

Incentives Monthly Monitoring Meeting

Meeting Minutes (November 2023-24)

Details

Date:	10 January 2024	Location:	Teleconference
Time:	14:00 - 16:00	Meeting Number:	62

Agenda

Ref	Title	Owner
1	Balancing costs monthly update – Balancing Costs Team	ESO
2	Update on Metric 1C (wind forecasting accuracy) - John Walsh	ESO
3	ESO to highlight notable points from the published report	ESO
4	ESO to take questions on the published report	ESO
5	Mid-scheme planning	ESO
6	Review actions & AOB	All

Participants

Name	Company
Simon Targett	ESO
Filippos Panagiotopoulos	ESO
Mark Robinson	ESO
Lizzie Blaxland	ESO
David Dixon	ESO
Jill Wells	ESO
John Walsh	ESO

Name	Company
Laura Woolsey	ESO
Adam Gilham	Ofgem
James Hill	Ofgem
Shubh Mehta	Ofgem
Luke McCartney	Ofgem
Matthew Fovargue	Ofgem

Actions

Meeting No.	Action No.	Date Raised	Target Date	Resp.	Description	Status
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 – Data issue still being worked on</i>	Open
55	187	01/06/2023	30/06/2023	ESO	(Now reworded) 1C associated reporting. <i>Update – 3 Sections outstanding: BOA data (2 sections) to be in place by end of FY24, and locational tag. ESO to set up call / calls with Ofgem to clarify locational tag requirement and discuss changes to the metric.</i>	Open
59	209	02/10/2023	31/10/2023	Ofgem	Adam to send email to confirm if benchmarks for 1B and 1C are correct to use. <i>Update – ESO provided data to Ofgem on 17 Nov. Awaiting response from Ofgem.</i>	Open
60	210	14/11/2023	01/12/2023	ESO	Lizzie to see if review of storm events can be shared externally, send across if ok. <i>Update – Cristian Ebau will attend the Feb meeting to talk through how the control room prepare for storms with a focus on storm Ciaran</i>	Open
60	211	14/11/2023	01/01/2024	ESO	Set up further discussions on PN misalignment once more analysis has taken place. <i>Update – This was presented in January OTF. Analysis is ongoing into cost impacts. Should be ready to share in next few weeks.</i>	Open
60	213	14/11/2023	01/12/2023	ESO	Update of delivery schedule on connections reform <i>Update - currently with connections team. ESO to update Ofgem.</i>	Open
60	214	14/11/2023	01/12/2023	Ofgem	Ofgem to double check email regarding delivery schedule milestone updates and respond to ESO. <i>Update – ESO to share update in the next few days.</i>	Open
61	215	05/12/2023	31/12/2023	Ofgem	Ofgem to think about what topics they would like to see covered in the monthly meetings early 2024. <i>Update – Awaiting Ofgem response</i>	Open

61	216	05/12/2023	19/01/2024	ESO	ESO to provide response regarding what goes into ESO reasoning when planning CNI outages? <i>Update - ESO to email summary to Ofgem.</i>	Open
61	218	05/12/2023	31/12/2023	ESO	ESO to provide update on 1G data issue <i>Update – ESO awaiting timelines for enduring fix.</i>	Open
62	219	10/01/2024	31/01/2024	ESO	NEW – ESO to provide a response on the magnitude and impact of the high demand forecasting errors on 6 and 7 November.	Open
62	220	10/01/2024	31/01/2024	ESO	NEW – ESO to provide a response on why the negative £999 bids in November were not manifest errors.	Open
62	221	10/01/2024	19/01/2024	ESO	NEW – ESO to share list of Ofgem / DEZNS at recent balancing costs engagement session.	Open
62	222	10/01/2024	31/01/2024	ESO	NEW – ESO to arrange follow up meetings on the subject of several areas of mid-year feedback.	Open

Discussion and Questions

Introduction by Phil about what will be discussed and the agenda. Laura introduced herself to everyone as the newest member of Lizzie’s team.

1. Balancing costs monthly update – Balancing Costs Team

Phil gave an overview of Metric 1A explaining performance v benchmark.

November balancing costs: Filippos Panagiotopoulos talked through drivers of the month’s balancing costs.

Lizzie also highlighted some positive engagement activities from the last month:

- The ESO balancing costs team had their inaugural trilateral with ESO, Ofgem and DESNZ, going through the balancing costs portfolio, and new initiatives that hadn’t been discussed before. It was well received and ESO are planning the next one for February. Luke agreed that the session was a success with interesting discussion and new ideas included.
- The OFGEM REMA team visited the ESO balancing costs team in Wokingham to talk about what the ESO is doing to change Markets and balancing costs as a knock-on effect that’s not quite significant enough to be in REMA, including Ancillary Services changes and Transmission planning changes.

