Electricity System Operator Forward Plan 2018/19: Stakeholder Engagement Report

nationalgrid

1. Introduction

In February 2018, the Electricity System Operator (ESO) published a draft of its annual Forward Plan for consultation with the industry. We sought feedback on our proposals through consultation and discussion forums and have now published the final plan, incorporating the feedback we received.

This Stakeholder Engagement Report accompanies the Forward Plan, providing a summary of the key themes and our response to the feedback following extensive stakeholder engagement. Our reprioritised activities are more ambitious, including: the transparency of balancing services procurement, our code administration performance and our approach to stakeholder engagement. We are also quantifying the consumer value of our actions, and will engage with Ofgem and our stakeholders in the coming months to develop this methodology. This document includes an overview of how we share information on our performance against the Forward Plan, and how we will engage stakeholders to collect feedback and insight to inform our performance.

The energy industry is experiencing a period of fundamental change. In the last 10 years significant volumes of large, transmission-connected fossil fuel generation has exited the electricity market. At the same time large volumes of solar and wind power, often connected at the distribution level, have entered the market. In this period new business models have also matured. These include Demand Side Response, storage and commercial aggregators.

This ongoing transformation has had a profound impact on how the ESO runs its business, and we understand that this can be challenging for our customers and stakeholders. We need to engage customers and stakeholders on their own terms and ensure that we are providing good quality engagement, responding to feedback and following this through with clear action.

Today, we have a far larger and more diverse stakeholder base. Each has different needs and expectations of the ESO. We have a much larger pool of parties wanting to sell us balancing services. We must collaborate much more with Distribution Network Owners (DNOs) and distribution network connectees to facilitate efficient access to networks and markets at transmission and distribution levels.

Against this backdrop, our regulator Ofgem has developed the new ESO regulatory framework. Meaningful stakeholder engagement sits at the heart of the new regulatory and incentives framework for the ESO.

Stakeholder engagement is one of the five assessment criteria of the new incentives scheme. The other criteria are within-year consumer value, future consumer value, progress against deliverables and performance metrics.

Our strategy and priorities should be driven by the requirements of our stakeholders. We also need to continuously engage with stakeholders to share progress against our deliverables and performance metrics over the course of the year. Beyond performance reporting, we are also keen to take on board feedback during the year to reassess our priorities and activities.

This document is structured in the following sections:

The ESO regulatory framework for 2018-21: A very brief recap of the roles and principles referred to in this document and how stakeholders and their views are central to it.

How we have engaged on the ESO Forward Plan: An overview of the engagement activities we have conducted to gain input into the development of the Forward Plan as published in March 2018.

How we have responded to your feedback: This is where we explain how we have used your feedback. There are many examples of changes we have made to our deliverables and performance metrics in response to feedback. There are also some examples of where we have not been able to do as stakeholders have asked, and we explain why. There is a summary 'You said, we did' section and then a more detailed list of changes we have made in response to feedback, organised by principle.

How we will be engaging stakeholders going forward: An overview of how we will be reporting our performance against deliverables and performance metrics. This section outlines how we intend to capture stakeholder feedback on our performance against the principles and the objectives of the new regulatory framework.
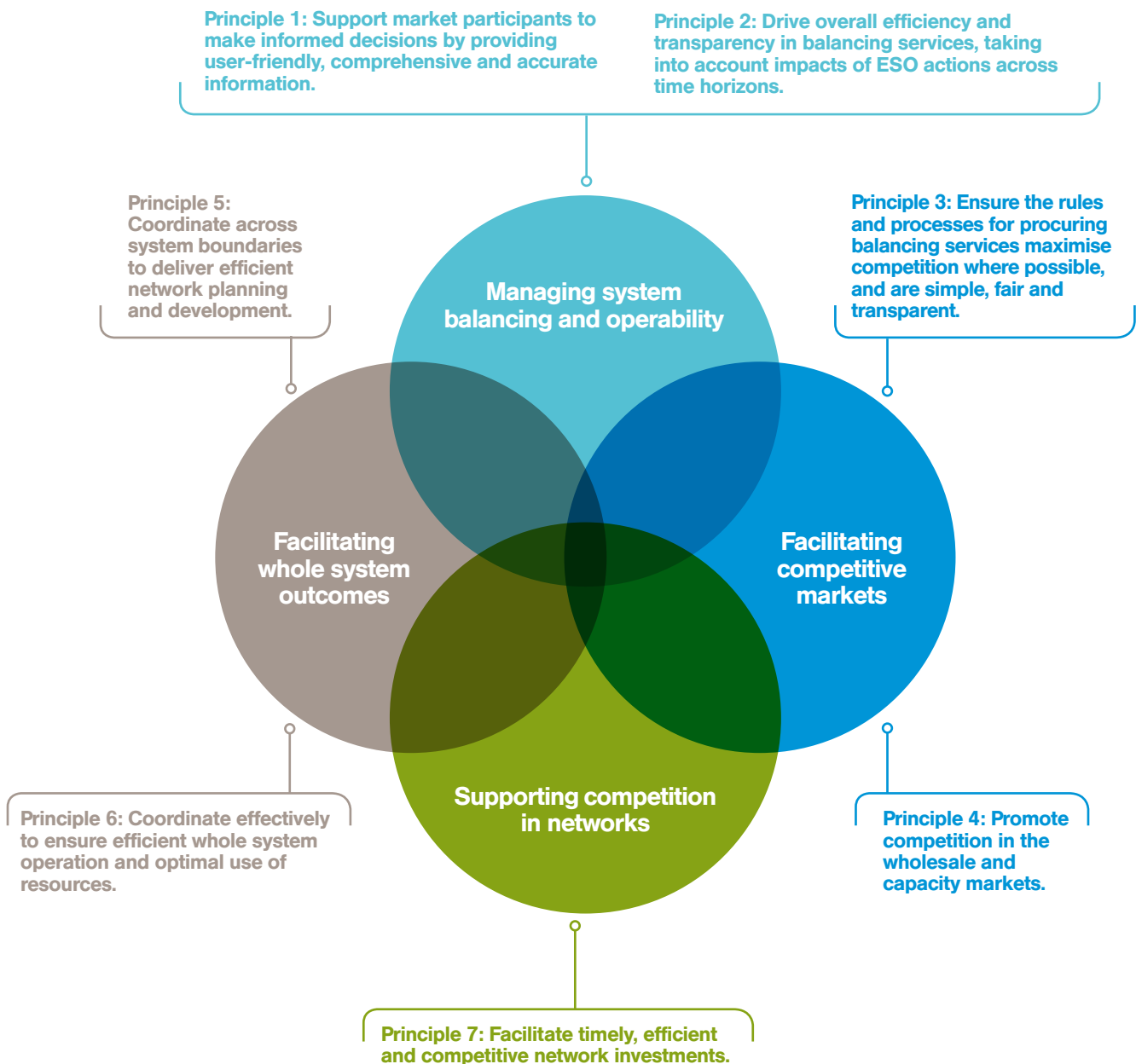
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2. The ESO regulatory framework for 2018-21

