

Incentives Monthly Monitoring Meeting

Meeting Minutes (July 2022-23 Report)

Details

Date:	Tuesday 30 August 2022	Location:	Teleconference
Time:	10:00 - 12:00	Meeting Number:	47

Agenda

Ref	Time	Title	Owner
1	10:05 – 10:20	SME slot – Balancing Costs	ESO
2	10:20 – 10:35	SME slot – FES 2022	ESO
3	10:35 – 10:45	ESO to highlight notable points from the published report	ESO
4	10:45 – 10:55	ESO to take questions on the published report	ESO
5	10:55 – 11:05	Ofgem to give feedback on ESO performance	Ofgem
6	11:05 – 11:15	Review actions & AOB	All

Participants

Name	Company	Name	Company
Laurence Barrett	NG ESO	Filippos Panagiotopoulos	NG ESO
Simon Targett	NG ESO	James Whiteford	NG ESO
Jess Rivalland	NG ESO	Samar Ahmed	Ofgem
Phil Smith	NG ESO	James Hill	Ofgem
Cristian Ebau	NG ESO	David Beaumont	Ofgem
Nicholas Robertson	NG ESO		

Actions

Meeting No.	Action No.	Date Raised	Target Date	Resp.	Description	Status
44	127	09/06/22	September 2022 tbc	All	Organise wind forecasting deep dive sessions <i>Update - Review priority with respect to the 18 month deep dive sessions – Ofgem to confirm</i>	Open

45	131	07/07/22	August 2022	All	BP2 Benchmark for Metric 1A Balancing Costs: ESO and Ofgem to come up with initial views regarding creating a BP2 benchmark to apply for this metric from 2023-24. <i>Update - Ofgem to arrange initial meeting with ESO in September.</i>	Open
45	133	07/07/22	30/09/22	ESO	Categorisation of balancing costs: ESO to share breakdown of costs for previous months once the categorisation issue has been corrected. <i>Update – still an ongoing issue which the ESO hopes to resolve soon</i>	Open
46	137	01/08/22	30/08/22	ESO	ESO to provide a response on whether, if planned outages had been moved in June, constraints costs would have been lower.	Open
46	142	01/08/22	30/08/22	Ofgem	Approve minutes from monthly meetings regarding May and Q1 report.	Open
47	143	30/08/22	30/08/22	Ofgem	David Beaumont to follow up with Gareth Davies by email today regarding next steps on finalising details of the revised approach for the 18-month report including deep dive sessions	Open
47	144	30/08/22	05/09/22	Ofgem	Various sessions with Panel – David Beaumont to speak to the Panel regarding 18-month report sessions, and the ESO's proposed dates for regular balancing cost sessions. Consider potential for balancing costs to be covered in the deep dive sessions instead of separate sessions.	Open
47	145	30/08/22	05/09/22	ESO	ESO SME to contact Ofgem regarding putting the Locational Constraint Market in the relevant balancing services guidelines document	Open
47	146	30/08/22	05/09/22	ESO	ESO to provide early clarity on activities that have been de-prioritised as a result of winter priorities (e.g. work on DFS)	Open

Discussion and Questions

1. Balancing Costs

Cristian Ebau talked through drivers of the July 2022 balancing costs which were £382m compared with a benchmark of £103m and therefore below expectations.

Sophie Vancaloen then shared some of the cost saving actions taken by the ESO during the month.

Question	ESO response
<p>Minor components: What is the issue with the allocation of costs and when will it be resolved? Once the issue is fixed, will the minor components costs be reassigned to one category or many?</p>	<p>Sometimes costs are temporarily labelled as Minor Components for new BMUs, and other costs are also assigned in this category when it is not possible to assign them anywhere else. We continually update and recategorise retrospectively, and this information will be available in the monthly reporting files that we publish.</p> <p>At tomorrow's OTF tomorrow (31/08/22), Cristian Ebau will be explaining Minor Components in more detail.</p> <p>When re-categorised, the costs could go into any of the other categories, but likely to be focused in the constraint categories.</p>

2. Future Energy Scenarios (FES) 2022

James Whiteford talked through the FES 2022 Launch.

