

## Monthly Monitoring Meeting

Thursday 28<sup>th</sup> March 13:00 – 15:00

Ofgem Office South Colonnade and Teleconference

### AGENDA

Ref	~Time	Title	Owner	Resolution required?
1	10 min	Review actions	ESO	
2	10 min	ESO to highlight any particular notable points from the published report	ESO	
3	10 min	ESO to answer any questions which Ofgem have sent prior to the meeting regarding the recently published report	ESO	
4	10 min	ESO to take other questions on the published report.	ESO	
5	10 min	Discuss administrative /organisational issues, for example planning for a Panel event.	All	
6	45 min	SME slot – to be arranged in advance. An opportunity for an SME from the ESO to have a deeper discussion on a relevant topic with Ofgem, for example what processes have the ESO put in place over the year to develop BSUoS forecasting, and what the impact of this has been.	ESO	
7	10 min	AOB	All	

## Meeting record

### Monthly Monitoring Meeting

#### Meeting number 11

**Date: 28th  
March  
Time: 13:00 –  
15:00**

**Venue/format:  
Ofgem Offices  
London**

**Teleconference**

#### **ACTIONS**

Meeting No.	Action No.	Date Raised	Target Date	Resp.	Description	Status
11	27	28/03/19		ESO	Explain what the ESO is doing to look at managing RoCoF with respect to largest loss impact, through its operability strategy and planning.	Open
11	28	28/03/19		ESO	Share with Ofgem what the NOA approach is to considering RoCoF costs when analysing interconnector costs.	Open
11	29	28/03/19		Ofgem	Inform the ESO of what additional data may be required in support of monthly performance reporting for next year.	Open

#### **MAIN ITEMS OF INTEREST**

##### **1. Review actions.**

Action 23: The ESO provided written detail in advance of meeting regarding the Mean Absolute Percentage Error used to monitor the Y-O-Y performance of the Energy Forecasting output.

Action 24: Covered in SME slot later in meeting.

Action 25: Covered later in meeting.

Action 26: Meeting agenda was proposed in advance, was used in the meeting, and is reflected in the minutes structure here.

## **2. ESO to highlight any particular notable points from the published report.**

The ESO presented the main highlights from the February Performance Report, noting that much work has been done in some of the areas, and can only fully be appreciated by following the links in the report to the content on the ESO website.

Key highlights presented were:

- Publication of clear and transparent update on changes to the Frequency Response Market, in particular updates on the auction platform trial and the proposed simplified product suite.
- Publication of an expression of interest for Black Start services via a market approach. It was stressed that there was a significant suite of documents made available to support this, to guide potential providers through the process and to make it clear what the technical requirements would be also.
- Chairing 2 BSUOS Taskforce meetings in February, where much analysis was presented and discussed to look at what the drivers of BSUoS are, and what can cause its volatility. It was noted that these events had attracted attention in the industry media.
- Publication of a series of documents to provide clarity and simplification in the Codes area, such as new clear and simple guidance documents, horizon scanning timelines for Grid Code, CUSC, STC, and a large spreadsheet to track all code mods.

Feedback from Ofgem was that the documents were clear and we should continue to link to things like this in the monthly reporting.

## **3. ESO to answer any questions which Ofgem have sent prior to the meeting regarding the recently published report.**

Ofgem had provided a series of questions on February balancing costs prior to the meeting, which were address later during a call with the ESO subject matter expert (SME).

## **4. ESO to take other questions on the published report.**

Ofgem noted that they would find it useful to be taken through key points of the Operational Forum which took place during the week but which they were unable to attend. Some of these points were covered by the later presentation from the SME.

The ESO noted that they could arrange a session with Ofgem and a relevant SME to go over Ops Forum content if there was still a desire for further information. If so, Ofgem are to email the ESO to say which slides are of particular interest to explore.

The ESO stated that the Summer Outlook Report had been published, and could schedule a meeting between the relevant SME and Ofgem to cover that topic if desired.

## **5. Discuss administrative/organisational issues, for example planning for a Panel event.**

The ESO gave an update that it is publishing a suite of documents during the next week: the Forward Plan, RIIO2, Future Strategy, Innovation Strategy. The ESO will inform Ofgem officially of relevant publications as part of its licence obligation.

The ESO gave an overview of the Forward Plan structure, saying the following:

- Stakeholder feedback will be contained in an appendix for reference to show how we have shaped our plan in response to it;
- We will explain how we will achieve our deliverables, and where relevant explain why they are more than what is expected from an efficient ESO;
- Metrics suite – there is opportunity to review throughout the year, as we are still learning how to create good metrics which reflect the business performance well.
- Consumer benefits – we are developing a standard approach to how we articulate consumer benefit delivered across the Forward Plan, RIIO2, and incentives reporting. Quantification can be difficult, but we have developed case studies of where we add monetary value. We present these case studies alongside narratives illustrating where we deliver benefits for the longer term, and across the industry.

