

Monthly Performance Meeting Terms of Reference

Version No: xx June 2018

Version control

Version	Changes

1. Context

The Electricity System Operator (ESO) has certain accountabilities for ensuring the electricity system operates in an economic, efficient and coordinated manner, as specified in its licence. Activities are delivered using economic, efficient and coordinated solutions within safe operational margins and legal and statutory limits. Actions and projects take account of their short, medium and long term impacts of the energy system.

The ESO has reporting requirements included in its licence to feed into the decision taken by the Authority on its performance against the ESO Incentive Scheme .

These terms of reference cover both the Monthly and Quarterly monitoring meetings between the ESO and Ofgem.

The monitoring meetings are established to provide a structured format for the ESO to provide narrative around the reasons for its performance against its metrics and an update on its progress against its Forward Plan. This will help drive greater transparency around the ESO's performance and provide more ability for wider stakeholders to hold it to account.

2. Purpose of the Meetings

The purpose of the meetings are:

1. For Ofgem to provide challenge for the evidence provided by ESO for their performance against the Principles in order to improve the quality of the evidence presented to the Panel
2. For ESO to provide justification and context to Ofgem for performance in the reporting month or quarter
3. For ESO to provide narrative and clear evidence to explain the reasons for its performance against its metrics and an update on its progress against its plan
4. For ESO to provide commentary of performance in the context of the overall scheme and wider trends of the market
5. Provide publishable notes from the discussions to improve transparency of the ESO monitoring process

For the avoidance of doubt, the meetings are for the purposes set out above. The information obtained in the meetings will then be taken away and considered by the Authority as part of its incentive performance decision. Nothing that is said or done in the meetings will fetter the Authority's discretion in making that decision.

3. Role of the ESO and Ofgem

The role of ESO is to:

1. Monitor within year incentive scheme performance with non-metric & metric indicators
2. Provide justification to the Authority for performance in the reporting month
3. Provide additional reporting and evidence on areas deemed important to the narrative of performance (for example, tangible examples of additional value

created for consumers and/or areas in which the ESO believes it may need to adapt in order to improve performance)

The role of the Authority is to:

1. Understand ESO performance under the incentive scheme
2. Provide regular feedback to the ESO as part of our ongoing monitoring and regulatory relationship
3. Provide challenge to evidence submitted by ESO in advance of the Panel

4. Participants and Responsibilities

The meeting shall be comprised of participants from the ESO and Ofgem. The participants may vary depending on the topic of discussion.

The ESO and Ofgem should try to ensure that membership at each meeting can maximise the progress made in the meeting through the presence of relevant expertise and competence.

The ESO will designate the Technical Secretary. Ofgem will designate the Chair. Changes to either of these roles will be notified to participants prior to the meeting.

The Technical Secretary will draft the agenda and note of each meeting, and will keep track of any actions from previous meetings. They will also be responsible for publishing the note of each meeting as agreed with the Chair.

The Chair will convene the meeting, approve the agenda and the note for publication.

5. Agenda Items

The Agenda and all associated documents will be circulated by the Technical Secretary to all attendees not less than 3 Working Days ahead of the meeting date.

This applies to monthly and quarterly meetings.

A standard Agenda is split into the following parts (in the format of Attachment 1), This is a framework only and does not limit the matters that may be considered:

- Actions from previous meeting
- Any further comments from the Authority for the previous reporting month
- Present performance for reporting month or quarter against each Principle. For each Principle this must include:
 - Evidence and context around what is or isn't being done to deliver the visions and deliverables in the Forward Plan
 - The inputs specified in Part 6 of the Terms of Reference
 - Success and shortcomings of the ESO's performance
 - Any concerns that either the ESO or Ofgem wish to raise
 - Any stakeholder feedback that either the ESO or Ofgem wishes to raise
 - Any new initiatives or deviations from the Forward plan, including an explanation of the associated consumer benefits
- Agree actions for next month

6. Inputs

The inputs to the meeting will include but not be limited to;

- Descriptions, evidence and explanations of ESOs performance against each principle
- ESO reporting metrics in the format of Appendix 2
- This will review performance of the month in question in the context of performance in the year to date

For the Quarterly meeting further inputs will include but not be limited to:

- Reporting metrics in Appendix 2 and 3, covering the year to date
- This will review performance of the year to date

7. Notes of the meeting

A standard Agenda is split in the form of Attachment 1 ; this is a framework only and does not limit the matters that may be discussed at the meeting.

