

Incentives Monthly Monitoring Meeting

Meeting Minutes (May 2022-23)

Details

Date:	29 June 2023	Location:	Teleconference
Time:	14:00 - 16:00	Meeting Number:	56

Agenda

Ref	Time	Title	Owner
1	14:05 – 14:30	Balancing costs monthly update - Filippos	ESO
2	14:30 – 14:40	Balancing costs engagement update - Lizzie	ESO
3	14:40 – 14:45	ESO to highlight notable points from the published report	ESO
4	14:45 – 14:50	ESO to take questions on the published report	ESO
5	14:50 – 14:55	Ofgem to give feedback on ESO performance	Ofgem
6	14:55 – 15:05	Review actions & AOB	All

Participants

Name	Company	Name	Company
Simon Targett	ESO	Adam Gilham	Ofgem
Phil Smith	ESO	Matthew Fovargue	Ofgem
Filippos Panagiotopoulos	ESO	James Hill	Ofgem
Jillian Wells	ESO		
Mark Robinson	ESO		
Lizzie Blaxland	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>Latest - Currently deprioritised, unlikely to take place before BP2 period</i>	Open
45	133	07/07/22	TBC	ESO	Categorisation of balancing costs: ESO to share breakdown of costs for previous months once the categorisation issue has been corrected. <i>Latest – ESO currently unable to provide a date for resolution</i>	Open
48	148	29/09/22	25/10/22	ESO	ESO to provide more clarity on cost saving actions in future meetings. <i>Latest – Lizzie picking up now. Need to figure out how to show exceeding expectations, take away and put something together. to be discussed as part of wider discussions on future of meetings</i>	Open
53	177	30/03/2023	28/04/2023	ESO	Provide more information on is there a threshold at which wind becomes a problem. Set up a session on it after BP1 to discuss more in depth. <i>Update – Lizzie starting work on this and will pick up after end-scheme report process.</i>	Open
54	185	27/04/2023	31/05/2023	All	Separate session to be arranged to discuss improvements to BP2 reporting and meetings. Simon and Matthew to agree slot at weekly check-in. <i>Update – Matthew to get dates and send to Simon</i>	Open
54	186	27/04/2023	30/06/2023	ESO	ESO to arrange discussion with Ofgem to discuss 1E insight reporting following webinar with industry at the end of May. <i>Update – Discussed again in meeting 56, Jill to send over times and dates to Adam</i>	Open
55	187	01/06/2023	30/06/2023	ESO	Clarify with David Lenaghan the exact concerns regarding publishing BMU-level data in the public domain, and let Ofgem know. <i>Update – Ryan and David have had a discussion and think the best way forward would be a meeting between Ofgem, David</i>	Open

and our Energy Forecasting manager John Walsh

55	190	29/06/2023	06/07/2023	Ofgem	NEW Ofgem to approve March meeting minutes <i>Update – Matthew approved minutes after the meeting</i>	Closed
56	191	29/06/2023	02/08/2023	ESO	NEW Make amendments to future balancing slides to incorporate; comparison of volumes against each other and splitting the daily cost graphs on to 2 separate slides	Open
56	192	29/06/2023	30/06/2023	ESO	NEW ESO to send Ofgem the constraints and non-constraints costs compared with the benchmark <i>Update – Phil sent after this meeting concluded</i>	Closed
56	193	29/06/2023	31/07/2023	ESO	NEW ESO is going to send the projects list to Ofgem who will rank each one on if they want to hear more about it.	Open
56	194	29/06/2023	31/07/2023	Ofgem	NEW James to provide the correct wording for Metric 2X query from the ESORI	Open

Discussion and Questions

Introduction by Phil to what will be discussed and the agenda.

1. Balancing costs monthly update - Filippos

Phil went through an opening benchmark slide and explained the benchmark dropped and the actuals fell in line. Explaining the two factors used for the new benchmarks are wind and wholesale prices over the last three years and the relationship that they've had with actions over the last three years. Phil then passed over to Filippos.

May balancing costs: Filippos Panagiotopoulos talked through drivers of the month's balancing costs.

