

Background Information on the Scope and Approach for the RAG Chair

1 Rationale

- 1.1.1 The RAG Terms of Reference (clause 4.1) state that the Authority will discuss the proposed work plan with the Chair of the RAG before providing it to the RAG for its consideration.
- 1.1.2 The Board can adjust the work plan at its discretion. It endorsed the scope and approach for the low fixed charge regulations on 5 November 2014.
- 1.1.3 The Authority's 2014/2015 work programme states that the RAG will investigate the competition and efficiency effects of the Electricity (Low Fixed Charge Tariff Option for Domestic Consumers) Regulations 2004 (LFC Regulations) and the effects of the LFC Regulations on CRE.
- 1.1.4 The RAG is now requested to agree to the revised scope and approach.

2 Scope

- 2.1.1 The proposed scope and approach has been revised from what was assigned to the RAG to focus on the CRE effects of the LFC Regulations.
- 2.1.2 The revised scope focuses on CRE effects of the LFC Regulations. It excludes considering issues with, or alternatives for, achieving the social and environmental objectives sought from the LFC Regulations.
- 2.1.3 The revised project scope also excludes considering whether the LFC Regulations should be retained, amended or revoked. A comparison between the previous and proposed project scopes is provided in Table 1.

Table 1: Previous and new project scope

Previous scope	New scope
Review of the effects of the LFC Regulations on competition, reliable supply and efficiency and determine the net benefits or net dis-benefits.	Review and quantify the effects of the LFC Regulations on competition, reliable supply and efficiency to determine the net benefits or net dis-benefits.
Recommend alternative options for achieving the social and environmental outcomes sought from the LFC Regulations.	

3 Process

- 3.1.1 A few process options exist to achieve the project's objectives:
 - a) invite relevant people to attend RAG meetings during the development phase
 - b) establish a Working Group could be set up comprising a cross-section of consumers, retailers and distributors during the development phase (February – May 2015) to help inform your discussion paper on LFC Regulations.
- 3.1.2 Table 2 below provides a timeline of the major proposed deliverables.

Table 2: Project deliverables

Stages and deliverables	Start date	Completion date
Stage 1 – Scoping and approval		
RAG approves project scope and approach	Dec 2014	Feb 2015
Stage 2 – Examine effects of the LFC Regulations on CRE		
Develop RAG discussion paper	Feb 2014	May 2015
Brief Board on the RAG's discussion paper	June 2015	July 2015
Consultation period – 12 weeks consultation after	July 2015	Sept 2015
RAG discusses feedback post consultation period and the next steps	Oct 2015	Nov 2015
RAG findings presented to Authority Board	Dec 2015	Dec 2015

- 3.1.3 The current expectation is for the Authority to provide the results of the LFC project to the Minister and MBIE.

4 Communications Approach

- 4.1.1 The RAG chairperson has no media relations role and may not speak on behalf of the Authority in regard to matters on which the Group has advised, or is advising, the Authority. Media responsibilities lie with the Authority (see the Advisory Group's Terms of Reference, clause 9.2). As a consequence, the Authority will manage communications for this project.