



Demand Side Management Technology  
Collaboration Programme (DSM TCP)

*Fifty Fourth Executive Committee Meeting*  
Pre-Meeting Document (PMD) – Part 3

21 – 25 October 2019  
Melbourne/Sydney, Australia

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## MATTERS FOR THE EXECUTIVE COMMITTEE

### **Document D** Part 3

#### **Finance Report**

- The ExCo **approves** the financial report for 01. Jan. to 23. Sep. and the financial outlook for the rest of 2019.
- The ExCo **approves** the extension of the contract for Sam Thomas as Operating Agent between 12. Nov. 2019 and 29. Feb. 2020, which implies:
  - 181 hours of work to be performed in 2019
  - 9.082 EUR in cost addition to the 2019 budget.
- The ExCo **approves** that the presentation of the 2020 budget is postponed to a telephone meeting in December 2019.

### **Document H** Part 3

#### **Contracting for an Operating Agent**

- “The ExCo **agrees** that the Chair, Procurement sub-committee, and a member of the finance sub-committee will design and run a selective competitive tendering process for procurement of ExCo Operating Agent services from 01 March 2020 to 28 February 2023, with an option to extend to 28 February 2025.”
- “The ExCo **agrees** that the Chair, procurement sub-committee, and finance sub-committee will produce a budget for Operating Agent expenses based on a lower bound estimate fixed sum with the capacity to revise to an upper bound at the ESC and finance sub-committee’s discretion with further variations subject to ExCo approval. The Lower and Upper bounds will be proposed to the ExCo Telco in December 2019 or before along-side the 2019 Budget.”
- “The ExCo **agrees** that the Chair, procurement sub-committee, and a member of the finance sub-committee will produce a draft invitation to tender including a job specification defining the scope of work for submission to an ExCo Telco in December 2019 or before.”

# FINANCIAL REPORT

2019-09-30

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## Background

This financial report to the Melbourne 54th ExCo meeting is an update on the status of the Common Fund and a report on the financial consequences of the TCP's work per 23. September 2019. It also includes analyses to anticipate the financial development for the rest of 2019.

As was pointed out in the 2019 budget document, the TCP is in a transition to a new mandate period. This significantly affects the activities of our TCP thus far in 2019. Several important issues relating to this transition have been under discussion and decision in the period close to the deadline for this report. These include:

- the pending conclusion of the IEA EUWP/CERT discussion of the future of the TCP, following the Sept. 17<sup>th</sup> EUWP meeting
- the assignment of the contract for website development and visual profile
- the extension of the OA contract beyond medio November.

Regarding the EUWP process: we assume that the outcome will be positive, and plan for an extension of our TCP from March 2020. The other mentioned issues are important parts of the current financial picture and should therefore be reported. They are however not easily captured in the traditional accounting report. Therefore this report will be based on a combination of different sources, not just the accountant's report.

Ideally, this financial report would have included a budget for 2020. The budgeting process has been delayed due to the need of clarification of important premises for next year's budget. The FSC proposes that the 2020 budget is to be presented in a telephone meeting in December.

## Financial summary

The financial summary table below (next page) shows the accounting report per 09-23. This is a short version of the full summary found in Appendix 1. Please note that the financial report is not periodized, that means that it is only the income and expenses transactions actually recorded in our bank before 09-23 that are included and compared to the annual budget<sup>1</sup>. It does therefore not give the full picture of the financial status. Still, the progress of the different accounts relative to the annual budgeted amounts is a central indicator of our financial performance.

The numbers from the accountant's report are then adjusted if needed and supplemented with other relevant information to give a fuller picture of the financial situation. For all practical matters, our 2019 financial performance hinges on four major elements (numbers refer to account numbering structure):

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<sup>1</sup> The accrual accounting principle is used for the 2019 budget and will be used in the 2019 annual financial report. This interim report is based on different sources of financial information, the presented analysis is therefore not necessarily fully aligned with the accrual principle.

- income (account #3)
- expenses to ExCo secretary (different sub-accounts under account #6)
- expenses to ExCo Operating Agent (different sub-accounts under account #6)
- extraordinary expenses (sub-accounts to #7).

We discuss these elements in turn below.

### Financial summary per. 2019-09-23

ACCOUNT	Actual	2019 budget	Deviation	Progress
<b>3 Income</b>	<b>134 751</b>	<b>145 000</b>	<b>10 249</b>	<b>93 %</b>
<b>6 Operating expenses</b>	<b>64 622</b>	<b>109 960</b>	<b>45 338</b>	<b>59 %</b>
60 Facilitation of ExCo and ESC meetings	25 312	40 360	15 048	63 %
61 IEA Reporting	6 826	14 148	7 322	48 %
62 Legal issues	1 044	4 350	3 306	24 %
63 Outreach/liaising	5 558	5 900	343	94 %
64 Research support	3 218	11 700	8 483	28 %
65 Webinars - DSMU	4 669	3 590	- 1 079	130 %
66 Website - Social media	2 981	14 200	11 220	21 %
67 Newsletter	-	2 330	2 330	0 %
68 Other support functions	13 101	10 082	- 3 019	130 %
69 Account manager	1 916	3 300	1 384	58 %
<b>7 Extraordinary expenses</b>	<b>20 292</b>	<b>45 000</b>	<b>24 708</b>	<b>45 %</b>
701 Facilitation of renaming process	5 247	5 000	- 247	105 %
702 Rebranding - visual profile etc.	3 761	10 000	6 239	38 %
703 New website	11 284	30 000	18 716	38 %
<b>8 Financial expenses</b>	<b>55</b>	<b>2 000</b>	<b>1 945</b>	<b>3 %</b>
80 Bank services	55	2 000	1 945	3 %
Operating profit	70 129	35 040	- 35 089	
Net result	49 782	- 11 960	- 61 742	
<b>Common fund:</b>				
Balance 01. January	166 004			
Balance 23. September	215 786			

Amounts shown are in Euros. The "deviation" column is the difference between the annual budgeted amount and the amount recorded in the accounts. Interpretation of the sign depends on whether it is an income or an expense account.