In January 2018 Ofgem published its decision on the new regulatory framework for the ESO. The framework is built around four roles and seven principles shown below.

The performance of the ESO against each of the seven principles will be assessed against five criteria: within-year consumer value, future consumer value, progress against deliverables, and performance metrics and stakeholder feedback. A performance panel will assess the performance of the ESO to determine an incentive payment or penalty of up to +/-£30m per year.

Principle 1: Support market participants to make informed decisions by providing user-friendly, comprehensive and accurate information.

Principle 2: Drive overall efficiency and transparency in balancing services, taking into account impacts of ESO actions across time horizons.

Principle 5: Coordinate across system boundaries to deliver efficient network planning and development.

Principle 3: Ensure the rules and processes for procuring balancing services maximise competition where possible, and are simple, fair and transparent.

Managing system balancing and operability

Facilitating competitive markets

Facilitating whole system outcomes

Supporting competition in networks

Principle 6: Coordinate effectively to ensure efficient whole system operation and optimal use of resources.

Principle 4: Promote competition in the wholesale and capacity markets.

Principle 7: Facilitate timely, efficient and competitive network investments.

3. How we have engaged on the ESO Forward Plan 2018/19

Our process for developing our Forward Plan and associated deliverables and performance metrics is based on an extensive and diverse group of stakeholders. We have used a wide range of channels as outlined below.

1. Spring 2017:
Ofgem consultation on Future Arrangements for the ESO
- 26 responses.
- Led to development of work packages outlining ESO activities.

2. Summer 2017:
Stakeholder workshop and Ofgem July working paper on ESO Roles and Principles
- 20 industry attendees.
- Feedback received on each work package.
- Further development of work packages.

3. September 2017:
Viewpoint
- We published viewpoint on work packages and rationale for incentives.
- Five written responses.

4. October 2017:
Ofgem hosted London and Glasgow workshops
- 20 stakeholders attended.
- Draft version of ESO Forward Plan for 2018/19.

5. 12 February 2018:
We published draft Forward Plan, Delivery Schedule and Performance Metrics
- 21 written responses.
- Input into final documents for publication at the end of March.

6. 22 February 2018:
ESO Forward Plan consultation event
- 60 industry attendees.
- SO director Fintan Slye gave an overview of our vision for the ESO.
- Charlotte Ramsay introduced our Forward Plan.
- Philippa Pickford from Ofgem explained the new regulatory framework.
- Detailed feedback from breakout sessions.
- Input into final documents for publication at the end of March.

7. February & March 2018:
Open invitation to host industry association workshops to discuss the Forward Plan
- Led three association workshops.
- Engaged with around 25 members.

8. 6 March 2018:
Webinar
- 93 stakeholders attended.
- Feedback on the draft Forward Plan.

End of March 2018:
Final version of ESO Forward Plan for 2018/19

4. How we have responded to your feedback

We will achieve our stakeholder engagement objectives by listening to our stakeholders and delivering on their expectations. Where we are unable to make changes in line with stakeholder feedback we will be clear on the reasons why or how we will seek to make changes in future. The way we are responding to stakeholder feedback and reflecting this in our deliverables and metrics can be seen below.

Stakeholders have enthusiastically welcomed the step-change of providing a clearer picture of what we do through our first-ever published Forward Plan. We have committed to providing enhanced ongoing transparency and engagement on our performance. We have received positive feedback on how we have engaged to date in developing the Forward Plan.

However, stakeholders have also told us that we need to get better in some areas. We must enhance our engagement and understanding of stakeholders. We need to improve the information we provide, be far more transparent in our decision-making and improve our basic performance in areas such as code administration. Improving how we interact with stakeholders will be a focus for us in the coming year.

Throughout the engagement process we received some clear messages from stakeholders. The table below captures the main feedback. It also shows how we are addressing this feedback in the suite of documents.

