

## Steering Group meeting: 9 June 2023

<b>When</b>	<b>1300 – 1400, Friday 9 June 2023</b>
<b>Where</b>	Virtual
<b>Who</b>	John Campbell, Margaret Cooney (not item 4), Mark Herring (not item 4), Matt Smith, Evie Trolove, Fiona Wiseman
	Secretariat: Craig Evans
<b>Apologies</b>	Shay Brazier, Terry Paddy

## Session notes

### 1 Agenda overview

The group:

- agreed Fiona would chair the meeting.
- noted the agenda had a long list of items and agreed to focus on the initial four items with remaining items would be considered if time allowed and offline.
- agreed there was a quorum to hold the meeting (5 steering group members required for quorum).

### 2 Steering Group operating practices

The group noted the constitution sets out requirements on the Steering Group for making decisions and managing the affairs of the FlexForum.

The group agreed to implement operating practices to comply with those requirements:

- the group agreed to appoint Matt Smith as the interim Chair.
- keep proper records and provide Members with information about decisions and associated discussions. The group noted decisions will be made based on specific resolutions in meetings or offline, and documentation on meetings/decisions would be available to Members following existing FlexForum practice
- develop a process for identifying and managing conflicts. The group agreed to provide details of interests to the secretariat to include in a register of interests, and noted individual members are responsible for updating the interest register but the Chair will be responsible for monitoring interests and mitigations of conflicts.

The group discussed the approach for other operating and administrative requirements, including scheduling monthly meetings and adopting appropriate financial controls.

### 3 Interim Steering Group chair

The group discussed several options for selecting an independent Chair and interim arrangements.

The group noted insights from a potential candidate about the logistics of nominating for the role, including needing permission from their existing employer before confirming they could be available. The implication is that some candidates could take 3-4 months to confirm they are available for the role.

The group noted the general preference of Members is to incorporate as soon as possible, and not delay incorporation if the process to select an independent chair is taking overlong.

The group discussed three options for selecting and appointing the independent chair.

- option 1. Select an independent chair now (before incorporation) on an interim basis and undertake a nomination/selection process within a reasonable time following incorporation. It was suggested that Steve Batstone be appointed for an interim period because he has confirmed availability and it will take time to identify more candidates and allow them time to confirm they can be available.
  - Steve was nominated by 5 Members (>25% of eligible membership) and has agreed to be considered for the role.
- option 2. Select an independent Chair according to the process agreed by Members on 1 June 2023, noting that Members had requested the selection not delay incorporation and that a minor revision to the draft constitution had been made to enable an interim Chair to be appointed until a General Meeting could be held to select the independent Chair according to the process set out in the constitution. The process agreed by Members on 1 June is:
  - Steering Group to develop a position description and expectations, and confirm the budget available to compensate the independent chair
  - Steering Group to request Members to submit candidates
  - Steering Group review the candidates and prepare a shortlist to be voted on by Members
  - Members to vote to select the chair from the candidates on the shortlist before incorporation (or after incorporation at a General Meeting, ie, a minimum of 45 days after incorporation and calling an Extraordinary General Meeting).
- option 3. Select an independent Chair using a different process put forward on the basis that it would be more streamlined and would avoid the possibility of people hesitating to agree to be a candidate due to the existing voting process. The suggested process involves:
  - Steering Group finalising a job description for the independent chair
  - Members nominating candidates
  - the Steering Group vetting candidates and selecting a preferred candidate
  - Members being asked to endorse or not endorse the candidate preferred by the Steering Group, with repeat votes on the next preferred candidate until 50% of Members have agreed on the independent Chair.

The group agreed to ask Members if they agree to using option 3 to select the independent chair and to also agree to amending the draft constitution to alter the process for selecting the independent chair to reflect option 3 going forward.

## 4 Independent chair job description and process

The group discussed the independent chair position description and agreed to provide written feedback as soon as possible.

The group discussed the intent of the requirement that the independent chair 'must be able to facilitate discussions and achieve consensus without advancing his or her own agenda or perspective', noting the requirement was taken from the draft constitution.

The group suggested a revision to the wording in the constitution to clarify the expectation is the chair will perform the role in a way that is objective and consistent with the objectives of the FlexForum and the interests of all Members.

