

Public

Effective: 16 July 2025

Updated: 19 November 2025

# **Terms of Reference Operational Effectiveness & Resilience Committee**

**These terms of reference should be read in conjunction with the terms of reference applicable to all committees of the Board of NESO**

## Purpose

Oversight of the NESO transformation programme and to achieve net zero system operation by 2030 (Clean Power 2030), without compromising operational resilience (electrical, physical and cyber), at an acceptable cost to consumers.

Oversight of the management of NESO Operational Effectiveness and Resilience matters, including the relevant systems and processes, focusing on those which it considers to be most potentially material from time to time.

Initially, the 'Operational Matters' include:

- Critical National Infrastructure (CNI) including IT systems, OPTeL, physical Control Rooms and Contingency Control Centre. This includes CNI Process safety and operational risks as well as Cyber, Data and physical Security risks;
- Control Room Operations, Policies, Processes, Resilience, Staffing and Incidents
- Operational environmental and social risks; and
- the effectiveness of NESO's implementation of the UK government's relevant energy and climate commitments.

This list will be reviewed from time to time, at least annually, by the Committee.

## Membership

At least three Non-Executive Directors.

## Quorum

Two members

## Meetings

At least three times a year.

Attendance by invitation.

## Responsibilities

1. Monitor and test:
  - NESO’s performance in respect of the Operational Matters; and
  - the effectiveness of NESO’s system of internal control for Operational Effectiveness and Resilience of CNI, including applicable management systems, policies, practices, processes, leadership, and culture; informed by the receipt of performance and assurance reports.
2. Review of any major incidents affecting the Operational Matters with particular regard for the remediation and mitigation plans
3. Review such risks as it may determine fall within its scope from time to time consistent with its purpose.
4. Review and test management responses to relevant reports of Internal Audit and the findings of selected CNI Operational investigations.
5. Review NESO’s [annual sustainability report] and such other materials intended for disclosure or publication as may be allocated to it by the Board from time to time.
6. Conduct such other oversight activities as may be allocated to it by the Board from time to time.
7. Review and make recommendations to the remuneration committee, as appropriate related to:
  - the incorporation of operational and resilience targets into the design and implementation of remuneration terms; and
  - the year-end performance outcomes against operational and resilience targets as set in the bonus and incentive arrangements.
8. Provide external engagement support, as appropriate, in respect of major operational outputs and outcomes.
9. Monitor the relevant elements of the TSA and OSA delivery pertaining to CNI
10. Take regular updates from the NESO Director of System Operations, Chief Information Security Officer, Chief Information Officer, Director of Resilience and Emergency Management and other executive management, as may be required.
11. Focus on NESO areas of responsibility while considering the relevant developments in the wider energy system.

## Reporting

12. Assess and make recommendations to the Board with regard to the ongoing policies and strategic plans for the NESO Control Rooms and Joint Operations Centre(s).
13. Operational Effectiveness Committee will update the NESO Board on matters relating to Operational Effectiveness Committee following each meeting of the committee and escalate major issues, incidents and recommendations as appropriate.
14. Make whatever recommendations to the Board is deems appropriate within any area within its remit.
15. Review and satisfy itself that provisions regarding disclosure of information as set out in applicable laws and regulations are fulfilled.