Question	ESO response
<p>Last year, one of the scenarios failed to meet one of the carbon budgets, is this still the case for this year's FES?</p>	<p>It was System Transformation last year that didn't meet one of the carbon budgets. This year all three of the FES scenarios that meet Net Zero do meet all of the carbon budgets</p>

3. ESO to highlight notable points from the published report

Laurence Barrett talked through the key points from the July 2022-23 report.

4. ESO to take questions on the published report

Question	ESO response
<p>Operational Transparency Forum: There was one session recently where the quality dropped, with a lot of questions being taken away because the right SMEs were not available, and the session finishing after 18 minutes. Last week's session was much better.</p> <p>There have also been some comments suggesting that the OTF is not quite as fit for purpose now – it was set up during lockdown, and maybe now the questions and information needed are a bit different. It might be worth the ESO exploring whether the sessions are still delivering what stakeholders want.</p>	<p>Thanks for the feedback we will pass this on to the OTF team.</p>
<p>The domestic flexibility product for winter is being developed at pace, and isn't intended to be an enduring product. Ofgem encourage the ESO to capture the learnings from this process for reference when developing products for winter 2023.</p>	<p>ESO recognise the point about learnings and will feed it back to the relevant teams.</p>
<p>Ofgem have been advised that the Locational Constraint Market needs to be put in the relevant balancing services guidelines document. They are concerned that they have not heard anything for a few weeks and request that the ESO follow up on this. Originally this was due to happen in January 2023, but potentially needs to be sooner – there is a risk that it could come during a busy November.</p>	<p>The ESO will contact the relevant person to speak to Ofgem on this.</p>
<p>There is a lot of reprioritising of work taking place within Ofgem at the moment. It would be useful to get an early heads up on from the ESO on anything that changes as a result of Winter priorities, ahead of the end of scheme report.</p>	<p>This reflects feedback that Ofgem and the Panel gave the ESO at the mid-scheme review. The ESO will update Ofgem as appropriate, including on whether anything is moving as a result of winter flexibility product.</p>

5. Ofgem to give feedback on ESO performance

There have been a few questions about the NOA publication and constraint cost transparency. The more information the ESO can publish on future constraint costs the better and Ofgem are keen that this information is shared as early as possible. This point has also been raised via other routes.

6. Review actions & AOB:

Actions #143 and #144 were raised regarding the 18-month report and balancing costs sessions with the ESO Performance Panel.

Previously Closed Actions

Meeting No.	Action No.	Date Raised	Target Date	Resp.	Description	Status
45	128	07/07/22	August 2022	ESO	'Bubble graph' data: ESO to share the data behind the bubble graph of prices submitted, going back as far in time as possible.	Closed
45	132	07/07/22	15/07/22	Ofgem	Ofgem to confirm whether BP1 milestones that are delayed with a very clear reason outside the ESOs control should be removed from BP1 incentive reporting. This to be done on case by case basis.	Closed
46	136	01/08/22	30/08/22	ESO	For the balancing costs presentation, the ESO to provide the reasons behind the highest cost days each month.	Closed
46	138	01/08/22	30/08/22	ESO	Follow up with Ofgem regarding descoped Access and Forward Looking Charges deliverables and suggested amendments	Closed
46	139	01/08/22	30/08/22	ESO	ESO to explain the drivers behind the lower than expected levels of accuracy for forecasting.	Joined with #143
46	140	01/08/22	05/08/22	All	Arrange deep dive to discuss interconnector trading.	Closed
46	141	01/08/22	30/08/22	ESO	ESO to provide an update on the oscillatory event that happened in August 2021 on the SHETL network	Closed