The format of the minutes shall be as Attachment 2.

The minutes of each meeting shall be prepared by the Technical Secretary.

Full copies of the Minutes, including attachments, shall be provided to all who attended the meeting no later than 5 working days following each meeting, or a later date agreed by the chair, and kept on Huddle.

The Technical Secretary shall also maintain an action item list annotated with progress milestones and/or completion dates. This will be kept on Huddle.

Ofgem will either; confirm and agree to the minutes, and actions, provided by the Technical Secretary or, provide an alternative view to which the ESO will need to agree. Any action or Minutes, whole or part, which cannot be agreed upon will be stricken from the record.

Once agreed, the Minutes of the meeting will be published by the Technical Secretary within 2 working days so that they are accessible to stakeholders on the ESO's website. Redactions may be applied to the Minutes in the case of legal or commercial restrictions.

8. Frequency of Meetings

ESO and Ofgem shall meet monthly against a timetable set with reference to the 20th working day of the month and the timetable in appendix 1. The Technical Secretary will be responsible for arranging these meetings.

The provision for quarterly meeting will be the same as monthly – 20th working day of the month.

There will be no quarterly meetings at the mid-year and end-of-year points, so only two quarterly meetings will take place a year. This will be kept under review, with the Chair and ESO deciding if additional meetings are necessary.

9. Ongoing review

Given that this is the first year of the scheme, these terms of reference and the format of the meetings will be kept under review by the ESO and Ofgem, and changed by the Chair in consultation with the Technical Secretary when needed.

Attachment 1: Draft Agenda

Monthly Monitoring Meeting [Meeting Month e.g. April]

[Date & Start time]

[Meeting format, e.g. Videoconference] – [Meeting location]

AGENDA

Ref	~Time	Title	Owner	Resolution required?
1		<ul style="list-style-type: none">• Actions from previous meeting	Technical Secretary	
2		<ul style="list-style-type: none">• Comments from the Authority for previous reporting month	Senior Economist	
3		<ul style="list-style-type: none">• Monthly Reporting Performance Measure Overview	ESO Regulation Team	
4		<ul style="list-style-type: none">• (Update on progress against Plan)		
5		<ul style="list-style-type: none">• Agree actions for next month	Technical Secretary	
6		<ul style="list-style-type: none">• Summarise Authority's comments on reporting month's evidence/ performance	Senior Economist	
7		<ul style="list-style-type: none">• AOB	All	

Attachment 2: Template Meeting record

Monthly Monitoring Meeting

[Meeting number]

Date:

Present: (Chair)
(Technical
Secretary)

Apologies:

Time:

Venue/format:

ACTIONS

Meeting No.	Action No.	Date Raised	Target Date	Resp.	Description	Status

MAIN ITEMS OF INTEREST

<ul style="list-style-type: none">• ...• ...• ...

Appendix 1 – Timetable

- Monthly
 - 15th working day of M+1 keeps cost basis historic
 - Meeting 20th working day of M+1
- Quarterly
 - 15th working day of M+1 following Q end (Jul, Oct, Jan)
- Half Year Report
 - 15th working day in October (M+1 after half year completed)
- Year End- Ofgem's Proposal
 - 7th May -consultation & draft licence (5 wks after year end)

2018	2018	2018	2018	2018	2018	2018	2018	2018	2018	2019	2019	2019	2019	2019
Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	
	M	M	M	M	M	M	M	M	M	M	M	M	M	
			Q						Q					
						1/2YR								FYR

Date	Action	Owner	Note
15 th Working Day	Monthly report submission date	ESO	
No later than 3 Working Days before meeting	Provide the Chair with meeting papers	ESO	
20 th Working Day	Monthly Monitoring Meeting	Technical Secretary	
25 th Working Day	Minutes from meeting submitted	ESO	
End of Month	Chair to approve minutes from meeting	Chair	
2 nd Working Day after approval of the minutes	Publication of meeting minutes	Technical Secretary	

Appendix 2 – [ESO Input Templates]

Appendix 3 – [ESO Input Templates]