## Income – membership payments

According to the accounting report we are 10.249 EUR behind the income budget of 145.000. This is due to the fact that two members (UK and ECI) had not paid the 2019 membership by the reporting deadline. However, these payments have been received during the writing of this report. Further, our sponsor EfficiencyOne (Nova Scotia) will not be able to pay membership fee this year. All expected income transactions for 2019 are now received.

This means that the true picture of the income account for 2019 looks like this:

<b>Budget 2019, EUR</b>	<b>145 000</b>
Payments received by 09-23	134 751
Payments received after 09-23	15 383
Belgium 2018 payment	- 9 554
<b>Sum income</b>	<b>140 580</b>
Income deficit	4 420

The Belgium payment is subtracted as it is not part of the 2019 income budget. The negative effect of the shortfall of the Nova Scotia budgeted payment has been reduced by a favourable development of the exchange rate between USD and EUR. Our 2019 income will therefore be 4.420 EUR lower than budgeted.

## Operating expenses

Overall, 64.622 EUR (59 %) of the budgeted annual expenses on account 6 are spent. In practice, this is per 01. Sep., and covers mostly work by ExCo secretary and Operating Agent. (Expenses to accounting services and financial services are recorded in the summary, but not commented further.) To get a better picture of the development of operating expenses, we can look more detailed at how the budget for secretary and OA have developed during the year.

### Expenses ExCo secretary

Expenses to ExCo secretary is spread across many of the Operating expenses (#6) sub-accounts, see Appendix 2. The distribution of spent hours on the different sub-accounts is somewhat uneven, illustrating the inherent uncertainty in budgeting at a very detailed level. More aggregated we see that per 09-01 the secretary has spent 237 (= 45 %) of her budgeted 530 hours. This represents 13.746 EUR out of the 30.740 EUR secretary budget. Preparing and participating in ESC and ExCo meetings are the most demanding work items, in addition to updating website contents and webinar promotion.

Although the ExCo-meeting in Australia will incur significant expenses related to travel and work hours for ExCo secretary, there is reason to believe that the expenses for secretary will be within budget for 2019.

### Expenses Operating Agent

Appendix 3 details the development of expenses for Operating Agent, and shows that 360 (= 70 %) of the budgeted 512 hours in 2019 have been spent by 08-31. In money terms this represents 35.100 EUR of a total budget of 49.920.

The contract for OA runs from mid-Nov. 2018 – to mid-Nov. 2019 and contains 419,5 hours to be spent in 2019 (since 92,5 hours of the contract were spent in 2018). This means that 92,5 hours (9.019 EUR) of OA work are budgeted, but not formally contracted for. These hours are thus available for contracting in 2019.

A general observation is that the resources dedicated for OA services in 2019 have been too limited. The OA has overspent on accounting items such as preparing for and minuting meetings for ESC and ExCo (items 6012, 6032), outreach work (631), including recruitment of new members (632). Other unspecified but necessary OA activities, such as setting up sub-committees, setting up and facilitating tendering processes, preparing relaunch, subcontractor follow-up, etc., have also overspent relative to budget (682). In total, for the mentioned items, the OA has spent around 90 hours (= 8.775 EUR) over budget already by the end of August. This is somewhat offset by lower activity on other items, but with the expected work load for the OA during the rest of the year the overall picture is that the budgeted resources are too limited.

Measures to meet the challenge resulting from this higher than expected burden on the OA is described in section 3 below.

## Extraordinary expenses

Account 7 Extraordinary expenses consists of the following sub-accounts:

701 - Facilitation of renaming process

702 - Rebranding - visual profile etc.

703 - New website

The renaming process was facilitated by Tayburn around the Bern ExCo meeting. This contract is now concluded and closed. The total expenditure for this service was 5.247 EUR, approx. 5 % over the 5.000 EUR budget.

The contract for rebranding (702) and new website (703) has been tendered in a single package and awarded LVDI, an Australian company. The total cost of the contract is 47.150 AUD, or approx. 30.000 EUR. Since we at this point know the total contract value of this purchase, and thereby the cost of all account 7 items, we can report this account in full for 2019 with a high degree of certainty:

<b>Account</b>	<b>Actual</b>	<b>Budget</b>
701 - Facilitation of renaming process	5.247	5.000
702 - Rebranding - visual profile etc.	~ 7.500	10.000
703 - New website	~	30.000
	22.500	
<b>Sum Extraordinary expenses (EUR)</b>	<b>35.247</b>	<b>45.000</b>

(Note that in the financial summary table above only half of the cost of items 702 and 703 is included since only this proportion of the contract cost had been invoiced and paid by the time of reporting).

Renaming, rebranding, visual profile, and new website will be achieved at a total cost that is around 9.700 EUR below budget.

As discussed above, an indirect cost of these extraordinary activities has been the demands on the Operating Agent to facilitate and follow up in the contracting process. These partly additional costs are reflected in the operating expenses accounts, but they are not easily separated out.

Overall, these extraordinary activities have worked out favourably in financial terms since they come out with a cost below budget.

## PROPOSED UPDATE TO THE 2019 BUDGET

### **An addition to the 2019 budget for Operating Agent is proposed.**

The TCP operation thus far in 2019 indicates that the resources budgeted for the Operating Agent are insufficient. The Procurement Sub-committee (including a member of the Financial sub-committee) has considered the situation at this stage, and concluded that the resources spent by the OA have been warranted in order to facilitate the transition process we are in. It is also recognized that the services of an OA will be needed in the remaining transition period to the end of Feb. 2020. The following is proposed (see minutes from Users TCP Procurement Sub-committee meeting 09. September 2019):

- Sam Thomas is contracted as ExCo Operating Agent between 12. Nov. 2019 and 29. Feb. 2020.
- The rate is raised from 97,50 to 100,00 EUR/h for OA work that is additional to the current contract.

