

Monthly Monitoring Meeting

Friday 28th September 14.00 – 16.00

National Grid Offices, 1-3 Strand, London, WC2N 5EH

AGENDA

Ref'	~Time	Title	Owner	Resolution required?
1	N/A	Actions from previous meeting	<i>Technical Secretary</i>	
2	90 min	Comments from the Authority for previous reporting month <ul style="list-style-type: none">• Report Structure• Principles 1-7• Metrics 1-5,9,14,15• Data• Hotspots	<i>Senior Economist</i>	
3	15 min	ESO Proposed items for discussion: <ul style="list-style-type: none">• Call for evidence from stakeholders• Principle 4 relaunch• Ofgem RRP request for ESO incentives forecast	<i>All</i>	

Meeting record

Monthly Monitoring Meeting

Meeting number 5

Date: 28th
September

Present: Ofgem:

National Grid:

Time: 14:00 –
16:00

Venue/format:

National Grid Offices, 1-3
Strand, London, WC2N 5EH

ACTIONS

Meeting No.	Action No.	Date Raised	Target Date	Resp.	Description	Status
1.	1.	30/5/18	15/6/18	HK	Agenda to be updated to reflect new item for discussion	Closed
1.	2.	30/5/18	15/6/18	JD	Formal write up of the feedback received to the first month report	Closed
1.	3.	30/5/18	15/6/18	SB	Providing any further thoughts on how the summaries per principle could be written to provide clear evidence	Closed
1.	4.	30/5/18	15/6/18	SB	Dates to be shared for monthly meetings, and tentative dates for half year and end of year panel dates	Closed
1.	5.	30/5/18	15/6/18	SB	Lines to take/ Summary of process for panel events	Closed
2.	6.	28/6/18	27/7/18	HK	ESO look at wording in the charging circular email and more clearly explain the basis of the incentive forecast	Closed
2.	7.	28/6/18	27/7/18	CC	Detailed articulation of BSUoS billing metric and how it relates to CUSC	Closed
2.	8.	28/6/18	27/7/18	GT	Share guidance on how the roles and principles under 18-21 incentives can be used and shaped as part of the RII02 Business Planning Activities	Closed
2.	9.	27/7/18		HK	Ofgem asked for an understanding of what data would be included within the informational portal.	In Progress

3.	10.	27/7/18		HK	The ESO promised to provide the work in progress versions of principles 4, 5 & 6 and organise a meeting between the ESO and Ofgem to discuss	Closed
3.	11.	27/7/18		DB	Ofgem to confirm contacts for the ESO to engage with regarding the data task force	Open
3.	12.	27/7/18		HL	Organise a meeting with the metric 4 owners to provide further explanation on the detail metric.	In Progress
3.	13.	27/7/18		HK	The ESO to provide responses to the following questions about the auction trial: what had stakeholders said about the delay? Have we tested the reasons explained within the report with stakeholders? Were any alternatives considered (e.g. more resources)? What alternative actions might the ESO take in the interim to help support outcomes expected from the auction trial?	Open
3.	14.	27/7/18		DF	Provide an update on any further stakeholder feedback received on the Roadmaps and asked what actions are the ESO taking to improve the stakeholder survey scores mentioned within the report.	Open
3.	15.	27/7/18		HL	Provide more detail behind the re-prioritisation of codes mentioned in the Q1 report and organise a meeting to discuss this further.	Closed
3.	16.	27/7/18		HL	Clarification on the statement around the C27 licence mentioned within the report.	Closed
3.	17.	27/7/18		JD	Where possible, publish the responses of received to the Forward Plan Consultation on the NG website	Closed
4.	18.	29/8/18		HK	The ESO to respond to email sent from Ofgem regarding dispatching actions taken under principle 2	Closed
4.	19.	29/8/18		DB	Ofgem to share the feedback that they had received around the ESO taking a more proactive role in the ENA Open Networks	Open
4.	20.	29/8/18		DB	Ofgem to organise a meeting to discuss the lessons learned and potential changes for next year's incentives year	Closed
4	21	29/8/18		HK	Provide further detail behind balancing costs on 28/29 July, including why the forecasts were incorrect and whether any lessons have been learned.	Closed

5	22	28/9/18		HK	Carbon Intensity- Why did we prioritise this information to share	Open
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MAIN ITEMS OF INTEREST