The summary of stakeholder feedback and our actions presented here is representative of the feedback received from a very large stakeholder base through multiple channels.

Theme	You said...	We did
Consumer value	We need to better articulate the consumer value of the deliverables and performance metrics that we are proposing.	In the Delivery Schedule we have provided estimations for the consumer value that we believe may be delivered by the proposed actions. Over the course of the year we will be working on our methodologies to calculate the consumer value from our actions.
Ambition	It is not clear how some of the activities in the Forward Plan are additional to the ESO's business as usual activities.	We have considered stakeholder feedback and have increased the level of ambition in the performance metrics in a number of areas detailed below. This includes significantly enhancing the level of ambition for our role as code administrator. This will drive us to raise our level of performance to that of the best performing code administrators. In the narrative around the deliverables and performance metrics, we have also sought to better articulate how the proposals represent a step-change in performance from business as usual and why our 'exceeds baseline expectations' values are indeed challenging. We have also made it clearer that what we previously called 'on target' does not receive any payment and have changed this to 'meets baseline expectations'.
Stakeholder engagement	You agreed that it was important that some of our performance metrics have a stakeholder survey as part of the assessment of our performance in this area. However, you questioned the ambition of our target values. It was also suggested that some of the actual questions we were asking would not get feedback on the right things.	We agree that it is very important that we are asking the right questions and setting appropriately challenging targets. For the metrics reform of balancing services markets, new provider on-boarding, future GB electricity system security and NOA engagement, we will reassess our approach measuring stakeholder satisfaction. More broadly, in the coming months we will be conducting a review of our engagement approaches and channels, and how we collect stakeholder feedback across our activities. This review will include our approach to gauging stakeholder views on our performance in the areas mentioned above. Further information is provided in the following section of this document. We will be sharing further information on our approach to engagement and feedback collection through our regular performance updates.

Theme	You said...	We did
Outcomes	We need to ensure that our metrics are focused on driving the right outcomes for consumers; some of them are seen to be too process-driven.	According to the incentives framework we will be assessed against five criteria. These are within-year consumer value, future consumer value, progress against deliverables, and performance metrics and stakeholder feedback. To better show how we are delivering against these outcomes we have added consumer value estimates to our plan and produced this Stakeholder Engagement Report and proposals. We have also restructured our Delivery Schedule to show that the metrics are just one of the five areas against which our performance will be measured.
Ambition	Is there more the ESO can do to embrace competition in networks?	Innovations we are making in developing our network development process are promoting competition in networks through identification of assets that meet the criteria for competition. More information is provided below in Principles 5 and 7.
Navigating complexity	There is a great deal of change in an already complex industry. You want us to help stakeholders understand and engage with the volume and pace of change and help to simplify the complexity. With such complex publications, you have told us that we need to have a clear strategy on how we can support smaller decentralised parties. You want us to use plain English and make our communications more accessible.	We need to improve our ways of engaging the industry in our activities, as well as engaging with our stakeholders in ways that work for them. This will be a key focus for improvement over the next year. Through the forums, documents and other channels that we operate we will seek to build on the success of Power Responsive and Charging Futures. Our aim is to enhance wider understanding of and engagement with industry change and seek stakeholder views on how successful we are in doing this.
Transparency and accuracy of information	Transparency and accuracy of the information that we provide to the market needs to improve.	We agree that we need to do more to improve transparency of balancing decisions and accessibility of market information. We have set out a number of deliverables and metrics in the Forward Plan that seek to improve our performance in this area. In response to this feedback we will be conducting a complete review of our Procurement Guidelines and Report documents. This will provide a transparent decision framework for procurement of balancing services and make the ground rules more accessible to existing and potential market participants. This is a significant undertaking which we will progress throughout the year in collaboration with stakeholders. We will also create a newsletter to improve accessibility and visibility covering updates on information, markets and ESO matters related to Balancing Services.
Barriers to entry	Our balancing services procurement processes do not make it easy for new market entrants to sell services to the ESO. There are limited channels for smaller parties to offer solutions to the ESO to meet network needs. It is not clear what information is available and where this information is to be found.	We agree that there are still barriers to entry in the balancing market, particularly for smaller players. Principle 3 is focusing attention on this area. In the Delivery Schedule we have detailed actions we will take to address barriers to entry. These include roadmaps for balancing and ancillary services procurement reform. In the longer-term and under Principle 5, the Network Development Roadmap outlines a process to engage new parties in offering solutions to the ESO that will meet network needs.
Detail	You have requested more detail on our proposals, including information on why we have set a particular benchmark, what current performance looks like and when milestones will be delivered.	We have provided significant additional information in the Delivery Schedule and Performance Metrics Definition to address this point. The detail includes target dates for all milestones and greater clarity on benchmark metrics where possible. Some of the metrics cover completely new activities and therefore benchmark data is not available. We have made it clear where this is the case. We will consider this feedback as we design our monitoring and reporting processes, ensuring that we continue to include accessible levels of detail on the plan. This will cover how we are performing and how we are continuing to respond to feedback and the changing external context through the year.

Theme	You said...	We did
Whole system	You have asked for clarity on our definition of 'whole system' and suggested we should get more involved with the customer side of the meter. Stakeholders have also made it clear that we need to think beyond electricity, considering the implications of the decarbonisation of heat and transport.	The definition of 'whole system', as defined by Ofgem in the new regulatory framework for the ESO, focuses on the electricity Transmission-Distribution interface. We acknowledge that there are important implications and dependencies with other elements of the system, e.g. behind-the-meter consumers.

