

Incentives Monthly Monitoring Meeting

Meeting Minutes (February 2023-24)

Details

Date:	18 April 2024	Location:	Teleconference
Time:	13:30 - 15:30	Meeting Number:	65

Agenda

Ref	Title	Owner
1	Balancing costs monthly update – Balancing Costs Team	ESO
2	ESO to highlight notable points from the published report	ESO
3	ESO to take questions on the published report	ESO
4	Ofgem to give feedback on ESO performance	Ofgem
5	Review actions & AOB	All

Participants

Name	Company
Simon Targett	ESO
Filippos Panagiotopoulos	ESO
Mark Robinson	ESO
Lizzie Blaxland	ESO
David Dixon	ESO
Yuchang Wang	ESO
Laura Woolsey	ESO

Name	Company
Phil Smith	ESO
Shubh Mehta	Ofgem
Adam Gilham	Ofgem
Emily Bottoni	Ofgem
James Hill	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.	Open
					<i>Latest – Data issue still being worked on</i>	

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. Update – Ofgem confirmed 1B is ok to use. Discussion on going for 1C.	Open
61	218	05/12/2023	31/12/2023	ESO	ESO to provide update on 1G data issue Update – ESO awaiting timelines for enduring fix.	Open
62	219	10/01/2024	31/01/2024	ESO	ESO to provide a response on the magnitude and impact of the high demand forecasting errors Update – ESO have started a process to look at all the days with forecasting errors and their correlation to balancing costs. ESO to provide this analysis in a report. Provide update in mid-scheme report	Open
63	224	06/02/2024	29/02/2024	ESO	ESO to look into data feeding into constraints calculation for Metric 2Ai and provide an update to Ofgem Update – Investigation ongoing	Open
63	227	06/02/2024	29/02/2024	ESO	ESO to send over the information regarding the bridging the gap decision to Ofgem. Update – Information sent and Ofgem to now review and provide feedback.	Open
65	235	18/04/2024	31/05/2024	ESO	NEW - ESO to share an overview of the balancing costs data we have so Ofgem can pick out the information they want to see	Open
65	236	18/04/2024	30/06/2024	ESO	NEW - ESO and Ofgem to have conversation about what and how a new data set can used going forward in FY 24/25	Open
65	237	18/04/2024	30/06/2024	ESO	NEW - ESO to draw out explanations to oddities more in the slides during monthly meetings to reduce questions asked.	Open
65	238	18/04/2024	31/05/2024	ESO	NEW - ESO to confirm with Wind forecasting team if the proposed way of reporting is ok to implement.	Open

Discussion and Questions

Introduction by Phil about what will be discussed and the agenda. Also gave an overview of balancing costs.

1. Balancing costs monthly update – Balancing Costs Team

February balancing costs: Yuchang Wang talked through drivers of the month's balancing costs.

