



**Consultation on Terms of Reference (ToR) for Panel  
of Technical Experts (PTE) in the SEM**

**SEM-24-049**

**10 July 2024**

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## 1. Background

In August 2022, the SEM Committee published a Call for Comments (SEM-22-054)<sup>1</sup> on the EY Review of the performance of the SEM CRM Report (SEM-22-054a) which formed a part of the CRU Security of Supply Programme. As a part of this review, EY assessed the design of the CRM and prepared a report, which included recommendations that could be implemented to improve the performance of the CRM. The recommendations related to volume of capacity procured, the level of participation in auctions, the timely delivery of new capacity and the value of new capacity. One of the recommendations made in the Report was to ensure “*greater transparency of target setting through a panel of technical experts (PTE) assessment of EirGrid recommendations, with findings published, and explanation of process by which TSO forecasts are translated to Target Volume to procure in capacity auctions*”.

In the responses to SEM-22-054, most of the respondents agreed that the introduction of a Panel of Technical Experts (**PTE**) will increase transparency around volume setting in the capacity market. On review of the responses received, the SEM Committee decided to establish a PTE to review the TSO recommended Target Volume, including locational capacity constraints, and to increase the transparency in the SEM Committee volume-setting process.

In SEM-23-036, the SEM Committee said that “*the SEM Committee [is] to request a member of the Great Britain PTE to review and propose roles and scope of the SEM PTE, followed by [a] SEM Committee Consultation and Decision-making process*”. The SEM Committee has consulted with a Great Britain PTE member and DESNZ on the Great Britain PTE roles and responsibilities<sup>2</sup>.

The following sections set out the RAs’ proposals as to the specific terms of reference of the PTE. Following this consultation, a decision on the Terms of Reference will be published enabling appointment of a PTE by the Regulatory Authorities (**RAs**)<sup>3</sup>.

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<sup>1</sup> <https://www.semcommittee.com/publications/sem-22-054-call-comments-ey-review-performance-sem-capacity-remuneration-mechanism>

<sup>2</sup> [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/117145/panel-technical-experts-terms-of-reference.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/117145/panel-technical-experts-terms-of-reference.pdf)

<sup>3</sup> Utility Regulator (**UR**) in Northern Ireland and the Commission of Regulation of Utilities (**CRU**) in Ireland.

## 2. The role of the Panel and its purpose

The Panel of Technical Experts (“the Panel”) is an advisory group of energy experts appointed by the Regulatory Authorities (RAs) on behalf of the SEM Committee, to review *inter alia* the TSO recommended Target Volume to be procured in the CRM auctions and to provide a report on their recommendations to the SEM Committee on the final Capacity Requirement. The SEM Committee may request further advice from the Panel on an ad hoc basis throughout the process, if necessary, within the terms of the agreement.

In addition to the TSO recommended target volume, the Panel may also review the TSO's wider adequacy studies, such as the National Resource Adequacy Assessment (**NRAA**) in the future if requested to by the SEM Committee.

The role of the PTE is to provide a critical and constructive review of the TSO recommended Target Volume, including locational capacity constraints to the SEM Committee, including but not limited to the assumptions, sensitivities and modelling methodologies. The role of the PTE also includes providing independent technical guidance to the SEM Committee on the development of the Capacity Requirement for each auction based on a robust assessment.

The role of the Panel is a technical function and not a forum for policy commentary or for advising the SEM Committee or RAs 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 policy decisions, in particular, on the reliability standard set by the Government or providing views on the objectives that the Governments, RAs or the SEM Committee has set out for the Capacity Market, Electricity Markets or the methods chosen to achieve its objectives.

The purpose of the Panel is to impartially review, and quality assure the analysis carried out by the TSOs, the choice of modelling methodology employed, and to scrutinise the inputs and outputs from that analysis in terms of the methodology used. The Panel is to test whether the analysis carried out by the TSOs and the choice of modelling methodology employed is robust and fit for purpose, for the SEM Committee to decide on the final Capacity Requirement for a particular capacity auction.