Further, the work to be performed under the contract extension includes:

- 10 days (= 80 hours) to compensate for additional work needed within the current contract period

- 25,25 days (= 202 hours) for OA work between 12. Nov. 2019 and 29. Feb. 2020
  - 50 % of these (101 hours) to be allocated to 2019 budget
- this adds to a total of 181 work hours in new (extended) OA contract for 2019.

Financial consequences of this proposal:

Keeping in mind that we have a reserve of 92,5 hours (@ 97,5 EUR) for OA in the 2019 budget after the end of the current contract, the 2019 financial consequences of the extended OA contract will be:

Added cost for already budgeted hours: 92,5 hours @ (100 – 97,5) EUR	=	232
EUR		
+ New hours: 88,5 hours @ 100 EUR	=	8.850
EUR		
= Sum addition to 2019 budget – covering 12. Nov. to 31. Dec.	=	
9.082		EUR

See appendix 4 for details on extensions of the Operating Agent’s contract.

## EFFECTS ON THE COMMON FUND

The balance of the Common Fund by 2019-01-01 was 166.004 EUR.  
Per 09-23 the balance was 215.786 EUR.

Above we have discussed the most important activities of the TCP and their financial effects until now and for the rest of the year. Combining this information with the original 2019 budget, we can foresee the following effects on the Common Fund:

<b>Balance Common Fund 01-01 (EUR)</b>	<b>166 004</b>
Budgeted net result 2019	- 11 960
Income deficit	- 4 420
OA additional budget	- 9 082
Budget saving Extraordinary Expenses	9 700
2018 Belgium payment received 2019	9 554
<b>Expected balance Common Fund 12-31 (EUR)</b>	<b>159 796</b>

The “Budgeted net result 2019” is the result presented in the original 2019 budget. The further mentioned items in the table represent the expected changes to this result.

Note the payment from Belgium for 2018, which was received in January 2019. It will add to the Common Fund, although not belonging to the 2019 accounting (under the accrual basis principle). This, in addition to the other financial effects detailed above, means that we can expect a decrease in the Common Fund at around 6.200 EUR, to a new balance at approx. 159.800, during 2019.

The shortfall in income we experience, combined with the necessary increase in OA expenses, lead to a larger reduction in the Common Fund than budgeted for in 2019. These changes are not dramatic, and we conclude that our TCP’s transition process is progressing largely as planned.

Our TCP is still in good health in financial terms.

## DECISION BY THE EXCO

Based on the report and conclusions above, the Executive Committee is asked to make the following decisions:

- 
- 1) The ExCo approves the financial report for 01. Jan. to 23. Sep. and the financial outlook for the rest of 2019.
  - 2) The ExCo approves the extension of the contract for Sam Thomas as Operating Agent between 12. Nov. 2019 and 29. Feb. 2020, which implies:
    - 181 hours of work to be performed in 2019
    - 9.082 EUR in cost addition to the 2019 budget.
  - 3) The ExCo approves that the presentation of the 2020 budget is postponed to a telephone meeting in December 2019.

# Appendix 1 to financial report

## Accounting report per 23.09.2019

	Income statement	Budget	Rest budget	% spent
<b>1 Assets</b>				
10 Common fund	215786,34			
<b>3 Income</b>				
30 Member payments	134751	145000	10249	93 %
31 Interest				
<b>6 Operating Expenses</b>				
60 Facilitation of ExCo and ESC meetings:				
601 Preparing meetings:				
6011 Preparing meetings (secr.)	2929	4640	1711	63 %
6012 Preparing meetings (OA)	6386	1950	-4436	328 %
602 Participating in meetings:				
6021 Participating in meetings (secr.)	2465	3800	3335	43 %
6022 Participating in meetings (OA)	6143	11310	5168	54 %
603 Minutes and follow-up meetings:				
6031 Minutes and follow-up meetings (secr.)		2320	2320	0 %
6032 Minutes and follow-up meetings (OA)	3559	780	-2779	456 %
604 Chair updates		1560	1560	0 %
605 Travel cost meetings	3830	12000	8170	32 %
61 IEA Reporting				
611 Annual report				
6111 Annual report (secr.)	2209	2320	111	95 %
6112 Annual report (OA)	683	3900	3218	18 %
612 Other IEA reporting				
6121 Other IEA reporting (secr.)	522	3248	2726	16 %
6122 Other IEA-reporting (OA)	3413	4680	1268	73 %
613 Technical support and related expenses				
62 Legal issues				
621 Support entry/exit of contracting parties to the IA	319	1450	1131	22 %
622 Task legal documentation	638	1450	812	44 %
623 Task participation plans	87	1450	1363	6 %
63 Outreach/raising				
631 Outreach, network	2925	1560	-1365	188 %
632 Outreach, new members	2633	2340	-293	113 %
633 Outreach, travel/expenses		2000	2000	0 %
64 Research support				
641 Task initiation	3120	6240	3120	50 %
642 Task guidance	98	5460	5363	2 %
65 Webinars - DSMU				
651 Content development (OA)	829	1170	341	71 %
652 Webinar host follow up (OA)	683	390	-293	
653 Webinar promotion (secr.)	1976	2030	54	97 %
654 Other payable expenses	1181		-1181	
66 Website - Social media				
661 Website technical development and maintenance		8000	8000	0 %
6621 Website contents (secr.)	2253	3480	1227	65 %
6622 Website contents (OA)	244	1560	1316	16 %
663 Social media contents				
6631 Social media contents (secr.)	435	1160	725	38 %
6632 Social media contents (OA)	49		-49	
67 Newsletter				
671 Newsletter contents				
6711 Newsletter contents (secr.)		1170	1170	0 %
6712 Newsletter contents (OA)				
6713 Newsletter content (other supplier)				
672 Newsletter distribution		1160	1160	0 %
673 Newsletter, expenses				
68 Other support functions				
681 Other secretariat functions	5989	232	-5757	2582 %
682 Other OA functions	5021	3830	829	86 %
683 Payable expenses	2090	4000	1910	52 %
69 Account manager				
691 Accountant, annual fee	1916	3300	1384	58 %
<b>OPERATING PROFIT</b>	<b>70129</b>	<b>35040</b>	<b>-35089</b>	
<b>7 Extraordinary expenses</b>				
701 Facilitation of renaming process	5247	5000	-247	105 %
702 Rebranding - visual profile etc.	3761	10000	6239	38 %
703 New website	11284	30000	18716	38 %
<b>8 Financial expenses</b>				
80 Bank services				
801 Payment fees	55		-55	
802 Other financial expenses		2000	2000	0 %
<b>NET PROFIT</b>	<b>49782</b>	<b>-11960</b>	<b>-61742</b>	

