



House of Commons  
Energy Security and Net Zero  
Committee

---

**Pre-appointment  
hearing for the Chair  
of the National Energy  
System Operator**

---

**First Report of Session 2023–24**

*Report, together with formal minutes relating  
to the Report*

*Ordered by the House of Commons  
to be printed 24 April 2024*

## The Energy Security and Net Zero Committee

The Energy Security and Net Zero Committee is appointed by the House of Commons to examine the expenditure, administration and policy of the Department for Energy Security and Net Zero, and associated public bodies.

### Current membership

[Angus Brendan MacNeil MP](#) (*Independent, Na h-Eileanan an Iar*) (Chair)

[Vicky Ford MP](#) (*Conservative, Chelmsford*)

[Barry Gardiner MP](#) (*Labour, Brent North*)

[Mark Garnier MP](#) (*Conservative, Wyre Forest*)

[Sir Mark Hendrick MP](#) (*Labour, Preston*)

[Mark Pawsey MP](#) (*Conservative, Rugby*)

[Dr Dan Poulter MP](#) (*Conservative, Central Suffolk and North Ipswich*)

[Lloyd Russell-Moyle MP](#) (*Labour, Brighton, Kemptown*)

[Alexander Stafford MP](#) (*Conservative, Rother Valley*)

[Derek Thomas MP](#) (*Conservative, St Ives*)

[Mick Whitley MP](#) (*Labour, Birkenhead*)

### Powers

The Committee is one of the departmental select committees, the powers of which are set out in House of Commons Standing Orders, principally in SO No. 152. These are available on the internet via [www.parliament.uk](http://www.parliament.uk).

### Publications

© Parliamentary Copyright House of Commons 2023. This publication may be reproduced under the terms of the Open Parliament Licence, which is published at [www.parliament.uk/site-information/copyright-parliament/](http://www.parliament.uk/site-information/copyright-parliament/).

Committee reports are published on the [Committee's website](#) and in print by Order of the House.

### Committee staff

Humera Ansari (Committee Specialist), Gwen Edmunds (Committee Specialist), Oliver Florence (Media Officer), Anna Gillingham (Second Clerk), Louise Glen (Committee Operations Manager), Catherine Hayes (Committee Specialist), Julian Mazowiecki (Committee Specialist), Stephen McGinness (Clerk), Shivangi Sharma (Committee Specialist), Michael Thorogood (Committee Specialist), and Beatrice Woods (Committee Operations Officer).

### Contacts

All correspondence should be addressed to the Clerk of the Energy Security and Net Zero Committee, House of Commons, London SW1A 0AA. The telephone number for general enquiries is 020 7219 1223; the Committee's email address is [commonsensnz@parliament.uk](mailto:commonsensnz@parliament.uk)

You can follow the Committee on X (formerly Twitter) using [@CommonsESNZ](#).

# Contents

---

<b>1</b>	<b>Background</b>	<b>2</b>
	The National Energy System Operator	2
	The role	3
	Recruitment process	4
	Person specification	4
	Applicants	4
	Interviews	5
<b>2</b>	<b>The candidate</b>	<b>6</b>
	Biographical information	6
	Our evidence	6
	Conclusion	6
	<b>Appendix 1: CV</b>	<b>8</b>
	<b>Appendix 2: Pre-appointment questionnaire</b>	<b>11</b>
	<b>Appendix 3: Supporting information</b>	<b>16</b>
	<b>Appendix 4: Pro-forma for departments to provide campaign information to select committees</b>	<b>19</b>
	<b>Appendix 5: Supplementary information from the Electricity System Operator, provided upon request</b>	<b>20</b>
	<b>Formal minutes</b>	<b>24</b>
	<b>Witness</b>	<b>25</b>
	<b>List of Reports from the Committee during the current Parliament</b>	<b>26</b>

# 1 Background

---

1. On 14 March 2024, the Government announced Dr Paul Golby as its preferred candidate to be the inaugural Chair of the National Energy System Operator. The post of Chair of the newly created National Energy System Operator is one subject to the agreed pre-appointment hearing process.<sup>1</sup> We held a pre-appointment hearing for Dr Golby on 24 April 2024. We thank him for his evidence, which is published on our website.

## The National Energy System Operator

2. The National Energy System Operator (NESO) is a new independent public body established by the Energy Act in 2023. Originally denoted in the Act as the Independent System Operator and Planner (“the ISOP”), the organisation was, until formally titled in January 2024, commonly referred to as the Future System Operator (or FSO).<sup>2</sup> NESO’s role will be to plan Britain’s electricity and gas networks and operate the electricity system, whilst driving progress towards net zero, maintaining energy security and minimising costs for consumers. NESO will be operational from summer 2024.

3. NESO will be founded on the current activities and capabilities of the Electricity System Operator (ESO). In addition, it will take on new responsibilities to advance a whole system approach, considering the connections between energy vectors, and will act as an independent advisor to Government and Ofgem.

