

# Charter for advisory groups

18 December 2023

# 1. Introduction

- 1.1 Section 19(1) of the Electricity Industry Act 2010 (Act) requires this charter about advisory groups (charter) to set out:
  - (a) how the Electricity Authority (Authority) will establish and interact with advisory groups appointed under sections 20 and 21 of the Act
  - (b) when and how the Authority will consult advisory groups on material changes to the Electricity Industry Participation Code 2010 (Code)
  - (c) how advisory groups must operate, including provisions concerning procedure.
- 1.2 The Security and Reliability Council (SRC) is a special type of advisory group appointed in accordance with section 20 of the Act. Accordingly, this charter has two sections:
  - (a) SRC
  - (b) Other advisory groups appointed under section 21 of the Act
- 1.3 In accordance with section 19(3) of the Act, the Authority, the SRC, and all appointed advisory groups must comply with this charter.
- 1.4 In addition to the requirements of this charter, the SRC and each advisory group is subject to its own terms of reference, as agreed by the Authority.
- 1.5 Each terms of reference specifies the operational and governance matters for the SRC and each advisory group, and should be read in conjunction with this charter. If there is any inconsistency between the terms of reference and this charter, the charter will prevail.

# Security and Reliability Council

## 2. Purpose of the Security Reliability Council (SRC)

- 2.1. Section 20(2) of the Act requires the Authority to appoint an SRC to provide independent advice to the Authority on:
  - (a) The performance of the electricity system and the system operator
  - (b) reliability of supply issues.
- 2.2. The SRC's purpose is to provide the Authority with advice from parties directly affected by the system operator's decisions and actions. The SRC enables the Authority to draw on the wisdom and expertise of senior industry personnel.

## 3. Establishment of the SRC

- 3.1. The Authority will establish the SRC by appointing members, including an independent chair, in accordance with the criteria and procedure set out in its terms of reference.
- 3.2. Under section 20 of the Act, the Authority—
  - (a) must ensure that the members of the SRC have between them appropriate knowledge and experience of the electricity industry to provide advice to the Authority, but members need not be independent persons
  - (b) may not appoint a person as a member of the SRC unless the Authority has first publicised an invitation for nominations for membership and considered any nominations received.
- 3.3. Members are entitled to receive remuneration determined by the Minister, and reimbursement of actual and reasonable expenses, incurred in carrying out their office as a member, in accordance with the Government's fees framework (as defined in the Crown Entities Act 2004). This is provided for in section 22 of the Act, which also sets out other provisions of the Crown Entities Act 2004 that apply to members of advisory groups.
- 3.4. The Authority may terminate any member's appointment to the SRC if the Authority considers that the member, by his or her conduct, is not contributing effectively to the SRC. The termination must be by written notice to the person concerned (with a copy to the SRC), stating the date on which the appointment ends.
- 3.5. SRC members may resign by giving written notice to the Authority (with a copy to the SRC Chair). The notice must state the future effective date on which the resignation takes effect.

## 4. Interactions between the SRC and the Authority

- 4.1. The Authority will:
  - (a) provide administrative and secretariat support to the SRC

- (b) appoint an appropriate staff member as the Authority's representative to assist the SRC.
- 4.2. The Authority's representative is not a member of the SRC.
- 4.3. Formal reporting to the Authority must be conducted by the SRC chair, unless otherwise agreed with the Authority's Chief Executive.
- 4.4. The SRC will meet with the Authority as and when necessary.
- 4.5. Authority staff will, where possible, undertake any required analysis. The Authority's representative has the discretion to engage any external expertise that may be needed to assist the SRC. However, the SRC may recommend external expertise to the Authority's representative that it considers necessary to perform its function.