## 4 Amount and criteria for annual subscription

The group (the 4 members present for item 4) discussed options for the amount and criteria for the annual subscription to be paid by Members. The group noted:

- the Steering Group is responsible for fixing the amount of the annual subscription to be paid by Members, and the amount and criteria for the annual subscription needs to be confirmed
- prospective Members were advised indicative annual subscription amounts of \$20,000 a year for large firms, \$10,000 a year for medium firms, \$1,500 a year for small firms (and \$0 for individuals/consumers).
- the indicative amounts reflected feedback from FlexForum members about expected size of individual contributions, ability to pay, and the principle that large participants can contribute more than mid-sized participants and small participants contribute something
- based on the number and nature of prospective Members, the indicative amounts were sufficient to recover the industry contribution to the estimate annual budget
- prospective Members have broadly endorsed the indicative amounts when declaring their interest in joining the FlexForum.

Three payment threshold options for were considered.

1. using annual turnover
2. using employee numbers
3. using a mix of qualitative description of the practical outcome sought and specific thresholds.
  - a. A \$20,000 threshold which applies to specific parties, ie, gentailers, Transpower and distributors with >100,000 ICPs
  - b. A \$10,000 tier which applies to industry associations and anyone not in the other tiers
  - c. A \$1,500 tier which applies to entities with annual gross revenue less than \$5 million
  - d. A \$0 tier which applies to individuals who are consumers.

Options 1 and 2 were discounted because bright line thresholds caused unintended consequences which did not align with member expectations.

The group agreed option 3 was a pragmatic approach, subject to considering how to manage edge cases, eg, how to ensure the \$20,000 threshold covers parties who are not specified but able to pay, and how to avoid industry participants attempting to avoid the subscription by having an employee join as an individual.

The group agreed to the proposed criteria for the Steering Group to decide to set proportional fees to account for the circumstances of a specific Member

- Members and prospective Members must formally request a reduction to the annual fee from the Steering Group explaining why the reduction is necessary and beneficial
- the Steering Group considers it is beneficial to the objectives and purpose of the FlexForum that the prospective Member be a Member and they would not otherwise become a Member
- the decision to reduce the annual fee would not create a precedent that adversely affects the ability of the FlexForum to fund itself or causes other Members to perceive unfair and unequal treatment
- the party is offering a material in-kind contribution that is beneficial to the objectives and purpose of the FlexForum. A material contribution would involve a Member providing a dedicated resource for a specific and needed purpose for 2+ months over a year
- membership of the Steering Group does not qualify as an in-kind contribution
- The Steering Group will tell Members who it gives a reduced fee, the amount of the discounted fee, and the reasons.

The group requested the thresholds and criteria be documented as Policies and Procedures of the FlexForum to enable them to be approved by the Steering Group.

## 5 Other matters

The group briefly discussed five other matters.

1. Timing of meeting to approve the draft constitution and resolve to incorporate. The group:
  - noted the Members preference for incorporating as soon as possible
  - noted that incorporation is needed for the FlexForum to establish its own bank account (to receive subscriptions) and to sign the contract with MBIE contract.
2. Next steps for co-funding discussion with MBIE. The group:
  - noted MBIE is working through a process to finalise the co-funding arrangements with the FlexForum
  - noted the indicative deliverables the FlexForum would commit to delivering as part of the co-funding arrangements, and confirmed the deliverables should include a minimum of four insights/advice papers a year.
3. The 29 June meeting with Council of Energy Regulators on learning-by-doing advice. The group:
  - noted MBIE has asked the FlexForum to present practical suggestions on how to deliver the advice on learning-by-doing
  - Evie and Mark agreed to contribute to developing the material to the CER.
4. Communication with Minister for Energy and opposition energy spokesperson. The group:
  - noted the FlexForum is offering to meet with the Minister for Energy and opposition energy spokesperson to brief them on the FlexForum progress and intentions.
    - members agreed to provide feedback on the draft letter to the Minister. The letter would be signed by the Steering Group on behalf of the FlexForum.
    - Fiona agreed to finalise arrangements for a meeting with the opposition energy spokesperson.

5. Transitional funding options. The group noted the funding gap between phase 2 and incorporation and agreed to manage the gap by Steering Group members pre-paying subscriptions if possible.

Finish 1415.