

Meeting minutes

ENSG

Date: 11/08/2020	Location: Microsoft Teams Meeting
Start: 2:00 PM	End: 5:00 PM

Participants

Panel Chair	Dame Fiona Woolf	
Panel Members	Ed Rees (Consumer Representative)	Lynne Bryceland (DNO)
	John Greasley (Interconnector)	James Dickson (OFTO)
	Andy Paine (Offshore Developer)	Douglas Allan (Onshore Developer)
	Marko Grizelj (Technology Supply Chain)	Cathy McClay (Existing Service Provider)
	Alan Brogan (Planning Representative Alternate)	Tania Davey (Local Environmental Groups)
	Will Apps (Crown Estate Alternate)	
NG ESO Representatives	Fintan Slye (ESO Director)	Craig Dyke (Head of Network Competition)
Early Competition Project Team Attendees	Hannah Kirk-Wilson (Network Competition Senior Manager)	Hannah Urquhart (PMO Support)
	Rachel Payne (Stakeholder Lead)	
Offshore Coordination Project Team Attendees	Alice Etheridge (Offshore Coordination Senior Manager)	Chrissie Brown (Stakeholder Lead)
Apologies	Richard Clay (Crown Estate)	Hedd Roberts (TO)
	Darryl Murphy (Asset Investor)	Simon Rooke (Asset Contractor)
	William Black (Planning Representative)	

Discussion and actions

1. Who Is the ESO?

Fintan talked through slides 3-8 and gave an overview of what the National Grid ESO now is, how the energy system works and how the ESO fits into the net zero by 2050 ambition.

Fintan spoke about how the ESO is now a separate entity to the rest of National Grid, including National Grid Electricity Transmission as network owner in England and Wales, and has a separate independent board. The ESO has crafted a business plan and organised the business around the following four objectives aimed at successes for 2025:

- **An electricity system that can operate carbon free** - this aligns with consumer value and leads to maximum usage of renewables as and when available. The generation stack is expected to be made up of nuclear, interconnectors, hydro, wind, solar, and pumped storage and be sufficient to meet demand.
- **A whole system strategy that supports net zero by 2050** - the ESO does not want to make changes to the electricity system that do not support decarbonisation in the wider economy and the move to sustainable energy.
- **Competition everywhere** - this means the ESO will advocate, support and implement competitive markets as the default solution to solve issues in both system operation and in networks. The ESO is also working to ensure the balancing markets are fostering a competitive market to ensure best outcome for end consumers.
- **The ESO is a trusted partner** - The ESO knows that if they are to succeed in meeting the challenges of decarbonisation it must be done through effective engagement and bringing stakeholders along with them.

There are other stakeholder groups including the RIIO-2 Stakeholder Group (ERSG), the Technology Advisory Council (TAC), and the Engineering Advisory Council (EAC). Alongside these groups, this group, the Networks Stakeholder Group (ENSG), will look at Early Competition and Offshore Coordination projects, both of which are important to release the potential to save consumers money and to achieve the four objectives.

Marko commented that there seemed to be a lot of other groups and asked what their timescales were. Fiona said that ESG has been going for some time now and there needs to be more discussion around the overlap with other groups and why ENSG has been formed.

2. Introductions

Fiona introduced herself and then invited each panel member to introduce themselves and talk about their background and expertise.

Fiona requested that each panel member send their bios to Alice M if they haven't already. This will then be circulated to all panel members once complete. Fiona asked if members would like to be added to the distribution list to get updates for the Early Competition and Offshore Coordination projects. They agreed that this would be useful but anyone who does not want to receive the updates is welcome to let Alice M know.

3. Early Competition Project Overview

Hannah K-W spoke through slides 10-20 to give a background of the Early Competition project, explain what the ask from OFGEM is, what stage the project was at and what the timescales are for the project.

OFGEM has taken the lead on late competition, which means competition once the design has been consented; the ESO is looking at early and very early competition. Design only is not in scope of this project as it is being taken forward as part of the innovation competition under RIIO2.

Fiona asked what the difference was between early competition and very early competition. Hannah explained that for very early competition, 'identify potential solution' and 'identify indicative solution' stages of the project are in scope, whereas early competition starts at the initial design stage.

Hannah explained that the scope of the project was to deliver consumer value by introducing more competition in network planning and construction. Currently, only the three incumbent TOs can build or provide solutions with the current legislation, but if competition is introduced it will mean savings across the whole project life cycle, more innovation and potentially more investment in low carbon.

Stage 1 of the project was to explore a range of models at a high level to decide which options to review further. Stage 2 was focussed on a more detailed development of the options and stakeholder

engagement. The ESO has run many workshops, which were well attended, and webinars to give stakeholders opportunity to give feedback and make clarifications. The consultation for stage 2 is currently live to seek stakeholder views and closes on Friday 14th August. There will be more interactive workshops in September to gather opinions and further develop the early competition model. The workshops will cover roles in early competition, operational incentives, risk allocation and post-preliminary works cost assessment, industry codes insights, indicative solution identification process, provisions of network information and potential ESO roles in distribution early competition.