4. A not-for-profit public corporation, NESO’s funding will be drawn from consumers through network charges in a cost-pass-through basis which mirrors the current funding arrangements for the ESO. Both capital and operating expenditure will be funded through a price control in the year the expense is incurred, so there will be no regulatory asset base built up that is remunerated under a return on capital model. A working capital facility will be provided by HM Treasury; commercial funding will not be required. NESO will be regulated by Ofgem.

5. Through the ESO regulatory price control, Ofgem approved spend of £651 million based on FY18–19 prices over FY24 and FY25 (RIIO-2 Business Plan 2 period).<sup>3</sup> Expenditure plans for FY26 will be submitted to Ofgem for approval as part of the RIIO-2 Business Plan 3 process. It is expected that operating income will be equal to operating expenditure over time, owing to timing differences in revenue collection and expenditure.

6. ESO currently employs around 1200 staff. This includes recruitment relating to NESO. It is expected that NESO will grow significantly, with new roles and capability added over time in order for the organisation to discharge its new duties.

---

1 [.gov.uk, Role details: Chair of National Energy System Operator](https://www.gov.uk/role-details/chair-of-national-energy-system-operator), 10 April 2024

2 [.legislation.gov.uk, Energy Act 2023](https://www.legislation.gov.uk/ukpga/2023/1/section-1), 23 April 2024

3 See Appendix 5

7. NESO has identified five priorities for delivering value for the energy system from Day 1:

- Strategic Planning
- Security of supply
- Resilience
- Market Development
- Net zero energy insights<sup>4</sup>

## The role

8. The role of the Chair was described in the recruitment exercise as follows:

The Chair will be a high-profile role as the FSO works at the heart of the energy system to help shape the way GB net zero and energy security needs are met. The Chair will be appointed by the Secretary of State for Energy Security and Net Zero and will agree the FSO's strategic plans with the department. However, the FSO will have substantial operational independence. The FSO will be regulated by Ofgem through its regulatory framework in a similar manner to the rest of the energy market.

In the initial stages, the primary focus of the Chair will be to lead the Board in guiding the transformation of the organisation from a privately-owned electricity system operator into a public sector company that delivers a whole system approach and acts as an expert and trusted adviser to government on the energy system. This will involve merging the Electricity System Operator, with the longer-term gas planning and strategic roles from National Grid Gas and overseeing the expansion of the organisation to take on a new statutory advisor role. You will use your expertise to shape the organisation into one that meets future needs, engaging with energy industry participants, consumers, and wider stakeholders to ensure their diverse needs are met.

The Chair will lead the Board and bring out the best in the Board members to set a clear direction for the FSO, driving the design and delivery of the new organisation. You will listen to and support the CEO to implement the decisions of the Board and monitor performance. The Chair will also have a role to play in shaping the business planning process that is agreed with Ofgem. The Chair will have excellent knowledge of good corporate governance and experience of Chairing organisations of similar size and importance, and of using corporate governance to promote and maintain high standards throughout the business. The FSO must be an organisation that acts with integrity, accountability, and transparency in its operations. It must balance the needs of industry and consumers for the long-term. You will use your experience and political acumen to build collaborative

and effective relationships with a broad range of senior stakeholders across government, with Ofgem, parliament and industry, acting as an ambassador for the FSO.

## Recruitment process

9. The Department for Energy Security and Net Zero launched the competition to appoint the Chair in July 2023. Since the campaign was predominantly live over August, Ministers agreed to extend for two weeks in order to improve the diversity and quality of the longlist. The recruitment closed on 18 September 2023. Appointments to NESO are made under the Energy Act 2023. This provides that the Chair shall be appointed by the Secretary of State.

10. This appointment campaign was administered by the Public Appointments team at DESNZ with support from the NESO Implementation Team. The interview process was undertaken in accordance with the Governance Code and with the Principles of Public Appointments, and was subject to No.10 consultation.

## Person specification

11. The new Chair's working hours and pay will require three days per week and will be remunerated between £88,000 to £138,000 a year. There was no mention of a pension payable for the appointment. The appointment is for four years, with the opportunity for re-appointment for a second term.

12. The person specification states that the successful candidate must be able to demonstrate the following essential criteria:

- The ability to think strategically, set clear direction and communicate effectively to ensure the successful implementation of the FSO's duties and objectives.
- The ability to command the confidence of government, Parliament and the regulator, including Ministers and senior officials.
- Excellent leadership, personal resilience, and inter-personal skills and experience of managing complex senior stakeholder relationships across industry.
- Experience in driving organisational transformation including cultural change.
- Experienced track record as a Senior Executive, Non-Executive Director or preferably as a Chair.
- The ability to understand the energy system and whole system impacts.

## Applicants

13. There was a total of 33 applicants for the role:

- 6/33 (18%) applicants identified as female;
- 3/33 (9%) identified as BAME; and,

- 3/33 (9%) declared a disability.

14. Four applicants were selected for interview, including one applicant who identified as female (25%), none who identified as BAME (0%) and none who declared a disability (0%).