### 3. Requirements

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

- Determine the appropriate modalities to perform their role and reach an agreement on the methods with the RAs
- Engage with the TSO to review the locational capacity constraints, the TSO Target Volume modelling methodology and techniques used in the process of post demand forecasting, where demand forecasting is completed in accordance with NRAA
- Report to RAs through formal written reports and informal reports (for example, presentations or written minutes of meetings) during the process
- Attend all Panel meetings
- Submit a report, including recommendations, to the TSOs to allow the TSOs to incorporate the recommendations as deemed appropriate by the TSOs
- Submit a formal report to the SEM Committee outlining the Panel's review of the TSO recommended Target Volume, including but not limited to the assumptions, sensitivities, locational capacity constraints and modelling methodologies used by the TSO. This report will be published and should be written in plain English, concisely and clearly covering each of the key aspects of the assessment.
- The Panel is expected to agree its work plan with TSOs and RAs in advance.

The RAs will appoint a Chair of the Panel, selected from the Panel members. The post of the Chair will exist until the final report is provided to the SEM Committee for each capacity year (e.g. 12 months) and will be rotated among the Panel members based on their availability. In addition to the functions of a Panel member, the Chair is required to act as a point of contact between the SEM Committee and/or the RAs and the Panel. The Chair is expected 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) outlining the different views and the element of disagreement.

## 4. Ways of working and reporting

### 4.1 Engagement with the RAs

The Panel will engage with the SEM Committee through the RA CRM team. The frequency of engagement with RAs will depend on the stage of the process and is to be established in the work plan.

### 4.2 Engagement with the SEM Committee

The Panel will be expected to attend SEM Committee meetings occasionally in-person or electronically as appropriate and align with meetings at which the TSOs present their recommended Target Volume and locational capacity constraints. In the same meeting, the Chair of the Panel will present a summary of the Panel's findings and recommendations.

### 4.3 Engagement with the TSOs

The TSOs will provide the Panel with the analytical information required for it to perform its independent assessment. The TSOs will facilitate information sharing with the Panel and arrange meetings and/or workshops as required.

## 5. Code of Practice

### 5.1 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.

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

The SEM Committee will publish the Panel's final reports. These will not disclose any confidential or commercially sensitive information that the Panel may have had access to as part of its work.

### 5.2 Register of Interests

The Panel must declare any related (personal, non-personal, financial and non-financial) interests and potential conflicts of interest at the start of their term. 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 may be recorded and published on the SEM Committee website. The Panel members and the Chair are obliged to inform the SEM Committee of their interests and any potential or real conflicts of interest upfront and any changes to them, as they occur.

### 5.3 Transparency

To facilitate transparency in this process whilst maintaining the necessary confidentiality, the SEM Committee will make the following 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

The Panel is expected to have a term of at least three years and is refreshed as appropriate, for example every three years as is the case in Great Britain.

The membership of the Panel is intended to provide a range of professional analytical skills, bringing diverse practical experiences of electricity markets and knowledge of a range of generation technologies.

The SEM Committee proposes that the Panel is to be made up of a minimum of four members to a maximum of six members, including a Chair. The members will be chosen primarily from academia and industry, and will have a range of expertise in at least one of the following areas: demand forecasting, energy economics, codes and procedures, electrical engineering. All members should have some level of experience in energy modelling.

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.

## 7. Next Steps

The SEM Committee welcomes the views of the industry and stakeholders on the Terms of Reference for the SEM PTE set out above. Any comments or feedback on the recommendations must be sent in electronic form to both the CRU and the UR CRM Submissions emails at the following address by close of business on **21 August 2024** to [kevin.baron@uregni.gov.uk](mailto:kevin.baron@uregni.gov.uk) and [mjoseph@cru.ie](mailto:mjoseph@cru.ie).

Once the responses are reviewed and analysed, the SEM Committee intends to invite relevant experts to express interest in joining the SEM PTE.