## 5. Operation of the SRC

### General

- 5.1. The SRC will provide advice on any matters it considers relevant and necessary in order to fulfil its function under clause 2.1.
- 5.2. The Authority may, in its discretion:
  - (a) require the SRC to advise and/or assist the Authority on specific performance and reliability issues
  - (b) consult the SRC on Code amendment proposals.
- 5.3. When providing advice, the Authority expects the SRC to take a strategic view, utilising the knowledge and experience of its members.
- 5.4. The SRC must avoid duplicating the Authority's role in assessing the day-to-day performance of the electricity system and the system operator.

### Advice and recommendations to the Authority

- 5.5. The SRC is encouraged to provide a consensus position when providing advice to the Authority.
- 5.6. The SRC's function under the Act is to provide independent advice to the Authority. The SRC does not have the ability to amend the Code or make binding decisions. Similarly, the SRC does not have the ability to direct the system operator or other industry participants, or to take on responsibilities beyond that of advisor to the Authority.
- 5.7. The Authority recognises that any advice the SRC provides the Authority about the system operator is likely to also be of value to the system operator. Therefore, the Authority will pass on any relevant advice from the SRC to the system operator and/or any other parties involved, unless confidentiality considerations prevent this.

## Advisory groups (other than the SRC)

### 6. Purpose of advisory groups

- 6.1. Section 21(1) of the Act requires the Authority to establish (in addition to the SRC) one or more advisory groups to provide independent advice to the Authority on the development of the Code and on market facilitation.
- 6.2. The Authority may establish standing advisory groups that advise the Authority on an ongoing basis, ad-hoc advisory groups that advise in a particular area of expertise or in respect of a particular project, or a combination of both.

### 7. Establishment (and disestablishment) of advisory groups

- 7.1. The Authority will establish advisory groups by appointing members, including an independent chair, in accordance with the criteria and procedure set out in the terms of reference for each advisory group.
- 7.2. Section 21(2) of the Act requires every advisory group to include members whom the Authority considers have appropriate knowledge of, and experience in, the electricity industry and consumer issues. Members do not need to be independent persons.
- 7.3. Members are entitled to receive remuneration determined by the Minister, and reimbursement of actual and reasonable expenses, incurred in carrying out their office as a member, in accordance with the Government's fees framework (as defined in the Crown Entities Act 2004). This is provided for in section 22 of the Electricity Industry Act 2010, which also sets out other provisions of the Crown Entities Act 2004 that apply to members of advisory groups. Subject to section 47(1) of the Crown Entities Act 2004, the practice followed by the Authority and accepted by the industry is that members who are public servants or salaried employees of larger electricity industry companies are not paid by the Authority or reimbursed for their expenses. The Authority typically pays a fee and any expenses only for members who are financially disadvantaged by their participation in an advisory group however will offer to pay fees and expense reimbursement to all members of an advisory group in accordance with the Crown Entities Act 2004.
- 7.4. The Authority may:
  - (a) Dis-establish, or temporarily suspend the operations of, an advisory group by formal resolution of the Board. However, in accordance with section 21(1) of the Act, there must always be at least one advisory group (either established or in the process of being established).
  - (b) Terminate any member's appointment to an advisory group if the Authority considers that the member, by his or her conduct, is not contributing effectively to the advisory group. The termination must be by written notice to the person concerned (with a copy to the advisory group), stating the date on which the appointment ends.

- 7.5. Advisory group members may resign by giving written notice to the Authority (with a copy to the Chair). The notice must state the future effective date on which the resignation takes effect.

