

Terms of Reference for the FSR Common Quality Technical Group

1. Introduction

- 1.1. This document specifies the operational and governance matters for the Future Security and Resilience (FSR) Common Quality Technical Group (FSR CQTG).

2. Function

- 2.1. The Authority is appointing the FSR CQTG as an ad-hoc technical group to advise the Authority during the Authority's review of common quality requirements in Part 8 of the Electricity Industry Participation Code 2010 (Code).
- 2.2. The FSR CQTG is appointed to provide independent advice to the Authority on common quality requirements that:
 - (a) are in Part 8 of the Code;
 - (b) may be included in Part 8 of the Code.

3. Scope of the FSR CQTG

- 3.1. In accordance with the FSR CQTG's function described in clauses 2.1 and 2.2, the Authority will seek the FSR CQTG's advice on common quality matters during the Authority's review of the common quality requirements in Part 8 of the Code.
- 3.2. Consistent with this, the scope of the FSR CQTG's role may include:
 - (a) the provision of technical advice on options to address common quality issues arising from the uptake of increasing amounts of inverter-based resources, including the following identified issues:
 - (i) inverter-based variable and intermittent resources causing more frequency fluctuations, which are likely to be exacerbated over time by decreasing system inertia;
 - (ii) inverter-based variable and intermittent resources causing greater voltage deviations, which are exacerbated by changing patterns of reactive power flows and decreasing system strength;
 - (iii) inverter-based variable and intermittent resources potentially increasing the likelihood of network performance issues due to inverter-based resources disconnecting from the power system;
 - (iv) over time increasingly less generation capacity being subject to fault ride through obligations in the Code, as more generating stations export less than 30 MW to a network;
 - (v) ambiguity around the applicability of harmonics standards;
 - (vi) network operators having insufficient information on assets wanting to connect, or which are connected, to the power system to provide for the planning and operation of the power system in a safe, reliable, and economically efficient manner;
 - (vii) the Code missing some terms that would help enable technologies, and containing some terms that appear to not be fit for the purpose of appropriately enabling technologies;
 - (b) provision of technical advice on reports or analysis by the system operator, consultants or the Authority relating to the review of the common quality requirements in Part 8 of the Code;

- (c) technical review of consultation documents prior to public consultation;
- (d) review of submissions on consultation documents; and
- (e) if requested by the Authority, providing reports or comments on matters arising during the review of the common quality requirements in Part 8 of the Code.

4. Appointment of members

- 4.1. The Authority will appoint ordinary members of the FSR CQTG after calling for nominations and considering nominees against the membership criteria set out in clauses 5.1 and 5.2.
- 4.2. The Authority will appoint ordinary members by written notice. The notice will state the date the appointment takes effect and state the term of the appointment.
- 4.3. The FSR CQTG will comprise ordinary members who between them have appropriate knowledge and experience to provide advice to the Authority that fulfils the function of the FSR CQTG as described in clauses 2.1 and 2.2.
- 4.4. The Authority is targeting the appointment of 8–11 ordinary members to the FSR CQTG. However, the Authority may appoint more or less ordinary members.
- 4.5. The Authority reserves the right to appoint additional members if it deems this is necessary to fulfil the functions of the technical group.
- 4.6. All ordinary members of the FSR CQTG must provide impartial advice to the Authority regardless of whether or not they are independent persons.
- 4.7. A senior member of the Authority's staff will chair the FSR CQTG.
- 4.8. The chair is a member of the FSR CQTG. Accordingly, provisions in these terms of reference that apply to ordinary members also apply to the chair. However, provisions specific to the chair take precedence.
- 4.9. Representatives of the Authority in addition to the chair are entitled to attend FSR CQTG meetings and participate in discussions, but are not members of the FSR CQTG.

5. Membership criteria

- 5.1. In making its appointments of ordinary members to the FSR CQTG, the Authority will be seeking a membership that collectively has excellent knowledge and experience of the following:
 - (a) power systems engineering and analysis;
 - (b) the operation of transmission and distribution networks, including power quality (frequency, voltage, harmonics) and factors that influence power quality such as inertia and system strength;
 - (c) generation technologies;
 - (d) demand-side management technologies;
 - (e) the operation of the wholesale electricity market; and
 - (f) the economic and other impacts on consumers, industry participants, and other stakeholders from the decisions and actions of parties who influence common quality.
- 5.2. The Authority will also consider a nominee's ability to consider the long-term interests of consumers, provide impartial advice, and contribute effectively to the FSR CQTG's tasks.
- 5.3. The Authority is not expecting an individual member of the FSR CQTG to have all the requisite knowledge and experience required of the technical group in aggregate.

6. Term of appointment

- 6.1. The Authority will ordinarily appoint members of the FSR CQTG for a period of 2 years.
- 6.2. Despite clause 6.1, the Authority may, at its discretion:
 - (a) extend a member's term (with the member's agreement);
 - (b) appoint a member for a period of less than 2 years.
- 6.3. Members may resign by written notice to the Authority, stating the date on which the resignation takes effect.
- 6.4. The Authority may, after consultation with the person concerned, end a person's membership of the FSR CQTG by written notice to the person (with a copy to the FSR CQTG), stating the date on which the membership ends.

