

Terms of reference

Financial Consultation Committee (FCC)

1 Application

The Financial Consultation Committee (FCC) was established to consider and provide feedback on AEMO's development of AEMO's budget, fees, and corporate plan priorities, in a manner that maximises value for consumers.

These terms of reference govern the FCC and its purpose, appointment, composition and operation.

2 Background & objective

AEMO is a not-for-profit organisation that funds its operations by recovering costs from those who participate in the markets and systems AEMO operates, through fees.

AEMO is committed to being transparent with its stakeholders about its financial planning, investment, management and cost recoveries so that stakeholders can be confident that AEMO's contribution to their operating costs (and ultimately energy retail costs) is fair, reasonable and appropriate.

The FCC's purpose is to:

- assure stakeholders of AEMO's balance sheet health and provide financial transparency
- build stakeholder confidence in AEMO's financial management and commitment to being cost-effective
- build stakeholders' confidence that AEMO is maturing its financial management, governance, accountability and transparency
- grow stakeholders' understanding of the budget and fee impacts of AEMO's evolving roles and responsibilities.

3 Role of the committee

The FCC includes industry, consumer and government stakeholders with whom AEMO engages about its budget, fees and investment priorities. The committee serves in an advisory capacity and is not responsible for any financial or other decision of AEMO, its board or officers.

The committee:

- provides feedback on AEMO's strategic priorities and programs of work and budgets (i.e. through the Corporate Plan and annual Budget and Fees process)
- reviews and provides feedback on AEMO's projected revenues, expenses and planned investments
- where appropriate, proactively share information from AEMO with relevant members of their respective industry associations

Minutes of the FCC and documents or presentations provided to or by its members for the purpose of the FCC will be made available publicly by AEMO. In addition, opportunities will be provided for stakeholders to engage with AEMO and communicate about matters presented to the FCC.

4 Committee composition

The committee's membership will represent AEMO's breadth of stakeholders, including government, industry and consumers across the jurisdictions in which AEMO operates. The intention is that the committee should include suitably qualified representatives from the National Electricity Market (NEM) and the Wholesale Electricity Market (WEM). Representation includes:

- one to two consumer representatives from organisations that represent a broad cross-section of consumers of the NEM and their interests (e.g. individual consumers, businesses and major energy users, customers in vulnerable circumstances)
- a consumer representative nominated by Energy Policy WA's Expert Consumer Panel
- two to three nominees from members of the Australian Energy Council, including one that participates in the WEM
- one to two nominees from members of Energy Networks Australia
- one to two nominees from members of the Clean Energy Council
- all government members are invited to send a nominee.

AEMO members of the committee will include:

- Executive General Manager Finance & Governance (chair and AEMO sponsor)
- Group Manager Strategic Finance
- Group Manager Stakeholder Engagement
- Stakeholder Engagement Lead – Corporate Services
- Committee Secretary
- relevant AEMO staff members for various agenda items, as needed.

The above membership is not intended to limit participation and AEMO may also, at its discretion, invite nominees from other relevant organisations as appropriate.

4.1 Appointment of consumer representatives

Members are appointed by AEMO, following an expressions of interest. Expressions of interest must include information about the nominee's qualifications and experience relevant to the committee. AEMO may appoint members directly to the committee without calling for expressions of interest, if it considers it appropriate. A nominee's acceptance of appointment as a member is considered to be acceptance of these terms of reference, which may be amended from time to time in consultation with the committee.

4.2 Contribution

A member who, in AEMO's reasonable opinion behaves improperly, inconsistently with AEMO's *Code of Conduct* or with these terms of reference, or who does not contribute sufficiently to the work of the committee may be excused from the committee by AEMO.

4.3 Vacancies

If a member from an FCC representative organisation (not including representatives from consumer organisations) resigns, is excused, or is otherwise unable to carry out their role as a member during their term, the organisation will provide another suitably qualified representative to join the FCC.

In the case of a representative from a consumer organisation resigning, being excused, or otherwise unable to carry out their role as a member during their term, AEMO may:

- appoint a replacement directly, including from applicants from a previous expression of interest process
- call for an expression of interest for a replacement, or
- not replace the member.

4.4 Payment for time

AEMO may remunerate FCC members who are associated with consumer advocacy and consumer groups, for pre-approved work performed for the committee, at a rate of \$260.00 an hour, excluding GST. AEMO recognises that many consumer organisations are independently funded and some members may choose to participate without the payment of sitting fees or for the fees to be paid to their representative organisation. Nominees will be asked to indicate on their expression of interest whether they require remuneration for the role.

Any expenses incurred by members who are not representing consumer groups as a result of participating in the committee or undertaking activities associated with the committee, will be incurred by the member's employer or their organisation.