15. The role was advertised on *The Times* job board and GOV.UK. In addition, Veredus, an Executive Search Agency, was appointed following a tender process run by DESNZ. Veredus contacted over 410 people in connection with the role, across both public and private sectors.

### **Interviews**

16. The interviews were held in person on 22 November 2023 and the Advisory Assessment Panel comprised:

- Jeremy Pocklington (Panel Chair);
- Perdita Fraser (Senior Independent Panel Member); and,
- Eleanor Warburton (Other Panel Member).

17. Following the interviews, the panel assessed that two candidates were appointable to this role.

## 2 The candidate

---

### Biographical information

18. Dr Paul Golby is the Government's preferred candidate for the Chair of the National Energy System Operator. He has 25 years' experience in the energy industry, spanning generation, transmission, distribution and supply. He spent 9 years as Chairman and Chief Executive of E.ON UK plc, where he led the company through two major acquisitions and entry into the renewable, nuclear and energy saving sectors. His board experience as Chair includes for the National Air Traffic Service, Costain Group plc, Engineering UK and the AEAT Group plc. He was also a Non-Executive Director and Chair of the Safety, Environment and Health Committee at National Grid plc.

19. Dr Golby's role as Chair of the National Air Traffic Service concludes on 31 August 2024. He intends to continue as a Board member of the ERA Foundation and has said that it is a "relatively 'light touch' role" which would not cause any impact on his NESO responsibilities.

### Our evidence

20. In oral evidence, we asked Paul Golby about the following specific matters:

- The pre-appointment process;
- NESO's strategic priorities;
- A number of key issues in the energy sector.

### Conclusion

21. The candidate brings broad experience as an engineer in the energy sector, a former chief executive of a major energy company and a chair of large organisations in aviation, construction and energy. He demonstrated an understanding of the current challenges facing the energy sector and identified security of supply as being the key priority for NESO. Delivering on the strategic spatial plan was raised as a means of measuring NESO's success and the candidate emphasised the importance of engaging with communities where infrastructure is needed. The candidate was aware of the limitations of NESO and its ability to make things happen.

22. We were struck by the difficulty inherent in assessing a candidate as chair of an organisation that does not yet exist and had some concerns about the candidate's understanding of the structure, budget and detail of the new organisation. We would have liked to have seen more compelling evidence of the candidate's commitment to lead by example in areas like skills and training, as befits the role of chair of a new and significant public organisation, and expect to see more evidence of the vision he intends to set as Chair for NESO. The candidate will need to develop his political awareness and knowledge of the detail of NESO, as well as the specific levers it can use to influence Government, consumers, suppliers and other market participants once it is established.



23. The candidate demonstrated a calmness under our questioning and responded to our concerns in a measured fashion. He expressed enthusiasm to return to the Committee to showcase his vision more persuasively, once the organisation is established. We welcome this commitment and expect to hear more from the candidate about the vision underpinning NESO before the end of this calendar year.

24. On the basis of the evidence presented, we approve Paul Golby's appointment as Chair of NESO, with the stipulation that he returns within six months of his appointment to present a compelling vision for NESO to the Committee. We hope the establishment of this new public energy body will provide a much-needed impetus to creating an energy system with improved coordination, security, affordability and sustainability.

# Appendix 1: CV

---

## Dr Paul Golby, CBE, FREng Curriculum Vitae

A Chair and Chief Executive with extensive Board and Leadership experience in the energy industry and extensive non-executive roles in Construction, Aviation, Research & Innovation and Education.

Major achievements include transforming E.ON into one of the major players in the energy industry through multiple acquisitions, bolt-ons and organic growth and successfully steering major organisations through Covid, each involving significant fundraising. Proven success in advising and dealing with government, regulators and investors across multiple sectors and made contributions to higher education by Chairing University and major Research Councils.

Contribution to the Energy Industry and Higher Education recognised by the award of CBE and Honorary Degrees from Aston and Cranfield Universities.

## Non Executive Positions

### Current:

- 2018 – date The ERA Foundation : Non Executive Director
- 2014 – date National Air Traffic Service : Chair

### Past:

- 2016 – 2023 Costain Group plc : Chair
- 2012 – 2022 Foundation for Science & Technology : Council Member
- 2012 – 2021 National Grid plc : Non Executive Director & Chair SEH Committee
- 2012 – 2019 The Prime Minister’s Council for Science and Technology Member
- 2011 – 2019 The Engineering and Physical Sciences Research Council : Chair
- 2012 – 2018 Aston University : Chair of Council
- 2010 – 2016 Engineering UK : Chair
- 2003 – 2012 AEAT Group plc : Chair

## Executive Summary

### E.ON AG:

#### Executive Committee Member.

Turnover (2010): €92.8 billion EBIT: €9.4 billion Employees: 85,000

**E.on Uk Plc (formerly Powergen), July 2002 to Dec 2011****Chairman And Chief Executive, (retired)**

Turnover (2010): £9.2 billion EBIT: £842 million Employees: 16,000

Appointed following completion of the acquisition of Powergen, reporting to the Chairman of E.ON AG.