However, we believe that we can currently drive greatest consumer value by focusing our actions on the elements outlined in the scope of the current regulatory framework, and supporting collaborations with other industry parties, such as the ENA Open Networks Project, to pick up the broader industry transition.

We will continue to seek stakeholder feedback on this topic and will adjust our approach as needed.

We agree that the smart, flexible energy system of the future and the decarbonisation of heat and transport will see greater interaction between the gas and electricity networks. As we establish a legally separate ESO within the National Grid Group, we will seek to maintain the benefits of a System Operator that takes a strategic view across both gas and electricity, e.g. through our Future Energy Scenarios. |
| | As holistic thinking that encompasses both balancing services and network solutions increases, you want us to consider the whole system cost/benefit methodologies reflecting both balancing costs and avoided infrastructure costs. | We agree. We support the ambition of being able to use price discovery and create open marketplaces that support operational and investment decisions for all types of network and non-network solutions. |

5. Our response to your feedback on the principles

We have sought to act on your feedback wherever possible in our updated Forward Plan documents including the Delivery Schedule and Performance Metrics Definition. A summary of our response per principle can be found below.

Principle 1: Support market participants to make informed decisions by providing user-friendly, comprehensive and accurate information.

Theme	You said...	We did
Ambition	It is not clear how the Demand Forecasting, BSUoS forecast provision and Commercial Assessment Transparency metrics represent a step-change from business as usual. You also questioned whether the detail of forecasting data was sufficient.	Some of the metrics that we are measuring include activities that we already do. The focus on these activities is on improving our performance. We have clarified this where appropriate in the Performance Metrics Definition document. We have made it clearer that 'meeting expectations' does not result in an incentive payment. We believe the value we have set for exceeding expectations for Demand Forecasting is appropriate because this activity becomes more challenging year on year with the increase in rate of change in the energy landscape. In this context we think improvement on historical performance is the right goal. Half-hourly BSUoS forecast provision is a new activity which will require new models and processes to be put in place within the ESO. There are many complex interactions that need to come together to produce this output. Therefore in its initial assessment we think a process-based metric is appropriate here. We will increase our expectations of baseline and exceeding expectations year on year. Commercial Assessment Transparency: as many new providers and complex offerings enter the market, the work involved in assessing these tenders is increasing. Against this background we are also committing to enhanced focus on stakeholder engagement through additional tools such as webinars.
Outcomes	The draft metrics published in Principle 1 are too process-driven and should better reflect quality such as accuracy and stakeholder experience of the changes that we are making.	Several of the metrics under Principle 1, such as BSUoS forecast provision, cover new outputs. In the first instance the focus is on getting the process right. The metrics will mature over time to reflect other outcomes such as quality. It is also important that with many of the activities and outputs we are not being measured purely on the performance metric but also on within-year and future consumer value, deliverables and stakeholder feedback.
	It is not clear how the information provision innovation (carbon intensity forecast) at a regional level is of value and why it is included as a performance metric.	We believe this activity enables services to be developed to support decision-making and consumer behaviour consistent with decarbonisation of the UK energy market. However, this is a complex area in which to assess the consumer value delivered, and simply assessing stakeholder satisfaction of delivery plan will not demonstrate this value. As such it may be too early to seek to assess the consumer value of this work directly. This performance metric has therefore been removed, and the activities are now captured in the Delivery Schedule. The overarching consumer benefits have now been captured more generically in our estimates on cumulative benefit delivered from our actions under Principle 1.
	The Commercial Assessment Transparency metric is focused on data. The value here for market participants is being able to fully understand the procurement decision. This performance measure should include a qualitative assessment of the level of market participants' satisfaction with the increase in transparency and their ability to understand procurement decisions.	We agree that the value here for market participants is being able to fully understand the procurement decision. This performance measure should include a qualitative assessment of the level of market participants' satisfaction with the increase in transparency and their ability to understand procurement decisions. We will be seeking stakeholder feedback on the level of satisfaction with the information provided by the ESO and how useful it is. Further information is provided in Section 6 titled *How we will be engaging stakeholders going forwards* on page 14 of this document.

Theme	You said...	We did
Transparency	The ESO needs to provide more information on results of tender assessments to facilitate better understanding of why contracts are awarded.	In addition to publishing tender assessment decision results, as part of the Commercial Assessment Transparency metric, we will be enhancing engagement with stakeholders to improve understanding of our tender assessments through webinars. In addition, under Principle 2 below we will be conducting a complete review our Procurement Guidelines and Report documents.
	The information published by the ESO should be more accessible and all in one place. The answer is not necessarily more channels but better coordinated channels. The end goal should be a self-service portal for information provision.	We will be doing more to consolidate the information we provide, and the channels that we engage through, into a single, easily accessible and well-publicised newsletter covering updates on information, markets and ESO matters related to Balancing Services. This will be underpinned by development of our information portals. As outlined in the following section of this document we are also reviewing our overall approach to deliver a more joined up experience of accessing information and engaging with us.
	The market needs to understand when the ESO will be procuring ancillary services.	We procure to a regular published timetable for STOR, Fast Reserve and FFR. The requirements are published ahead of the tenders in the Market Information Reports. However, we recognise that this information isn't as accessible or as user-friendly as it should be. This will be addressed in the above-mentioned newsletter and development of our information portals.
	There is a lack of information on non-balancing mechanism trades.	This information is provided via our Trade Reporting website. We recognise from this feedback that the availability of this data isn't well publicised. We will promote this better and support market participation in using this tool, gathering feedback through the year on how to improve the platform. This will be addressed in the above-mentioned newsletter and development of our information portals.

