

Distribution Connection Pricing Technical Group Terms of Reference – updated

1. Introduction

- 1.1. This document specifies operational and governance matters for the Distribution Connection Pricing Technical Group (DCPTG).

2. Function of the DCPTG

- 2.1. The Authority is progressing development of a potential Code amendment aimed at improving the efficiency of connection pricing for load customers. The DCPTG is an ad hoc technical group to assist the Authority with testing the workability of potential Code amendments, and complementary measures such as sector monitoring and guidance.

3. Purpose and scope of the DCPTG

- 3.1. In accordance with the function described in clause 2.1, the DCPTG's purpose is to provide advice to assist with testing the workability of potential Code amendments. This advice may include, for example:
- (a) reviewing clarity of terminology, methodologies, concepts, exceptions, etc
 - (b) advising on business implementation considerations relevant to a Code amendment
 - (c) developing worked examples or case studies to clarify and test workability
 - (d) advising on customer impacts, including with reference to worked examples
 - (e) commenting on reports or analysis by consultants or the Authority
 - (f) technical review of consultation material prior to public consultation
 - (g) reviewing technical points from submissions on consultation documents.
- 3.2. In performing its role, the DCPTG should ensure its advice is consistent with the Authority's statutory objectives as set out in section 15 of the Electricity Industry Act 2010.

4. Appointment of members

- 4.1. The Authority will appoint ordinary members of the DCPTG 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 DCPTG will comprise ordinary members who between them have appropriate knowledge and experience to provide advice to the Authority that fulfils the function of the DCPTG as described in clause 2.1
- 4.4. The Authority is targeting the appointment of 7-9 ordinary members to the DCPTG. 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 DCPTG must provide impartial advice to the Authority regardless of whether they are independent persons.
- 4.7. A senior member of the Authority's staff or an external independent person will chair the DCPTG.
- 4.8. The chair is a member of the DCPTG. 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 DCPTG meetings and participate in discussions but are not members of the DCPTG.

5. Membership criteria

- 5.1. The Authority will appoint members to the DCPTG based on their level of knowledge and experience of distribution network connection pricing. The DCPTG will collectively have detailed knowledge and experience of, for example:
 - (a) the range of connection pricing practices across the distribution sector in New Zealand, including rate cards, cost-revenue calculations, thresholds, and reassignment policies
 - (b) commercial processes and terms for distribution connections, including for property developers, small connections, large connections, and connection upgrades
 - (c) vested asset practices and their relationship to connection and use of system pricing
 - (d) links between connection pricing and use of system pricing, included posted tariffs and special pricing
 - (e) distribution connection project cost structures, including links to network planning and growth and renewal investment
 - (f) the Code, including Part 6 Connection of distributed generation
 - (g) policies and standards that may influence network connections (eg, relating to security standards, congestion management, and operations)
 - (h) differences in practice between distributors who are exempt and non-exempt (from the Commerce Commission's price-quality regulation)
 - (i) distributor perspectives

- (j) access seeker perspectives.
- 5.2. The Authority is not expecting an individual member of the DCPTG to have all the requisite knowledge and experience required of the technical group in aggregate.
- 5.3. 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 DCPTG's tasks.

6. Term of appointment

- 6.1. The Authority will ordinarily appoint members of the DCPTG for a period of ten months.
- 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 ten months.
- 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 DCPTG by written notice to the person (with a copy to the DCPTG), 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 DCPTG's activities to facilitate the timely delivery of the DCPTG's work
 - (b) facilitating discussions between members of the DCPTG 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 clear allocation and tracking of any tasks to be completed outside of meetings
 - (e) ensuring proper and correct minutes are kept of all proceedings at meetings of the DCPTG
 - (f) ensuring the views of the DCPTG are accurately represented in any papers or correspondence to the Authority, and approving and signing on behalf of the group any such communications
 - (g) if required, attending Authority Board meetings to present the DCPTG's advice.
- 7.2. When making representations to the Authority on any aspect of the DCPTG'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 DCPTG 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 DCPTG 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 DCPTG, 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 DCPTG in accordance with the rules in sections 62 to 72 of the Crown Entities Act 2004 (as though those rules applied to members of the DCPTG) and these terms of reference
- (e) carry out the tasks that are assigned to the DCPTG 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 DCPTG
- (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
- (c) an expected contribution of the DCPTG 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 DCPTG must also be mindful that Authority staff and external advisors are free to form their own views on the matters discussed by the DCPTG. The Board of the Authority expects members of the DCPTG 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 DCPTG undertaking its function.

- 8.6. Any confidential information or commercially sensitive information that is shared with members, including market sensitive information, must be kept confidential by members. The Competition Law and Information Protocols in the **Appendix** to

these terms of reference apply to all members to manage competition law and continuous disclosure risks.

9. The DCPTG's authority

- 9.1. The Authority is responsible for ensuring the DCPTG is resourced appropriately to perform its function as described in clause 2.1.
- 9.2. The DCPTG does not have the authority to commission analysis or to commit resources and expenditure. However, the DCPTG may recommend to the Authority resources, external to the Authority, which the DCPTG considers to be necessary to perform its function.
- 9.3. Ordinary members of the DCPTG 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 accountable to the Authority for the successful and effective functioning of the DCPTG.
- 10.2. Standard day-to-day interaction between the DCPTG and the Authority will be via the chair unless the chair agrees otherwise.
- 10.3. If a member of the DCPTG has any significant concerns, including (for example) in relation to the operation of the DCPTG, these are to be raised with the chair in the first instance.