- Led the £4bn sale of Central Networks (Distribution) to PPI Corp in March 2011, representing a 32% premium to RAV.
- Led and completed the £1.4bn acquisition of TXU Energi in October 2002 and £1.2bn acquisition of Midlands Electricity in October 2003
- Transformed E.ON UK from the smallest UK player into one of the UK's leading integrated electricity and gas business.

**Powergen plc, June 2001 to July 2002****Director, UK Operations**

Executive Director and Board Member of Powergen plc, responsible for Powergen's then £2.7bn turnover UK business employing 5,500 staff throughout the UK. Part of the team who sold Powergen to E.ON for £5.1bn.

**East Midlands Electricity plc, 1998 to June 2001****Managing Director**

Managing Director of East Midlands Electricity, Powergen's Electricity Distribution and Metering Business, distributing electricity to 2.4m domestic and industrial customers through the East Midlands Region.

- Delivered annual cash cost savings of £75m pa, through major restructuring of the business

**Clayhithe plc - Quoted Investment Company, 1992 – 1998****Executive Director**

Chairman and Chief Executive of Clayhithe's Specialist Engineering Division.

**Groewood Securities plc – Quoted Property Company, 1990 - 1992****Chief Executive - Non Property Division**

Retained as Chief Executive of 4 multi-site subsidiaries, following Groewood acquisition of Early's. Reported to the Group Deputy Chairman, with a brief to enhance profitability and to negotiate the sale of these businesses.

## **Early's Of Witney plc – Quoted Textile Company, 1986 – 1990**

### **Managing Director**

Chief Executive of a publicly quoted company producing and marketing household textiles, floor coverings and industrial products.

- Negotiated the sale of the entire share capital of Early's to Grovewood Securities PLC at a price of 225p against 60p on joining the Company.

## **BTR plc, 1972 – 1986**

Various General Manager positions since joining as a graduate engineer.

## **Qualifications**

- **PhD** – Mechanical Engineering, 1975
- **BSc** – Mechanical Engineering – Aston University, 1972
- Chartered Engineer

## **Professional Bodies**

- Fellow of the Royal Academy of Engineering
- Fellow of the Institution of Mechanical Engineers
- Fellow of the Institution of Engineering and Technology
- Fellow of the Energy Institute
- Fellow of City & Guilds Institute

## **Personal Details**

Awarded honorary degrees of D.Sc by Aston University in 2007 and Cranfield University in 2008.

Appointed a Commander of the Order of the British Empire in the Birthday 2011 Honours List.

## Appendix 2: Pre-appointment questionnaire

---

### Motivation

**1. What motivated you to apply for this role, and what specific experiences would you bring to it?**

- Transforming the National Energy System, in response to the trilemma, is one of the most important, complex and difficult challenges facing the Energy industry, consumer's, regulators and politicians. It's nothing short of a National Challenge which will require unique solutions and rapid transformation, supported by wide collaboration in order to succeed. I am keen to help address this challenge and believe that I have a range of experiences to bring to the role.
- I have a 25 year background in the Energy Industry spanning Generation, Transmission, Distribution and Supply and was one of the first in the sector to endorse and articulate the challenge of the Trilemma. During my Executive career at E.ON I steered the company through two major acquisitions and entry into the renewable, nuclear and energy saving sectors. As a result of which, I am familiar with many of the obstacles that the newly formed NESO is likely to face.
- In addition to my energy experience, I have worked closely with, and provided advice to Government across a variety of sectors. This has included the Prime Ministers Council for Science and Technology, The Energy Research Partnership and the Engineering & Physical Science Research Council.

**2. Please elaborate on any experience you have that will be relevant to the role. In which areas do you feel well-qualified to make a contribution; and in which will you have to acquire new skills, or knowledge?**

- I have Chaired complex, real time and safety critical services. Most recently the National Air Traffic Service (NATS) which I have helped steer through the introduction of new technology and major airspace change, whilst also maintaining this critical service during Covid.
- As a fellow of the Royal Academy of Engineering I have long been an advocate of a "whole system" approach to tackling multi-dimensional problems, such as the Trilemma. Solving part of the problem, e.g. generation connection, battery storage or Wind Farms, doesn't automatically lead to a solution in a constrained Transmission or Distribution grid environment.
- Creating the NESO is not a straightforward "lift & shift" of the ESO from private to public sector. It's a complex, organisational and people challenge, requiring additional capacity and capabilities. All done at pace, if it is going to deliver its objectives. I have experience of Chairing complex organisations undergoing significant growth and technology change.
- In addition to the organisational and structural change there is the key dimension of people, not only inside the organisation but externally, whatever names

we attach to them; e.g. constituents, tax payers or consumers. Infrastructure change on a crowded Island can only be achieved through a major programme of consultation and persuasion. I have experience of being an advocate for such changes including Electricity Distribution and Airspace.

