

Monthly Monitoring Meeting

Thursday 29 April 2021, 15:00 – 16:00

Teleconference

AGENDA

Ref	Time	Title	Owner
1	15:05 – 15:20	SME slot – Balancing Costs <ul style="list-style-type: none">Setting benchmarks for Forecasting and Balancing Costs metrics	ESO
2	15:20 – 15:40	Review actions & AOB: <ul style="list-style-type: none">Event logisticsForecasting metrics: clarificationsDefinitions for RIIO-2 metric: CNI outagesZero carbon/biomass- separate meeting required next weekDeliverables which weren't completed during 2020-21Team changes	All

Meeting record

Monthly Monitoring Meeting

Date: 29 April 2021
Time: 15:00 – 16:00
Venue/format: Teleconference

ACTIONS

Meeting No.	Action No.	Date Raised	Target Date	Resp.	Description	Status
32	78	29/04/21	07/05/21	ESO	DNV cost report to be sent in May	Open
32	79	29/04/21	14/05/21	Ofgem	Ofgem to send link to ESORI Addendum	Open
32	80	29/04/21	07/05/21	Ofgem	Ofgem to send balancing cost and forecasting metrics numbers	Open
32	81	29/04/21	07/05/21	ESO	ESO to set up meeting to discuss Zero Carbon Operability indicator	Closed
32	82	29/04/21	May 2021	Ofgem	Ofgem to send over welcome/wrap up slides	Open
32	82	29/04/21	07/05/21	ESO	Organise meeting to discuss CNI Outages metrics to confirm definition of outage	Closed
32	83	29/04/21	14/05/21	ESO	Add incomplete deliverables to Delivery Schedule and include footnotes	Open
32	84	29/04/21	21/05/21	ESO	Organise meeting to discuss incomplete deliverables that have been de-prioritised	Open

MAIN ITEMS OF INTEREST

- **SME slot – Balancing costs**

The Electricity System Operator (ESO) presenter gave commentary on the £165.1m outturn against the £123.5m benchmark.

Key points:

- Balancing costs in March remained high and were above the benchmark driven by high constraint and reserve costs. The Western Link HVDC was unavailable for the early part of the month driving constraint costs but these were lower than February due to lower wind levels. This was offset by an increase in energy costs, primarily Operating Reserve, driven by high costs due to tight margins.
- March's costs were higher than last year.
- March's costs were slightly lower than February with £20.8m more on energy balancing, reserve and response, £20.8m less on constraints, £5.6m less on Rate of Change of Frequency (RoCoF), £0.7m more on Black Start and £1.9m more on Reactive.
- The percentage demand reduction for March has been around 6-7% below our pre-COVID-19 expectation. Mornings are still generally show the biggest reduction whilst the peak is less affected.
- Wind levels fell around the end of February and beginning of March but picked up driving costs before the Western Link returned on 13 March.
- Following a fall in Operating Reserve costs in February, they rose again in March to £36m. The average margin price was £169.25/MWh compared with £77.38/MWh in February and £155.36/MWh in January
- The ESO described several cost-saving actions taken in control room timescales, which are commercially sensitive.

Q&A Section:

Q1: What is driving the operating costs, are they just tighter margins?

A1. Combination of tighter margins and unit behaviour. When margins started getting tight in October several units reacted and increased prices. This has now become learned behaviour and when tighter margins appear, units sit at high prices.

ESO will provide a written response to the questions Ofgem sent through in advance of the meeting.

AOB

- Ofgem to publish ESORI Addendum with updated balancing costs metric benchmarks in May

- ESORI Addendum Annex will include methodology for how benchmarks were calculated.
- Possible delay to published Addendum dependant on Zero Carbon Operability indicator confirmation
- Forecasting benchmarks to be included in Addendum
- Discussed timings and agenda for end of year event
- Confirmed Panel attendees
- Some 2020-21 deliverables have not been completed. For those that continue into RIIO-2 we will reference this in the end of year report.

Appendix – Previously Closed Actions

Meeting No.	Action No.	Date Raised	Target Date	Resp.	Description	Status
30	69	8/1/21	April 2021	ESO	Demonstrate plan to lower Constraint costs ¹	Closed
30	70	8/1/21	5/2/21	ESO	Share scope of ‘Joining the dots’ work ²	Closed
30	71	8/1/21	May 2021	ESO/ Ofgem	Discuss what Panel would want to see from “Deep dive” on Role 3 activities for the end of the year following on from ‘Joining the dots’ session. ³	Closed
30	72	29/1/21	26/2/21	ESO/ Ofgem	Organise session with ESO wind forecasting team to discuss performance data changes	Closed
30	73	29/1/21	26/2/21	ESO	SME to present at next monthly meeting to discuss 1E customer values metric	Closed
30	74	29/1/21	26/2/21	ESO	SME to present at next monthly meeting to discuss Network Options Assessment (NOA) publication	Closed
30	75	29/1/21	May 2021	ESO/ Ofgem	Discuss what Panel will want to see in the end of year report. ESO to share a mock version to find out the priorities.	Closed
31	76	26/2/21	31/3/21	ESO	Provide some examples of units unavailable for tight margin and how Short Term Operating Reserve (STOR) sits on the top of the operating reserve	Closed
31	77	26/2/21	31/3/21	Ofgem	Share updated organisation chart for the Ofgem team	Closed

¹ Closed by holding a 5-point plan webinar on 26 February.
https://twitter.com/ng_eso/status/1364575815506092032?s=20

² Closed by ESO/Panel session on 5 February.

³ Closed by agreeing the Role 3 “deep dive” plan for the end of year event.