Area/Question/Feedback	ESO Response
<p>Ofgem asked what has driven a large decrease in balancing costs alongside an increase in actions this month. Was it price driven or was it more that market lengths had changed?</p>	<p>We said it is mainly driven by price. It has been influenced by market conditions rather than regional constraint conditions.</p>
<p>Ofgem wanted to know if there is any correlation between the higher volume of constraint actions this month compared to last month and the decrease in wind outturn from February to January. Specifically, they were interested in understanding if these constraints are related to transmission or thermal reasons, or if there is an increase in constraints on voltage or other factors. Ofgem also asked if there have been any observed changes in these areas compared to January.</p>	<p>We offered to present a dashboard that would show more information around this. It shows a downward trend for costs and volumes on voltage controls. Also explained that at the end of January and the start of February we had a high constrained volume of actions due to high wind.</p>
<p>Ofgem wanted to follow up on a previous discussion regarding the concept of the minimum wind that causes constraint problems. They expressed that it feels like all these aspects are interconnected and part of the same overarching question. They were curious to understand if the higher volume of constraints is due to reduced transmission availability or other binding constraints. Ofgem emphasized the importance of obtaining a full picture and suggested further discussions to explore the available information and build a comprehensive understanding of the situation.</p>	<p>We plan to discuss this topic in the upcoming month as part of a reset. Answering the question is complex due to various drivers affecting the grid, including limits, outages, and specific conditions in Scotland. High wind containment days in Scotland contribute to increased costs. If we lack this detail from these slides, we may need to review for the upcoming financial year and determine what information to include.</p> <p>ACTION – ESO to share an overview of the balancing costs data we have so Ofgem can pick out the information they want to see</p>
<p>Ofgem would like to be involved in the conversation of reviewing the dataset currently being used as it would feed into the spreadsheet they currently use.</p>	<p>We are also planning to review the data set used from April onwards as the current one does not provide the detail we could be getting.</p> <p>ACTION – ESO and Ofgem to have conversation about what and how a new data set can used going forward in FY 24/25</p>
<p>Ofgem would like to see noticeable oddities in the slides explained in the presentation as this is where the majority of the questions stem from.</p>	<p>ACTION – ESO to draw out explanations to oddities in the slides during monthly meetings to reduce questions asked by Ofgem</p>
<p>Ofgem provided feedback on the mid-scheme report and what they are wanting to see. They want to see what ESO actions have caused decreases etc as this isn't always brought out in the slides. Not just for mid-scheme but monthly reporting going forward they would like to see the work ESO have been doing through the balancing costs portfolio and how that relates to savings and costs.</p>	<p>We assured Ofgem that the mid-scheme report has all this information in them and can start to bring it out in the slide packs each month as well.</p>

2. ESO to highlight notable points from the published report

Metric and RRE scores from latest month were shared.

3. ESO to take questions on the published report

Invited questions and feedback on the published report from Ofgem. No questions on the published report from Ofgem

4. Ofgem to give feedback on ESO performance

Invited questions and feedback on ESO's performance from Ofgem. Ofgem noted their was nothing specifically on performance but did want to raise concern.

Area/Question/Feedback	ESO Response
Ofgem are concerned that there has been a lot of change within ESO recently and wondering how this might affect feedback getting delivered to the right people.	We said it is fine to channel any queries through the regulation team to ensure it reaches the correct people.

5. Review actions & AOB:

Phil talked through the previous actions as listed above, updates to these actions are also listed in the table above. Notable updates include:

- Action 227 – Ofgem are initially happy with the content of the email but still need to think about how it is implemented going forward.

AOB

- **1C Wind forecasting** – We wanted to make sure we understand Ofgem's thinking around using a new benchmark for Metric 1C. Ofgem confirmed that they envisage ESO reporting against the old and new methodology from April to Day 1 of NESO. Then from Day 1 just continue reporting the new methodology. Need to confirm if forecasting team is happy to go with this approach. **ACTION** – ESO to confirm with Wind forecasting team if this way of reporting is ok to implement.

Previously Closed Actions

Meeting No.	Action No.	Date Raised	Target Date	Resp.	Description	Status
55	187	01/06/2023	30/06/2023	ESO	(Now reworded) 1C associated reporting.	Closed
60	213	14/11/2023	01/12/2023	ESO	Update of delivery schedule on connections reform	Closed
64	230	08/03/2024	29/03/2024	ESO	ESO to send STOR question answer to Ofgem	Closed
64	232	08/03/2024	29/03/2024	ESO	ESO to contact relevant owners of RRE 2E make aware of feedback	Closed
64	233	08/03/2024	29/03/2024	ESO	ESO to contact relevant owners of RRE 1J to make aware of feedback	Closed
63	228	06/02/2024	29/03/2024	ESO	ESO to set up regular engagements between project team and Ofgem regulation team.	Closed
64	231	08/03/2024	29/03/2024	ESO	ESO to provide clarity on constraints costing by separating import and export constraints.	Closed
64	234	08/03/2024	29/03/2024	ESO	ESO to send summary of minor components issue and its status to Ofgem to close action 133.	Closed