**3. How were you recruited? Were you encouraged to apply, and if so, by whom?**

- I was encouraged by several ex-colleagues and subsequently approached by Veredus, the recruitment agency handling the appointment process on behalf of DESNZ. I submitted an application via their Web based process.

## Personal background

**4. Do you have any business or financial connections which might give rise to a conflict of interest, or perception of conflict of interest, in carrying out your new duties as Chair of NESO? If so, how do you intend to resolve them?**

- I have no current business interests or activities which could give rise to a conflict.
- I hold a portfolio of shares, managed by a third party on an arm's length discretionary basis. If necessary, I could instruct them not to invest in specified energy related companies and/or to divest any such shares currently held.

**5. If appointed what professional or voluntary work commitments will you continue to undertake, or do you intend to take on, alongside your new role? How will you ensure that this will not impinge on your responsibilities as Chair of NESO?**

- My current role as Chair of NATS concludes on the 31st August 2024, so there is very limited overlap.
- I am also a Board member of the ERA Foundation, a charity like organisation, which promotes high value electrotechnical manufacturing as a key contributor to the UK economy and encourages the development of skills in that sector. This is a relatively "light touch" role which will not cause any impact on my NESO responsibilities.

**6. Have you ever held any post or undertaken any activity that might cast doubt on your political impartiality? If so how will you demonstrate your political impartiality in the role if appointed?**

- No, I have had no role or activity which could cast doubt on my political impartiality.

**7. Do you intend to serve your full term of office, and do you intend to apply for another once it has ended?**

- I intend to serve my full term and would consider a further term.

## NESO

**8. If appointed what will be your main priorities, both short and long term, on taking up the role? What do you envisage as being the main challenges to these priorities?**

- Establishing and stabilising the NESO in its new form will be a key initial challenge. In particular, the forthcoming winter period brings most challenge to maintaining and balancing the energy system. It is of paramount importance that during this period of change (and of course beyond) “keeping the lights on and gas flowing“ are maintained as the highest priority.
- In the immediate term there is a need to work with DESNZ and Ofgem to resolve the currently unacceptably long connection times for new connections to the grid, whilst ensuring that the right assets/locations are prioritised. Currently there is up to 5 times more generation or storage capacity in the queue for connection than that needed by 2035!
- In the medium to longer term the NESO needs to produce, consult on and obtain agreement of a spatial energy plan for the United Kingdom. This must maximise the use of current infrastructure to minimise the overall investment requirement (which will still be very significant), minimise environmental impact and enable delivery of new infrastructure in an acceptable timeframe.
- In addition, the NESO will also need to encourage innovation and make use of intelligent data to transform the existing grid and balancing systems from analogue into a digital world.

**9. What criteria should the Committee use to judge your performance over your term of office? Please explain why.**

- The establishment of a “fit for purpose“ NESO, with a clear, and agreed, pathway towards the achievement of the objectives set out in the previous question.
- Building a strong, but “tensioned, relationship with DESNZ, Ofgem and other market constituents. All working towards a coherent plan required to achieve net zero at an acceptable cost, without prejudicing security of the UK’s energy supply.
- Putting in place a robust governance regime such that the NESO is seen as a strong, well regarded and independent organisation.

**10. How will you protect and enhance your personal independence and the institutional independence of NESO from the Government/Ministers?**

- By being prepared to speak out on clear, evidence based, assessments of the issues faced in tackling the Trilemma. Articulating options for resolution by becoming a trusted independent voice. During my time at NATS I have been able to demonstrate independence from Government and balancing the needs of other shareholders on a wide range of issues, such as regulation, airspace design and financial restructuring during Covid.
- I have always searched for pragmatic solutions to difficult problems, such as the trilemma, trying to build alignment where possible. But also being prepared to speak out and argue the case for courageous decisions when required. An example might be my advocacy for a demonstration carbon capture facility, partially funded by the then Government, during my tenure at E.ON.

- For much of my career I have worked in an industry with much greater asset investment timelines than that of the electoral cycle. I have an understanding of how to balance, these competing requirements.

**11. How do you assess the importance of the public profile and reputation of NESO?**

- The NESO should not seek a public profile in its own right. However, it should seek to be recognised as an authoritative and independent expert voice in the formation of and implementation of UK energy policy.
- Its reputation will hinge on the quality of its advice. The targeted interventions it recommends, in particular reshaping policy or regulatory instruments to shift infrastructure investments to achieve a cost effective net zero energy supply.
- At all times its reputation must be underpinned by its core focus of “keeping the lights on.”

**12. What risks do you think NESO will face over your term of office? How do you intend to manage them?**

- The identification and approach to develop a “blueprint“ for a “fit for purpose“ future energy infrastructure is an enormous task. The NESO will need to harness a range of the very best ideas and expertise available in the UK. It will need the flexibility and independence to do so at true “arm’s length” from Government.
- As mentioned previously, the NESO will not be able to do its job effectively without an open and constructive relationship with DESNZ and Ofgem. I believe that I have demonstrated my ability to build such relationships in my current role at NATS with the DfT and CAA.
- People with the right level of commitment and expertise will be at the core of NESO’s ability to deliver its objective(s). The creation of a stable and expert organisation with the right motivation will be critical to achieving this, particularly as the organisation moves from private to public sector and significantly expands its role, capabilities and staff. Being seen as a “great place to work“ will be an essential ingredient.

