

Terms of Reference of the Loss Factor Review Panel

21 August 2008

Background

1. The Loss Factor Review Panel (LFRP) has been established to advise and assist the Electricity Commission (Commission) to standardise the approach to the calculation and maintenance of technical and non-technical loss factors in distribution networks.

Purposes of the Loss Factor Review Panel

2. The purposes of the LFRP are to:
 - a. refine, in consultation with the industry, the '*Guidelines on the calculation of loss factors and the use of loss factors for reconciliation purposes*' (Guidelines), as published on the Commission's website: <http://www.electricitycommission.govt.nz/pdfs/infopapers/infopdfs/retail/loss-factors.pdf>;
 - b. address concerns of affected participants about the methodologies, including pragmatic assumptions that could be made in the calculation of technical losses, raised during the consultation on the Guidelines;
 - c. advise the Commission whether loss factor methodologies and calculations forwarded to the LFRP by the Commission comply with the Guidelines; and
 - d. promote awareness and use of a standardised approach to technical and non technical loss factor methodologies.

Scope of the LFRP

3. Through the course of its work, the LFRP may identify peripheral issues that fall outside the scope of the above purposes. If this occurs, the LFRP will refer them back to the Commission with a recommendation about further work required.

Membership

4. The LFRP comprises:
 - a. an independent chair;
 - b. two members with expert knowledge on the determination of technical and non-technical losses; and
 - c. a Commission representative.
5. Members and the Chair are appointed by the Commission's General Manager.

Tenures

6. The Chair is appointed for a term of two years and can be reappointed at the discretion of the Commission.
7. The initial members will have terms of two years. At the end of their term members will be entitled to be nominated for a further term.

Role of the Electricity Commission's representative

8. The Senior Adviser Retail Operations is the Electricity Commission's representative on the Panel.
9. The Senior Adviser Retail Operations will be accountable to the Electricity Commission for:
 - a. the resourcing, support, and output of the LFRP; and
 - b. conveying the relevant Electricity Commission policies to the Panel.

Responsibility of members

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

Reporting arrangements

11. The LFRP will report to the Commission via the Chair and the Commission's representative and any issues of concern should be escalated to the Commission as they arise.

Administration

12. The LFRP's activities are to be as transparent as practical, and unless specifically agreed otherwise:
 - a. papers are to be circulated in advance of meetings;
 - b. papers are to be published on the Electricity Commission's website as soon as practical after each meeting;
 - c. minutes are to be published once confirmed at the subsequent meeting;
 - d. 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. Meetings may be held in person or by teleconference but at least one meeting per year must be held in person.
14. Reasonable notice of meetings must be given to every member, including details of the time and, if appropriate, venue.
15. Notice of a meeting may be given by electronic or other means.

Quorum

16. A quorum for LFRP meetings will be all four members (including the Chair and Senior Advisor).
17. No business may be transacted at a meeting of the LFRP unless all four members are present.
18. Members of the LFRP are not entitled to send an alternate in their place if they cannot attend a meeting.

Attendance of LFRP members

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

Minutes are to be kept

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