7. Functions of the chair

- 7.1. The key functions of the chair include:
 - (a) managing the FSR CQTG's activities to facilitate the timely delivery of the FSR CQTG's work;
 - (b) facilitating discussions between members of the FSR CQTG in a manner that will stimulate robust debate on issues and encourage effective contribution from members;
 - (c) guiding relevant and effective discussions while ensuring that genuine disagreements and conflicts are aired and, if possible, resolved;
 - (d) ensuring proper and correct minutes are kept of all proceedings at meetings of the FSR CQTG;
 - (e) ensuring the views of the FSR CQTG are accurately represented in any papers or correspondence to the Authority, and approving and signing on behalf of the group any such communications; and
 - (f) attending Authority Board meetings to present the FSR CQTG's advice.
- 7.2. When making representations to the Authority on any aspect of the FSR CQTG's work and advice, the chair must take care to provide a balanced representation of the views held by the members of the group.
- 7.3. The Authority may appoint a member of the Authority's staff or a member of the FSR CQTG to be a temporary deputy chair, who may exercise all the functions and powers of the chair in relation to a matter if the chair is unavailable.

8. Responsibilities of members

- 8.1. Members of the FSR CQTG must:
 - (a) comply with the requirements set out in these terms of reference;
 - (b) be available for all meetings unless granted leave by the chair;
 - (c) read all papers circulated to the FSR CQTG, and actively contribute to the group's discussions;
 - (d) inform the chair of any actual or potential conflicts of interest that may affect their ability to perform their functions as a member of the FSR CQTG in accordance with the rules in sections 62 to 72 of the Crown Entities Act 2004 and these terms of reference;
 - (e) carry out the tasks that are assigned to the FSR CQTG arising from the agenda for each meeting.

- 8.2. Members must remain mindful that:
- (a) they have been appointed for their knowledge and experience as well as their ability to participate constructively in meetings of the FSR CQTG;
 - (b) they have been appointed to act in their personal capacity and not as representatives of organisations, and they are to provide independent advice as a group, even though they may not be independent persons; and
 - (c) an expected contribution of the FSR CQTG is to reconcile divergent views and interests in the group, and among wider stakeholders, in ways that promote the Authority's statutory objectives, and in a manner that achieves wider stakeholder "buy in". This requires serious intent by all members to understand alternative views and find workable solutions.
- 8.3. The requirements in clause 8.2 mean that a member's role is to act in the best interests of all stakeholders irrespective of the organisation that they may be associated with.
- 8.4. Ordinary members of the FSR CQTG must also be mindful that Authority staff and external advisors are free to form their own views on the matters discussed by the FSR CQTG. The Board of the Authority expects members of the FSR CQTG to respect the different roles that Authority staff and external advisors play in assisting the group and advising the Board of the Authority.
- 8.5. In relation to non-confidential meeting papers, members may obtain input from anyone if they consider this appropriate and useful to the FSR CQTG undertaking its function.

9. The FSR CQTG's authority

- 9.1. The Authority is responsible for ensuring the FSR CQTG is resourced appropriately to perform its function as described in clauses 2.1 and 2.2.
- 9.2. The FSR CQTG does not have the authority to commission analysis or to commit resources and expenditure. However, the FSR CQTG may recommend to the Authority resources, external to the Authority, which the FSR CQTG considers to be necessary to perform its function.
- 9.3. Ordinary members of the FSR CQTG have no media relations role and may not speak on behalf of the Authority or the group in regard to matters on which the group has advised, or is advising, the Authority. The Authority is solely responsible for all media relations.

10. Interaction with the Authority

- 10.1. The chair is the Authority's representative to the FSR CQTG.
- 10.2. The chair is accountable to the Authority for the successful and effective functioning of the FSR CQTG.
- 10.3. Standard day-to-day interaction between the FSR CQTG and the Authority will be via the chair unless the chair agrees otherwise.
- 10.4. If a member of the FSR CQTG has any significant concerns, including (for example) in relation to the operation of the FSR CQTG, these are to be raised with the chair in the first instance.

11. Procedure and administration

- 11.1. The FSR CQTG may determine its own procedures, except as provided for in these terms of reference.

- 11.2. The business and activities of the FSR CQTG must be as transparent as practicable.
- 11.3. The Authority will provide administrative and secretariat support to the FSR CQTG.
- 11.4. In its capacity as secretariat, the Authority will:
 - (a) schedule meetings of the FSR CQTG;
 - (b) set the agenda for each meeting;
 - (c) give reasonable notice of meetings to each member, including details as to the time and venue of meetings;
 - (d) distribute all meeting papers to members in advance of meetings, using reasonable endeavours to circulate papers at least 5 business days prior to meetings to enable members to properly consider the content of the papers;
 - (e) publish non-confidential meeting papers on the Authority's website as soon as practicable after the papers have been distributed to members;
 - (f) publish minutes of all meetings on the Authority's website as soon as practicable after their confirmation.
- 11.5. Consensus among FSR CQTG members is the optimum result although the Authority recognises this may not always be possible. In such circumstances, the FSR CQTG's advice must reflect the views raised by all members, and all such views must be reflected in the minutes of that particular FSR CQTG meeting.
- 11.6. Any e-mails sent by a member of the FSR CQTG about any substantive aspects of the group's business should be copied to:
 - (a) all members of the FSR CQTG; and
 - (b) the Authority secretariat.