11. Procedure and administration

- 11.1. The DCPTG may determine its own procedures, except as provided for in these terms of reference.
- 11.2. The business and activities of the DCPTG must be as transparent as practicable.
- 11.3. The Authority will provide administrative and secretariat support to the DCPTG.
- 11.4. In its capacity as secretariat, the Authority will:
 - (a) schedule meetings of the DCPTG
 - (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 DCPTG members is the optimum result although the Authority recognises this may not always be possible. In such circumstances, the DCPTG's advice must reflect the views raised by all members, and all such views must be reflected in the minutes of that particular DCPTG meeting.
- 11.6. Any e-mails sent by a member of the DCPTG about any substantive aspects of the group's business should be copied to:
 - (a) all members of the DCPTG and
 - (b) the Authority secretariat.

12. Provision of advice to the Authority

- 12.1. In formulating advice to the Authority, the DCPTG must consider how any recommendations promote the Authority's statutory objectives.

13. Confidentiality

- 13.1. Unless there is a specific reason to the contrary, information (eg, reports) going to, or produced by, the DCPTG or its members will be treated as non-confidential. This information is subject to the Official Information Act 1982. The Authority will only withhold information if it considers there are grounds for doing so under the Official Information Act.
- 13.2. If information shared at meetings is specifically identified as confidential, the published minutes will record that information by an oblique reference. See also paragraph 8.6 regarding confidentiality and competition law and information protocols.
- 13.3. Non-confidential information (eg, reports) may be published on the Authority's website.

14. Frequency of meetings

- 14.1. The DCPTG must meet as required to fulfil its function as described in clause 2.1. The DCPTG is expected to meet once in the 2023/24 year and at least six times in the 2024/25 year.

15. Methods of holding meetings

- 15.1. A meeting of the DCPTG 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 DCPTG is a majority of its members, including the chair.
- 16.2. No business may be transacted at a meeting of the DCPTG 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 DCPTG.
- 17.2. Any ordinary member of the DCPTG who, without leave from the chair, misses two consecutive meetings of the DCPTG is deemed to have resigned from the DCPTG 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 DCPTG, 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 DCPTG. The invited party may participate in discussions but is not a member of the DCPTG, or part of the quorum.

18. Conflicts of interest

- 18.1. The Authority will require each member of the DCPTG 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 DCPTG 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 DCPTG 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 DCPTG. 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, 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, the Chief Executive may terminate the member's appointment to the DCPTG.

Concerns about the performance of the chair or other Authority staff

- 19.6. Any person involved with the DCPTG 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 DCPTG who is concerned about the performance of a contractor or external consultant associated with the DCPTG 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.

Appendix A – Appendix Competition Law and Information Protocol

Parties

A.1. Each member of the technical group (group) supporting the Electricity Authority

Context

A.2. The parties (members) have been appointed to a group to support the Electricity Authority's work.

A.3. Members are acting in their personal capacity as members of the group and not as employees or representatives of any other entity.

Purpose

A.4. The purpose of this protocol is to:

- (a) manage the competition law risks (ie. compliance with the Commerce Act 1986 requirements, in particular those dealing with cartel behaviour) to members of their participation in the group; and
- (b) prevent confidential information provided to the group needing to be disclosed under the continuous disclosure obligations in the NZX Listing Rules and the Financial Markets Conduct Act 2013 (continuous disclosure obligations).

Competition Law and Information Protocol

A.5. In the course of this work, it may be desirable for information to be disclosed to members that is confidential information or commercially sensitive information. Accordingly, the Authority has required members to agree to confidentiality requirements set out in the group's terms of reference (confidentiality requirements).

A.6. To manage the requirements of competition law, and the continuous disclosure obligations that may apply to the employers of some members (those who are listed on the NZX Main Board (issuers)), the members agree to engage subject to the following protocol. This protocol is supplementary to, and should be read alongside, the confidentiality requirements.

Procedure

- A.7. Each member must take responsibility for ensuring ongoing compliance with this protocol and competition law more generally. Each member that is employed by an issuer must ensure any confidential information shared as part of the group's work is not shared with an issuer or any other person or third party. If any information is inadvertently shared with an issuer by a member, that member will promptly notify the Authority. Members should not be directly involved in sales and marketing of products/services in respect of which they or their home entity compete, or other operational decisions associated with those products/services.
- A.8. Participation by personnel directly involved in negotiating, arranging and/or managing any BAU service supply between members should be minimised.
- A.9. Should circumstances arise that may conflict with these requirements, members will raise this with the Authority promptly so they can be managed.

No arrangement nor understanding

- A.10. Members will not enter into any contract, arrangement nor understanding (either formal nor informal) about any matter unless and until both sides have had the opportunity to take advice on competition law matters and are satisfied that the matter can be pursued.

Confidential information and commercially sensitive information

- A.11. Members will limit the exchange of commercially sensitive information and confidential information to the minimum necessary to assist the Authority with its work.
- A.12. If commercially sensitive information or confidential information is shared (with price, cost and strategic information the most sensitive), members must keep the information confidential and not share it with any person in accordance with this protocol and the confidentiality requirements.

Termination

- A.13. Members will ensure confidentiality of any commercially sensitive or confidential information is maintained even if and when their membership of the group ceases. Any confidential information held by a member will be destroyed when that member's membership ceases.