## Appendix 2 secretary budget

### APPENDIX 2 to financial report

2019 Development of cost for ExCo Secretary

#### HOURS

Acc. #	Account name	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Spent hours	Budget, hours	Spent rel.	Remaining hours
6011	Prep. meetings	5,0	10,0	24,0	0,5	1,0	2,0	6,5	1,5					50,5	80,0	63 %	29,5
6021	Particip. meetings	1,5	5,5	1,0	24,5	1,5	1,0	5,0	2,5					42,5	100,0	43 %	57,5
6031	Minutes, follow-up	0,0	0,0	0,0	0,0									0,0	40,0	0 %	40,0
6111	Annual report	14,0	0,0	0,0	0,0									14,0	40,0	35 %	26,0
6121	Other IEA rep.	0,0	3,0	0,0	4,5			1,0	0,5					9,0	56,0	16 %	47,0
621	Supp. entry/exit	3,5	0,0	0,0	2,0									5,5	25,0	22 %	19,5
622	Task legal doc.	0,0	0,5	4,0	0,0	2,5	1,0	3,0						11,0	25,0	44 %	14,0
623	Particip. plans	0,0	0,0	1,0	0,0				0,5					1,5	25,0	6 %	23,5
633	Webinar promotion	3,0	13,0	4,0	2,0	2,0	2,5	0,5						27,0	35,0	77 %	8,0
6621	Website contents	5,0	0,0	4,0	10,0	2,5	7,0	12,0	0,5					41,0	60,0	68 %	19,0
6631	SoMe contents	4,0	2,5	0,0	0,0	1,0								7,5	20,0	38 %	12,5
6711	Newsletter contents	0,0	0,0	0,0	0,0									0,0	0,0		0,0
672	Newsletter distribution	0,0	0,0	0,0	0,0									0,0	20,0	0 %	20,0
681	Other secr. functions	10,0	3,5	3,0	1,0		0,5	1,5	8,0					27,5	4,0	688 %	-23,5
	Sum in month	46,0	38,0	41,0	44,5	10,5	14,0	29,5	13,5					237,0	530,0	45 %	
	Acc. hours	46,0	84,0	125,0	169,5	180,0	194,0	223,5	237,0								
	Acc. share of budget	9 %	16 %	24 %	32,0 %	34,0 %	36,6 %	42,2 %	44,7 %								
					2581,00	609,00	812,00	1711,00	783,00								

#### EXPENSES

Acc. #	Account name	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Spent EUR	Budget, EUR	Spent rel.	Remaining EUR
605	Travel meetings	571,26	0,00	999,77	0,00	0,00	0,00	0,00	0,00					1571,03	4000,00	39 %	2428,97
683	Secr. exp. [1/4]	160,88	144,39	158,21	208,60	72,50	108,74	732,91	139,38					1725,61	3000,00	58 %	1274,39
	Sum in month	732,14	144,39	1157,98	208,60	72,50	108,74	732,91	139,38					3296,64	7000,00	47 %	3703,36
	Acc. EUR	732,14	876,53	2034,5	2243,1	2315,6	2424,4	3157,3	3296,6								
	Acc. share of budget	10 %	13 %	29 %	32 %	33 %	35 %	45 %	47 %								

# Appendix 3 OA budget

## APPENDIX 3 to financial report

2019 Development of cost for ExCo Operating Agent

### HOURS

Acc. #	Account name	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Spent hours	Budget, hours	Spent rel.	Remaining hours
6012	Prep. meetings	8,0	12,0	17,5	8,0	1,0	3,5	7,5	1,0					58,5	20,0	293 %	-38,5
6022	Particip. meetings	5,0	5,0	1,0	31,5	2,5	3,0	5,0	4,0					57,0	116,0	49 %	59,0
6032	Minutes, follow-up	5,0	2,5	1,5	18,5		1,0	3,0	0,5					32,0	8,0	400 %	-24,0
604	Chair updates	0,0	0,0	0,0										0,0	16,0	0 %	16,0
6112	Annual report	7,0	0,0	0,0										7,0	40,0	18 %	33,0
6122	Other IEA rep.	0,0	6,5	0,5	2,5	10,0	5,0	0,5	10,0					35,0	48,0	73 %	13,0
631	Outr., network	5,0	5,5	1,5	4,0	0,5	4,0	0,5	2,0					27,0	16,0	169 %	-11,0
632	Outr., new memb.	0,0	6,0	2,5	0,5		7,5	4,5	1,5					22,5	24,0	94 %	1,5
641	Task initiation	1,0	8,5	12,5	3,5	1,0			0,5					27,0	64,0	42 %	37,0
642	Task guidance	0,0	1,0	0,0										1,0	56,0	2 %	55,0
651	Content dev.	1,5	2,5	0,5	1,0		1,0	1,0						7,5	12,0	63 %	4,5
652	Host follow-up	2,0	3,0	0,0	0,5			0,5						6,0	4,0	150 %	-2,0
6622	Web contents	0,0	0,5	1,0			1,0							2,5	16,0	16 %	13,5
6712	Newsl. contents	0,0	0,0	0,0										0,0	12,0	0 %	12,0
682	Other OA funct.	6,5	11,5	17,5	8,0	3,5	3,0	15,5	11,5					77,0	60,0	128 %	-17,0
Sum in month		41,0	68,5	56,0	78,0	18,5	29,5	37,5	31,0					360,0	512,0	70 %	152,0
Acc. hours		41,0	109,5	165,5	243,5	262,0	291,5	329,0	360,0								
Acc. share of budget		8 %	21 %	32 %	47,6 %	51,2 %	56,9 %	64,3 %	70,3 %								
					7605	1804	2876	3656	3023								