**13. Please add anything you wish to bring to the Committee’s attention that has not been covered by the above questions. Please keep your answer to 250 words.**

- Throughout this questionnaire I have stressed the challenge in establishing an effective NESO, the enormity of the issue being addressed and the importance of harnessing the best ideas and people for this purpose.
- Building the right organisation and an effective Board with the right range of skills and experience will be critical. I have Chaired and built effective Boards and management in several complex organisations. I believe that I have the right, intellectual and emotional skills to build an effective, diverse but collegiate team. Building a constructive “critical friend” relationship with the Chief Executive will be an essential part of this.



- Building the widest coalition of support; industry, political and public will be essential to the task ahead. This will require both intellectual rigour together with empathy to ensure that the proposed solutions are accepted. I believe that I have the skills, listening capacity and ability to network with others to help build such a coalition.

## Appendix 3: Supporting information

---

### Information about the preferred candidate

Name of the preferred candidate: Paul Golby

Their current CV: Attached as a separate document.

Declaration of relevant interests made by the candidate: Paul Golby returned a 'Conflict of Interest and Shareholding Declaration Form' at point of application and no conflicts were declared.

Declaration of relevant political activity made by the candidate required under paragraph 9.2 of the Governance Code on Public Appointments: Paul Golby has not declared any relevant political activity.

### Proposed terms of appointment and remuneration

This is a four-year appointment, with a time commitment of 3 days per week. The remuneration is £230,000 FTE per annum, which will be calculated on a pro-rata basis (i.e. £138,000 per annum for 3 days a week).

Note: Until NESO is established, Paul will be appointed on an interim basis as Chair-Designate by the Department for Energy Security and Net Zero, to aid the establishment of NESO. During this period, he will be paid a pro-rata day rate of the above remuneration by the Department. This arrangement has been agreed with Cabinet Office, No.10, and the Office of the Commissioner for Public Appointments.

### Role description and person specification

The full role description, job specification and further information can be viewed in the job advert: <https://apply-for-public-appointment.service.gov.uk/roles/7631>

Below is an extract of the role description and person specification.

#### ***Role description***

The Chair will be a high-profile role as the FSO works at the heart of the energy system to help shape the way GB net zero and energy security needs are met. The Chair will be appointed by the Secretary of State for Energy Security and Net Zero and will agree the FSO's strategic plans with the department. However, the FSO will have substantial operational independence. The FSO will be regulated by Ofgem through its regulatory framework in a similar manner to the rest of the energy market.

In the initial stages, the primary focus of the Chair will be to lead the Board in guiding the transformation of the organisation from a privately-owned electricity system operator into a public sector company that delivers a whole system approach and acts as an expert and trusted adviser to government on the energy system. This will involve merging the Electricity System Operator, with the longer-term gas planning and strategic roles from National Grid Gas and overseeing the expansion of the organisation to take on a new

statutory advisor role. You will use your expertise to shape the organisation into one that meets future needs, engaging with energy industry participants, consumers, and wider stakeholders to ensure their diverse needs are met.

The Chair will lead the Board and bring out the best in the Board members to set a clear direction for the FSO, driving the design and delivery of the new organisation. You will listen to and support the CEO to implement the decisions of the Board and monitor performance. The Chair will also have a role to play in shaping the business planning process that is agreed with Ofgem. The Chair will have excellent knowledge of good corporate governance and experience of Chairing organisations of similar size and importance, and of using corporate governance to promote and maintain high standards throughout the business. The FSO must be an organisation that acts with integrity, accountability, and transparency in its operations. It must balance the needs of industry and consumers for the long-term. You will use your experience and political acumen to build collaborative and effective relationships with a broad range of senior stakeholders across government, with Ofgem, parliament and industry, acting as an ambassador for the FSO.

### ***Person specification***

#### ***Essential criteria***

- The ability to think strategically, set clear direction and communicate effectively to ensure the successful implementation of the FSO's duties and objectives.
- The ability to command the confidence of government, Parliament and the regulator, including Ministers and senior officials.
- Excellent leadership, personal resilience, and inter-personal skills and experience of managing complex senior stakeholder relationships across industry.
- Experience in driving organisational transformation including cultural change.
- Experienced track record as a Senior Executive, Non-Executive Director or preferably as a Chair.
- The ability to understand the energy system and whole system impacts.

#### ***Desirable criteria***

- Knowledge of sustainability and the energy transition.
- Knowledge of or experience of taking account of impact on consumers and consumer behaviour.
- Experience of managing risk in a change environment.
- Experience of facilitating innovation and competition.
- Experience in digital and new technology.

