

Incentives Monthly Monitoring Meeting Meeting Minutes (April 2023-24)

Details

Date:	04 June 2024	Location:	Teleconference
Time:	10:00 - 12:00	Meeting Number:	66

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
Phil Smith	ESO
James West	ESO

Name	Company
Yuchang Wang	ESO
Laura Woolsey	ESO
James Hill	Ofgem
Luke McCartney	Ofgem
Matthew Fovargue	Ofgem
Shubh Mehta	Ofgem

ESO

Actions

Meeting No.	Action No.	Date Raised	Target Date	Resp.	Description	Status
61	218	05/12/2023	31/12/2023	ESO	ESO to provide update on 1G data issue <i>Update – Enduring fix expected in July</i>	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 <i>Update – ESO have started a process to look at all the days with forecasting errors and their correlation to balancing costs. ESO planning to providing new methodology in the future but it is not ready yet.</i>	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 <i>Update – Investigation ongoing</i>	Open
65	235	18/04/2024	31/05/2024	ESO	Impact of Wind Generation on Constraints: ESO to share an overview of the balancing costs data we have so Ofgem can pick out the information they want to see <i>Update – ESO have a new data portal we wish to share with Ofgem that can provide this information. Session to show Ofgem to be set up.</i>	Open
65	236	18/04/2024	30/06/2024	ESO	ESO and Ofgem to have conversation about what and how a new data set can used going forward in FY 24/25 <i>Update – ESO have a new data portal we wish to share with Ofgem that can provide this information. Session to show Ofgem to be set up.</i>	Open
65	237	18/04/2024	30/06/2024	ESO	ESO to draw out explanations to oddities more in the slides during monthly meetings to reduce questions asked. <i>Update – Ongoing action</i>	Open
66	239	04/06/2024	30/06/2024	All	NEW – Ofgem/ESO to setup a meeting with balancing costs team to show how the new dashboard works and trial if it provides the correct data needed.	Open

ESO

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

April balancing costs: Yuchang Wang talked through drivers of the month's balancing costs. Filip made Ofgem aware of manifest errors that occurred on 14 April and it is currently under investigation and will provide an update when that has concluded.

Area/Question/Feedback	ESO Response
Ofgem were happy with some additions made to the presentation, specifically the percentage of high wind curtailment graph.	
Ofgem suggested when constraints increase and then there is a decrease in volume of replacement energy, that this is explained in future presentations. As this will always be questioned. Ofgem was also curious about the significant decrease in operating reserve volume and the £1 million increase, specifically noting the 244 GW hours difference. They asked if there was any specific reasons behind these changes.	ESO explained that the operating reserve cost did not increase significantly as it was a rounded-up figure of £1 million, so can look misleading. The volume decrease was notable compared to March and previous years. However, the variations between each month this year was less significant. Further investigation is required to understand the trend. For the constraint on sterilised headroom, ESO mentioned providing graphs to illustrate the regional contribution of replacement energy in the next update. Actions in the balancing mechanism are influenced by tight margins and market conditions, resulting in a significant decrease in operating reserve this month. Higher prices were observed for dates with tight margins, and the constrained sterilised headroom involved replacing more expensive constraint actions compared to the previous month.
Ofgem provided feedback, suggesting the need to highlight the nuance between volume decrease and price changes. They recommended presenting specific days or using a graph to illustrate the liquidity issue that drove high costs for a few days. The rest of the data was deemed sensible and valuable for providing a clearer picture. Ofgem proposed discussing this suggestion further offline to address any potential future contradictions in explanations.	ESO brought up the future of data sharing with Ofgem (this was down as a AOB item) and mentioned that they have developed a live dashboard that can provide continuous access to relevant information. They highlighted the advantages of using a dynamic dashboard with graphs, allowing Ofgem to interact with the data, observe trends, and explore areas of interest. ESO also expressed openness to incorporating additional features based on Ofgem's feedback.
Ofgem suggested that the small 3 part graph with the dots showing constraints voltage control, thermal and ROCOF be made in to its own slide to show it a bit better, as the visualisation is good. Also maybe with a comparison to the previous month to see trends better.	

Ofgem suggested improvements to the daily cost slide that shows BM, trades, and ancillary services. They would like to see a comparison to the previous month to see if ESO are taking more trades or more ancillary services etc

Ofgem provided positive feedback, stating that the slides are clear, helpful, and in a good position in terms of data. They suggested focusing more on the ESO's actions to drive down balancing costs, as this would greatly enhance the purpose of the slides. Overall, Ofgem commended the quality of the slides.

Ofgem wondered if ESO was planning to make aspects of this new data portal available to the public to see.

ESO said it was something they was hoping to put on the website but with confidential information removed, in the future.

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 there was nothing specifically on performance but did provide good general feedback across a variety of areas.

5. Review actions & AOB:

Previous Ofgem feedback was discussed and update given.

Phil talked through the previous actions as listed above, updates to these actions are also listed in the table above. A notable update included:

- Action 224 – ESO provided an update on the data feeding and constraints calculation for 2Ai. We shared that the actual figures appeared significantly different from the benchmark, and some of the figures needed to be updated. Despite the significant variance between the first and second half of the year, the overall results meet expectations. ESO expressed the intention to revisit the benchmark baseline and mentioned that they would provide further details to Ofgem after consulting with the relevant individuals involved. Ofgem did express caution about changing the benchmark now so late in to BP2 and might be better as supporting evidence rather than a change.

ESO

AOB

- **New method of sharing balancing cost data** – This was discussed earlier in the call.
- **Mid-scheme outcome** - requested visibility of key milestones between now and the end of August in terms of any panel feedback. Ofgem confirmed the panel report will be published at the same time as Ofgem's feedback report at end of August. Will pick up what early insight can be shared outside of this meeting.
- **Mid-scheme events** – We confirmed the stakeholder event is this Monday coming but confirmed stakeholder interest/sign ups was not great. We are sending out a reminder to sign up again before the session to try and increase attendance and therefore questions. Confirmed we had no in advance questions submitted.
- **Deep Dive Topics** – Asked Ofgem if there was any topics they would like to hear about at these meetings please let us know. Ofgem said it was a fair request but highlighted that we would normally ask for more information on a topic that isn't going well so encouraged ESO to be proactive in sharing achievements and areas of pride, rather than waiting for specific requests from Ofgem.

Previously Closed 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.	Closed
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.	Closed
63	227	06/02/2024	29/02/2024	ESO	ESO to send over the information regarding the bridging the gap decision to Ofgem.	Closed
65	238	18/04/2024	31/05/2024	ESO	ESO to confirm with Wind forecasting team if the proposed way of reporting is ok to implement.	Closed