Area/Question/Feedback	ESO Response
Luke: What was the magnitude of the high demand forecasting errors on 6 and 7 November and what impact did they have on balancing costs on those specific days?	Filippos: On those two days we didn't have as much solar embedded generation as we expected in some settlement periods. I'll investigate and come back to you with an answer on the magnitude and impact of the errors (ACTION)
Luke: Regarding the negative £999 bids you highlighted in November, why weren't they manifest errors? This has happened a few times in the last few months, is anything planned to address these?	Filippos: These were very low volume bids – together they cost £5000. I will look into this and let you know. (ACTION)
Luke: Do England and Wales constraint costs include just thermal, or also voltage and stability.	Filippos: It includes all categories.
James: There was a live DFS event on 29 November – it would be interesting to see that flagged as a cost on the relevant day.	Jill: There will be a presentation in the OTF on 24 January covering DFS so far this year – and the webinars recordings are always available on the website.
James: In your engagements with Ofgem are you getting a consistent message? If not, please flag to us.	Lizzie: I think it's been consistent. They want to be more collaborative and pursue these new projects, and we know not everything can be covered by REMA. We can share the list of attendees (ACTION) and it would be interesting if they have any feedback on the engagement.

2. Update on Metric 1C (wind forecasting accuracy) - John Walsh

John shared a map of the systems/data trail for the 1C metric and highlighted that our eGAMA system (electricity Generator Availability and Margin Analysis) which is used by generators to provide outage data, has no electronic link to EFS (Energy Forecasting System) used for 1C reporting. Therefore, any outage data that market participants submit has to be pulled out and manually entered into EFS. The EFS system has been in place for 15 years and it will be retired later this year.

John then talked through some of the activities involved in keeping the 1C reporting updated.

- EFS is currently populated by around 230-40 wind farms of which 170-180 are used in the metric. The wind fleet is continually expanding with 300MW added in November/December and a similar amount expected to be added this month.
- Later in the quarter we're expecting the Viking onshore windfarm in Shetland to come online.
- We continuously train the models. We've requested more weather locations from the Met Office which will take a couple of weeks to implement. Then the new wind stations will need to be implemented into EFS before we see the benefit of these in the reporting.
- We're using windfarm outage data that is presented to us, but feeding it into EFS manually on a priority basis so we only use the significant changes.
- In the background we're progressing to PEF release 5, our new wind forecasting capability. We expect that to become operational in a development environment by the end of April, and then the PEF outputs need to be fed into our downstream systems.

- The final release of production changes to our models went live in November, and the daily performance shows that whilst we were on track overall with some days performing really well, on some days we're still exposed to factors that are largely beyond our control. This is because our systems will only allow one weather provider at the moment, which means even with our models working perfectly, we're still subject to errors in the Met Office weather data, particularly at Day Ahead.
- Looking at December performance (not yet reported), two of the three days with big errors were due to Contracts for Difference which currently aren't used in the forecast, and the third was due to a significant weather error. But overall we're seeing the benefits of the improvements we've made, with December meeting the target overall.

John then summarised the main challenges and what is being done to tackle them. ESO may have some proposals later this month on potential changes to how the metric is derived.

ACTION (update): ESO to set up a call with Ofgem to discuss changes to the metric, and the outstanding locational tag requirement in the current ESORI.

Area/Question/Feedback	ESO Response
Luke: eGAMA doesn't feed into EFS, is it planned to feed into PEF?	John: Yes it will.

3. ESO to highlight notable points from the published report

Metric and RRE scores from latest month were shared.

4. ESO to take questions on the published report

No questions

5. Mid-Scheme Planning

Simon talked through updates following the recent mid-scheme planning sessions held with Ofgem – see slides for detail.

6. Review actions & AOB:

Phil talked through the previous actions as listed above, the following points were noted.

- On action 209, Luke said that on benchmark for 1C they've noticed a large discrepancy and will be in touch to discuss shortly.
- On action 214, Simon said that on misalignments between the annex and delivery schedule, he's hoping to be able to share them in the next couple of days.
- On action 217 regarding the Czech Republic TSO CEPS going into alert state, Jill said that the control room would always have an awareness of what's happening across the European TSO and in the same way they have an awareness of what's happening across the GB system, so that if they need to, they're able to take mitigating actions or actions to manage the situation. But on that day, there were no additional actions or unusual actions taken in response to the situation with the Czech network.

AOB

- Ofgem advised that the ESO should decide whether to mention FSO related updates in Incentives reports on a case by case basis.
- On external delayed milestones, Simon said the ESO would like to understand if Ofgem had any challenges on where ESO had labelled milestones as delayed for external reasons and will pick up with Matt.
- Rebaselining of plans: Simon and James agreed that plans should not be rebaselined but Ofgem recognise where certain deliverables are now working to on an updated plan and timeline.

Previously Closed Actions

Meeting No.	Action No.	Date Raised	Target Date	Resp.	Description	Status
61	217	05/12/2023	31/12/2023	ESO	Provide more detail regarding the Czech Republic TSO CEPS going into Alert state on the European Awareness System (EAS) for loss of tools and facilities. <i>Update provided in meeting on 10 Jan</i>	Closed