Stage 3 will be focussed on implementation, considering what framework changes are required and what capabilities need to be developed. The ESO is also considering what its role could be in introducing competition at distribution level. There will be a consultation in late November to bring all elements together before reporting to OFGEM in February 2021

James raised a question about what might cause a project to not be suitable for early competition. Hannah said that the level of uncertainty may mean it does not meet criteria, so there may need to have a few iterations of the NOA process before it becomes more certain. It also may not meet the criteria if it is an urgent project or is further along in development. It has also been set out in the latest consultation where early competition may need to be abandoned part way through. In any of these cases it may be considered as part of the late competition model.

James then asked if any of the options can progress without a legislation change. Hannah replied that the early competition can currently run without a legislation change but there are limits on who can be involved. OFGEM has considered competition between the three onshore TOs.

Fiona mentioned that her experience of this in other countries showed there is a nervousness from the TOs with reticulated/mesh systems of third parties owning and operating transmission assets as causation and liability are difficult to prove if there is an incident and something goes wrong. Hannah said this issue has been raised and there is a need to ensure assurance of technical quality and ensure frameworks can provide clarity of what additional requirements there may be to ensure assets meet the right standard.

Will asked what the overlap is with offshore coordination. Hannah replied that there will be a need to deliver onshore services, assets and reinforcements for offshore coordination and connection works. It would be beneficial to introduce competition to ensure these are delivered at least cost and for long term sustainability.

Fiona asked if there was an expectation for the group to review the phase 2 consultation and feed into it. Hannah confirmed that as it was going to close on Friday it was too short notice to expect the group members to review it. There is a hope that organisations in the sectors of groups represented at ENSG would have already reviewed the consultation and replied. In a future meeting, the feedback received will be presented back and ENSG is to hold the ESO to account on how they take the feedback forward and ensure the ESO are allowing all stakeholders to be involved and not unfairly prioritising one group over another.

Fiona confirmed that a report will need to be created and Hannah said this was because OFGEM has agreed to form the ENSG as part of the project governance and are expecting a report detailing ENSG views on how the ESO has listened and responded to feedback. Will asked who will be authoring the report and Alice M confirmed she would be writing successive drafts of the report for the group to review.

4. Offshore Coordination Project Overview

Alice E spoke through slide 23 - 39 to give an overview of the Offshore Coordination project and said that Offshore Coordination is at an earlier stage than Early Competition.

The reason the ESO is looking at Offshore Coordination is that it is important for the net zero by 2050 ambition. As part of this there is an ambition to have 75-100MMW of offshore wind by 2050; there is 10MW currently. The government has set out the plan to have 40GW by 2030 in their manifesto which is a significant increase over the next 10 years. The current regime does not support this and cannot

deliver it at least cost for consumers. Offshore wind farms currently connect individually which is inefficient from a number of perspectives and has adverse impacts on local communities and the environment, so the ESO is considering how offshore wind farms can be connected more efficiently whilst reducing their adverse impacts.

The project is currently in phase 1 where it is looking at design options. There are four work streams as part of phase 1: technology readiness, offshore conceptual design, review of connections process and a review of existing work.

There will be a thorough review of existing work and the findings will be published. The project will also be considering changes to processes and commercial frameworks. The CBA (Cost Benefit Analysis) is being pulled together but the date has been pushed out to late September to ensure there is enough time given to understand all the findings and reports from consultants and ensure messaging is correct. There will be a webinar to support the report and workshops to discuss the consultation.

Andy asked how the project interacts with the BEIS OTNR review and for a clarification of who is doing what. Alice E explained that the Offshore Coordination work stream is within the BEIS work stream and will go through the BEIS governance structures. Alice also wanted to flag that there is a marker in the BEIS project for the Offshore Coordination phase 2 but there needs to be further discussions about funding and how it will fit in with the BEIS overarching aim.

Andy then asked if BEIS is aware of ENSG. Alice E said that it has been mentioned to them, but it has been discussed more with OFGEM. There is a need for further conversations with BEIS. Alice E also confirmed that as ENSG is to review the ESO part of the project rather than the overarching BEIS projects, there is no requirement for a formal report but there is still value to get the ENSG views.

Marko commented that there is a lot of similar work going on in the EU and Republic of Ireland currently and there is likely to be some overlap. Alice E confirmed the ESO will be looking at what is happening in Europe as part of phase 2. Andy added that he has been involved in some of the European work considering hybrid grids and that it is important that the ESO project links to the wider European work. Alice said that in the first phase of the project, where appropriate, they have considered other work across Europe, China and Taiwan.

Tania said that it is positive that the impact on coastal communities is being taken into consideration, but the environmental impact also needs to be considered. Alice E confirmed that it has been considered separately in the report. Fiona highlighted that it is important that environment impacts are considered separately because local communities have a variety of different interests and that it can be difficult to capture input from communities. It is particularly difficult in relation to communities that are not currently impacted but may be in the future. Tania suggested that Natural England should be approached to provide a member of the Group.

Ed asked how the FES (Future Energy Scenarios) is being taken into consideration. Alice E confirmed that the 2020 FES 'leading the way' scenario has been used as an input.

