

Incentives Monthly Monitoring Meeting

Meeting Minutes (April 2021 Report)

Details

Date:	Monday, 07 June 2021	Location:	Teleconference
Time:	10:00 - 12:00	Meeting Number:	33

Agenda

Ref	Time	Title	Owner
1	10:05 – 10:20	SME slot – Balancing Costs	ESO
2	10:20 – 10:30	SME slot – DSO transition consultation	ESO
3	10:30 – 10:45	SME slot – Summer Outlook	ESO
4	10:45 – 10:55	ESO to highlight notable points from the published report	ESO
5	10:55 – 11:05	ESO to take questions on the published report	ESO
6	11:05 – 11:15	Ofgem to give feedback on ESO performance and first RIIO-2 report	Ofgem
7	11:15 – 11:25	Review actions & AOB: <ul style="list-style-type: none"> • End of year event • ESORI addendum- forecasting metrics • Definition of metric 1D (short notice changes to planned outages) 	All

Participants

Name	Company	Name	Company
Jenny Mills	NG ESO	Luke McCartney	Ofgem
Jessica Rivalland	NG ESO	Luke Jones	Ofgem
Phil Smith	NG ESO	Adam Gilham	Ofgem
Nigel Swan	NG ESO	James Hill	Ofgem
Charon Balrey	NG ESO	Alice Siri	Ofgem
Archie Corliss	NG ESO	Alastair Owen	Ofgem
Gareth Davies	NG ESO		

Actions

Meeting No.	Action No.	Date Raised	Target Date	Resp.	Description	Status
33	86	07/06/21	11/06/21	ESO	Provide written response to the questions sent by Ofgem on 03 June 2021.	Open
33	87	07/06/21	11/06/21	ESO	Re-publish the April report using the newly published monthly benchmarks for Metrics 1B and 1C.	Closed
33	88	07/06/21	11/06/21	Ofgem	Confirm definition of Metric 1D	Open
33	89	07/06/21	18/06/21	Ofgem	Review previous questions on balancing costs and see if the ESO need to be providing any further information in the report	Open

Discussion and Questions

1. Balancing Costs

Nigel Swan talked through the April balancing costs, highlighting the main drivers of performance and cost saving actions taken by the ESO. A key factor for April was significant demand uncertainty on 12 April 2021 due to weather variability, the relaxation of COVID-19 restrictions, and tight margins. This was covered in detail at the Operational Transparency Forum held on 21 April 2021. The slides and a recording of that meeting can be found [here](#).

Nigel said that the ESO would provide a written response this week to the additional questions sent by Ofgem on 03 June 2021.

2. DSO transition consultation

Charon Balrey gave an overview of the work to date on enabling the DSO transition. Charon highlighted the need for strong collaboration across the industry and covered the key messages raised in the 15 stakeholder responses received in response to the consultation.

The ESO are currently reviewing the feedback against their current activities to inform future activities to support the DSO transition. They plan to align this work on future activities with the output from the ED2 draft business plans when they are published in July.

3. Summer Outlook

Archie Corliss talked through the key messages from the Summer Outlook report.

Weather corrected minimum transmission system demands for summer 2021 are expected to be higher than last summer, while peak demands are similar with lower impact expected from COVID-19 on demand in general.

The ESO expects to be managing periods where inflexible generation output plus flexible wind output exceeds minimum demand and to take actions to manage this.

Market Outlook documents have shifted to continual engagement with stakeholders, rather than relying on fixed feedback from stakeholders. The Summer Outlook was presented to the Operational Transparency Forum in April and the Operability Liaison in May.

Question	ESO response
Ofgem asked whether the use of weather corrected demand misrepresents the risks, by not showing that could occur based on the weather and said that this makes it difficult to compare actuals with forecast. They are keen to see what has been prepared for and the different risk levels and outcomes.	Archie explained that weather corrected demand is used for ease of comparison to other years – taking out the weather impact shows the underlying trend. The ESO does report risks such as 1 in 10-year conditions. ESO will consider whether this information can be displayed differently in the next Outlook report based on this feedback. Ofgem to advise if they require any further information on this.

4. ESO highlight notable points from the published report

Jenny Mills (ESO) talked through the key points from the April report.

5 and 6. Ofgem questions on ESO performance and the first RIIO-2 report

Ofgem said that the ESO Operational Transparency Forum continues to be a very useful meeting.

Ofgem highlighted a potential issue with the STOR day ahead pay-as-clear auction that was launched at the start of April. They had observed that some bids were being skipped in order to avoid holding too much reserve. The unintended consequence appeared to be that the ESO was paying significantly more rather than holding additional reserve. Ofgem had already discussed this with the relevant team in the ESO, but wanted to make sure this forum was also aware. They highlighted that a change could take three months as it would require regulatory approval. The ESO agreed to follow this up internally.

7. Review actions & AOB:

Ofgem confirmed that the monthly benchmarks for Metrics 1B and 1C had been corrected in the final published version of the addendum, with the 5% stretch added in to align with the overall metric. This does not impact the overall benchmarks. ESO will add the final figures into the April report and republish.

ESO mentioned that the wording of Metric 1D in the ESORI did not include planned outages that were cancelled. Ofgem said they would come back to the ESO to confirm, but their understanding was that the definition should include the number of planned outages both delayed by more than an hour, or cancelled.

ESO End of Year Event – ESO confirmed final arrangements for the upcoming event.

Appendix – Previously Closed 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	Closed
32	79	29/04/21	14/05/21	Ofgem	Ofgem to send link to ESORI Addendum	Closed
32	80	29/04/21	07/05/21	Ofgem	Ofgem to send balancing cost and forecasting metrics numbers	Closed

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	Closed
32	83	29/04/21	07/05/21	ESO	Organise meeting to discuss CNI Outages metrics to confirm definition of outage	Closed
32	84	29/04/21	14/05/21	ESO	Add incomplete deliverables to Delivery Schedule and include footnotes	Closed
32	85	29/04/21	17/05/21	ESO	Organise meeting to discuss incomplete deliverables that have been de-prioritised	Closed