### EXPENSES

Acc. #	Account name	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Spent EUR	Budget, EUR	Spent rel.	Remaining EUR
605	Travel meetings	0,00	0,00	0,00	1 181,29	0,00	0,00	0,00	0,00					1181,3	4000,00	30 %	2818,71
633	Outreach, travel/exp.	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00					0,0	2000,00	0 %	2000,00
683	OA exp. (1/4)	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00					0,0	1000,00	0 %	1000,00
Sum in month					1 181,29									1181,3	7000,00	0,3	5818,71
Acc. EUR					1 181,29												
Acc. share of budget																	

## Appendix 4 to financial report

### Users TCP Operating Agent expected actions – draft for discussion

The actions below set out the expected requirement for ExCo operating agent services for the period from 12<sup>th</sup> November 2019 to 29<sup>th</sup> February 2020. It focuses on the provision of services that add value appropriate to the level of senior consultant. The cost would amount to €20 200 (25.25 days @ €800 per 8-hour day).

When conducting business on behalf of the TCP that has been approved by the Chair, travel and accommodation expenses shall be covered by the TCP at cost, subject to Chair and Vice-Chair: Finance approval. The TCP shall also pay for expenses to cover accommodation and non-accommodation costs when attending meetings on behalf of DSM TCP, at a *per diem* rate based on the current [OECD](#) rates.

Detailed explanations of time estimates are set out in the following pages, including what will not be done by the OA (i.e. by the secretary). The headline breakdown included here:

ACTION	DAYS	%
<b>ExCo, ESC and Chair meeting support</b>	<b>4.75</b>	<b>19%</b>
<i>ExCo Meeting Preparation</i>	0	0%
<i>ExCo Meeting Paper Writing</i>	1	4%
<i>Reporting on role</i>	0.25	1%
<i>ExCo Meeting participation</i>	0	0%
<i>ExCo Meeting Minutes</i>	0	0%
<i>ExCo Teleconferences</i>	0.75	3%
<i>ESC Meetings</i>	1.75	7%
<i>Chair Catch-ups</i>	1	4%
<b>Communications: reporting, outreach, dissemination, updating IA and guidance</b>	<b>14</b>	<b>55%</b>
<i>IEA reporting, including annual report and request for extension</i>	3	12%
<i>International organisation liaison, including with IEA Secretariat</i>	0.75	3%
<i>New member outreach</i>	5	20%
<i>External communications: dissemination of information and key messages</i>	3.25	13%
<i>Updating Implementing Agreement and supplementary guidance</i>	2	8%
<b>Annex initiation</b>	<b>5</b>	<b>20%</b>
<i>Facilitate communications among participants</i>	2.5	10%
<i>Promote Annex participation</i>	1	4%
<i>Where required, organise one-off meetings, Conferences and Seminars</i>	1.5	6%
<b>Ongoing Annex support</b>	<b>1.5</b>	<b>6%</b>
<i>Advise the Annex OAs on IEA/IA procedures (e.g. Progress, Annual &amp; Final Reports)</i>	0.5	2%
<i>On-going promotion of Annex participation &amp; awareness</i>	1	4%
<b>Total</b>	<b>25.25</b>	<b>100%</b>

Additional work could potentially be carried out on a reimbursable basis, as agreed with the ExCo. For example, the ExCo may wish to institute a hand-over period or ask for additional time to be spent in preparing hand-over documentation.

The final agreed proposal would bind the interim operating agent to fulfil the services as outlined therein. The ExCo Chair would manage the work of the interim operating agent and report back to the ExCo on performance at each ExCo meeting.

## Detailed Breakdown of activities

### 1. ExCo Meeting Support

#### 1.1 Assist host country and the ExCo Chair with arrangements and communications for 2 meetings per year

This service will be split between the OA and the secretary. The role of the OA will be limited to preparing draft agendas for the ExCo meetings, engaging with guest speakers, briefing the Chair on the key elements of the agendas and assisting with the communication of non-administrative issues to the ExCo prior to meetings.

*Time commitment: 0 days (assumption that this would be handled by the Secretary during this period)*

#### 1.2 Prepare such papers, discussion documents, presentations etc as requested.

The OA will prepare ExCo meeting materials to ensure that agenda items are effective in reaching decisions, enable informed discussions and lead to clear action points where appropriate.

*Time commitment: 0.75 days (preparation of draft material for the first 2020 ExCo meeting)*

#### 1.3 Attend ExCo meetings, assist Chair and take minutes

The OA will include a report on Operating Issues for each ExCo, including details of activities undertaken by the OA.

*Time commitment: 0.25 days*

#### 1.4 Attend ExCo meetings (including OAs meeting and DSM/Users Day), assist Chair and take minutes

This is an important role and should be undertaken by the OA. The OA would assist the Chair in keeping the meeting on track and ensure that the key points, decisions and actions are accurately captured, including prompting delegates where appropriate to agree on these points.

*Time commitment: 0 days*

#### 1.5 Prepare minutes to be distributed to all ExCo members and to the IEA Desk Officer, prepare key decisions/actions list and follow up actions

This is also important and in my view is a key Annex to be undertaken by the operating agent. I would propose to streamline the minutes so that they focus only on the key points raised, the decisions and the action points.

I would send round the minutes for agreement and comments within 2 weeks of the end of the meeting and ask that any changes get agreed within that time frame, rather than at the next meeting.

*Time commitment: 0 days*

#### 1.6 Lead and minute ExCo teleconferences between meetings (1 teleconference is foreseen)

Prepare agendas and documents for one teleconference (more if necessary) and record and disseminate key points, decisions and actions.

*Time commitment: 0.75 days*

**1.7 Lead and minute monthly Executive Steering Committee teleconference calls.**

Prepare agendas and documents for monthly calls (more frequently if necessary) and record and disseminate key points, decisions and actions.

