

Incentives Monthly Monitoring Meeting

Meeting Minutes (June Q1 2021 Report)

Details

Date:	Thursday 12 August 2021	Location:	Teleconference
Time:	10:00 - 12:00	Meeting Number:	35

Agenda

Ref	Time	Title	Owner
1	10:05 – 10:20	SME slot – Balancing Costs	ESO
2	10:20 – 11:00	Delayed Deliverables	ESO
3	11:00 – 11:15	ESO to highlight notable points from the published report	ESO
4	11:15 – 11:30	ESO to take questions on the published report	ESO
5	11:30 – 11:40	Ofgem to give feedback on ESO performance and monthly report format	Ofgem
6	11:40 – 11:50	Review actions & AOB: <ul style="list-style-type: none"> • NAP feedback • 2020/21 outcome and process 	All

Participants

Name	Company	Name	Company
Gareth Davies	NG ESO	Maryam Khan	Ofgem
Jess Rivalland	NG ESO	Luke Jones	Ofgem
Phil Smith	NG ESO	Adam Gilham	Ofgem
Nigel Swan	NG ESO	Alice Siri	Ofgem
Hannah Kernthaler	NG ESO	David Beaumont	Ofgem
		Eze Ejiogu	Ofgem
		Alastair Owen	Ofgem

Actions

Meeting No.	Action No.	Date Raised	Target Date	Resp.	Description	Status
35	93	12/08/21	03/09/21	ESO	ESO to propose and update the delivery schedule for the revised EU deliverables	Open
35	94	12/08/21	03/09/21	ESO	ESO to flag if there are any delayed deliverables which are going to be a challenge to deliver	Open
35	95	12/08/21	19/08/21	ESO	Provide a response to the 'GB Voltage Screening report' question	Open
35	96	12/08/21	19/08/21	ESO	Provide a response to the 'RRE 1H constraints cost savings from collaboration with TO' question	Open
35	97	12/08/21	31/08/21	Ofgem	Ofgem will follow up with their transmission team to see if there are any follow up questions regarding NAP.	Open
35	98	12/08/21	19/08/21	ESO	ESO will consider what elements of the report to discuss at the Ofgem/Panel bilateral meeting and will feed in beforehand.	Open
35	99	12/08/21	31/08/21	ESO	ESO to investigate if there are ongoing works to develop additional balancing costs metrics or thoughts on changes.	Open
35	100	12/08/21	31/08/21	All	Ofgem to send through examples of times they are asked for a legal view. ESO to discuss internally and agree approach	Open
35	101	12/08/21	31/08/21	Ofgem	Ofgem to send follow up questions on the specific confidential balancing cost saving actions if further clarity is needed	Open

Discussion and Questions

1. Balancing Costs

Nigel Swan talked through the June and Q1 balancing costs, highlighting the main drivers of performance and cost saving actions taken by the ESO.

The balancing costs for June were lower than May, but outturned above the benchmark. Energy costs were consistent with May. Response costs increased whilst Energy Imbalance costs fell. Thermal constraint costs rose as network availability was lower. Voltage costs have also increased as a result of lower demand. RoCoF costs for June have reduced significantly as a result of changes made from the Frequency Risk and Control

Report (FRCR) that were made possible in part by the procurement of Dynamic Containment and the Accelerated Loss of Mains Change Program. RoCoF costs accounted for 25.7% of the total balancing costs for May.

Q1 balancing costs were lower this year than Q1 last year. Constraint costs have fallen as a result of several factors including changes to inertia management, lower wind, higher demand and good levels of network availability. Energy costs have risen with higher BM (Balancing Mechanism) prices as a result of tighter margins and the procurement of new products to maintain operability and save costs overall. RoCoF costs were lower in April and May this year as a result of higher demands and therefore higher inertia. RoCoF costs for June fell sharply due to changes from the FRCR.

ESO commented on their ongoing development work to improve the reporting of the Balancing Cost metric to ensure the correct information is being provided.

Question	ESO response
Ofgem queried specific confidential cost saving actions	ESO responded. Ofgem will send follow up questions.

2. Delayed Deliverables

Gareth Davies talked through the delayed RIIO-2 deliverables and the key themes driving them. The deliverables were mainly impacted by resourcing issues, Brexit, prioritisation, restoration standard timing, and quantity of consultation responses.

Question	ESO response
Will delayed deliverables still be completed within the time frame? Are there any particular deliverables that that will be challenging to deliver and therefore should be of focus for Ofgem?	ESO has frequent internal updates on deliverables to get visibility of longer-term risks but also cross ESO dependencies. We will provide Ofgem with an overview of any deliverables that will be challenging to deliver in BP1 at the next meeting.

3. ESO highlight notable points from the published report

Phil Smith talked through the key points from the June Q1 report.

4. ESO to take questions on the published report

Question	ESO response
Regarding RRE 1H Constraints cost savings from collaboration with TOs, has there been a notable change in interactions with TOs in this area?	ESO will take this away and provide a response.
For the GB Voltage Screening Report, how does it fit into the wider overall planning process? Does it feed into Pathfinders or NOA?	ESO will take this away and provide a response.

5. Ofgem to give feedback on ESO performance and monthly report format

- Ofgem thanked the ESO for recent conversations regarding the balancing costs metric and taking their feedback on board.
- An Ofgem attendee remarked that these incentives meetings are really useful and the best they have seen regarding presenting and providing Ofgem with the information they need.
- Ofgem's legal team have questioned the amount of times they are asked for a legal view by the ESO, across several areas. There is a sense that they are being asked questions when it is not in their remit, or questions that they feel the ESO team should really be taking a view on.

6. Review actions & AOB:

- The ESO appreciated the transparency and feedback regarding the 2020-21 incentives outcome.
- Ofgem stated that the response to the NAP question provided clarity.
- The ESO asked as this is the first time publishing the deliverables in a tracker spreadsheet, does Ofgem find the amount of detail sufficient and correct. Ofgem feel the approach taken is suitable. It will be difficult for the ESO to anticipate which deliverables Ofgem are interested in.
- Ofgem queried if the ESO is working to develop additional thoughts on metrics, namely the balancing costs metric.
- ESO will provide particular elements of feedback they want to discuss in the meeting with Ofgem and the Performance Panel

Appendix – Previously Closed 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.	Closed
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	Closed
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	Closed
34	90	29/06/21	23/07/21	All	Session in August to discuss Ofgem's and the Panel's feedback. Ofgem to check Panels availability.	Closed
34	91	29/06/21	23/07/21	ESO	Session to talk through mid year report expectations	Closed
34	92	29/06/21	23/07/21	ESO	Session to discuss cost benchmarks regarding including red projects	Closed