The Performance Panel event planned for 6<sup>th</sup> June was discussed: the ESO are happy for Ofgem to take a lead on planning and organising, and Ofgem, as chair -should retain ownership of managing the day. Ofgem are looking at options for the venue with 3 breakout rooms in order for the Panel to get feedback from stakeholders. Ofgem and the ESO agreed that carousels/stalls are not preferred, but three rooms is a good approach. The ESO suggested use of technology for taking questions (e.g. smartphone apps), and Ofgem said they were exploring that.

There was a general discussion on general feedback from the ESO on the progress to legal separation, with the ESO stating that they already felt like a separate organisation from the NG TO, following the physical separation into the new building at Warwick, which has its own entrance and reception, with different branding to the rest of NG.

There was a short discussion on information relating to balancing cost influencing factors: Ofgem said it they would like, on a monthly basis, to understand what was different between the relevant month this year and the relevant month in the previous year with respect to wind generation, wind capacity and demands. There was a discussion on how wind generation output was dependent on both the weather/wind speeds, and the increasing amount of wind generators connecting to the system. The ESO said that it hoped there was enough information available already published to supply this information without it being duplicated for the monthly monitoring meetings, and Ofgem said they would look at that.

There was a short discussion on what data the ESO needs to publish next year in support of the monthly performance reporting. Ofgem was asked to tell the ESO what they need in support of the reporting, and the ESO pointed out that information currently published to support incentives reporting should/could be made available on other more relevant parts of the ESO website, for example there is a dedicated section on balancing data, so it seems potentially confusing for the ESO to publish balancing cost data and 'hotspots' reports on the incentives reporting section of the website.

**6. SME slot – to be arranged in advance. An opportunity for an SME from the ESO to have a deeper discussion on a relevant topic with Ofgem, for example what processes have the ESO put in place over the year to develop BSUoS forecasting, and what the impact of this has been.**

An SME from Commercial Performance Reporting presented a slide pack on February balancing costs.

Key points were:

- The wind fleet capacity has increased year-on-year.
- There was significantly more wind output in Scotland in February 2019 than previous Februarys. There was significantly less national demand in February 2019 than previous Februarys. Both these factors contribute to higher system operation costs, in terms of thermal, stability, voltage, and RoCoF costs.
- The Western Link HVDC significantly reduces constraints when in service, but costs increase when it is out of service, particularly when combined with high Scottish wind generation output.
- The Western HVD link does not alleviate internal Scottish constraints.
- RoCoF costs are increasing due to more wind and PV generation in combination with lower demands, with the ESO having to take more actions, at times increasing the level of inertia.

Ofgem asked if the main factor impacting RoCoF is the largest loss, what is the ESO doing about this, does NOA and operability strategy consider it?

The ESO said that the BSUoS taskforce is looking at the cost-reflectivity of the cost of managing operability, and this may generate options of how the RoCoF cost should be paid for.

There was a discussion on the ESO's monthly BSUoS forecasting, Ofgem asked if the ESO included strategies to reduce costs when generating the forecast, and the ESO said it did.

**7. AOB.**

None.

## Appendix 1 – Timetable

### 1. Annual Requirements

- Monthly
  - 15<sup>th</sup> working day of M+1 keeps cost basis historic
  - Meeting 20<sup>th</sup> working day of M+1
- Quarterly
  - 15<sup>th</sup> working day of M+1 following Q end (Jul, Oct, Jan)
- Half Year Report
  - 15<sup>th</sup> working day in October (M+1 after half year completed)
- Year End- Ofgem's Proposal
  - 7<sup>th</sup> May -consultation & draft licence (5 wks after year end)

2018	2018	2018	2018	2018	2018	2018	2018	2018	2019	2019	2019	2019	2019
Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May
	M	M	M	M	M	M	M	M	M	M	M	M	
			Q						Q				
						1/2YR							FYR

### 2. Monthly requirements

Date	Action	Owner	Note
15 <sup>th</sup> Working Day	Monthly report submission date	ESO	
No later than 5 Working Days before meeting	Provide the Chair with meeting papers	ESO	
20 <sup>th</sup> Working Day	Monthly Monitoring Meeting	Technical Secretary	
25 <sup>th</sup> Working Day	Minutes from meeting submitted	ESO	
End of Month	Chair to approve minutes from meeting	Chair	
2 <sup>nd</sup> Working Day after approval of the minutes	Publication of meeting minutes	Technical Secretary	