Principle 2: Drive overall efficiency and transparency in balancing, taking into account the impact of its action across time horizons.

Theme	You said...	We did
Transparency	Far greater transparency is required on how and why we procure balancing services.	In response to this feedback we will be conducting a complete review our Procurement Guidelines and Report documents. This will provide a transparent decision framework for procurement of balancing services and make the ground rules more accessible to existing and potential market participants. This is a significant undertaking which we will progress throughout the year in collaboration with stakeholders.
	Greater transparency of what drives balancing costs is required.	As outlined in the Delivery Schedule, alongside the balancing cost management metric we will be providing a monthly explanation of the drivers of out-turn costs alongside the balancing cost metric. This is in addition to the complete review our Procurement Guidelines and Report documents.
Detail	Our IS systems act as a blocker to change but stakeholders welcomed the proposed SO IT Forum as a means to engage with us on IS systems-related issues. You want more detail on the objectives, scope and make-up of the proposed SO IT Forum. It was important to stakeholders that this group be accessible to the relevant audiences, linked in with other appropriate industry groups and had a sufficiently wide scope. It would not just cover the large systems but also the smaller systems with which many parties must interface.	We appreciate the necessity for fuller engagement to support and work together with market participants who will also have to adapt their own systems and processes. The new IS User Group will provide a forum where we can engage with our customers and stakeholders who are impacted by these changes. Based on the results of an industry survey issued in December 2017 on this subject the following topics have been identified as being core to the success of this forum: • The change roadmap • IS programme/project delivery communications • Technical aspects of the programmes/projects

Principle 3: Ensure the rules and processes for procuring balancing services maximise competition where possible and are simple, fair and transparent.

Theme	You said...	We did
Ambition	We need to maintain the momentum of the work to reform balancing services.	Our Forward Plan Delivery Schedule document builds on the commitment made in the System Needs and Product Strategy (SNAPS) and the Product Roadmap for Response and Reserve. It clarifies our commitment to publishing further roadmaps on Thermal Constraints, Reactive Power and System Restoration.
	An update on the System Needs and Product Strategy (SNAPS) was expected.	The Product Roadmaps outlined in the Delivery Schedule and referred to in the performance metrics under Principle 3 represent the next phase in the delivery of the strategy outlined by the one-off SNAPS document. Ongoing review and communication of the System Needs aspect of SNAPS will be continued through our new report on operability outlined under Principle 6 in the Delivery Schedule.
	You questioned the level of ESO ambition in this area. This was largely due to changes to the scope of work announced in the Product Roadmap for Response and Reserve published in December 2017, specifically the change in the auction trial format from Day Ahead to Week Ahead.	We appreciate the need to provide greater clarity on our ambition in this area. In particular it is important to note that we will be trialling a weekly auction rather than a Week Ahead auction. We think this approach is ambitious but also realistic. The weekly auction allows us to capture the benefits of a Day Ahead auction, through delivery of close to real-time procurement, while managing the risks of having to make changes to the platform during the trial.
	You were surprised that a review of black start philosophy and capability was not included in the scope of the reform of balancing services procurement.	We agree that black start should be included in a comprehensive review of balancing services. We have made it clearer in the Delivery Schedule that a roadmap for System Restoration will be published.
	Our metrics on new provider on-boarding and market diversity had some level of duplication and lacked ambition.	The new provider on-boarding metric measures the experience of new providers in accessing the market. The market diversity metric is measuring the outcome in the market. The activity that is under way to develop balancing markets is on a scale far beyond that normally undertaken. It involves working with entirely new groups of stakeholders – private investors, equity investors, small scale developers etc – in order to understand their business and open up value propositions for them. We are working hand in hand with these stakeholders in an incredibly fast developing market, breaking down barriers to entry and tackling new issues daily. The issues we are tackling are complex and we need to find the right pace in order to keep up with this market but also continue to ensure the safe operation of the system. For the new provider on-boarding metric, as outlined in the following section of this document and the Performance Metric Definition document, we are reviewing our approach to capturing stakeholder feedback and the appropriate metrics. For the market diversity metric we have provided an enhanced explanation for the target values in this area in the Performance Metric Definition document. The reason for continuing the existing trend, rather than a higher trend is that there are a number of established aggregators operating in this market – who have caused the historical increase. Going forward, new entrants are more likely to be smaller independent parties who will find the barriers to entry much more difficult to navigate.

