



## Electricity Commission

# TERMS OF REFERENCE OF THE HEDGE MARKET DEVELOPMENT STEERING GROUP (HMDSG)

Dated: 18 October 2004

### 1. Background

The HMDSG has been established, in accordance with the Charter of Advisory Groups developed by the Commission, to advise and assist the Electricity Commission with its tasks in the operation of the Electricity Governance Regulations and Rules (EGRs) and other policy matters.

### 2. Scope

The scope for the HMDSG is to:

- Provide advice to the Commission on the development and implementation of a transparent and liquid electricity hedge market; and
- Provide comment as necessary to advisory groups whose work impacts on the operation of the electricity hedge market.

### 3. Objectives and Principles

The HMDSG must provide advice and report the extent to which its advice meets or is consistent with the:

- Electricity Act
- Government Policy Statement
- Commission's principal objective
- Objectives of the specific task

#### **4. Membership**

The HMDSG consists of a Chair, and six members appointed by the Electricity Commission from nominees from participants. In addition, the Electricity Commission's Senior Advisor Wholesale works with and supports the group.

#### **5. Tenures**

The Chair and members are appointed for the duration of the HMDSG or up to a period of two years, whichever is the lesser.

If the HMDSG needs to operate for more than two years, members will be entitled to be nominated for a further term, and the Chair can be reappointed at the discretion of the Commission.

#### **6. Role of the Electricity Commission's Senior Advisor Wholesale**

The Senior Advisor Wholesale will be accountable to the Electricity Commission for:

- the resourcing, support and output of the HMDSG
- conveying the relevant Electricity Commission policies to the group

##### **6.1 Responsibility to Electricity Commission Board:**

The Senior Advisor, when channelling output documents to the Board, comments on the papers. This may be a simple recommendation endorsing the paper, or may be a significant discussion recommending further work or comments on the weight given to particular factors, and presenting alternative recommendations. A Senior Advisor would brief the Board and the Advisory Group if their view was significantly different from that of the Advisory Group.

##### **6.2 Responsibility to the Advisory Group:**

The Senior Advisor provides guidance to the group to ensure that the outputs, reports, etc. are appropriate and that they support the Commissioners' decision-making. The Senior Advisor works closely with the Chair to achieve this.

In carrying out the above role, the Senior Advisor and Chair must ensure the documented output reflects a balanced representation of the group views. If an issue is contentious, they may seek a formal sign off from the group, regardless of who actually writes the paper.

## **7. Responsibility of Members**

Members have been selected for their particular expertise and accordingly:

- members are to act in the interests of all stakeholders
- members have a duty to prepare for meetings
- members do not represent their own organisations (although the range of commercial and technical experience inevitably adds diversity to the group's capabilities)
- any views expressed by members are not to be taken as being those of their employer or nominating organisation.

## **8. Key Tasks and Milestones – The Work Plan**

The Chair, with the Senior Advisor Wholesale, develops the work plan, setting out the key tasks and milestones within the terms of reference. The work plan must be agreed by the Board

The Chair has responsibility for the implementation of the approved work plan, efficient meetings of the advisory group and reporting to the Commission on achievement of agreed milestones.

## **9. Nature of Deliverables**

The HMDSG delivers reports, recommendations, advice and comments on the tasks set out in the work plan, or as requested by the Commission.

In some circumstances, the Board may decide that comments, rather than advice, are required from a group. These circumstances may arise due to:

- issue complexity and contentiousness,
- parallel industry wide consultation, and
- time frames.

The documented output in those circumstances would note the various issues raised by the group and recommend on them.

## **10. Reporting Arrangements**

Routine reporting will be via the Senior Advisor's monthly Wholesale work stream report. The Chair will personally report to the Board at agreed key milestones. Day to day interaction between the Advisory Group and the Commission will be via the Senior Advisor.

## **11. Authority**

The Senior Advisor Wholesale is responsible for ensuring that the HMDSG is resourced to meet the work plan. Requests for additional resources such as Consultants will require the approval of the Commission.

## **12. Administration**

HMDSG activities are to be as transparent as practical, and unless specifically agreed otherwise:

- papers are to be circulated in advance of meetings
- papers are to be published on the Electricity Commission's website as soon as practical after each meeting
- minutes are to be published once confirmed at the subsequent meeting
- the Market Administrator will provide administrative support to the HMDSG in a timely manner
- the service providers will provide objective analysis as requested by the HMDSG but will ensure that any risks to the attainment of their EGR obligations are drawn to the attention of the group
- while consensus will be the goal, it may at times be necessary to accept multiple views. All such views will be conveyed to the Electricity Commission as an input into its consideration of the issue.

## **13. Notice of meeting must be given**

- (a) Reasonable notice of meetings must be given to every member, including details of the time and venue.
- (b) Notice may be given by electronic or other means.

## **14. Methods of holding meetings**

A meeting of the HMDSG may be held by a number of the members of the Advisory Group who constitute a quorum, being at the date and time appointed for the meeting. Where possible, written material should be circulated prior to a meeting. If written material is to be tabled at a meeting this must be available to all members.

As a general rule, meetings must be held in person.

**15. Quorum of four members**

- (a) A quorum for HMDSG meetings will be four or more members of that group.
- (b) No business may be transacted at a meeting of the HMDSG while a quorum is not present.
- (c) Members of the HMDSG are not entitled to send an alternate in their place if they cannot attend a meeting.

**16. Attendance of HMDSG members**

Any member of the HMDSG who, without leave of the HMDSG, misses two consecutive advisory group meetings will be deemed to be removed from the HMDSG, except where leave is given by the Chair or the Electricity Commission's Senior Advisor Wholesale.

**17. Minutes are to be kept**

The Chair must ensure that minutes are kept of all proceedings at meetings of the HMDSG.

**18. Confidentiality of Reports to Advisory Groups**

Unless there is a specific reason to the contrary, reports going to Advisory Groups will not be tagged as confidential. When a non-confidential report is sent to an Advisory Group, the Senior Advisor will ensure that a copy is put on the Commission's website for public viewing.

Reports sent to Advisory Groups are to be sent with a cover note attached that describes the status of the report, for example, that it is a working document and does not necessarily represent the views of the Commission.