approach to the calculation and maintenance of technical and non-technical loss factors in distribution networks.

## Purposes of the Loss Factor Review Panel

4. The purposes of the LFRP are to:
  - (a) refine, in consultation with the industry, the 'Guidelines on the calculation of loss factors and the use of loss factors for reconciliation purposes' (Guidelines), as published on the Authority's website: -<http://www.ea.govt.nz/act-code-regs/guidelines/market-guidelines>
  - (b) address concerns of affected participants about the methodologies, including pragmatic assumptions that could be made in the calculation of technical losses, raised during the consultation on the Guidelines;
  - (c) advise the Authority whether loss factor methodologies and calculations forwarded to the LFRP by the Authority comply with the Guidelines; and
  - (d) promote awareness and use of a standardised approach to technical and non-technical loss factor methodologies.

## Scope of the LFRP

5. Through the course of its work, the LFRP may identify peripheral issues that fall outside the scope of the above purposes. If this occurs, the LFRP will refer them back to the Authority with a recommendation about further work required.

## Membership

6. The LFRP comprises:
  - (a) an independent Chair;
  - (b) two members with expert knowledge on the determination of technical and non-technical losses; and

(c) an Authority representative.

7. Members and the Chair are appointed by the Authority's General Manager.

## Tenures

8. The members and Chair will continue in office for a period of six months or until the LFRP is disestablished by the Authority, whichever occurs first.

9. In the event the LFRP is not disestablished, the members and Chair may be reappointed for further terms of up to two years (at the Authority's discretion).

10. The Authority may, after consultation with the person concerned, end a person's membership of the LFRP by written notice to the person.

## Role of the Electricity Authority's representative

11. The Authority's representative will be accountable to the Authority for:

- (a) the resourcing, support, and output of the LFRP; and
- (b) conveying the relevant Authority policies to the Panel.

## Responsibility of members

12. Members have been selected for their particular expertise and accordingly:

- (a) members are to act in the interests of all stakeholders;
- (b) members have a duty to prepare for meetings;
- (c) members do not represent their own organisations (although the range of commercial and technical experience inevitably adds diversity to the group's capabilities);
- (d) any views expressed by members are not to be taken as being those of their employer or nominating organisation.

## Reporting arrangements

13. The LFRP will report to the Authority via the Chair and the Authority's representative and any issues of concern should be escalated to the Authority as they arise.

## Administration

14. The LFRP's activities are to be as transparent as practical, and unless specifically agreed otherwise:

- (a) papers are to be circulated in advance of meetings;
- (b) papers are to be published on the Authority's website as soon as practical after each meeting;

- (c) minutes are to be published once confirmed at the subsequent meeting;
  - (d) while consensus will be the goal, it may at times be necessary to accept multiple views. All such views will be conveyed to the Authority as an input into its consideration of the issue.
15. Meetings may be held in person or by teleconference but at least one meeting per year must be held in person.
  16. Reasonable notice of meetings must be given to every member, including details of the time and, if appropriate, venue.
  17. Notice of a meeting may be given by electronic or other means.

## **Quorum**

18. A quorum for LFRP meetings will be all four members (including the Chair and Authority's representative).
19. No business may be transacted at a meeting of the LFRP unless all four members are present.
20. Members of the LFRP are not entitled to send an alternate in their place if they cannot attend a meeting.

## **Attendance of LFRP members**

21. Any member of the LFRP who, without leave of the LFRP, misses two consecutive meetings will be deemed to be removed from the LFRP, except where leave is given by the Chair or the Authority's representative.

## **Minutes are to be kept**

22. The Chair must ensure that minutes are kept of all proceedings at meetings of the LFRP.