



Panel of Technical Experts

Terms of Reference

1. Background

In 2013, the Electricity Market Reform (EMR) Delivery Plan set out Government's decisions on:

- The Levy Control Framework;
- The Government's CfD strike prices for renewable technologies for the period 2014/15 to 2018/19;
- The reliability standard for the Capacity Market;
- An outlook to 2030; and
- Next steps in EMR.

The Panel of Technical Experts provided independent scrutiny on this process.

2. The role of the Panel and its purpose

The Panel of Technical Experts is an advisory group of independent consultants who were appointed by Government to perform a specific and technical function as part of the first EMR delivery plan process, as outlined above.

The Panel has been retained to continue to provide scrutiny on National Grid's analysis for the annual Electricity Capacity Report and recommendation on the target capacity for the Capacity Market auctions.

The make-up of the Panel is intended to provide a range of professional analytical skills, bringing diverse practical experiences of the electricity market and knowledge of a range of generation technologies. The Panel members are independent members in their own right. They are not representatives of any current or previous employers, trade associations or membership organisations.

The purpose of the Panel is to impartially scrutinise and quality assure the analysis carried out by National Grid, the choice of modelling methodology employed, the inputs to that analysis and the outputs from that analysis scrutinised in terms of the inputs and methods applied. They test whether it is robust and fit for the purpose of Government taking key policy decisions on the Capacity Market and also considers potential conflicts of interest National Grid or others involved might have in influencing the analysis.

The role of the Panel is a technical function and not a forum for policy commentary or for advising the Government on its objectives for the Capacity Market or wider energy issues, the policies being implemented or policy decisions surrounding them.

This means the Panel does not have a role in advising how the analysis should be interpreted for the purpose of those policy decisions, in particular, on the reliability standard set by Government or providing views on the objectives that the Government has set out for the Capacity Market, Electricity Market Reform or the methods chosen to achieve its objectives.

The Panel's conclusions do not have to reach a consensus with the Department of Energy Security and Net Zero, National Grid or indeed among all Panel members. The Chair should aim to find consensus among the Panel members and decide on the content of the final reports. However, where strongly divergent views exist they must be clearly explained in the Panel's report(s).

Government may request further advice from the Panel on an ad hoc basis throughout the process, if necessary, within the terms of the agreement.

3. Requirements

The Panel is expected to:

- Work in adherence to these Terms of Reference, and agree its planned scrutiny with the Department in advance;
- Work to the terms and conditions agreed upon appointment (for example, relating to confidentiality and declaration of any potential or actual conflicts of interest);
- Work effectively with National Grid and the Department of Energy Security and Net Zero throughout the process, through their Account Manager(s) in the Department of Energy Security and Net Zero;
- Perform effective, high quality and impartial scrutiny, as defined in this ToR, managing risks and quality assuring work effectively; and,
- Report to Government in a timely way both informally throughout the process and formally (ready for publication at arranged dates).

The tasks of the Panel include (but are not limited to):

General

- Attend all Panel meetings (no delegation is required);
- Determine the appropriate scrutiny methods to perform their role, and agree those with the Department of Energy Security and Net Zero;
- Report to Government through formal written reports and informal reports (for example, presentations or written minutes of meetings); and,

Capacity Market

- Review the ECR modelling methodology and techniques used;
- Submit an informal report to the Department of Energy Security and Net Zero/NG on ECR modelling methodology;

- Assess the underlying assumptions and how the FES scenarios are used in the sensitivity and scenario analysis
- Review National Grid's ECR report
- Publication of PTE's final report alongside National Grid's ECR report;

4. Ways of working and reporting

The Panel will formally report to the Department of Energy Security and Net Zero senior officials, although their regular activities will be channelled through their Account Manager(s). The Chair will represent the Panel when reporting to the Department, either through the provision of written reports or oral presentations to the relevant Board, such as the Department of Energy Security and Net Zero Project Board. This reporting process will enable the information to flow as appropriate through the governance structure, which includes the Devolved Administrations Consultation Group.

Formal reports are to be provided in written form with a covering letter addressed to the relevant SRO, copied to the Department of Energy Security and Net Zero Chief Economist, and the Panel's Account Manager(s) in the Department of Energy Security and Net Zero. Oral presentations may also be required to supplement the written report to the Department of Energy Security and Net Zero Project Board and/or the Executive Board. The Panel Chair and the Department of Energy Security and Net Zero Account Manager will jointly agree a structure for the reports.

Informal reports should be provided throughout the process to serve as a summary of comments made and feedback requested. They may be provided in written form, for example, minutes of meetings, or verbal form, for example presentations from the Chair at the Department of Energy Security and Net Zero Project Board and/or the Analytical Steering Group.

All reports should be provided in a timely way as required to meet the project plan, which will be provided upon appointment. The final reports, prepared and agreed for publication, should be received at a time agreed with the Department of Energy Security and Net Zero and National Grid prior to their publication.

Final reports should be written in plain English, concisely and clearly cover each of the key aspects of the scrutiny conducted, including the tasks listed in this Terms of Reference.

The Panel will work within the Department of Energy Security and Net Zero's governance structure. For its regular informal reports, it is expected to report to the Department of Energy Security and Net Zero and National Grid via the Department of Energy Security and Net Zero account manager. For more formal reporting, the Panel will report to the Department of Energy Security and Net Zero Project Board and/or relevant Executive Board, as necessary.

Engagement with the Department

The Panel will engage with the department on a day-to-day basis through the Account Manager(s) but will be directly accountable to the relevant SRO. The Chair of the Panel will also be required, to provide feedback or summarise the Panel's findings, by attending and presenting to, for example, the Analytical Steering Group as appropriate. In addition, the department will provide the Panel with any additional detail to the analytical information which is required by the Panel to perform its role.