Actions from Previous meeting:

- Action 18: The ESO provided Ofgem with a summary note providing detail on the actions taken and analysis. In the August report, the ESO committed to providing more transparency around its requirements and the reasons behinds the actions taken to help market participants understand the processes undertaken better. Action closed.
- Action 19: It was noted that a separate meeting has been organised between the ESO and Ofgem. Action closed.
- Action 21: It was noted that a separate discussion took place between the ESO and Ofgem regarding high cost days at the end of July has occurred just before this meeting. The ESO committed to inviting Ofgem to their Control site to provide further clarity and would subsequently publish materials to industry on the process. The summary of this conversation is as follows:
 - The system conditions for the weekend of the 28th/29th of July were operationally very challenging with high wind, record low overnight demand, and significant outages in the north of England. The ESO shared the lead up to and sequence of event over the weekend and explained that the vast majority of the costs were incurred due to high wind overnight on Saturday and into Sunday morning combined with a significant transmission outage on constraint boundary.
 - The ESO explained that the demand forecast error on this weekend was due to uncertainty around the weather conditions in Scotland, and went on to explain the day ahead and within day forecasting procedure. Ofgem shared that they would like to see further detail on GSP forecasting and the new forecasting tools that are in development and the ESO have invited Ofgem to a meeting with the Energy Forecasting team to run through the new tools we have planned and to explain the demand forecasting process in detail.

Overarching messages:

- Prior to the meeting, Ofgem had asked that the format of the meeting could be discussed and reviewed. Ofgem shared that they intended that the meeting is used to ask questions of the ESO and raise relevant topics from that month's monitoring, whilst it felt that the meetings were being used mainly for feedback on the quality of evidence in the ESO's reports. The ESO shared that they believe that these meetings are really helping the ESO to be able to provide the business with feedback and subsequently embed the scheme. The ESO are still learning about the scheme and we want to continue this to ensure that the means are productive to support the scheme as we continue to learn during the first year. Ofgem recognised the need to help embed the new scheme but felt there could be scope to shift the focus of the meetings as the year progressed. They also noted that the monthly meetings should not be considered as 'reviews' akin to the Mid Year Review and End of Year Review processes.
- Similarly, Ofgem shared that they originally envisioned that the monthly reports would as light touch reports on key metrics. The ESO understood Ofgem's view whilst also acknowledging that the reports are intended to allow stakeholders to understand how the ESO is performing in the incentives framework. The ESO committed to looking at the structure of the report to ensure they remain balanced and content appropriate.

- Ofgem provided an update on the preparation for the panel meeting and described that their role as the chair will incorporate them consolidating the feedback from the panel in a report that will be published on the Ofgem website. Ofgem shared that it is within the gift of the ESO to shape the session but there must be sufficient time available for stakeholders to ask questions of the ESO regarding its performance during the first six months of the scheme. It was agreed that the ESO can propose an agenda for this part of the session at the next monthly meeting.
- Ofgem continue to challenge the ESO on the definition of activities as baseline vs exceeding. They noted that before recommending/granting any incentive payments, the Panel/Authority would need to be very clear that the ESO is delivering additional consumer benefits that significantly exceed that incentive value. Ofgem felt that many of the outputs described as exceeding did not appear to demonstrate this and seemed more in line with meeting the baseline principles. Although they felt some activities could be considered as foundational and could potentially enable the delivery of additional consumer value later in the year.. The ESO shared that whilst some activities are listed under exceeding as part of their progress update, this is not necessarily recognising that they are exceeding until they have been fully delivered. The ESO shared that deliverables it anticipates being exceeding when delivered have been flagged as exceeding and noted that they are discussed in the report to allow the ESO to give stakeholders an update on the activity.
- Ofgem also noted its previous feedback that doing a new activity in itself doesn't mean the ESO has automatically gone beyond baseline expectations under the scheme. In some areas, the ESO needs to change its approach and do new things in order to meet the ESO Principles and baseline expectations. Ofgem noted some confusion in some parts of the reports that baseline was defined by specific code requirements rather than principles.

Principle 1:

- Ofgem shared that they recognised the three barriers description within the August report was a useful framework for looking at the information that the ESO is sharing and how this can be improved. Ofgem challenged the ESO on their statement that baseline is what we are doing now.
- Ofgem reiterated their earlier question on how and why the ESO has decided to prioritise Carbon intensity over other requests for date they asked for the ESO to provide a further narrative around the wider benefits that this workscope had achieved, why this work was prioritised over other potential projects relevant to the principle and the role of the partners within this.