## **8. Interactions between advisory groups and the Authority**

- 8.1. The Authority will:
- (a) provide administrative and secretariat support to each advisory group
  - (b) appoint an appropriate staff member(s) as to assist each advisory group.
- 8.2. The Authority's representative(s) is not a member of the advisory group.
- 8.3. The Authority's representative(s) will be responsible for:
- (a) documenting the work plan for the relevant advisory group on behalf of the Authority
  - (b) ensuring meetings are held in accordance with the terms of reference for the advisory group
  - (c) having regard to the resources available, ensuring the advisory group receives a high standard of secretariat support, whether provided by Authority staff or by external advisers
  - (d) conveying the relevant views, policies, and decisions of the Authority to the advisory group.
- 8.4. Formal reporting to the Authority by an advisory group must be conducted by its chair, unless otherwise agreed with the Authority's Chief Executive. However, an advisory group may nominate a member, in addition to the chair, to represent it when the Board considers its reports.
- 8.5. If the Authority's representative's view differs significantly from views presented by the Advisory Group, the Authority's representative should brief the Authority on this difference of opinion and the reasons for it.
- 8.6. Authority staff will, where possible, undertake any required analysis. The Authority's representative has the discretion to engage any external expertise that may be needed to assist the advisory group. However, an advisory group may recommend external expertise to Authority staff that it considers necessary to perform its function.

## **9. Operation of advisory groups**

### **General**

- 9.1. Each advisory group will provide advice to the Authority on matters that:
- (a) are relevant to the scope of its role, as set out in its terms of reference
  - (b) have been included in a work plan.

- 9.2. At its discretion, the Authority may consult an advisory group on Code amendment proposals, issues and/or options papers, consultation papers or preliminary work to support the Authority's prioritised initiatives.
- 9.3. Advisory groups are expected to undertake appropriate investigation of issues in its work plan. They must make recommendations to the Authority on those matters in a manner that assists the Authority to meet its statutory objectives under section 15 of the Act.
- 9.4. Advisory groups are strongly encouraged to provide consensus recommendations to the Authority on the issues assigned to them, within agreed timelines.
- 9.5. If an advisory group is unable to reach consensus on a matter under consideration within an agreed timeframe, the advisory group may conclude its deliberations and report the differing views to the Authority for consideration. The report must address the views of the minority as well as those of the majority. The report must also explain how each view is consistent with clause 9.9 of this charter.
- 9.6. At any stage, the Authority may:
  - (a) request progress updates from an advisory group
  - (b) provide guidance to an advisory group (provided that the guidance does not address the content of the advisory group's recommendations)
  - (c) request or procure additional analysis from an advisory group
  - (d) shift consideration of issues to other parties, including other advisory groups, Authority staff, or external experts.

### **Code amendment proposals and recommended market facilitation measures**

- 9.7. An advisory group may provide recommendations to the Authority about developing the Code and market facilitation measures if requested by the Authority.
- 9.8. Under section 16 of the Act, the Authority has statutory responsibility to make and administer the Code, and to undertake market-facilitation measures (and to monitor the operation and effectiveness of those measures). Accordingly, the Authority will make the final decision on any proposals to amend the Code and on any recommendations on market facilitation measures. The Authority will also decide whether to consult on these matters. The Authority's final decision on any matter will reflect the conclusions it reaches and may differ from the outcome preferred by a particular advisory group.
- 9.9. If an advisory group proposes Code amendments or recommends market facilitation measures, the advisory group must:
  - (a) ensure that the proposal or recommendation is consistent with the Authority's statutory objectives
  - (b) have regard to any government policy statement or statement of government expectations in force at the time of the proposal or recommendation
  - (c) in respect of Code amendment proposals, any applicable requirements in the Authority's consultation charter

- (d) in respect of Code amendment proposals, demonstrate how the proposed amendments are consistent with the requirements of section 32(1) of the Act.
- 9.10. Section 39 of the Act requires the Authority to consult on proposed Code amendments – it does this through consultation papers. If the Authority requests an advisory group to release its own paper for public, participant, or more targeted feedback, those papers must be called ‘discussion papers’ rather than ‘consultation papers’ to avoid confusion with the consultation process as required by the Act.
- 9.11. The Authority may–
  - (a) seek feedback from the advisory group on any submissions received for a proposed Code amendment
  - (b) request the advisory group to complete further work on a proposal or recommendation
  - (c) establish a new advisory group to consider a proposal or recommendation
  - (d) seek advice from any other party, including Authority staff and external experts.
- 9.12. The Authority will keep the relevant advisory group informed about its progress when considering the advisory group’s recommendations on Code amendment proposals or market facilitation measures.