



Making a positive difference  
for energy consumers

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Dear Louise,

**Ofgem response to National Grid Electricity System Operator's consultation on the ESO Forward Plan 2020-21**

We welcome the opportunity to respond to the ESO's consultation on its draft forward plan for 2020-21. We have provided an overview of our expectations of the forward plan and a summary of our feedback in the main body of this letter. We have also provided some more specific comments in relation to each role in the Annex to this letter.

**The ESO Forward Plan – purpose & our expectations**

The ESO's forward plan, produced before the start of the regulatory year, should meet the expectations set out in our ESORI Guidance<sup>1</sup>. It should set out the ESO's longer-term vision for how it intends to drive consumer benefits under the ESO's three roles<sup>2</sup>. It should also set out the specific steps the ESO intends to take in the year ahead to meet these aims. The plan should contain an unambiguous set of deliverables with clear delivery dates and milestones.

The forward plan should also propose a set of performance metrics linked to each of the roles. Each performance metric should be supported by performance benchmarks, which should set out and clearly justify performance that is: below expectations; in line with expectations; and exceeding expectations. A high quality set of metrics serves several purposes. The metrics create transparency around the ESO's performance by helping stakeholders to track the ESO's progress throughout the year. The metrics should also provide certainty for the ESO in regards to agreed levels of performance that constitutes above or below expectations.

The forward plan will be a key input into the end of year financial incentive<sup>3</sup> decision. Therefore, it is important that the ESO develops a comprehensive and stretching set of deliverables and metrics. Overall, the plan should be ambitious. By that we mean:

- 1) A comprehensive breadth/coverage of tangible steps/activities/deliverables covering all the ESO roles and;
- 2) A sufficient level of stretch in what constitutes expected performance levels.

<sup>1</sup> We are currently consulting on the guidance for the 2020-21 incentive scheme (see link above). Our forward plan expectations are broadly the same as last year, and are set out on page 39-41 of the draft ESORI guidance for 2020-21:

[https://www.ofgem.gov.uk/system/files/docs/2020/01/eesori\\_guidance\\_document\\_2020-2021\\_draft\\_for\\_consultation.pdf](https://www.ofgem.gov.uk/system/files/docs/2020/01/eesori_guidance_document_2020-2021_draft_for_consultation.pdf)

<sup>2</sup> For the 2020-21 incentive year, the roles will be as follows; Role 1: Control Centre Operations, Role 2: Market Development and transactions and Role 3: System insight, planning and network development. We are currently consulting on these roles as part of our consultation on the changes to the 2020-21 incentive scheme: <https://www.ofgem.gov.uk/publications-and-updates/call-input-2020-21-eso-regulatory-and-incentives-framework>

<sup>3</sup> The ESO Performance Panel will use four key inputs to evaluate the ESO's performance at the end of year stage in 2020-21: ESO evidence of consumers benefits; stakeholder views; plan delivery and outturn performance metrics and justifications.

We want to be as clear as possible to the ESO about the extent to which the vision is appropriate and the deliverables and metrics in the plan appear to be ambitious. Therefore, we have committed to providing a Formal Opinion on the final published version of the forward plan by 1 May. In reaching our Formal Opinion, we need to assess the final forward plan and be confident that the ESO has extensively engaged and responded to stakeholder feedback. We therefore expect to see clearly how the ESO has responded to the feedback it receives and will be looking for the ESO to make meaningful changes, where possible, as a result. We require a sufficient level of detail on the proposals in the forward plan in order to provide meaningful feedback and to give the ESO as much certainty as possible at the Formal Opinion stage. We therefore encourage the ESO to set out clearly and specifically what it intends to do during the year with supporting evidence and justification for why.

### **General comments on draft ESO Forward Plan**

We have reviewed the draft plan against our expectations as set out in the ESORI Guidance<sup>4</sup>. We have provided some overall comments for the ESO to consider, alongside the responses from stakeholders and the Performance Panel.

We recognise that the ESO has made continued improvements to its reporting (specifically the structure and readability of its forward plan and other reporting documents). We also welcome the positive engagement to date with stakeholders (in particular, a longer consultation window and a well received stakeholder event).

We appreciate the increased transparency of the deliverables but, at this stage, we believe the ESO's plan could:

- **be more specific in terms of what activities the ESO intends to deliver;**
- **explain more clearly why certain deliverables have been prioritised over others and are considered to be challenging; and**
- **explain how the priority deliverables bring the ESO towards achieving its 2025 ambitions.**

The ESO's deliverables must be well specified and defined with clear delivery dates and milestones. At this stage, as these details are lacking we are unable to state that the deliverables appear to be ambitious. The performance metrics must also be clear and supported by well-justified performance benchmarks. If these details are not provided in the final version of the plan, we will place less weight on the outturn metrics performance in our end of year incentives decision.

