



# MAJOR ELECTRICITY USERS' GROUP

29 November 2010

Lisa DuFall  
Electricity Commission  
By email to [submissions@ea.govt.nz](mailto:submissions@ea.govt.nz)

Dear Lisa

## **Submission on consultation paper – Charter about advisory groups**

1. This is a submission by the Major Electricity Users' Group on the Electricity Authority consultation paper "Charter about advisory groups" published 8<sup>th</sup> November 2010<sup>1</sup>.
2. Comments follow ordered in sequence as mentioned in the consultation paper.
3. The use of specialist technical groups by the Electricity Commission was valuable. MEUG therefore supports the use of working groups for more specialist and technical input (paragraph 13, page B). In some cases groups formed by interested electricity sector parties themselves could be recognised as the lead entity in a particular area. For example the Frequency Issues Group (FIG) comprising several generators, end consumers and MEUG. FIG played a constructive role in considering alternatives to improve purchase of frequency keeping services.
4. MED intend remuneration of advisory group members will be the same as those in place by the Electricity Commission (paragraph 14, p C). We suggest a review of remuneration of consumer representatives will be needed if a greater level of participation by consumers in advisory groups is to be achieved. Without additional support MEUG cannot see how consumers can increase the quality and level of participation above current levels. Without effective consumer participation the cornerstone use of advisory groups to channel amendments to the Code will be undermined. The asymmetry of resources between the supply and demand sides is in our view a potentially "make-or-break" issue for the success of the new regime. There are successful overseas models of funding consumer participation and less successful models<sup>2</sup>. This is a complex area to design. That though is not enough reason for MED and the Authority not to consider changes from the Electricity Commission remuneration regime.

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<sup>1</sup> Refer <http://www.ea.govt.nz/our-work/consultations/corporate/advisory-groups-charter/>

<sup>2</sup> The UK model (<http://www.ofgem.gov.uk/Networks/PriceControls/CCG/Pages/CCG.aspx>) of a Consumer Challenge Group may be worth investigating; though it would be inappropriate to duplicate it here without thoroughly reviewing how it fitted into the UK regime as a whole. Anecdotal reports from Australia are that their Consumer Advocacy Panel is not effective (refer <http://www.aemc.gov.au/Panels-and-Committees/Consumer-Advocacy-Panel.html>).

5. MEUG recommend the “spokesperson” role (paragraph 2.2.8 to 2.2.11) for emerging security of supply risks or actual black-out events can be split into two parts. First, provision of information including forecasts is the responsibility of the System Operator and they should be the spokesperson for that. Second, the Authority should be the spokesperson for decisions by or comments on future decisions that may be taken by the Authority. Advice by the Security and Reliability Council to the Authority and the System Operator on emerging or actual security events should be public but there is no need to have a formal SRC spokesperson role for such.
6. Paragraph 8.2 (b) of Appendix B, Draft SRC terms of reference, proposes non-confidential meeting papers be published after each meeting. The alternative is for papers to be published immediately after circulation to SRC members and before each meeting. The latter is the protocol proposed for advisory groups. The advantage of adopting the advisory group approach is that members of the SRC in forming their own view can refer papers to other persons knowing papers are in the public domain. If papers are not in the public domain before meetings then SRC members will presumably be restricted from circulating those to any other party for comment. We can see no downside to papers being published before meetings. MEUG therefore recommend agenda papers for SRC meetings be published as soon as practicable after circulation to SRC members.
7. The following new underlined text is proposed for the last sentence of paragraph 11.5 of Appendix C, Draft prototype terms of reference for Advisory Groups:

*“Nevertheless, as papers will be published on the Authority’s website as soon as practicable after being circulated to members, members may obtain input from within their organisation they are associated with or any other party, where they consider this appropriate and useful.”*

This amendment would reflect practice by many demand side representatives on Electricity Commission advisory groups to seek input from other interested consumers outside of their own organisation.

8. Paragraph 17.2 of Appendix C requires “reasonable notice” of advisory group meetings. We believe the Authority should specify reasonable notice as being at least two months. In practice there have been instances of very short notices of meetings or changes in meeting dates. This has caused inconvenience and additional cost to MEUG members. MEUG members prefer, or in some cases have a mandated company policy, to book travel arrangements well ahead to lock in lowest possible travel costs.

Yours sincerely



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