**Monthly Monitoring Meeting**

**Wednesday 6th Nov 14:00 – 16:00**

**Ofgem Office South Colonnade and Teleconference**

**AGENDA**

|  |  |  |  |
| --- | --- | --- | --- |
| **Ref** | **Time** | **Title** | **Owner** |
| 1 | *10 min* | **SME slot - September balancing costs** | *ESO* |
| 2 | *5 min* | **Review actions** | *ESO* |
| 3 | *15 min* | **Ofgem feedback on the mid-year report** | *Ofgem* |
| 4 | *15 min* | **Seek further clarification on Ofgem mid year report questions** | *ESO* |
| 5 | *10 min* | **Final update on arrangements for Wednesday 13th Nov** | *ESO* |
| 10 | *5 min* | **AOB** | *All* |

**Meeting record**

**Monthly Monitoring Meeting**

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| --- | --- | --- | --- | --- | --- | --- |
| **Date:** | **6th Nov 2019** |  |  |  |  |  |
| **Time:** | **14:00 – 16:00** |  |  |  |  |  |
|  |  |  |  |  |  |  |
| **Venue/format:**  **Teleconference** | **Ofgem Offices London** |  |  |  |  |  |

## ACTIONS

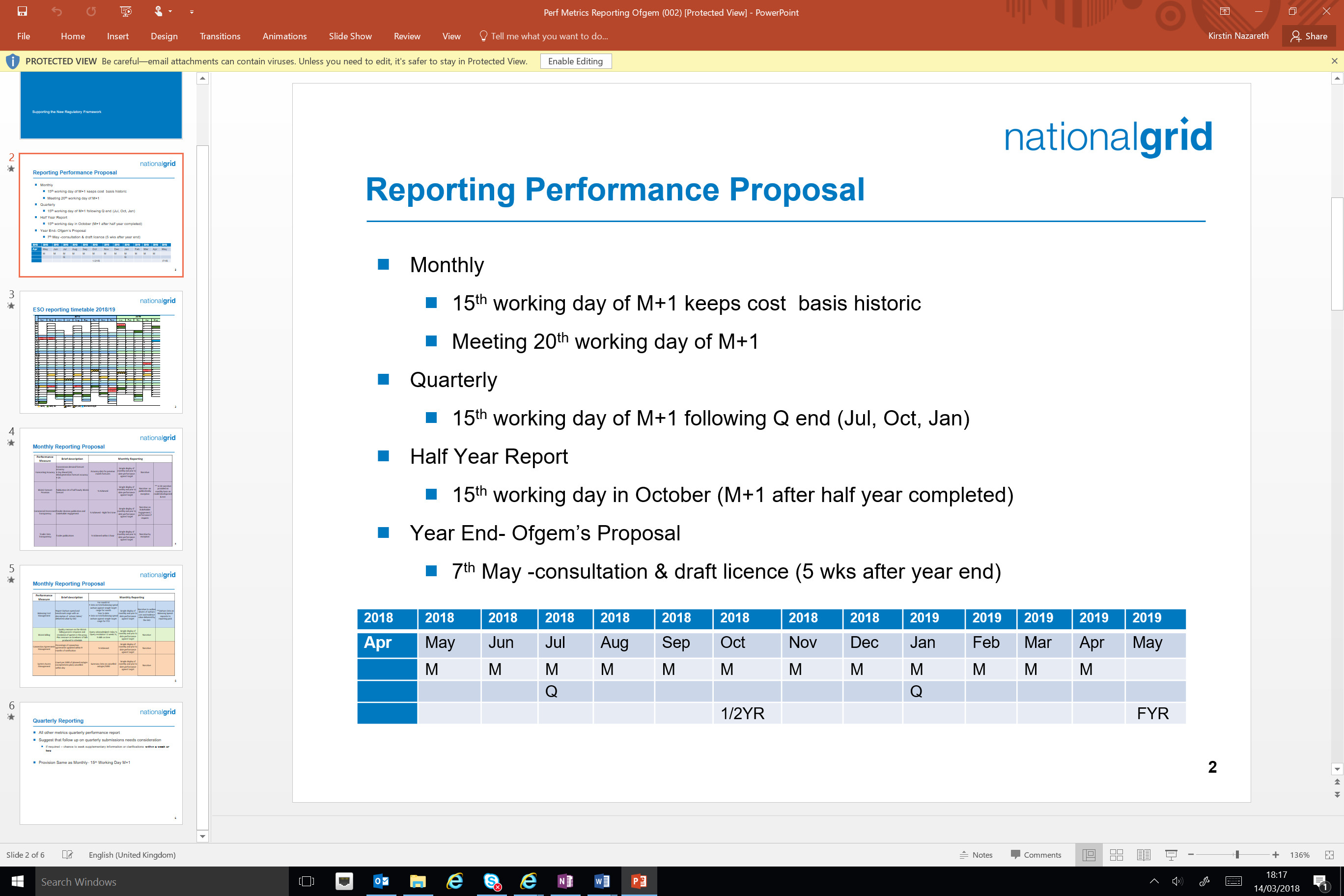
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| --- | --- | --- | --- | --- | --- | --- |
| **Meeting No.** | **Action No.** | **Date Raised** | **Target Date** | **Resp.** | **Description** | **Status** |
| **18** | **43** | 6th Nov | 8th Nov | ESO | List of panel attendees and dietary requirements | Closed |
| **18** | **44** | 6th Nov | 11th Nov | ESO | ESO to send responses for Ofgem and Panel questions for mid year report | Closed |
| **18** | **45** | 6th Nov | Early Dec | Ofgem | Ofgem to send draft of panel report and advise when final report is published | Open |

