

Incentives Monthly Monitoring Meeting

Meeting Minutes (Q1 - June 2023-24)

Details

Date:	02 August 2023	Location:	Teleconference
Time:	13:30 - 15:30	Meeting Number:	57

Agenda

Ref	Time	Title	Owner
1	13:30 – 13:50	Balancing costs monthly update - Filippos	ESO
2	13:50 – 14:05	Balancing costs strategy - Lizzie	ESO
3	14:05 – 14:15	New Role 2 Metrics & RREs Performance – Q&A	ESO
4	14:15 – 14:25	New Role 3 RRE Performance – Q&A	ESO
5	14:25 – 14:35	ESO to highlight notable points from the published report	ESO
6	14:35 – 14:45	ESO to take questions on the published report	ESO
7	14:45 – 14:55	Ofgem to give feedback on ESO performance	Ofgem
8	14:55 – 15:10	Review actions & AOB	All

Participants

Name	Company
Simon Targett	ESO
Filippos Panagiotopoulos	ESO
Jillian Wells	ESO
Mark Robinson	ESO
Lizzie Blaxland	ESO
Yuchang Wang	ESO
Rob Marshall	ESO

Name	Company
Zofia Przybyl	ESO
David Dixon	ESO
Shubh Mehta	Ofgem
Adam Gilham	Ofgem
Matthew Fovargue	Ofgem
James Hill	Ofgem

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. More ESO look the more complex it is becoming</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 – Jill sent a response to Ofgem. Ofgem to reply with any follow up questions</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 – Waiting for outcome, look at this in September.</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 – Meeting with John Walsh, David, Incentives team and Ofgem to discuss set for 3 August</i>	Open
56	193	29/06/2023	31/07/2023	ESO	ESO is going to send the projects list to Ofgem who will rank each one on if they want to hear more about it. <i>NEW Addition – provide clarity on some activities on list that are vague.</i> <i>Update – David to send after this meeting</i>	Open
57	195	02/08/2023	09/08/2023	ESO	NEW ESO to send constraint costs for 2010-2015 for the calendar years to Ofgem.	Open
57	196	02/08/2023	08/09/2023	ESO	NEW Provide Ofgem with more insight in to changes for Outage Optimisation and power potential in relation to balancing cost savings. Selected from projects list.	Open

57	197	02/08/2023	04/08/2023	ESO	NEW Send feedback regarding reissuing numbers issue to Greg from new Role 3 RRE discussion	Open
57	198	02/08/2023	23/08/2023	ESO	NEW Check data for 1C if all data needs updating and not just April. Might require a wording change.	Open
57	199	02/08/2023	23/08/2023	ESO	NEW ESO to provide a response to Ofgem for the 11 query regarding the first instance of a trip after the change in policy to Ofgem.	Open
57	200	02/08/2023	11/08/2023	All	NEW Simon to send proposal for VfM over to Adam. Adam to confirm whether he is happy or wants to discuss further.	Open

Discussion and Questions

Introduction by Simon to what will be discussed and the agenda. Adam had a request for archive constraint cost data going back to 2010. **ACTION:** Filippos going to send constraint costs for 2010-2015 for the calendar years to Adam.

1. Balancing costs monthly update - Filippos

Simon passed to Filippos to go through the balancing costs performance for June 2023.

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

Area/Question/Feedback	ESO Response
Adam: Costs related to Oscillations, What impact on costs does it have? Do you have a view of this?	Jill: Don't have an exact number but have pulled together all the elements and we need to check the number we do have. So we will be able to tell you the cost impact but not yet. Lizzie: Believe it is less than £20m but it is not an exact number yet.

Adam had no other questions as said the presentation from Filippos covered everything and was happy with the information that was presented in detail.

2. Balancing costs Strategy - Lizzie

Lizzie gave an overview of what work has been going on to try and reduce balancing costs. Firstly this has involved bringing together everything that's happening with balancing costs to produce a list of initiatives and activities. Also talking with industry by inviting any industry participants to join a workshop to talk through balancing costs for the last 12 months, which was advertised a few weeks ago in the OTF. This session was well attended by 40 stakeholders. Also had a similar session Ofgem and DESNZ. They were very interested in hearing more about it and got a follow up session with them. Want to be really clear that we are all doing everything that we can to minimise balancing costs and if there's anything that we could be pursuing to aid this.