Area/Question/Feedback	ESO Response
Adam: The slides have been put together well and covered questions I was going to ask. Maybe add in a comparison of volumes against each other? Split the daily costs graphs on to 2 slides as it was difficult to read the bottom one where you break it down into all the categories.	ACTION: Make amendments to future slides to incorporate suggestions. Specifically comparison of volumes against each other and splitting the daily cost graphs on to 2 separate slides.
Adam: It would be useful to try and figure out how we start trying to differentiate or attribute some of the fall in volume to ESO actions? Also look at the same thing but with costs. The information given today was brilliant.	Filippos: acknowledged the comments that were made by Adam

James: Do you have a view of the constraints and non-constraints costs compared with the benchmark?

Phil: We do have that information and can send across after this meeting.

ACTION: ESO to send across the constraints and non-constraints costs compared with the benchmark that James has asked for.

2. Balancing costs engagement update - Lizzie

Lizzie gave an update on some of the engagement activity that's been going on. Lizzie has had a recent conversation with senior leaders, Grendon and Eleanor. Grendon shared with us a list of potential projects that he would like us to work on and we're not working on. A key highlight taken away was bringing designers into the conversation about these ongoing and future projects. There was also talk of a potential follow on workshop whereby we go through that strategy in more detail. The two things that I understood from Eleanor's comments were firstly; key is the proportion of savings. Secondly, is to just make sure that we're all on the same page in terms of the projections. Designers have been doing a fair bit of work with our networks team on long term significant policy changes around onshore wind locations and new nuclear builds. These could be hugely influential on balancing costs 2030 onwards. So the question for Ofgem is where should the focus be going forward with this list of projects? Should it be, all the things that that are in the pipeline and that are outlined in our strategy or do we want to focus more on the future? Lizzie believes it is a bit of both.

There is a whole list, which has been broken down from the strategy into sort of more granular parts. Hopefully, against each part we can be specific to saying what is going on in this space. Lizzie asked Ofgem, which would you like to hear more about? Ofgem happy to receive the list and look.

ACTION: Lizzie is going to send the list to Ofgem who will rank each part out of 10. With 10 meaning, I'd like to know more and 1 being, I'm not interested.

Lizzie mentioned they are also working on our external strategy as well and will keep Ofgem in the loop on this as it develops.

3. ESO to highlight notable points from the published report

Metric and RRE scores from latest month were shown.

4. ESO to take questions on the published report

No questions on published report

5. Ofgem to give feedback on ESO performance

Asked if Ofgem had any feedback.

Feedback

Adam: No feedback currently

6. Review actions & AOB:

1. Reviewed the previous actions as listed above, updates have been noted.
2. AOB

Area/Question	ESO Response
<p>RRE 1E – Jill and Adam to agree a time and date for a meeting to discuss what good looks like for the commentary for this section.</p> <ul style="list-style-type: none"> • Insight into the reasons why actions are taken outside of merit order in the Balancing Mechanism • Activity planned and taken by the ESO to address and reduce the need for actions to be taken out of merit order. 	<p>Jill to send over times and dates to Adam. Adam mentioned best times are Monday, Tuesday and Thursday afternoons next week. This is related to action 186 so no new action needed.</p>
<p>Metric 2X query – Would like this sentence for the ESORI clarifying; “<i>Services newly introduced during BP2 should only be included in this metrics if they displace those procured earlier than day-ahead or those procured at earlier than day-ahead</i>”</p>	<p>James provided an explanation of the meaning of the sentence but couldn’t provide the correct wording at this time and would have to take away.</p> <p>ACTION: James to go away and clarify the correct wording.</p>
<p>Previous meeting minutes need Ofgem sign off</p>	<p>ACTION: Matt to go away and respond to the missing sign off on March’s monthly meeting minutes.</p>

No other questions were asked when prompted at the end of the meeting.

Previously Closed Actions

Meeting No.	Action No.	Date Raised	Target Date	Resp.	Description	Status
50	155	09/01/23	31/01/23	ESO	ESO to arrange a session with Ofgem in the Control Room in Wokingham for the ESO to walk through operational decision making in person.	Closed
50	156	09/01/23	31/01/23	ESO	ESO to arrange a session with Ofgem to talk through the timeline of decisions and actions taken on 12 December 2022	Closed
55	188	01/06/2023	30/06/2023	ESO	Add breakdown of what caused the high constraint costs between 9 and 12 April 2023 (in red on slide 12). Also add the demand line to slide for next monthly meeting.	Closed
55	189	01/06/2023	09/06/2023	ESO	Phil to send Adam his file for the draft benchmark calculation. This has been sent.	Closed