

19 February 2019

James Stevenson-Wallace
Chief Executive
Electricity Authority
By email to submissions@ea.govt.nz

Dear James

Consultation paper – Independence requirement for advisory group Chairs

1. This is a submission by the Major Electricity Users' Group (MEUG) on the Electricity Authority consultation paper Proposal to amend the requirement for advisory group Chairs to be independent published 22 January 2019.¹
2. MEUG members have been consulted in the preparation of this submission. This submission is not confidential. Some members may make separate submissions.
3. MEUG's preference is for the Electricity Authority to retain its self-imposed requirement for advisory group Chairs to be independent. The primary competency required of the Chairs is demonstrated experience and skill in the governance and running of groups like the advisory groups established by the Authority. Having electricity industry knowledge is a bonus rather than essential. Therefore, the pool of candidates is not necessarily restricted to industry insiders and hence our view retaining the status quo where possible is appropriate.
4. Note MEUG would not support changing the legislation to mandate the status quo as we believe this is a matter where the Authority should be able to exercise discretion. Circumstances may arise where no suitable candidate can be found other than a person with a conflict, or potential conflict, of interest. In that case the Authority should be able to appoint that person with one caveat. That caveat is the conflict or potential conflict is publicly disclosed on the Authority's web site and the Authority's annual report. Appointing a person with a conflict or potential conflict of interest would risk undermining the confidence of market participants in the work of the advisory group. The possibility that risk may be realised is a good incentive on the Authority to consider any person with a conflict, or potential conflict, of interest as a last resort.

Yours sincerely



Ralph Matthes
Executive Director

¹ <https://www.ea.govt.nz/development/advisory-technical-groups/proposal-to-amend-requirement-for-advisory-group-chairs-to-be-independent/consultations/>