David then talked through the balancing costs strategy. Provided a view of the initiatives and activities currently being looked in to and what implementation stage each are at. This also included showing the projected savings to balancing costs for each initiative/activity.

Area/Question/Feedback	ESO Response
Adam: How many of these are new and how many of these are what you currently do? Eg outage optimisation is something you already do?	Lizzie: Outage optimisation is something that we've been doing for a long time, but there's huge progress being made within that team. How they plan for outages and how they submit their engagement plans has really ramped up the savings that they're making. If that is something that you would like us to do a deep dive on in a follow up session, then we can invite that team along to give update on what's new? what's changed in the last few years? and how is it going to change over the next few years? Is that something you would like?
Adam: Why is it on this list? I'm trying to work out if I want to know more about it or not through a deep dive. If it's the same thing I already know about, obviously don't need to. However if there's things that are changing and doing something new, I would.	Lizzie: There are things that are changing with outage optimisation
Adam: I would like to know more if it is changing and also around the 'Power Potential' as well	ACTION: Provide Ofgem with more insight in to changes for Outage Optimisation and power potential in relation to balancing cost savings.
James: Why is connections reform showing as 'under consideration', I thought this work was on going?	David: Maybe the implementation stage is a bit misleading as probably means it's under consultation, but connections reform is something that is happening.
James: The 4 on that list that show as 'to be considered', do you feel like you can do those four things functionally as an ESO?	Lizzie: I think the first one is something we can do with the ESO and it could be another ancillary service. The bottom 3 are 100% an FSO wider whole system question.

David confirmed this list of initiatives and activities would be sent over to Ofgem to look through (inline with previous action 193). Adam requested that extra information is put on to some to help explain them better eg 'trading activities'. This has been updated to action 193.

3. New Role 2 Metrics & RREs Performance – Q&A

Simon asked Ofgem to ask any questions regarding the new Role 2 Metrics & RRE's that were reported on for the first time in this quarterly report. Also provide any feedback to how it was reported.

Area/Question/Feedback

James provided feedback that the new role 2 metrics were presented in the report as they were expecting them and the narratives useful.

James: SO:SO trades and Net Transfer Capacity (NTC) were quite large volumes in comparison to our ancillary services. Well above the other services and that's the kind of information I want to draw out. This information is very useful to see.

Rob: I would flag I was surprised at how challenging we found it to split out the services between the two sides of the percentages. And so following our first going through that first quarter, we're doing a bit of a session internally to review where we got to for this report. Are we sure we've put everything in the right category? What principles are we following? Following this internal session we can share our findings and what we have decided to do going forward.

James: That's fine to share. If you want to have a chat in September or before that next report we can do and make sure it's reflecting the right thing, cause that's obviously the position we want to get to.

4. New Role 3 RRE Performance – Q&A

Simon asked Ofgem to ask any questions regarding the new Role 3 RRE's that were reported on for the first time in this quarterly report. Also provide any feedback to how it was reported. Greg could not attend so the below feedback/question were asked and will take away for Greg to provide answers.

Area/Question/Feedback

James: I was a little bit surprised by the size of the reissuing numbers, I didn't investigate it in detail. Maybe 52 or 42 overall are right but I thought it was going to be smaller. I haven't had chance to run this by the connections team, so if they've got any questions I can pass them over and see if we need a session with Greg. It just felt higher than I remembered the Excel data that we've been sent.

ACTION: Send feedback regarding reissuing numbers issue to Greg.

5. ESO to highlight notable points from the published report

Metric and RRE scores from latest month were shown.

6. ESO to take questions on the published report

Questions/Feedback

James: In Role 1, there is a box (in 1C) that says this data may change or waiting for the final benchmarks from Ofgem. But then it says that only April's figures will be updated but surely all the data might need updating or we've given you it and should be updated by now.