Theme	You said...	We did
Stakeholder engagement	We need to ensure stakeholders have sufficient opportunity to input into our work on the reform of ancillary services. There should be a stakeholder satisfaction metric to reflect our performance in this area. An interactive process allowing for consultation with industry would be valuable.	We appreciate that we need to improve the visibility for stakeholders on how they can take part in the extensive engagement activities that we do in this area. In developing the SNAPS and the subsequent Product Roadmap for Response and Reserve, we conducted extensive stakeholder engagement to gain input into our thinking before publishing our findings. Before publishing our Product Roadmap for Response and Reserve, we shared our progress through multiple channels. These included webinars, workshops at Power Responsive and the Electricity Operations Forums, and through multiple 'stakeholder surgeries' at industry events and industry associations. From this feedback, it is clear that we still need to do more to reach stakeholders on their own terms, and make our analysis and decision-making more accessible. We are very interested in hearing from stakeholders about how we can better reach all interested parties, as well as exploring new approaches to involving stakeholders in our decision-making processes. We will seek to capture stakeholder views on how we engage them in the development of balancing services.
Navigating complexity	You would like us to engage with providers and potential providers to discover what services they can offer instead of having a 'top-down' approach.	Our challenge of maintaining system security is changing as different technologies come on to the system. We are committed to broader engagement to help us understand how new technologies can support the system. Through our Operability work, we will share our thinking as we understand the challenges of a decentralised and decarbonising system better. We hear the challenge that we need to engage to understand what new parties can do, and what impact they really have. Our performance in this area, including stakeholder feedback, can be assessed through our new provider on-boarding and market diversity metrics. In addition, as outlined in the following section, we will be fundamentally reviewing our approach to stakeholder engagement across our channels to understand how we can better engage with all parties.
Barriers to entry	We should be guiding new providers through how to participate in markets.	We have reflected this requirement in our Delivery Schedule, through our new provider on-boarding and in our market diversity metrics.
Detail	You would like more detail on how FFR testing and compliance policies will be deemed successful and the proposed integrated approach to buying frequency response.	This forms part of our Product Roadmap. We will be developing the detail in collaboration with the industry, as we undertake the activities outlined in the Product Roadmap.
	It is not clear how other developments regarding access to the Balancing Mechanism, particularly the implementation of Project TERRE, relate to the changes to procurement of balancing services proposed by the ESO.	In recent months we have conducted extensive engagement. This has been done through cross-code working groups, dedicated workshops with industry associations, code modification seminars, Power Responsive forum breakout sessions to help industry understand how the implementation of Project TERRE interacts with our Product Roadmaps, and changes to other products. As these changes move from development to implementation, we will support the industry in the transition through multiple forums and channels including the new SO IT Forum, webinars and increased engagement through industry associations.

Principle 4: Promote competition in the wholesale and capacity markets.

Theme	You said...	We did
Ambition	It is not clear what is involved in delivering the BSUoS billing activity and metric or how the 'meeting expectations' value is challenging.	To make it clearer, we have amended the explanation of this metric in the Performance Metrics Definition.
	The code administration metric target is not challenging. To exceed expectations the ESO needs to be performing at least at the level of the best-performing code administrators.	We have heard consistent feedback in this area and will be significantly enhancing the level of ambition in this metric. This will drive us to raise our level of performance to that of the best-performing code administrators. This change is reflected in our updated Performance Metric definition.
	The ESO should be using its role in the code governance process to be proactively identifying and raising code modifications that would benefit energy consumers. This includes changes to the code change process itself to make it more accessible to all parties.	The ESO has been involved in identifying and participating in a range of modifications where direct customer value is a key criteria in the formulation of options and outcomes with industry parties. The move to a whole system approach to energy provides an opportunity for consumer value to naturally be more focal in these discussions. In order for this to be an effective process, input for a broad range of industry stakeholders is required including other network operators, suppliers and consumer groups. The intention moving forward is for the ESO to work with key industry parties to see how we can do this effectively and across different codes in a coordinated manner. Within the Code Administration function itself, we plan to commit to an improvement project which will look to refine the level of customer service and the overall efficiency of the process. Alongside this improvement process we also plan to work with stakeholders of the process to look at key changes that could be made with the view of making this accessible to a wider breadth of industry parties.
	Improvements in TNUoS forecasting are needed.	In the Delivery Schedule published alongside this document we commit to continuous improvement in our TNUoS billing reconciliation, forecast and final tariff setting processes.
Whole system	To facilitate whole system outcomes, a whole system approach to network charging needs to be developed.	The ESO is supporting the development of a more coordinated charging approach across both electricity transmission and distribution in its role as Lead Secretariat of Charging Futures. Charging Futures is a programme of change led by Ofgem, and supported by the ESO, DNOs and Code Administrators. It will consider significant reform of network charging and access arrangements across the whole system. The ESO will then support the development of these reforms at a code modification level.

Principle 5: Coordinate across system boundaries to deliver efficient network planning and development.

Theme	You said...	We did
Outcomes	Identification of solutions should ensure a level playing field between build, non-build, transmission and distribution solutions. Cost-benefit analysis and deliverability assessment methodologies for non-build solutions to transmission need to be clearly established by the ESO. The framework should avoid incentivising the ESO to adopt non-build solutions where it is not in consumer interests.	We agree and have made it clearer in the Delivery Schedule that the NOA methodology will compare non-build options against build options to identify the option that delivers the most consumer value.
	Further development of the NOA process should assess regional issues to promote system development, or the use of non-network solutions to ensure minimum cost to consumers.	This is covered in the whole system optionality metric. This looks at the specific regional problems and ways of working with non-TO parties to provide solutions into the extended NOA process. The metric will count the number of non-TO solutions submitted into the process. We have amended the Delivery Schedule to make this clearer.