**MAIN ITEMS OF INTEREST**

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| 1. **SME slot – September Balancing costs**   The Electricity System Operator (ESO) presenter gave commentary on the £108m outturn against £97.6m benchmark.  Key points:   * Costs have increased across all categories except RoCoF. * Higher volume saw BSUoS costs remain the same. * Scottish wind output was higher in September than August. High levels of wind meant a large number of actions were required to deal with rate of change of frequency, voltage levels and thermal constraints. The volume of wind generation continues to increase. * Traded volumes on interconnectors were high because of ongoing reinforcements in the South East which causes constraints in the area, meaning that additional trading and balancing actions were required. * The high costs in early September were due to Western Link restrictions and high volume of Scottish wind output with low demand over the weekend which required further actions to be taken.   Q1: When are the South East reinforcement works meant to be completed?  A1: Should be completed end of 2019  Q2: The September costs are higher than August, is this trend to continue in October?  A2: This depends on winter days and planned outages. There are also issues with the western link and the high costs are due to the Scottish wind outputs  Q3: When will the western link be operational?  A3: The western link is due to return to service on the 6th November 2019. (This was successfully completed and it is now in full operation).   1. **Review actions**   Actions 40, 41 and 42 closed.   1. **Ofgem feedback on mid year report**   Ofgem liked the structure of the report. They felt the case studies were good, but suggested merging current and future consumer benefits in the end of year report.  Ofgem suggested there being a master list of planned deliverables in the report and the Forward Plan deliverables need to be more granular.  Ofgem found the stakeholder section helpful with links to specific deliverables. The level of detail was correct and they appreciated the balanced view and transparency of future plans.  Regarding the metrics, Ofgem were keen on the orange boxes with the narrative and explanation of each metric. Ofgem understood that It is not necessary to reproduce every metric for the first half of the year in the mid year report and will use the monthly reports to monitor these metrics.  For the executive summary, Ofgem appreciated the link to the ESO ambitions and that NGESO had taken on stakeholder feedback from the panel.  Ofgem have not finalised their views of the report as they were still waiting for the responses to the questions they and the panel sent. (NGESO sent the responses to these questions on the 11th November).  Ofgem’s high level overview of Role 2 is that they found the case studies helpful, however the metrics needed more justification and explanation.  The case studies over all the Roles were useful to set out benefits and relate to tangible deliverables. As it is mid year there are ongoing projects which will be updated in the end of year report.  Ofgem were disappointed in some of the planned deliverables in Role 2. They did find Principle 4 was more positive in terms of plan delivery but noted the poor performance through the CACoP survey. However stakeholders’ feedback is that they are frustrated with the progress of balancing reforms and the panel will want to hear about how the ESO is progressing on this.  Regarding CaCoP, the panel will want to ask what is being done and what our plan is going forward.  There were questions around the balancing costs, such as whether the benchmark should be green as costs are up from last year. Ofgem appreciated that the generation mix had changed, and the ESO explained that we seek to minimise balancing costs rather than working towards a target.  Regarding Role 3, Ofgem were concerned about the delay to the pathfinders, and wanted to see when it would be delivered and to show the speed of tangible changes. ESO explained that we were learning how to better engage stakeholders so we pushed back projects to incorporate learning. ESO explained the rationale for pushing back the Mersey pathfinder. The pathfinders will eventually merge into NOA.     1. **Seek further clarification on Ofgem mid year report questions**   None required.   1. **Final update on arrangements for Wednesday 13th Nov**   Ofgem and ESO finalised the format and logistics of the event on the 13th November 2019.   1. **AOB**   The panel scores will be finalised on the 19th November, then a draft panel report will be distributed to give the members time to review. It will be published early in December, Ofgem will send ESO an early draft and confirm when the final report has been published.  ESO suggested that, going forward, the scoring system could be amended to be from -2 to + 2 rather than from 0 to 5, with baseline performance (no reward) represented by 0 rather than by 3/5. Ofgem agreed to consider this for the future. |

**Appendix 1 – Timetable**

1. **Annual Requirements**



1. **Monthly requirements**

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

1. **2019-2020 Reporting & Meeting Dates**

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| --- | --- | --- | --- |
| **Month** | **Report Published**  **(15th WD)** | **Ofgem Meeting**  **(20th WD)** | **Report Type** |
| May | 22/05/2019 | 30/05/2019 |  |
| June | 21/06/2019 | 28/06/2019 |  |
| July | 19/07/2019 | 26/07/2019 | Q1 Report |
| August | 21/08/2019 | 29/08/2019 |  |
| September | 20/09/2019 | 27/09/2019 |  |
| October | 21/10/2019 | 28/10/2019 | Half Year Report |
| November | 21/11/2019 | 28/11/2019 |  |
| December | 20/12/2019 | 31/12/2019 |  |
| January | 22/01/2020 | 29/01/2020 | Q3 Report |
| February | 21/02/2020 | 28/02/2020 |  |
| March |  | 28/03/2020 |  |
| April |  |  |  |
| May |  |  | End of Year Report |

**Appendix 2 – Previously Closed Actions**

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| **16** | **38** | 29th Aug | 15th Sept | Ofgem | Arrange a meeting to further discuss Mid Year Report content. | Closed |
| **16** | **39** | 29th Aug | 15th Sept | Ofgem | Confirm the date of the November Panel event. | Closed |
| **17** | **40** | 27th Sep | 11th October | Ofgem | Provide agenda for panel event | Closed |
| **17** | **41** | 27h Sep | 11th October | Ofgem | Ofgem to share stakeholder responses for Call for Evidence | Closed |
| **17** | **42** | 27h Sep | 1st November | ESO/ Ofgem | Advance phone call to discuss logistics and attendees for panel event | Closed |