Principle 2:

- Ofgem were pleased to see the relaunch procurement guidelines is being progressed and, they reiterated that the early stages of the process don't demonstrate the exceeding expectations, noting that this is expected as part of licence requirements and the ESO Principles. The ESO shared that this was shared to give stakeholders an update on work that is progressing that it believes could ultimately exceed expectations.
- Ofgem noted the commitment made in the August reporting that the ESO will share an update to market participants on EBS at the IS Change Forum in October. Ofgem would like to see greater transparency around EBS in future reports as per previous comments.
- Ofgem asked for an update on the work to reduce RoCoF cost. The ESO commented that this will be shared in the next report.
- Ofgem raised that they are looking for an update on what the next steps are for non-BM STOR and their effect on cashout prices. It was noted by both Ofgem and the ESO that conversations have already taken place in this area and that Ofgem would be getting back in touch with the team with the ESO to continue this conversation.

Principle 3:

- Ofgem reiterated that they had heard from stakeholders that they were disappointed that the auction trial is delayed to June 2019. They noted that we had published a letter to update stakeholders and were keen to hear the stakeholder feedback following the webinar. Ofgem were not sympathetic to reasons provided for the delay as they feel the concept has been around for some time, and there was enough opportunity to understand the auction design requirements prior to the forward plan being published. The ESO shared they were looking at how the plans to bring forward the delivery of the trial and would communicate any update on this as soon as possible.
- The ESO shared the good news of Limejump being included into the Balancing Mechanism, and Ofgem shared that although this a good news story, they have received feedback from some stakeholder saying that action with regard to wider BM access is not progressing as quickly as hoped. The ESO reiterated the wider access to the BM roadmap that outlines the actions that the ESO will be taking in this area.
- Ofgem noted discussions with the ESO about wind generation competing in the frequency response market. Ofgem wanted to better understand what the blockers were to the ESO using wind for FR following the approval of GC0063 in 2015.

Principle 4:

- Ofgem shared that they had not been able to review the re-launch document in the timescales available but were pleased to see that the ESO had shared how they believe they have increased the ambition in this space. Ofgem will aim to provides views on the relaunched principle for the MYR instead.
- Ofgem noted developments on BSC modification P297 and that they had some initial concerns and questions around the ESO's approach to this modification.
- Ofgem noted the importance of presenting a balanced picture in the reports, pointing to an example of lines taken from the GC109 urgency diction to demonstrate positive feedback. Ofgem felt this did not present the full story and background behind this decision letter. The ESO said that ahead of the six-month report, the ESO will be ensuring that the stakeholder feedback within the report will present the full coverage of feedback. The ESO shared that will be providing detailed information on stakeholder engagement, input and feedback received. The information will provide a balanced assessment of stakeholder feedback including both positive feedback on the ESO's performance as well as where stakeholders have told us we need to change or improve. The primary evidence that sits behind the information will be available to audit by the Regulator subject to any legal restrictions due to data confidentiality.

Principle 5:

- no specific questions or comments

Principle 6:

- no specific questions or comments

Principle 7:

- no specific questions or comments

AOB:

Appendix 1 – Timetable

1. Annual Requirements

- 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	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	
			Q						Q				
						1/2YR							FYR

2. Monthly requirements

Date	Action	Owner	Note
15 th Working Day	Monthly report submission date	ESO	
No later than 5 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	

3. 2018-2019 Reporting & Meeting Dates

Month	Report Published (15 th WD)	Ofgem Meeting (20 th WD)	Report Type
May	22/05/2018	30/05/2018	
June	21/06/2018	28/06/2018	
July	20/07/2018	27/07/2018	Q1 Report
August	21/08/2018	29/08/2018	
September	21/09/2018	28/09/2018	
October	19/10/2018	26/10/2018	Half Year Report
November	21/11/2018	28/11/2018	
December	21/12/2018	02/01/2019	

January	22/01/2019	29/01/2019	Q3 Report
February	21/02/2019	28/02/2019	
March	21/03/2019	28/03/2019	
April	23/04/2019	30/04/2019	
May	7/5/2019		End of Year Report