*Time commitment: 1.75 days*

**1.8 Lead and take forward any actions from fortnightly catch-up calls with the Chair.**

Prepare agendas and take forward actions as directed.

*Time commitment: 0.75 days*

The secretary would continue to disseminate meeting documents to participants and upload them to the website, as well as maintaining a file of key ExCo documents and correspondence.

**2. Communications & Co-ordination**

**2.1 Between ExCo and IEA Secretariat, e.g. preparation of TCP Annual Report and other IEA documents**

This role would be split between the secretary and OA. The secretary would be responsible for providing administrative information (e.g. finances, membership, meeting information etc.). The OA would coordinate input and maintain editorial control of the preparation of the documents for approval by the ExCo. The first annual report for the new TCP will be an important document to get right.

*Time commitment: 3 days*

**2.2 With the IEA Secretariat, other IEA TCPs, other international organisations, etc on opportunities for collaboration and dissemination**

Much of this activity will be related to individual Annexes, particularly as they develop. There are likely to be cost-effective opportunities for me to represent the TCP at meetings at the IEA in Paris too, given my location (something that the Chair did in the past).

*Time commitment: 0.75 days*

**2.3 Reach out to potential new members and respond to inquiries from third parties**

Much of the proactive reaching out will be related to individual Annexes as they develop: the Annexes will be the attraction to potential new members. However, there will be strategic opportunities to appeal to governments with the whole package and the ExCo have made this a priority. Activities include emailing, phone calls, setting up calls with the Chair and potentially travel if agreed with the ESC.

*Time commitment: 5 days*

**2.4 External communications: dissemination of information and key messages**

Ongoing activities will include designing a programme of webinars for the DSM University (and its successor) and securing presenters; managing the TCP's Twitter account; and editing a new reduced-form version of the Spotlight Newsletter – turning it into a series of links with short abstracts.

*Time commitment: 3.25 days*

## **2.5 Updating Implementing Agreement (IA) and supporting guidance**

Liaising with IEA Legal to ensure that the IA is updated appropriately and completing the drafting of supporting guidance for the ExCo and Annex Operating Agents.

*Time commitment: 2 days.*

The secretary would continue to manage the website content and would distribute the newsletter and promotional material for the DSM University. She would also liaise with the IEA to complete the administrative processes associated with changes in membership, including Country National Participation Plan.

## **3. Initiation of Annexes (more important in this particular year)**

### **3.1 Facilitate virtual communications among participants.**

Initiate and (sometimes) participate in conference calls among participants and potential participants. Assist participants in searching for potential Operating Agents and bringing concept notes and full proposals to the ExCo.

*Time commitment: 2.5 days*

### **3.2 Promote Annex participation.**

Encourage participation amongst TCP members to gain the largest possible number of participants in each Annex. Reach out to potential new members through engagement with new Annexes at expert level.

*Time commitment: 1 day*

### **3.3 Where required, help to organise one-off meetings, Conferences and Seminars**

This service would be split between the secretary and the OA. The OA role would be limited to helping prospective Annex Operating Agents and participants identify suitable events and organisations to work with and reach out to potential participants. The secretary would help with the organisational logistics.

*Time commitment: 1.5 days*

The secretary would continue to liaise with the IEA Legal Office to complete the administrative aspects of setting up Annexes and registering participants, including the Legal Text for the Annex, Country National Participation Plans etc.

## **4. Support to Annexes when established (minimal during this particular year)**

### **4.1 Advise the Annex OAs on IEA/IA procedures (e.g. Progress, Annual and Final Reports).**

This activity would be split between the secretary and the OA. The secretary would manage the administrative aspects; the OA would review submissions to ensure that they are fit for tabling at ExCo meetings, proposing changes to documents if agreed by the ESC.

*Time commitment: 0.5 days*

### **4.2 On-going promotion of Annex participation & awareness.**



Facilitate dissemination of key messages and reports through the TCP's communication channels. Proactively identify opportunities for Annexes to expand membership or disseminate work through other means.

*Time commitment: 1 day*

# CONTRACTING FOR AN OPERATING AGENT

## Purpose of agenda item

To seek the ExCo's views on the following issues regarding procurement of Operating Agent services for the new mandate period post 1<sup>st</sup> March 2020:

- The duration of contract
- The scope of work
- The basis for budgeting for the work
- The method of contracting

## Key Questions for the ExCo

### Q1: What should the duration of the contract for the Operating Agent be?

- The new mandate period runs from 1<sup>st</sup> March 2020 to 28<sup>th</sup> February 2025.

### Q2: What should be the basis on which the Operating Agent budget is calculated?

- Option 1: A lower bound estimate fixed sum with the capacity to revise subject to ExCo approval?
- Option 2: A lower bound estimate fixed sum with the capacity to revise to an upper bound at the ESC and finance sub-committee's discretion - with further variations subject to ExCo approval?
- Option 3: A fixed cost component + a variable costs component as a function of the number of Member countries?

### Q3: What should be the scope of work of the Operating Agent?

- This is addressed in further detail below. The ExCo is requested to consider the different potential functions within the Scope of work of the Operating Agent listed below, and any others they consider appropriate, prior to discussion of this item at the ExCo meeting.

### Q4: What should the selection process be?

The ExCo is committed to competitively tendering for an Operating Agent for the new mandate period. This process could be open or restricted.

As previously proposed, a selective tender process could involve:

1. All ExCo members having the opportunity to put forward candidates;
2. The Procurement sub-committee creating a short-list of candidates to invite to tender
3. The Procurement sub-committee choosing a preferred candidate based on interviews
4. The ExCo approving the appointment.

Once in position, the OA would report to the Chair, who along with the vice-chairs would conduct periodic performance reviews and share feedback with the ExCo for input.

An open tender process could run under a similar model, with step 1 replaced by advertising of the post on relevant media in addition to ExCo members putting forward potential candidates.

