

FLEXIBLE ENERGY MANAGEMENT PANEL - TERMS OF REFERENCE

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1. Summary

- 1.1 This report is to present to the Joint Committee updated Terms of Reference for the Flexible Energy Management Panel.

2. Recommendations

- 2.1 The Joint Committee are asked to:

- A. approve the Terms of Reference as detailed in 5.5
- B. approve that the Flexible Energy Management Panel changes its name to the Flexible Energy Advisory Panel.

REPORT

3. Risk Assessment and Opportunities Appraisal

- 3.1 The recommendations contained in this report are compatible with the provisions of the Human Rights Act 1998.
- 3.2 There are no direct environmental, equalities or climate change consequences arising from this report.

4. Financial Implications

- 4.1 There are no direct financial implications arising from this report.

5. Background

- 5.1 WME has operated a flexible buying procurement model for both gas and electricity since 2006. Shortly after this move to flexible energy buying, the Flexible Energy Sub-committee was formed which then became the Flexible Energy Management Panel in 2012 following the sale of the catalogue division of West Mercia Supplies.
- 5.2 The panel acts as an advisory panel to the Joint Committee and Director of WME. As the name of the panel suggests the key area of focus is that of the flexible energy purchasing of WME. The panel's key duties are to provide support and advice as well as challenge to the energy purchasing conducted by WME officers. Furthermore, the officers from the Member Authorities who sit on the panel provide a helpful link for WME back to each of the Member Authorities.
- 5.3 The panel consists of at least one officer from each of the Member Authorities plus WME officers. Until recently an elected member from one of the Member Authorities has sat on the panel since its formation. As part of this review into the role of this panel, moving forward this will be an officer only group to avoid any conflict of interests, as this panel is an advisory panel to the decision making, member lead Joint Committee.
- 5.4 The panel meets approximately 6 to 7 times each year including:
- February – to set the annual capped sales price and to consider any discounts off the capped price for Term 1 (April to August)
 - August – to consider any discounts off the capped price for Term 2 (September to December)
 - December – to consider any discounts off the capped price for Term 3 (January to March)
- 5.4 As part of the current governance review it is recommended that it is clarified that the panel operates as an advisory panel and not a sub-committee of the Joint Committee. As a result it is recommended that the panel be now referred to as the Flexible Energy Advisory Panel rather than Flexible Energy Management Panel. Furthermore the Terms of Reference have been refreshed to more accurately reflect the duties performed by the panel as detailed below.
- 5.5 The proposed updated Terms of Reference are as follows:
- a) To undertake strategic policy formulation in relation to the WME energy offering and to propose such policies to the WME Joint Committee.
 - b) To consider any necessary changes (specific to the purchase of energy) to the WME Energy, Governance, Accountability, Risk and Reporting Policy (EGARRP) and recommend any amendments to EGARRP to the Joint Committee.

- c) To keep under review forward buying policies developed by WME officers, including any alternative risk strategies and to monitor the performance of such polices.
- d) To act in an advisory capacity to the Director of WME in the setting of annual capped sales prices and any discounts from these capped prices.
- e) To act in an advisory capacity to the Director of WME with regards any pricing support deemed necessary from one year to the next in the context of ensuring the appropriate balance between returns to the Member Authorities and on going customer retention.
- f) To receive daily (or as otherwise agreed) detailed market movement information.
- g) To review all buying decisions and to consult with the Director in respect of Critical Incidents (as defined in EGARRP).
- h) To keep under review Capital at Risk levels and to advise WME on proposed amendments in light of prevailing market conditions.
- i) To advise and comment on new business opportunities proposed by the Director.
- j) To monitor and review trading results against the annual budget.
- k) To monitor and review future pricing positions.
- l) To keep under review additions to and removals from the customer portfolio.
- m) Recommend to the Director when any matter relating to the above is to be reported to the Joint Committee.
- n) Present to the Joint Committee approved minutes from meetings of the panel so that that the Joint Committee may consider and endorse with appropriate comment.

5.6 The previous Terms of Reference were contained within the Energy Governance, Accountability, Risk and Reporting Policy which was last approved by the Joint Committee in September 2014. The updated Energy Governance, Accountability, Risk and Reporting Policy will also now be reviewed so that is presented to the September 2016 Joint Committee for approval

<p>List of Background Papers (This MUST be completed for all reports, but does not include items containing exempt or confidential information)</p> <p>Joint Committee 22 September 2014 - Energy Governance, Accountability, Risk and Reporting Policy</p>
<p>Member Councillor P Price of Herefordshire Council (vice-chair of the Joint Committee)</p>
<p>Appendices None</p>