Engagement with National Grid

National Grid will provide the Panel with the analytical information required for it to perform its scrutiny role. The Account Manager(s) will facilitate information sharing between the Panel and National Grid and arrange meetings or any contract required with National Grid.

Engagement with Ofgem

The Panel may need to additionally collaborate with Ofgem. However, this collaboration should not include comparing or commenting on the input assumptions for Ofgem's assessment nor soliciting Ofgem's views on the capacity market assumptions. Contact with Ofgem will be facilitated by the Account Manager(s). In the event that Ofgem would require information from the Panel or vice versa, this will also be requested to, and facilitated if appropriate by, the Panel's Account Manager(s) in the Department of Energy Security and Net Zero.

Engagement with other parties

As set out below and agreed in the terms and conditions signed by the Panel upon appointment, the Panel's work is confidential and therefore the Panel must not engage, or discuss its role, with other parties than those listed above. This includes Parliament, industry, representative groups, the public, the media, or any other stakeholders. The Panel may engage publicly on their published reports after they are published by the Department of Energy Security and Net Zero.

Role of the Chair

The post of Chair will exist for the duration of the PTE, i.e. up to the point when the PTE have provided their final report to the Department of Energy Security and Net Zero. The Chairperson is required to perform the following functions:

- Harness the full expertise of the Panel;
- Represent the views of a diverse group;
- Act impartially and ensure the independence of the Panel's reports;
- Ensure the Panel stay within their remit and seek advice from the Department of Energy Security and Net Zero where they are unsure;

- Act as point person between the Department of Energy Security and Net Zero Secretariat and the Panel, particularly during busy periods when efficient flow of information is required;
- Undertake the role of Chair in addition to your role as a Panel member.

Role of the Department of Energy Security and Net Zero Account Manager(s)

The Panel will have a dedicated Account Manager(s) based in the Department of Energy Security and Net Zero who will support the work of the Panel. They will not have the resource to carry out any analysis on behalf of the Panel but will:

- Be the primary contact point between the Panel and the parties stated above;
- Arrange meetings for the Panel to convene, or meet bilaterally with the parties stated above;
- Facilitate information flows and feedback between the Panel and the parties stated above;
- Assist the Panel in recording meetings (for example, minute taking) and the production of its reports, if required (for example formatting and presentational aspects);
- Manage the contracts, monitor the budget and facilitate timely payments; and,
- Attend the relevant meetings or sessions of the Panel, to facilitate the above tasks.

5. Code of Practice

Confidentiality

The work of the Panel is confidential. This confidentiality applies to all papers and information provided to the Panel to facilitate its role as well as the papers prepared by the Panel. The Panel must not discuss or disseminate any information it receives beyond the Panel and the primary holder of that information. This includes the analytical details provided to the Panel for review. Any documents received in hard-copy must be securely stored and appropriately destroyed after use.

No confidential or restricted information will be shared electronically unless the appropriately secure channels are able to be used. Non secure email addresses can only be used for administrative purposes, not for the exchange of information for the purposes of use in their role.

Panel members must comply with the confidentiality conditions set in their terms and conditions, any breach of confidentiality could result in immediate termination of the contract. The Panel's final reports will be published by Government. These will not disclose any confidential or commercially sensitive information that the Panel may have access to as part of its work.

Given the confidentiality conditions and sensitive nature of this work, the Panel must not communicate, or discuss its role, with parties other than those stated in this

Terms of Reference (the Department of Energy Security and Net Zero, National Grid/SONI and Ofgem). Following publication of the Panel's reports, the Panel may discuss the content publicly (including with industry, the media, Parliament or representative groups), but must not disclose any information beyond that which is published.

Register of Interests

The Panel must declare any related (personal or non-personal, financial and non-financial) interests and potential conflicts of interest at the start of the work and the Account Manager(s) will hold a register to record these. The interests are those that might conflict with the Panel's responsibilities as a member or Chair, or which may be perceived (by a reasonable member of the public, or industry) to influence their judgement. The register will be recorded and published on the Department of Energy Security and Net Zero public website alongside the Terms of Reference. As stated in the terms and conditions, Panel members and the Chair are obliged to inform the Department of Energy Security and Net Zero of their interests and any potential or real conflicts of interest up front and any changes to them, as they occur. The published register will be updated monthly.

Transparency

To facilitate transparency in this process whilst maintaining the necessary confidentiality,

Government will make public;

- Details of the Panel's Terms of Reference,
- Membership of the Panel,
- Members' interests (if applicable), and;
- The Panel's final reports.

6. General Information

Period of appointment

The Panel is expected to be in place indefinitely according to Regulations but refreshed as appropriate.

Time commitment

The Panel is expected to work from 0 to 5 days per month, depending on the stage in the process. This time includes that required to prepare for meetings, attend meetings and write and prepare the Panel's reports to the Department of Energy Security and Net Zero. In some circumstances, meetings could be called at short notice, so each Panel member will be expected to participate in urgent business as

necessary. The Panel will work within the overarching timescales and milestones within the ECR and Capacity Market project plan for the enduring regime.

Expenditure reporting

Panel members must report on their billable days worked and any relevant travel expenses (for example, for travel to/from Panel meetings) on a monthly basis. Members must list the tasks conducted for the time allocated and provide an explanation of the associated travel expenses. A template will be provided by the Account Manager(s) and returns requested by e-mail. If the work planned or required by the Panel is likely to require over 5 days per month per individual, the Account Manager(s) must be informed before the work is undertaken. Panel members are to submit their remuneration claims by invoice to the Department's invoice processing office monthly, copied to the Account Manager(s). The invoicing address and Purchase Order number to be quoted on the invoice will be advised upon appointment.