## Background

**Legal Note:** The Operating Agent must be a legal entity in order to perform the functions entailed in the Implementing Agreement including holding of Intellectual property and entering into contracts on the TCPs' behalf.

## Summary of Operating Agent procurement to date

At the 52<sup>nd</sup> ExCo meeting the ExCo agreed that Sam Thomas be engaged as interim Operating Agent to the DSM TCP Executive Committee for one-year to 11<sup>th</sup> November 2019. The first tranche of Operating Agent expenditure was capped at €50,000. The OA workplan was reviewed, revised and approved by the ExCo Procurement Subcommittee consisting of Josephine Maguire (Ireland); Gerdien de Weger (Netherlands); Kajsa-Stina Benulic (Sweden); Tony Fullelove (Australia) and David Shipworth (Chair - UK). This was roughly cost-neutral to the TCP Budget over 2019 as it included consolidating the roles of the Special Advisor and the Spotlight Editor newsletter.

At the ExCo Telco of 25<sup>th</sup> July 2019 the motion was carried that ***“The ExCo agreed that the Chair, procurement sub-committee and a member of the finance sub-committee will design and execute a plan to ensure continuous ExCo Operating Agent cover to the end of the current mandate period.”***

The Procurement sub-committee met on 9<sup>th</sup> September 2019 and addressed the issue of OA cover for the period 12<sup>th</sup> November 2019 to 29<sup>th</sup> February 2020. The committee members consisted of Josephine Maguire (Ireland); Gerdien de Weger (Netherlands); Mehmet Bulut (Sweden); Tony Fullelove (Australia); David Shipworth (Chair - UK).

The committee considered three options:

- 1 Have no Operating Agent over this period.
- 2 Tender for, and procure, an Operating Agent to start on November 1<sup>st</sup> (to allow some hand-over time with Sam)
- 3 Extend Sam’s time until the start of the new mandate period.

The sub-committee unanimously chose No.3: To extend Sam’s time over this period. This was conditional on competitive tendering of the OA post for the new mandate period post 1<sup>st</sup> March 2020. The Committee also requested revisions to the proposed workplan for this period in two areas: that the time allocated to item 2.3 ‘Reach out to potential new members and respond to inquiries from third parties’ and 3 ‘Initiation of Annexes’ be increased from 2 days to 5 days in each case.

The committee also considered the request for an additional 10 days be allocated under Sam’s current contract. This request was based on the additional work in bringing forward the visual identity and website development into the current OA contract, along with the increased frequency and length of ESC, finance SC, procurement SC and ExCo Telco meetings and the associated paperwork. In addition, Sam has driven development of the Behavioural Insights platform, and the work with RAP on Energy Efficiency 2.0. This was not foreseen in the initial workplan but has been supported by the ESC and the ExCo in meetings over this period. A representative of the Finance Sub-Committee, François Brasseur, along with the vice-chair Finance, Even Bjørnstad, independently assessed the effect of this on the Common Fund and confirmed the impact was manageable. The revised budget for OA services for this period is €20,200.00.

## Defining the scope of work

The primary challenge in tendering for the role of Operating Agent will be defining the scope of work.

**The current headline areas of activity of the interim Operating Agent are as follows:**

**Note: Further details on these activities are provided in Annex 1 below.**

- ExCo, ESC and Chair meeting support
- Communications: reporting, outreach, dissemination, updating IA and guidance

- Annex initiation
- Ongoing Annex support

**Additional areas of support typically found in other TCPs include:**

- Account management functions (under the oversight of the Vice-Chair Finance and the Finance sub-committee)
- Providing quality assurance of TCP publications

**There have been requests from Annex Operating Agents for additional TCP OA support in:**

- Having greater engagement in ongoing Annexes between ExCo meetings, including an enhanced role in working with Annex OAs to pre-emptively identify emerging issues and collaborating on resolving them.
- Revising Annex evaluation processes to ensure they are appropriate to the Annex working practices. Where Annexes are operating on an 'agile' basis, evaluation metrics and processes should reflect this.
- Have sufficient knowledge of, and involvement in Annexes to be able to provide guidance on new Annex proposals to ensure there are complementary to existing work.
- Topic areas raised under User TCP Objectives and EUWP Challenges
- See notes above.

**There are potential bodies of work arising from delivering the Strategic Plan for 2020-2025**

***Users TCP's Objectives***

- **Objective 1:** *To provide impartial, reliable and authoritative research, guidelines and recommended practices to policy/decision makers and implementers based on international evidence.*

OA roles related to delivering this could include:

- Lead authoring headline User TCP publications (as opposed to Annex publications)
- Coordinating and editing User TCP publications (as opposed to Annex publications)
- Peer reviewing Annex publications not otherwise subject to peer review
- Establishing and managing ExCo member peer-review processes for User TCP outputs.
- Commissioning and managing ExCo-requested cost shared 6-month Annex pilot studies in key policy relevant areas.
- Undertaking or procuring User TCP surveys of policy makers' evidence needs for user-centred energy systems.

- **Objective 2:** *To establish at least four international networks of expertise on socio-technical aspects of energy use.*

OA roles related to delivering this could include:

- Taking an active role in the initiation of new Annexes.
- Taking an active role in identifying National Experts from existing ExCo countries to participate in Annexes
- Taking leading role in inducting new Member countries into the Users TCP.
- Proactively engaging in communications activities in support of Annexes.
- Establishing new interaction and collaboration platforms for international networks of expertise.

- **Objective 3:** *To work with other TCPs to provide multi-disciplinary research on key energy transition topics.*

OA roles related to delivering this could include:

- Mapping potential collaborative partners across the TCP community
- Drafting and helping execute MoU between TCPs and their Annexes

- Operationalising proposed methods of collaboration between TCPs and their Annexes and ensuring that such modes of working are acceptable to all parties
- Establishing links with other multilateral bodies such as CEM and MI and identifying practical methods of working across such bodies.

The ExCo should consider, or delegate the ESC to consider, which of these are priority activities for the Operating Agent.