Will commented that there is a need for scale up and increasing pace, as it will be a challenge for us all to deliver the ambition for 2030.

5. Purpose of group and method of working

Fiona spoke through slides 40 - 47 about what the purpose of the group is and what the expectations were of group members.

OFGEM will use the group to ensure project outputs represent industry, stakeholder and consumer views. The group needs to ensure customer is at the forefront of what the group does. The group also needs to hold the ESO to account and ensure they are listening to stakeholder views fairly.

Fiona requested that any reading materials are distributed to the group with enough time to read and digest them and not to be sent in bulk, but as and when they are available.

Fiona also commented that it is up to the group to ensure it has good representation and questioned if the group had enough local community representation and if the group needed planning representation for England as well as Scotland. Hannah KW replied that they are still looking for these representatives and needed to chase. Fiona thought that it might be necessary to reconsider the Local Government Association as an option.

Andy stated that it is difficult to engage local communities. He gave an example of engagement with Galloway where they tried to engage with 6 communities but only those significantly impacted engaged and nobody wanted lines near them. Ed added that views needed to be weighted at a local, regional and national level and taking into consideration how well positioned they are to provide an informed response. Will recommended that either Norfolk and Suffolk County Council could be invited, and Andy agreed as it is a region that is informed on the impact of integrated grids. Andy also questioned whether the group wanted to engage very widely for the purpose of challenging the ESO as the group could become too big and not effective.

Fiona said each member is being asked to represent their sector rather than their organisations and it would be important to monitor potential conflicts of interest. Members are expected to read minutes to ensure all views have been captured correctly. The minutes will be circulated within a week unless stated otherwise and will be used to produce a report for Early Competition. As the chair, Fiona will be seeing what level of consensus the group has on different topics and there may be interim discussions to ensure the right effort has been made. It will be helpful for the ESO, OFGEM and BEIS if the group can show as much true consensus on different topics as possible (but also demonstrating that all stakeholder interests have been taken into account). Fiona as the chair will also feed into ERSG.

Andy commented that clear focussed directions would be useful. Fiona confirmed this will be given and a draft programme will be created covering the ground to be covered for each meeting for the group to approve.

John asked if the group is to comment on the process or the detail of the proposal. Fiona replied that the group will do both using the expertise in the group. Marko commented that the proposals will be published and ESO are holding a number of stakeholder events so process may need to be challenged more as it is not as public.

Fiona requested that members are open minded, that they bring ideas and ask questions. Closed sessions can be held but she hoped that this would rarely occur. She also hoped that there would rarely be a need for confidentiality at ENSG. The ESO team might be nervous about tentative proposals or ideas in meeting papers being circulated before the group has had a chance to discuss them. Douglas asked if information from the group can be shared with others in their sector to get views in advance of meetings. Fiona confirmed they could but if the information is not published yet then the others need to be asked to keep it confidential. Hannah KW said sensitivity of materials can be given or marked and most of the material will be made public eventually.

Cathy questioned whether Chatham House Rules should apply. As members are representing sectors they should be comfortable with having their remarks attributed to them. She had adopted a policy of not saying things in private that she would not say in public. Fiona agreed and said that members will be quoted unless a member states in the meeting that they would not like something to be quoted. Marko said that there could be topics discussed that are commercially sensitive so they should not be made public. Fiona said that these could be identified, and that confidentiality could be preserved to enable Informative or evidence-based discussion to take place. Hannah KW confirmed that there is a plan to publish all minutes to ensure transparency.

Fiona discussed the Terms of Reference and highlighted that there were quorum requirements where there needs to be a minimum of 7 attendees for the meeting to continue and alternates are allowed, but they need to be kept well informed. The final draft would be circulated for approval. Marko asked how the meeting dates will be selected. Fiona said weeks for the meetings to take place have been identified and Alice M will contact group members to agree the dates and then circulate a draft plan for the content of the meetings. John asked if the Terms of Reference can be shared externally and Fiona confirmed that they can be.

EDIT: It was discussed that the group members represent their sectors rather than individual companies.

6. AOB and Next Meeting

The group had no other business to discuss. Fiona confirmed the next meeting is 2nd September, 10:00 -13:00.

Action Log

ID	Description	Owner	Due	Status	Comments
1	Send Bio and photo to Alice McCormick	All	28/08/2020	Open	
2	Email Alice McCormick if you do not want to be added to the distribution list for project updates	All	28/08/2020	Open	
3	ESO to consider engaging with Natural England	ESO	02/09/2020	Open	
4	Discuss the overlap of ENSG with other groups and why the group had been formed	Fiona	02/09/2020	Closed	Included on September agenda
5	Confirm England planning representative and consider inviting Local Government Association	Hannah KW	02/09/2020	Open	
6	Create programme of content for the ERSG meetings to cover for Group to approve	Alice M	02/09/2020	Open	
7	Circulate Glossary of Terms	Alice M	18/08/2020	Closed	
8	Circulate final draft of Terms of Reference for approval	Alice M	18/08/2020	Closed	
9	Publish approved version of Terms of Reference on website	Rachel Payne	09/09/2020	Open	