

# Appendix A Terms of Reference: Panel of Strategic Advisers (PSA)

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## Introduction

1. Gas Industry Company Limited (Gas Industry Co) has established a new work programme – the Gas Transmission Investment Programme (GTIP) the objective of which is to:
  - ensure that existing and future gas transmission assets are used efficiently;
  - establish the need for gas transmission investment; and
  - develop an effective pathway for efficient gas transmission investment to take place.
2. The GTIP comprises a set of projects grouped into three categories: information, market, and regulatory.
3. The Panel of Strategic Advisers (PSA) has been established to discuss and provide impartial strategic advice to Gas Industry Co in relation to the GTIP, and how best to achieve the GTIP objective, including where industry solutions are achievable.
4. Formal communication between the PSA and Gas Industry Co will be made between the PSA Chair and the GTIP Programme Sponsor (Gas Industry Co's Chief Executive).
5. This document is the primary reference for the PSA regarding its governance and operations.

## Role

6. The key role of the PSA is to provide the Gas Industry Co with a strategic view of how the GTIP can best contribute to ensuring that the gas industry is achieving its optimal potential.
7. The PSA will review and consider matters brought before it by the Programme Sponsor.
8. The PSA is primarily a forum to discuss issues and give advice to the Programme Sponsor.
9. The PSA is expected to:
  - be informed about the progress of GTIP projects;
  - assist the Programme Sponsor to make informed decisions about the scope of projects and allocation of resources to projects, when requested;

- consider and provide feedback on advice the PEA gives to Gas Industry Co , when requested;
  - discuss and give advice to Gas Industry Co on where industry solutions can be developed; and
  - advise Gas Industry Co on how diverse views on various issues might be reconciled.
10. When considering matters, the PSA will take into account:
- the industry governance arrangements set out in Part 4A of the Gas Act, in particular the section 43ZN objectives;
  - the most recent Government Policy Statement on Gas Governance (GPS);
  - the overall objective of the GTIP;

### **PSA Membership**

11. Appointment of members to the PSA will be senior representatives of industry organisations.
12. Gas Industry Co will invite participation of a range of stakeholder organisations to gain an appropriate representation of industry perspectives.
13. Gas Industry Co will appointment members following consultation with the PSA Chair.
14. Members are expected to use all reasonable endeavours to attend meetings but will be entitled to nominate an alternate member from their respective organisations.
15. Except by agreement with Gas Industry Co and the PSA Chair, PSA Members will not speak to the media on behalf of the PSA on any matter relating to the PSA or the GTIP.

### **The PSA Chair**

16. In addition to the PSA Members, Gas Industry Co will appoint a PSA Chair. Note that the PSA Chair is not considered a member of the PSA.
17. Except by agreement with Gas Industry Co, the PSA Chair will not speak to the media on behalf of the PSA on any matter relating to the PSA or the GTIP.

### **Responsibility of the PSA Chair**

18. The PSA Chair will be responsible for:
  - a) facilitating discussions between PSA Members in such a manner that will stimulate robust debate on issues and encourage effective contribution from PSA Members; and
  - b) guiding discussions so that they are relevant and effective while at the same time ensuring that genuine disagreements and conflicts are aired and, if possible, resolved.

- c) while promoting development of industry advice, agreement, or consensus is a potential benefit of the PSA, the Chair's role is to chair rather than seek to mediate those discussions at the PSA.

## **Timing and Agenda for each PSA meeting**

- 19. The PSA Chair will arrange meetings with assistance from Gas Industry Co.
- 20. The PSA Chair will set the agenda for each PSA meeting in consultation with the Programme Sponsor before circulating the agenda to PSA Members. PSA Members may seek to add further items to a meeting agenda, but inclusion will be at the discretion of the PSA Chair after being discussed with the Programme Sponsor.

## **Administration**

- 21. Gas Industry Co wishes the PSA to operate as informally as possible, with a minimum of administration.
- 22. Gas Industry Co will provide administrative/secretarial support to the PSA, as required.

## **Minutes**

- 23. The PSA Chair must ensure that proper minutes are kept of all business conducted at PSA meetings.

## **Transparency of reports**

- 24. In the normal course of events, Gas Industry Co will arrange for all final non-confidential documents, including reports, presentations, and minutes, to be published on Gas Industry Co's website.

## **Gas Act/GPS Objectives**

- 25. For reference, the objectives and outcomes in both the Gas Act and the Government Policy Statement on Gas Governance (GPS) are listed below.

### **Objectives from section 43ZN of the Gas Act:**

The principal objective is to ensure that gas is delivered to existing and new customers in a safe, efficient, and reliable manner.

The other objectives are:

- (i) the facilitation and promotion of the ongoing supply of gas to meet New Zealand's energy needs, by providing access to essential infrastructure and competitive market arrangements:
- (ii) barriers to competition in the gas industry are minimised:

- (iii) incentives for investment in gas processing facilities, transmission, and distribution are maintained or enhanced:
- (iv) delivered gas costs and prices are subject to sustained downward pressure:
- (v) risks relating to security of supply, including transport arrangements, are properly and efficiently managed by all parties:
- (vi) consistency with the Government's gas safety regime is maintained.

### **Objective and outcomes from the GPS dated April 2008**

To ensure that gas is delivered to existing and new customers in a safe, efficient, fair, reliable and environmentally sustainable manner.

- a) The facilitation and promotion of the ongoing supply of gas to meet New Zealand's energy needs, by providing access to essential infrastructure and competitive market arrangements;
- b) Energy and other resources are used efficiently;
- c) Barriers to competition in the gas industry are minimised to the long-term benefit of end-users;
- d) Incentives for investment in gas processing facilities, transmission and distribution, energy efficiency and demand-side management are maintained or enhanced;
- e) The full costs of producing and transporting gas are signalled to consumers;
- f) Delivered gas costs and prices are subject to sustained downward pressure;
- g) The quality of gas services and in particular trade-offs between quality and price, as far as possible, reflect customers' preferences;
- h) Risks relating to security of supply, including transport arrangements, are properly and efficiently managed by all parties;
- i) Consistency with the Government's gas safety regime is maintained; and
- j) The gas sector contributes to achieving the Government's climate change objectives by minimising gas losses and promoting demand-side management and energy efficiency.