### **Feedback from EUWP Request for Extension**

The EUWP challenged us in four areas:

- **Challenge 1:** *To expand our scope of work in line with our ambitious new mission and vision to become the world-leading international collaboration platform for policy-relevant socio-technical research on user-centred energy systems*  
This relates to Objective 2 above and to the future role of the User-Centred Energy Systems Academy. Additional OA roles related to delivering this could include:
  - Focusing on expanding membership in IEA Association, Accession and Partner countries to ensure more representative global coverage.
  - Focusing on building the impact value proposition for globally leading organisations to participate in User TCP Annexes by strengthening our relationships with the IEA secretariat, and senior CEM and MI decision making bodies.
  - Creating a social-enterprise business model for the User-Centred Energy Systems Academy that allows it to generate revenue to reinvest in a growing range of educational services. This may include construction of a class of Affiliates draw from User TCP Annexes and more broadly that work to deliver professional and executive education to policy makers and business leaders.
  - Seeking Continuing Professional Development (CPD) accreditation with relevant professional bodies for provision of learning modules on key User TCP areas.
- **Challenge 2:** *To not to be limited by our existing expertise or membership.*  
This relates to Objective 2 and Challenge 1 above. Additional OA roles related to delivering this could include:
  - Facilitating Member countries providing both a Delegate, and an Alternate Delegate to all ExCo meetings.
  - Identifying senior policy makers and experts to become new Member country delegates on joining.
- **Challenge 3:** *To retain a strong focus on policy impact.*
  - This relates to Objective 1 above.
- **Challenge 4:** *To collaborate with other TCPs where possible.*
  - This relates to Objective 3 above.

## **Proposed Motions**

*“The ExCo agrees that the Chair, Procurement sub-committee, and a member of the finance sub-committee will design and run a selective competitive tendering process for procurement of ExCo Operating Agent services from 01 March 2020 to 28 February 2023, with an option to extend to 28 February 2025.”*

*“The ExCo agrees that the Chair, procurement sub-committee, and finance sub-committee will produce a budget for Operating Agent expenses based on a lower bound estimate fixed sum with the capacity to*



*revise to an upper bound at the ESC and finance sub-committee's discretion with further variations subject to ExCo approval. The Lower and Upper bounds will be proposed to the ExCo Telco in December 2019 or before along-side the 2019 Budget."*

*"The ExCo agrees that the Chair, procurement sub-committee, and a member of the finance sub-committee will produce a draft invitation to tender including a job specification defining the scope of work for submission to an ExCo Telco in December 2019 or before."*

## Annex 1:

### Specifying the Operating Agent Role

**Note: This is reproduced from the ExCo paper on ‘Contracting for an Operating Agent’ at the 52<sup>nd</sup> ExCo meeting in London.**

The OA could provide a number of supports to the ExCo, and these are grouped below under headings of administration, communication, information dissemination, task support, financial management and other support, and these options are set out below for consideration.

Time allotted to the performance of the role of TCP OA, across the TCPs reviewed varied between around 1/3 of a Full Time Equivalent (FTE) per year and 50% in TCPs with either more participants or more initiatives. One full year of an FTE is usually deemed to be around 220 days.

In some of the TCPs reviewed the OA performs the finance functions set out below, and this role is currently carried out by a vice-chair in the DSM TCP.

#### **1. ExCo Meeting Support**

- Assist host country and the ExCo Chair with arrangements and communications for 2 meetings per year.
- Prepare such papers, discussion documents, etc as requested.
- Provide a report on Operating Issues for each ExCo, including details of activities undertaken by the OA, and a report on the financial position of the ExCo.
- Disseminate meeting documents to participants.
- Assist Chair and take minutes during meeting.
- Prepare minutes to be distributed to all ExCo members and to the IEA Desk Officer, prepare key decisions/actions list and follow up actions.
- Lead and minute Executive Steering Committee teleconference calls.
- Maintain a file of key ExCo documents and correspondence.

#### **2. Communications & Co ordination**

- Between ExCo and IEA Secretariat, e.g. preparation of IA Annual Report, IEA documents, End-of-Term Report
- Disseminate information between ExCo Chair and ExCo members, e.g. questionnaires, written procedures, etc.
- With other IEA TCPs and other international organisations
- Develop a strategic engagement plan to promote the TCP to new participants.
- Respond to inquiries from third parties, e.g. from potential TCP participants, and interface with IEA Office of Legal Counsel in this regard
- Maintain and update the communication strategy as required.
- Represent the Chair or the TCP at IEA meetings if ExCo members are unavailable.

#### **3. Information Dissemination**

- Compile an ongoing Programme bibliography.
- Maintain the TCP website, containing a public area and a restricted (member) area (allowing access to key documentation)
- Set up and manage a SharePoint site to facilitate document drafting by multiple authors
- Prepare, update and disseminate promotional material, e.g. newsletters, (Task) brochures and summary reports, in accordance with the communication strategy



#### **4. Initiation of Tasks and projects**

- Interface with IEA Office of the Legal Counsel.
- Facilitate communications among participants.
- Provide administrative support and contribute to experts' meetings & workshops.
- Promote Task and project participation.
- Where required, organise one-off meetings, Conferences and Seminars

#### **5. Support to Tasks (when established)**

- On-going promotion of Task participation & awareness.
- Advise the Tasks' OAs on IEA/IA procedures (e.g. Progress, Annual and Final Reports).
- Initiate regular meetings amongst OAs to explore potential for co-operation and co-ordination.

#### **6. Finances**

- Issue invoices for the annual membership fees on behalf of the ExCo, receive financial contributions from the Participants and when required, pursue late payees.
- Establish and maintain a bank account on TCP's behalf, the financial rules of which will be determined by the ExCo.
- Provide analysis and reports on TCP's financial position and other matters as requested by the ExCo.
- Where such support is agreed, issue invoices for the annual membership fees on behalf of individual Tasks, receive financial contributions from the Participants and when required pursue late payee.

#### **7. Other Tasks**

- Perform other duties on a reimbursable basis as agreed with the ExCo.