### 3. 2018-2019 Reporting & Meeting Dates

Month	Report Published	Ofgem Meeting	Report Type
	(15 <sup>th</sup> WD)	(20 <sup>th</sup> WD)	
May	22/05/2018	30/05/2018	
June	21/06/2018	28/06/2018	
July	20/07/2018	27/07/2018	Q1 Report
August	21/08/2018	29/08/2018	
September	21/09/2018	28/09/2018	
October	19/10/2018	26/10/2018	Half Year Report
November	21/11/2018	28/11/2018	
December	21/12/2018	02/01/2019	

January	22/01/2019	29/01/2019	Q3 Report
February	21/02/2019	28/02/2019	
March	21/03/2019	28/03/2019	
April	23/04/2019	30/04/2019	
May	7/5/2019		End of Year Report

## Appendix 2 – Closed Actions

Meeting No.	Action No.	Date Raised	Target Date	Resp.	Description	Status
1.	1.	30/5/18	15/6/18	HK	Agenda to be updated to reflect new item for discussion	Closed
1.	2.	30/5/18	15/6/18	JD	Formal write up of the feedback received to the first month report	Closed
1.	3.	30/5/18	15/6/18	SB	Providing any further thoughts on how the summaries per principle could be written to provide clear evidence	Closed
1.	4.	30/5/18	15/6/18	SB	Dates to be shared for monthly meetings, and tentative dates for half year and end of year	Closed
1.	5.	30/5/18	15/6/18	SB	Lines to take/ Summary of process for panel events	Closed
2.	6.	28/6/18	27/7/18	HK	ESO look at wording in the charging circular email and more clearly explain the basis	Closed
2.	7.	28/6/18	27/7/18	CC	Detailed articulation of BSUoS billing metric and how it relates to CUSC	Closed
2.	8.	28/6/18	27/7/18	GT	Share guidance on how the roles and principles under 18-21 incentives can be used and shaped as part of the RII02 Business Planning Activities	Closed
2.	9.	27/7/18		HK	Ofgem asked for an understanding of what data would be included within the	Closed
3.	10.	27/7/18		HK	The ESO promised to provide the work in progress versions of principles 4, 5 & 6 and organise a meeting between the ESO and Ofgem to discuss	Closed
3.	11.	27/7/18		DB	Ofgem to confirm contacts for the ESO to engage with regarding the data task force	Closed
3.	12.	27/7/18		HL	Organise a meeting with the metric 4 owners to provide further explanation on the detail	Closed

3.	13.	27/7/18		HK	The ESO to provide responses to the following questions about the auction trial: what had stakeholders said about the delay? Have we tested the reasons explained within the report with stakeholders? Were any alternatives considered (e.g. more resources)? What alternative actions might the ESO take in the interim to help	Closed
3.	14.	27/7/18		DF	Provide an update on any further stakeholder feedback received on the Roadmaps and asked what actions are the ESO taking to improve the stakeholder survey scores	Closed
3.	15.	27/7/18		HL	Provide more detail behind the re-prioritisation of codes mentioned in the Q1 report and organise a meeting to discuss	Closed
3.	16.	27/7/18		HL	Clarification on the statement around the C27 licence mentioned within the report.	Closed
3.	17.	27/7/18		JD	Where possible, publish the responses of received to the Forward Plan Consultation on the NG website	Closed
4.	18.	29/8/18		HK	The ESO to respond to email sent from Ofgem regarding dispatching actions taken under principle 2	Closed
4.	19.	29/8/18		DB	Ofgem to share the feedback that they had received around the ESO taking a more proactive role in the ENA Open	Closed
4.	20.	29/8/18		DB	Ofgem to organise a meeting to discuss the lessons learned and potential changes for next year's incentives year	Closed
4	21	29/8/18		HK	Provide further detail behind balancing costs on 28/29 July, including why the forecasts were incorrect and whether any lessons have been learned.	Closed
5	22	28/9/18		HK	Carbon Intensity- Why did we prioritise this information to share	Closed
10	23	28/02/19		SM	Share with Ofgem how Energy Forecasting team calculates its year-on-year performance measure	Closed



<b>10</b>	<b>24</b>	28/02/19		SM	Share with Ofgem how the monthly BSUoS forecast is done, and what ESO can leverage to improve the quality of the forecast.	Closed
<b>10</b>	<b>25</b>	28/02/19		GT and LS	Look at options for hosting EOY event, regarding costing, location, organisation.	Closed
<b>10</b>	<b>26</b>	28/02/19		ESO	Propose monthly meetings agenda format.	Closed