Theme	You said...	We did
Detail	There are a lot of barriers to new technologies unproven at the transmission level. More information is required on how we are going to help new providers enter the market.	We will be conducting extensive engagement with a wide range of parties as part of the development of the Network Options Assessment. This will include engagement with parties that have not traditionally taken part in the process, including through industry associations and the Power Responsive Forums.
Whole system	The ESO should work with DNOs and distribution system users to support / coordinate connections further down in the DNO network, including maximisation of capacity at the distribution level.	As outlined in the Delivery Schedule, the ESO is working with DNOs through Regional Development Plans (RDPs) to improve coordination across the Transmission-Distribution boundary. One of the outputs of this work will be to release capacity on the distribution network to allow for new connections in constrained parts of the country. This output is covered explicitly for the South East Coast region in the metric whole system, unlocking cross-boundary solutions. We are also committing to three further RDPs in the Delivery Schedule to unlock further benefits for DNOs and their customers. We are also playing a very active role working with the DNOs in the ENA Open Networks Project. Further information on our participation in this project is provided below under Principle 6.
Stakeholder	Outside of the RDPs there should be a process for DNOs and other parties to propose non-build solutions including smart control solutions. The metric should drive the ESO to develop the mechanism and process for assessing alternative options.	As part of an extended NOA, we will develop a process for DNOs and other parties to propose non-build solutions. This process will be open to all parties. The metric for whole system optionality measures the number of 'new' solutions submitted to the ESO. This will reflect the ability of all parties to offer alternative solutions to the ESO.

Principle 6: Coordinate effectively to ensure efficient whole system operation and optimal use of resources.

Theme	You said...	We did
Ambition	Maintaining a reliable system should have a higher priority in the ESO Forward Plan.	The security of the system and secure supplies for consumers underpins everything that we do in the ESO. The deliverables and metrics proposed in the Forward Plan are built on a robust foundation of system reliability. We are also explicitly looking ahead to the future operability challenges of a system with changing demand patterns and diverse generation technologies. We will do this through the report on Operability outlined in the Delivery Schedule and the Future GB electricity system security metric detailed in the Performance Metrics Definition.
	You would like the ESO to publish long-term system needs and balancing services forecasts to allow market participants to plan further ahead.	Our System Operability Framework (SOF) discusses current and future technical challenges on the network. The Product Roadmaps explain how we see the procurement of different balancing services changing over time. Our Delivery Schedule outlines a new deliverable, a report on Operability, which will provide a more transparent and coordinated view of the operability challenges facing the system. As part of the Future GB electricity system security metric we will be seeking views on stakeholder satisfaction.
	The satisfaction target for GB electricity system access lacks ambition and may encourage the wrong behaviour in the ESO.	Access planning is a long process, with requests for system access coming in at any point from before the year ahead up to a day ahead. These requests need to be looked at in combination to ensure that the system is secure and that the transfer of power is economical and efficient. This metric is looking at process improvements, and has a focus on the SO-TO interface. There will always be cases where these requests need to be cancelled within-day because of unforeseeable winter events or faults when the system would not be securable with the asset switched out. We are not trying to change behaviours in these instances. We believe the target is ambitious because the number of these requests that are cancelled within a day is already low. To gain incremental improvement requires work to understand why each request was cancelled to drive change in the planning process and SO-TO interaction.

Theme	You said...	We did
Outcomes	It is not clear what the ESO is trying to achieve regarding system access and what leverage the ESO has over outcomes in this area.	Improving our network access planning processes to minimise within-day cancellation of the established network access plan will save money on cancelled asset maintenance and connection plans, reducing the overall cost of network. The ESO can reduce the number of planned outages that are cancelled due to process failure in the control phase (within-day) through investigating the reason for cancellations and putting in place mitigating actions to prevent any repeat.
Whole system	We need to be much clearer on the relationship between the work we are doing in this area and the ENA Open Networks Project.	The ENA Open Networks Project is a major energy industry initiative that will transform the way our energy networks work. It underpins the delivery of the smart grid. Given its unique position in the industry the ESO is a pivotal member of this project and our contribution to it is highlighted in the ESO Forward Plan. We are actively seeking consistency between Forward Plan and Open Networks deliverables. The project provides an excellent opportunity for collaborative engagement and there is a two-way flow of information between the ESO and the Open Networks Project. The ESO is sharing learnings from our initiatives, such as the RDPs, with the Open Networks project. This means that successful approaches can be adopted more widely. At the same time, insight from the Open Networks Project Working Groups, in which the ESO is an active member, informs ESO activities and developments. This collaborative approach is one of several routes for the ESO to ensure stakeholder views are included in future developments. A number of activities described within the ESO Forward Plan (such as the development of the NOA process to include distribution network solutions) are being developed collaboratively through the ENA Open Networks Project.
	The ESO should be taking a much greater role in defining the role of Distribution System operators as part of a standardised whole system approach.	As outlined above, the ESO is playing a central role in the ENA Open Networks project. This is explicitly defining the role of Distribution System Operators as part of a standardised whole system approach.

Principle 7: Facilitate timely, efficient and competitive network investments.

Theme	You said...	We did
Ambition	Given that the ambition for NOA is to engage with many parties, the targets based on historical engagement numbers don't appear to be ambitious.	We agree. We have changed the approach to this metric. It will now focus more on how effective the ESO has been in engaging a wide range of parties in the development of the process to identify new solutions.
	Is there more the ESO can do to embrace competition in networks?	We are developing our Network Options Assessment (NOA) methodology to further promote competition in networks. The NOA methodology for 2018/19 has been expanded to include identification of assets that meet the competition criteria to include connections related assets. This is in addition to identifying assets that meet competition criteria that provide boundary capacity. We are also promoting competition in networks through our pathfinder projects which are detailed in the Forward Plan. We are going to explore the ability for DNO assets and distributed energy resources to provide transmission network solutions that negate or delay transmission investments.
Outcomes	NOA consumer benefit will be difficult to calculate year on year due to the complexity of system constraints and there are many factors beyond the ESO's control. For these reasons, work in this area should be assessed in a discretionary manner by the performance panel.	We agree. Submitting evidence in all five criteria will help the panel to make this more discretionary analysis of the benefits achieved by NOA.
Detail	There appears to be significant overlap between the whole system optionality metric in Principle 5 and the NOA consumer value metric in Principle 7. More clarity is required on how these are different or how they support each other.	There is overlap between Principles 5 and 7. However, there are also distinct outputs associated with each principle. We have amended the Delivery Schedule to make this clearer. A brief explanation is provided here. Principle 5 looks at the specific regional problems and ways of working with non-TO parties to provide solutions into the extended NOA process. The metric will count the number of non-TO solutions submitted into the process. Principle 7 looks at bulk transfer of power and recommends which reinforcement projects should proceed and which should be delayed. The metric will count the number and the consumer value of the alternative reduced build options that have been submitted, and which appear in the optimal path.