4.5 Responsibilities of committee members

Committee members must:

- understand the goals, objectives, complexities and desired outcomes of AEMO and have a genuine interest in AEMO's outcomes and overall success

- have sufficient expertise in and authority in energy industry matters and direction, financial management and strategic planning to consider matters put to the committee on behalf of the organisation(s) that they represent
- prepare for meeting by reviewing minutes, papers, and other committee documents prior to a meeting
- contribute to the discussion and proactively share the views of the organisation/stakeholders they represent for consideration by AEMO
- where appropriate, proactively share information from AEMO with relevant members of their respective industry associations
- act on opportunities to share information about AEMO's objectives, priorities and progress
- work collaboratively with other FCC participants and behave consistently with AEMO's *Code of Conduct*.

5 Meetings and governance

5.1 Frequency and duration of meetings

The annual budget cycle includes a minimum of 3 meetings that will be held each financial year for up to two hours. Additional meetings or workshops may be scheduled, if required.

Meeting times and location / video conference information will be made available before each meeting.

5.2 Meeting preparation

AEMO will prepare and distribute all meeting correspondence via email and manage the FCC webpage. In order to meaningfully contribute to the FCC's work, members are expected to:

- review meeting materials produced prior to the meeting
- attend formal meetings and workshops as applicable
- engage in out-of-session discussions (formal and informal), if required.

It is anticipated that members will require a contribution of approximately 2-3 hours prior to each meeting.

5.3 Chair and secretariat

AEMO's EGM Finance and Governance is the committee chair and sponsor. If the chair is unable to attend a meeting, they will nominate a suitable delegate to chair the meeting. The chair will:

- consult with the committee to set an agreed agenda for each meeting
- provide the agenda and written material at least one week in advance of meetings to support productive discussion and consideration of issues by the committee at meetings
- make the purpose of each meeting clear to members and explain the agenda at the beginning of each meeting
- produce and distribute minutes of meetings no later than 10 business days after the meeting

- following approval of the minutes at the subsequent meeting, publish them on the [FCC page on the AEMO website](#)
- ensure that meetings are focused on the agreed agenda and are kept to the scheduled time
- encourage members to participate in the discussion
- find replacements for members who leave the committee and manage expressions of interest processes.

5.4 Proxies

Members are able to appoint a proxy in the event that they are able to attend a meeting. Members are requested to inform the committee chair as soon as practical if they intend to send a proxy to a meeting.

6 Conflicts of interest

6.1 Duties or interest as a member

A duty or interest arises when a member participates in an activity or acquires another interest or an interest that jeopardises, could jeopardise or could be perceived to jeopardise, their judgement, objectivity or independence as a member.

Conflicts of interest or duty or business dealings or personal relationships which create an actual, potential or perceived conflict with a member's obligations to the committee must be avoided.

Each member must be aware of, and be responsible for, managing potential conflicts between (directly or indirectly):

- the role and purpose of the FCC and that member's duties as a member, and
- the member's personal or external business interests, or their duties to any third party.
- Each member must avoid placing themselves in a position that may lead to:
 - an actual or a potential conflict of interest or duty, or
 - a reasonable perception of a conflict of interest or duty.
- A member must not improperly use:
 - their position as a member
 - information acquired through their position as a member for personal gain or gain of someone else or to compete with, harm the work of, or inappropriately influence AEMO.

7 Confidentiality

All information provided to members of the FCC will be made available publicly on AEMO's website. However, if a member receives or accesses confidential information in their capacity as a member of the FCC, the member must not disclose the confidential information to any person except AEMO and must only use the confidential information for the purpose of the FCC.

Members must consult with the chair of the FCC before making comment on the operation or outcomes of meetings of the FCC in the media or social media.

8 Approval and amendment of these terms of reference

AEMO may revise these terms of reference at any time in consultation with members. AEMO will advise the FCC prior to making any changes.

9 Definitions

AEMO	Australian Energy Market Operator Limited and includes its subsidiaries
Chair	Means the chairperson of the FCC.
Member	Means a member appointed to the FCC.

10 Related AEMO policies and procedures

- [AEMO Code of Conduct](#)

11 Version control

Version	Effective date	Comments
1	18 February 2021	Final document (AEMO)
2	4 February 2022	Final document (AEMO)
3	14 November 2022	Final document (AEMO)
4	26 April 2023	Amendment related to consumer representatives on the FCC
5	12 July 2024	Amendments to improve clarity and to specifically call out membership of the FCC from WA.

12 More information

For more information on the FCC and its membership and for documentation relating to previous FCC meetings, please refer to the [FCC page on AEMO's website](#).

For further information please email stakeholderrelations@aemo.com.au.