## Recruitment process and diversity data

When the campaign closed on 18 September 2023 there was a total of 33 applicants. The diversity data at this point was as follows:

- 6 applicants identified as female (18%)
- 3 applicants declared a disability (9%)
- 3 applicants identified as BAME (9%)
- 4 applicants were shortlisted for interview. Interviews took place on 22 November 2023 and were held in person.

The diversity data for the shortlisted applicants was as follows:

- 1 applicant identified as female (25%)
- 0 applicants declared a disability
- 0 applicants identified as BAME

The Advisory Assessment Panel comprised of:

- Jeremy Pocklington (Panel Chair)
- Perdita Fraser (Senior Independent Panel Member)
- Eleanor Warburton

Following the interviews, the panel found 2 candidates appointable.

Appointments to NESO will be made under the Energy Act 2023. This provides that the Chair shall be appointed by the Secretary of State.

This appointment campaign was administered by the Public Appointments team at DESNZ with support from the NESO Implementation Team.

The interview process was undertaken in accordance with the Governance Code and with the Principles of Public Appointments, was subject to No.10 consultation and was considered a significant appointment.

## Appendix 4: Pro-forma for departments to provide campaign information to select committees

<b>Campaign Launch Date</b>	24 July 2023
<b>Campaign Closing Date</b>	18 September 2023
<b>Reason for any changes in timetable to that originally published</b>	Under Section 3.1 of the Governance Code for Public Appointments, Ministers reserve the right to extend the campaign closing date based on the diversity and quality of the field of applicants. Given our campaign was predominantly live over August, outreach to candidates was made more difficult due to summer holiday plans and Ministers agreed to extend for 2 weeks in order to improve the longlist.
<b>Advertising Strategy</b>	<p>Due to the importance of the role and the desire to generate a diverse and credible longlist, officials requested to appoint an Executive Search Agency for this campaign, which was approved by the Cabinet Office.</p> <p>Following a tender process run by DESNZ in line with government procurement rules, Veredus was appointed. DESNZ worked closely with Veredus to ensure that diversity (for both gender and BAME representation, as well as diversity of experience and skills) was a priority throughout and that appropriate channels and networks were utilised for the search. In particular, we tasked Veredus with providing us with candidates who had credible Chairing experience and who had experience in handling transformation programmes.</p> <p>Veredus contacted over 410 people in connection with the role, across both public and private sectors.</p> <p>The role was advertised on The Times job board, as well as both GOV.UK and Veredus' website.</p> <p>While the campaign was live, DESNZ held weekly steering groups with Veredus to review the longlist and diversity data, and discuss potential candidates and strategies for further outreach.</p>
<b>Advisory Assessment Panel</b>	<ul style="list-style-type: none"> <li>• Jeremy Pocklington (Panel Chair)</li> <li>• Perdita Fraser (Senior Independent Panel Member)</li> <li>• Eleanor Warburton</li> </ul>
<b>Number of Applicants</b>	33
<b>Number of Candidates Invited to Interview</b>	4
<b>Number of Candidates Found Appointable</b>	2

## Appendix 5: Supplementary information from the Electricity System Operator, provided upon request

---

### How will NESO be funded?

- The National Energy System Operator (NESO) will be a not-for-profit public corporation, operating under a not-for-profit regulatory framework and regulated by Ofgem.
- NESO's funding will be drawn from consumers through network charges on a cost-pass-through basis which mirrors the funding arrangements for the Electricity System Operator today. Given the different context that NESO will operate in, some amendments to funding arrangements will be made. These include:
  - A 100% fast money arrangement, where all forecast costs are recovered through charges in the year that NESO expects to incur them.
  - This means that both capital and operating expenditure are funded through a price control in the year the expense is incurred – so there is no regulatory asset base built up that is remunerated under a return on capital model.
  - A working capital facility will be provided by HM Treasury, meaning commercial funding and remuneration for the contingent capital is not required.

### What further detail do you have for projected operating expenditure or operating income (if available)?

- Through the ESO regulatory price control, Ofgem approved spend of £651 million spend based on FY18/19 prices over the FY24 and FY25 (RIIO-2 Business Plan 2 period).
- Expenditure plans for FY26 will be submitted to Ofgem for approval as part of the RIIO-2 Business Plan 3 process.
- Operating income will be equal to operating expenditure over time, due to timing differences in revenue collection and expenditure.

### How many staff are predicted to be employed by NESO from day 1 or in year 1?

- To deliver the ambitious plans for NESO as a standalone organisation, including discharging new roles and duties, the organisation needs new expertise and capacity.

- The Electricity System Operator employs around 1200 people today, which includes a significant amount of recruitment relating to NESO. We expect that the organisation could grow substantially by the end of 2024.
- The programme of recruitment and upskilling has been underway for some time to ensure that required capabilities for NESO are in place for day 1 operations. We recognise that delivering this level of capability build is significant and we know we need to be creative and look beyond the traditional channels and talent pools.