James: 1I, the security supply incidents in June. There was a deviation of more than 0.3 Hertz away from 50Hz for over 60 seconds. From what I understand from the report, NSL tripped while importing 1321MW. Very recently you have stopped restricting NSL flows and increase the amount of frequency response holding. I'm going to assume and could be wrong here, but that is the first trip since you've had that change in policy. And if so, are you still confident that change in policy is securing the system? Or have you had multiple trips since the only one that went wrong? Or was it something else on that day that contributed to that being out of range? It just worried me cause it feels like it's brand new and obviously it's caused a 1 instead of a zero in the RRE.

ACTION: Check data for 1C if all data needs updating and not just April, are we still awaiting benchmarks from Ofgem to do the update? Might require a wording change.

ACTION: Provide a response to the 1I query regarding the first instance of a trip after the change in policy to Ofgem.

7. Ofgem to give feedback on ESO performance

Asked if Ofgem had any other feedback.

Feedback

James: Provided positive feedback on 3 webinars he attended (Stability Market, Balancing Reserve, and DFS – Consumer Insight). Said they were all really good and provided the right level of information and wanted to pass on his thanks and well done. He was keen for these to continue.

James: Just to let us know that we've been progressing with difficulties from DFS questions and had some requests for information and difficulty around the changing the design on that service. Adelle has already been informed but this is an FYI.

8. Review actions & AOB:

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

Topic

Value for Money – Simon talked through the below proposal for Value for Money going forward.

- A lighter touch VfM report to be produced for mid-year in line with reporting in BP1. There isn't sufficient time to make fundamental changes for this report and we would like to opportunity to review VfM feedback from BP1, and also take a step back and review how we report VfM further into BP2.
- Early dip-check meeting not to take place but we will commit to flag anything you need to be aware of as early as possible. This is on the basis that IT variances will be transparent in the CMF and we don't expect any significant non-IT variances so early on in BP2.
- A wider discussion on our reporting to take place to discuss how we can better align costs, benefits and delivery to help establish value for money in BP2. Propose this takes place soon after the outcome process.
- More fundamental changes to be developed for mid-scheme to help provide further insight to establish value for money across our activities/investments.

ACTION: Simon to send proposal for VfM over to Adam. Adam to confirm whether he is happy or wants to discuss further.

CMF – Simon confirmed in the working paper for CMF it committed to do some external comms and wanted to get an idea of Ofgem's expectations.

- Simon: This is the first time the CMF has been published so probably needs a bit of an explainer for the industry in terms of what it is. I just wondered if you had any thoughts around that external comms piece or any discussions that you have had already?

Adam: Going to pick this up with the team during a meeting tomorrow to get more detail on it but to be clear we are not expecting the whole CMF to be published, it's a view of the key information to make sure that industry are being kept up to date with things.

Performance Panel Report

- Simon: We're fully aware the performance panel's report is the performance panels views and not Ofgem's views. There's just one paragraph around the milestones. It states that 90% of ESO deliverables were reported as delivered. But the Panel has questioned this claim, recognising that milestones delivered versus deliverables delivered are different and that some of the milestones were open-ended. We never stated that 90% of the deliverables were delivered. It was always milestones and that our process is that we update them to complete or delayed at the end of the scheme. There are some open-ended ones. That's just the nature of how the delivery schedule was pulled together and developed and agreed with Ofgem. We were quite surprised to see that in the report. So I just wanted to check that ahead of your report to check that wasn't a shared view by Ofgem.

Adam: The feedback that the panel are giving you is feedback. I understand both viewpoints and think there is a communication point here. Something to look at after September so it doesn't happen again.

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
48	148	29/09/22	25/10/22	ESO	ESO to provide more clarity on cost saving actions in future meetings.	Closed
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.	Closed
55	190	29/06/2023	06/07/2023	Ofgem	Ofgem to approve March meeting minutes	Closed
56	191	29/06/2023	02/08/2023	ESO	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	Closed
56	192	29/06/2023	30/06/2023	ESO	ESO to send Ofgem the constraints and non-constraints costs compared with the benchmark	Closed
56	194	29/06/2023	31/07/2023	Ofgem	James to provide the correct wording for Metric 2X query from the ESORI	Closed