

Performance Advisory Group – Terms of Reference

Market Performance Framework Reform Programme

1. Overview

The Market Performance Framework (MPF) Performance Advisory Group (PAG) is intended to aid the MPF Reform (MPFR) programme by informing and guiding on topics relating to the design and application of incentives, tools and metrics throughout the lifecycle of the programme.

It will provide rationale and supporting evidence for proposed or alternative changes to the codes at a later stage in the programme.

2. Purpose and Objectives

The MPFR programme is expected to have requirements that will need the input of subject matter experts (SMEs) from the industry as solutions are being progressed.

These SMEs will form a specialised PAG to collaborate with the MPFR programme team and provide advice.

The PAG will review programme requirements, solutions and assist in the design of market changes as requested.

3. Functions of the Performance Advisory Group

Reviewing programme material

The PAG will support the solution design by reviewing programme requirements, solutions and change proposals which have been developed and designed by the programme team.

It will be specifically focused on the assessment of metrics, measures, and tools as identified by the programme team to support the future MPF, but will also need to provide input on the following:

- ◆ The design, build and testing of measures and interventions
- ◆ The expected benefits to the customer arising from the intended behaviours driven by the framework
- ◆ The possible unintended consequences to customers and/or trading parties (TPs) which may arise from application of the framework
- ◆ The state of readiness ahead of the framework's "go live" milestone. To achieve this the PAG will work with the MPFR programme team to ensure milestones are aligned and progress against milestones are reported. It will provide TPs own project teams with visibility of the programme plan and its progress as well as giving TPs the opportunity to ask questions. TPs will provide updates on their own progress against milestones to ensure the market delivery of the MPFR programme is aligned.

Subject Matter Experts (SMEs)

As SMEs, the PAG may be asked by the MPFR programme team or the Panel to consider matters relating to change proposals or other matters relating to the MPFR programme from time to time.

4. Duties and Requirements of Performance Advisory Group Members

Member Knowledge, Experience and Conduct

Members should be accountable for the performance of their company within the market and have knowledge and experience of:

- ◆ How their own organisation responds to regulatory incentives and MPF interventions
- ◆ The factors which influence Board and senior leadership decisions within their organisation
- ◆ How incentives and interventions influence activity within their organisation

It would be beneficial for members to have knowledge and experience of:

- ◆ The commercial and regulatory context in which the market functions
- ◆ Risk frameworks, performance frameworks; and or audit and assurance frameworks

Members will act:

- ◆ In accordance with the programme scope and governance, having regard to programme governance and documents
- ◆ Impartially, in the best interests of the market as a whole and shall be guided by the principles and objectives, as described in Part 1 of the Market Arrangements Code and Wholesale Retail Code
- ◆ Without interests of their specific TP or organisation
- ◆ With integrity and must not only be, but also be seen to be, impartial and free from proximity to vested interests.

Member Duties

Members should:

- ◆ Participate in meetings fully prepared, having read the paperwork ahead of the meeting
- ◆ If unable to attend, delegate to an appropriate colleague where possible
- ◆ Operate within their powers in accordance with the PAG ToR
- ◆ Engage in constructive debate with appropriate discussion and constructive challenge
- ◆ Act as critical friends by:
 - Ensuring that unsubstantiated assumptions or assertions do not go unchallenged
 - Ensuring that all arguments for and against a proposal are adequately discussed and reflected in PAG reports and other relevant deliverables
 - Ensuring that previous discussions or decisions that may be relevant to the proposal being considered are highlighted
 - Ensuring that small TPs' and customer viewpoints (whether such parties are present or not at meetings) can be articulated and debated and that other members do not seek to stifle or prevent such debate.

Member Appointment Requirements

If appointed as a Core PAG member (see section 5), each member shall:

- ◆ Provide email confirmation to the MPFR programme team that they agree to be a PAG Member and will endeavour to attend all meetings and to carry out work outside of meetings as necessary
- ◆ Inform the MPFR programme team if they do not wish to or are unable to continue as a member of the PAG.

5. Membership

Chair and Secretariat

The PAG shall have a Chair provided by the MPFR programme team. The Chair's role will be to chair meetings, facilitate discussions, and encourage consensus. The Chair or Chair's nominee, which may be another member of the MPFR programme team, will facilitate secretariat functions at meetings and in preparation for meetings.

Core Members

The core members will be industry SMEs from wholesalers, retailers and a representative from CCW. The MPFR programme team will appoint core members and endeavour to maintain between four and eight core members and an even spread across wholesalers and retailers and large and small TPs (subject to availability of volunteers from the industry). Core membership may be amended above eight core members at the discretion of the Chair in consultation with the MPFR programme team.

Non-Core Members

Additional SMEs may be required to add insights to the PAG, particularly during specific phases of the programme. These persons can be proposed by the MPFR programme team, PAG Chair or members, recommendations from TPs or self-nominated volunteers. They may attend one or a number of meetings with the prior approval by the PAG Chair.

Alternates

If a core PAG Member cannot attend, the member may propose an alternate to the Chair. The alternate can be any individual notified to the MPFR programme team in good time before the meeting.

Alternates should possess sufficient knowledge and expertise to act as a member.

A person appointed as an alternate is bound by the provisions of this ToR. Alternates must act impartially, in the best interests of the market and should not be representative of or have regard to the interests of anybody or person, including the PAG member that appointed them.

Other Attendees

Other individuals may be invited to attend the PAG for all or part of any meeting, as agreed in advance of the meeting by the Chair, to assist the PAG in the assessment of a change proposal or other matters as delegated by the MPFR programme team or Code Advisory Group (CAG).

6. Proceedings of the Meetings

Frequency of Meetings

Frequency of the meetings will be as determined by the MPFR programme team and PAG and are expected to occur fortnightly to monthly. However, additional meetings may be held at such a time and place as notified to the members by the MPFR programme team.

Unless otherwise decided by the MPFR programme team, the programme team shall convene PAG meetings by giving notice via email at least five business days prior to the proposed meeting, accompanied by an agenda and any non-confidential papers, as necessary.

Meetings via Teleconference or Digital Platform

Meetings of the PAG are intended to be conducted largely by teleconference via a Digital Platform, e.g. Microsoft Teams. A PAG member taking part in such a teleconference is deemed to be present in person and is entitled to be counted in any consensus discussion.

Meeting Record

The Secretariat shall take a record of the discussions and resolutions of the meetings, including the names of those in attendance. The record may include minutes, actions, chat log and/or video or audio recording.