12. Provision of advice to the Authority

- 12.1. In formulating advice to the Authority, the FSR CQTG must explain how any recommendations promote the Authority's statutory objectives.

13. Confidentiality of reports to the FSR CQTG

- 13.1. All reports submitted to the FSR CQTG (including reports or presentations submitted by members) are subject to the Official Information Act 1982, and, in the normal course of events, will not be treated as confidential. However, the Authority may withhold information if the Authority considers there are grounds for doing so under the Official Information Act.

14. Frequency of meetings

- 14.1. The FSR CQTG must meet as required to fulfil its function as described in clauses 2.1 and 2.2.

15. Methods of holding meetings

- 15.1. A meeting of the FSR CQTG may be held by a number of the members who constitute a quorum, being assembled together at the time and place appointed for the meeting.
- 15.2. Meetings may be held in person or by means of audio, audio and visual, or electronic communication provided that all of the members who wish to participate in the meeting have

access to the technology needed to participate and a quorum of members can simultaneously communicate with each other throughout the meeting.

16. Quorum

- 16.1. A quorum for a meeting of the FSR CQTG is a majority of its members, including the chair.
- 16.2. No business may be transacted at a meeting of the FSR CQTG if a quorum is not present.

17. Attendance

- 17.1. Members are not entitled to send an alternate in their place if they cannot attend a meeting of the FSR CQTG.
- 17.2. Any ordinary member of the FSR CQTG who, without leave from the chair, misses two consecutive meetings of the FSR CQTG is deemed to have resigned from the FSR CQTG except where there are identified extenuating circumstances such as illness.
- 17.3. If the chair considers that a member's absence from two consecutive meetings is likely to disadvantage the FSR CQTG, the Authority may appoint a new member to replace the absent member as though the absent member had resigned. Any such appointment must be carried out in accordance with clauses 4.1 and 4.2.
- 17.4. The chair may invite non-members (in addition to Authority representatives) to attend a meeting of the FSR CQTG. The invited party may participate in discussions but is not a member of the FSR CQTG, or part of the quorum.

18. Conflicts of interest

- 18.1. The Authority will require each member of the FSR CQTG to comply with the conflict-of-interest disclosure rules in sections 62 to 72 of the Crown Entities Act 2004 as if the group were a statutory entity.
- 18.2. If a member of the FSR CQTG is required to make a disclosure under these rules, the member must make the disclosure to the Authority as well as to the group.

19. Process for handling concerns about performance

Concerns about the performance of ordinary members

- 19.1. Any person concerned about the performance of a member of the FSR CQTG should discuss those concerns with the chair.
- 19.2. If the chair considers action is warranted, the chair must:
 - (a) discuss the matter with the member concerned and give the member an opportunity to state their view;
 - (b) if the discussion does not resolve the matter to the chair's satisfaction, provide written notice to the member stating the concerns and the desired corrective action;
 - (c) if the member is affiliated with an organisation, inform relevant people at the member's affiliated organisation of the matter, if appropriate, prior to sending the written notice;
 - (d) if the member fails to address the concerns specified in the written notice, provide the member with an opportunity to discuss the matter further and, if appropriate, discuss the matter with the affiliated organisation;

- (e) if not satisfied after due consideration of the member's explanation, inform the member and the affiliated organisation, if appropriate, that the chair will recommend to the Authority's Chief Executive that the member's appointment be terminated.
- 19.3. Any discussions with a member's affiliated organisation under clause 19.2 must not compromise the ability of the member to act in their personal capacity in relation to the advice the member contributes to the FSR CQTG. The sole purpose of these discussions is to inform the affiliated organisation of the situation and to gather information about extenuating circumstances the chair may need to take account of in their handling of the situation.
- 19.4. The Authority's Chief Executive, on receiving a recommendation under clause 19.2(e), must be confident the processes in clause 19.2 have been satisfactorily complied with. If appropriate, the Authority's Chief Executive may also discuss the matter with the Chief Executive of the member's affiliated organisation.
- 19.5. If the Authority's Chief Executive agrees with a recommendation made under clause 19.2(e), the Chief Executive may terminate the member's appointment to the FSR CQTG.

Concerns about the performance of the chair or other Authority staff

- 19.6. Any person involved with the FSR CQTG who is concerned about the performance of the chair or other Authority staff should discuss those concerns with the Authority's Chief Executive.
- 19.7. The Chief Executive will determine the appropriate actions to be taken in response to such concerns.

Concerns about the performance of other personnel

- 19.8. Any person involved with the FSR CQTG who is concerned about the performance of a contractor or external consultant associated with the FSR CQTG should discuss those concerns with the chair.
- 19.9. The chair, in consultation with the Authority's Chief Executive, will determine the appropriate actions to be taken in response to such concerns.