6. How we will be engaging stakeholders going forwards

The new incentives framework is driving us to engage stakeholders on our performance and develop our strategy and deliverables based on stakeholder input to a greater extent than we have ever done before. In order to achieve this we need to provide stakeholders with accessible and transparent information to enable them to understand our strategy and actions, assess our performance and to hold us to account for it. We will also need to develop effective tools and processes for collecting stakeholder views on our performance and how we deliver for them.

We currently have many tools and channels for sharing information and capturing feedback. We share information through a suite of ESO publications, data published on our website, presentations at industry events and newsletters. Similarly we capture stakeholder feedback through a range of tools including snap-polls at industry events and during webinars, pre-event and post-event polls, formal Customer and Stakeholder surveys (email and telephone), and documenting less formal comments.

The approaches we currently use allow us to reach a very wide range of stakeholders and to capture feedback on a wide range of topics with different levels of detail. However, there are a number of factors driving us to fundamentally examine our engagement tools and methods going forwards.

As the energy industry landscape changes, with the growth in renewable generation, Demand Side Response and electricity storage often connected at the distribution level, our stakeholder base continues to grow in both volume of interactions and types of stakeholders. For example, the number of ancillary service market participants has increased by more than 70% since 2011 and the number of active Balancing Mechanism Units have increased by more than 60% since 2014.

As the pool of parties interested in our information and providing feedback to us grows it is doubly important that we make our information-sharing and feedback channels easy to navigate. We know that all of our stakeholders are busy and have resource constraints around attending industry events, responding to consultations and feedback surveys, and that we need to make it easier to engage with us and tell us what they think. This is a significant challenge.

In the information below we outline our current thinking, and tools for sharing performance information and collecting feedback. However, we will be working with stakeholders over the coming months to take a critical look at how we engage. We are looking for support from our stakeholders to help us improve in this area and lay the foundations for a new approach.

Accessible and transparent information on our performance
In order to allow stakeholders to understand and assess our performance, we will be publishing information on our progress against deliverable milestones, and performance against the quantitative performance metrics and stakeholder feedback. Depending on the nature of the metric we will either be publishing data monthly or quarterly on our website. In addition, we will be providing a narrative commentary to articulate how the actions, as well as other factors, we have taken have driven performance.

Analysis of these drivers and trends, including stakeholder feedback, may also lead us to reconsider our priorities and actions and correct our course throughout the year. We will be open and transparent about any changes and the reasons for them.

In addition to the performance information published on our website, we will also be sharing information and engaging on our performance through a range of channels including webinars, industry events and newsletters.

Gathering stakeholder views

We aim to capture stakeholder insight to inform our activities while minimising the consultative burden on very busy people. We will be using a wide range of channels and tools to collect stakeholder views and feedback. In order to drive the changes we are seeking to implement in our business, and meet the requirements of the new regulatory framework, we need to be collecting a level of information that allows us to understand stakeholder views on our performance at the principle level.

Channels that we will be using across the seven principles include:

- Formal Customer and Stakeholder surveys by email and telephone (CSAT and SSAT). Customers and stakeholders may be surveyed post-event or at any point in the year depending on the nature of the interaction. Questions are tailored to focus on areas relevant to that party. We aim not to formally survey any one party more than once in any six-month period.

- Snap-polls at industry events and pre-event and post-event polls. We have the opportunity to conduct surveys at and around a number of industry events and forums including Power Responsive forums, Electricity Operations forums, Charging Futures forums, Customer Connections seminars, Code Panels and the newly formed SO IT Forum.

- Stakeholder workshops and webinars. Building on our engagement activities in the development of the Forward Plan, we are planning on offering engagement sessions on relevant topics to interested stakeholders, in the first instance through industry associations.

- Event-driven workshops and webinars. We will be holding engagement events on key activities and outputs for which we will be holding interactive workshops and webinars. Through these we can collect feedback including for the Future Energy Scenarios and balancing services roadmaps.

- Newsletters. We issue a number of industry newsletters including for Power Responsive and Future Energy Scenarios as well as a newly proposed procurement newsletter through which we can gain feedback.

The channels and approaches adopted will be different for each principle. In order to enhance the engagement experience and minimise the consultative burden we will be actively managing our channels to optimise across them and signpost this for our stakeholders.

Next steps

Over the coming months we will be reviewing our engagement approaches and channels and gathering views on how we can improve this in line with the objectives above. Please take the opportunity to tell us what you think through any of the channels through which you engage with the ESO.

We will be publishing our first quarterly performance update against the ESO Forward Plan in July 2018. This will include a summary of our stakeholder engagement for the period and feedback received, as well as an update on steps we are taking to improve our approach to engagement.

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