

**Professor Derek Bunn**

Chair of the Panel of Technical Experts

London

Robert Hewitt  
Department for Business Energy and Industrial Strategy  
1 Victoria Street  
London  
SWEH 0ET

11 January 2021

Dear Robert Hewitt,

**Panel of Technical Experts View of NG:ESO's Assessment of the Potential Impacts from COVID on the 2020 ECR Recommendations**

I am writing to you in my capacity as the Chair of the Panel of Technical Experts (PTE) following National Grid Electricity System Operator's (NG:ESO) analysis of the potential effects of the COVID-19 pandemic on their 2020 Electricity Capacity Report (ECR) recommendations. NG: ESO produced their 2020 ECR report in April 2020 based upon an analysis that was undertaken prior to the outbreak of the pandemic. In October 2020, a reconsideration of the modelling assumptions was undertaken with a view to assessing the future impacts from COVID-19 on supply and demand. This was presented to the PTE in September 2020 and we provided comments on many assumptions. NG:ESO responded to these and provided a further presentation in October 2020.

Although we are not in complete agreement with some details of their retained assumptions, the bottom line is that they do not affect the procurement recommendations.

It is the view of the PTE that:

- The Procurement analysis for T-1 showed a negative requirement. In the PTE Report on NG:ESO's Electricity Capacity Report 2020 we agreed that based on the available evidence at the time, there is no need for a T-1 procurement but understand that BEIS is under an obligation to hold an auction. We agree that COVID-19 events do not materially change this recommendation, although there may be other new market events that BEIS may need to assess.

We have recommended a fundamental reconsideration of whether the methodology may be prone to creating repeated problems of negative T-1 requirements and we have made some suggestions which are being advanced by BEIS and NG:ESO in that respect.

- The Procurement analysis for T-4 is unchanged from the 2020 ECR analysis in April and we agree that there is not sufficient evidence that the COVID-19 effect on resource adequacy in four years from now will be material enough to adjust the existing T-4 procurement recommendation. However, again there may be other new market events that BEIS may need to assess.

We are pleased to acknowledge the open and participative way in which NG:ESO have shared their assessments with the PTE and that they have welcomed our views on the possible COVID-19 adjustments to the ECR 2020.

Yours sincerely,

A handwritten signature in blue ink, appearing to read 'D.W. Bunn', with a stylized flourish at the end.

Professor Derek W Bunn  
Chair of the Panel of Technical Experts