### **Does ESO have any further detail on the specific responsibilities of NESO?**

- NESO will build on the strong foundation and track record of the Electricity System Operator in delivering its main functions:
  - Coordinating and directing the flow of electricity over Great Britain's electricity system.
  - Carrying out strategic planning and forecasting in across both the electricity and gas systems.
  - Acting as an independent advisor, providing analysis and information to Government and Ofgem.
- How NESO delivers these functions is critical - we are clear that data and digitalisation must be at the centre of a successful energy transition, and that NESO must operate with a digital first mindset as it works to enhance Britain's energy security and unleash opportunities for new technologies and business models.
- With no commercial interest, the NESO's advice will be impartial, accelerating energy system decision-making for Ofgem and the Government in the best interest for consumers.
- The NESO will carry out its core functions in a way that best promotes three objectives:
  - Ensuring security of supply – matching demand and supply, creating and maintaining electricity restoration plans and upholding and improving the resilience of the energy system.
  - Efficiency and economy – considering the impacts of its activity on current and future consumers.
  - Achieving net zero - proactively identifying and creating opportunities to facilitate decarbonisation.
- The NESO will have a statutory duty to undertake its functions in a way that considers all three of the above objectives on an equal footing. When any conflicts occur, the NESO has a duty to identify and make trade-offs, guided by the principles of the Strategy and Policy Statement framework.

- In discharging its functions and working towards its objectives, the NESO must consider the need to facilitate competition, the impact of its activities on consumers and the whole energy system and the ways NESO can facilitate innovation.

### ***Whole energy market development***

- In market development, NESO will have day 1 capability to support the Department for Energy Security and Net Zero in developing both gas and electricity markets. We will continue to build on some of the great work that is already underway at ESO, for example unlocking greater demand side response, but longer term we also expect to bring in other areas including hydrogen and CCUS as part of delivering a whole energy markets strategy.

### ***Resilience and emergency planning***

- Recent events have reinforced the importance of energy security and resilience and the need to take a whole system perspective when considering the security of supply for Great Britain. This is at the heart of our proposal to establish an Office of Resilience and Emergency Management as a core part of NESO.
- Today the ESO supports the Government by analysing the future capacity requirements for the electricity sector. However, given the increasingly interdependent nature of Great Britain's energy networks, NESO will explore how the gas and electricity systems can be best utilised to enhance whole energy system resilience.
- This work will involve conducting whole energy resilience assessments, looking at risks and vulnerabilities across the system, defining mitigations and conducting annual reviews of emergency processes and industry readiness.
- NESO will publish security of supply assessments across both electricity and gas, looking at macro- economic and geo-political factors and specifically highlighting where the two systems interact. The ambition for NESO is that it will be a key coordinator for emergency preparedness across the whole energy system, planning and coordinating responses to ensure resilience and security of supply at the most equitable cost to consumers.

### ***Strategic energy planning and insight***

- NESO will have licence obligations for planning in both gas and electricity. NESO will publish the Centralised Strategic Network Plan and, alongside this work, NESO will publish the first-ever independent view of the long-term gas network system and whole energy network recommendations to provide direction and accelerate action across network planning.
- NESO will work with the Department for Energy Security and Net Zero to deliver the first Strategic Spatial Energy Plan, which will assess the optimal mix of clean electricity generation and energy storage to achieve decarbonisation targets in Great Britain.



- This will inform the Centralised Strategic Network Plan, which will detail the network requirements to deliver that mix across gas, electricity and other vectors, including hydrogen.

# Formal minutes

---

**Wednesday 24 April 2024**

## **Members present**

Angus Brendan MacNeil, in the Chair

Rt Hon Vicky Ford

Sir Mark Hendrick

Derek Lloyd

Mark Pawsey

## **Pre-appointment hearing for Chair of the National Energy System Operator**

Draft Report (*Pre-appointment hearing for Chair of the National Energy System Operator*), proposed by the Chair, brought up and read.

*Ordered*, That the draft Report be read a second time, paragraph by paragraph.

Paragraphs 1 to 24 read and agreed to.

The Candidate's biography and supporting documents were appended to the Report as Appendices.

*Resolved*, That the Report be the First Report of the Committee to the House in Session 2023-24.

*Ordered*, That the Chair make the Report to the House.

*Ordered*, That embargoed copies of the Report be made available, in accordance with the provisions of Standing Order No.134.

## **Adjournment**

Adjourned till Wednesday 8 May 2024 at 9.30 am.

## Witness

---

The following witness gave evidence. The transcript will be made available on the [inquiry publications page](#) of the Committee's website.

### Wednesday 24 April 2024

**Dr Paul Golby**, Government's preferred candidate for Chair of the National Energy System Operator

## List of Reports from the Committee during the current Parliament

---

All publications from the Committee are available on the publications page of the Committee's website.

### Session 2023–24

<b>Number</b>	<b>Title</b>	<b>Reference</b>
1st Special	Preparing for the winter: Government Response to the Committee's First Report of Session 2022–23	HC 401

### Session 2022–23

<b>Number</b>	<b>Title</b>	<b>Reference</b>
1st	Preparing for the winter	HC 1720
2nd	Pre-appointment hearing for the Chair of Ofgem	HC 1833