#### Long-term vision:

The ESO has built on its long-term vision originally described in its forward plan for 2019-21 and linked this to the ESO mission for 2025. It describes success around four ambitions of operating the system carbon free by 2025, a whole system strategy that supports net zero by 2050, competition everywhere and the ESO being seen as a trusted partner. This is an ambitious long term vision, but we would like to see more clarity on *how* the ESO will deliver this in practice (for example what will competition everywhere look like, and how will the ESO work to get to this point).

In the draft forward plan for 2020-21, the ESO has listed which of its deliverables across the three roles are most relevant to achieving its mission. We would like to see more explanation/narrative about *how* these deliverables will help it to achieve its mission. For example the ESO has said that changes to industry codes and frameworks "will allow the transition to take place" to an electricity system that can operate carbon free. But there is no explanation on what work in particular will enable this transition and how.

#### Deliverables:

When assessing the deliverables, we are looking for these to meet our requirements in the ESORI Guidance. Deliverables must be:

- Specified – it should be clear what is being delivered in practice in order for successful delivery to be measured.
- Time bound – deliverables should contain clear dates and milestones.
- Relevant – they should be justified against the delivery of the long term vision.
- Beneficial for consumers – they should be intended to deliver consumer benefits and make clear what type of measurable outcome/benefit is associated with its successful delivery. The ESO

<sup>4</sup> See page 39-41 of the ESORI guidance for 2020-21:

[https://www.ofgem.gov.uk/system/files/docs/2020/01/eesori\\_guidance\\_document\\_2020-2021\\_draft\\_for\\_consultation.pdf](https://www.ofgem.gov.uk/system/files/docs/2020/01/eesori_guidance_document_2020-2021_draft_for_consultation.pdf)

should clearly articulate and/or quantify the expected consumer benefits associated with a deliverable.

- In line with industry priorities – it should be clear why deliverables have been prioritised and how industry feedback has been responded to

At this stage, we consider that a large proportion of the deliverables in the draft forward plan do not meet the first criteria (they are not specific enough). The ESO has described at a high-level what it will be doing, but it hasn't described sufficiently *how* it will do it and what will be delivered in practice. The more certainty the ESO can provide at the start of the year on performance expectations, the easier it will be to track delivery throughout the year and it would also set a robust baseline which will increase ex-ante certainty. We note that greater specificity was given in the discussion at the ESO's forward plan event on the 23 January, but this level of detail is not clearly articulated in the ESO's draft forward plan document.

We note a number of delays to important areas (particularly in Role 2 and 3) and we are concerned that some of these delays may be due to insufficient resource allocation, which will create a gap in delivery between the 2020-21 year and the start of RIIO-2 price control. In order to be seen as delivering ambitiously, we would like the ESO to continue to deliver ambitious, tangible progress in the 2020-21 year to ensure a seamless transition to the RIIO-2 period. We encourage the ESO to consider carefully whether deliverables proposed in the RIIO-2 period (particularly work that involves scoping and engagement) can be progressed in 2020-21.

In light of these delays, we would like to see more detail on how the ESO is progressing work throughout the 2020-21 year. For example, the ESO describes what it will do at a high level to deliver 'market design for reformed reserve products' and provides a delivery date for Q4 2020-21. We suggest this could be broken down into smaller, interim deliverables spaced out over the year in order for us to track the ESO's progress throughout the year, as was described in the role 2 discussion at the ESO's forward plan event. This will also give us, industry and the ESO Performance Panel some comfort that these areas are being progressed throughout the year, especially as this is an area that is important for industry and has been delayed in the past.

The ESO has highlighted which of its deliverables it considers to be a priority, stating that these deliverables have been prioritised over others in order to maximise benefits. However the reasoning/justification behind this has not been fully explained in the forward plan and therefore it is unclear *how* these priorities will maximise consumer benefits. At the ESO's forward plan event, we heard some of this explanation in the presentations, but we would like to see this description of why these deliverables have been prioritised over others in the final forward plan.

To summarise, in the final forward plan, we would like to see the ESO describe clearly what will be delivered throughout the year and provide specific milestones for us to measure performance/progress throughout the year. We would like to see the ESO explain why certain deliverables have been prioritised over others and, linked to this, *why* this chosen set of prioritised deliverables will maximise consumer benefits and provide the best route to achieving the ESO's 2025 ambitions.

#### Performance metrics:

As part of this forward plan process, the ESO should propose a set of performance metrics linked to each of the roles. These metrics should create transparency around the ESO's performance and help stakeholders track the ESO's progress against its forward plan.

Performance metrics should be:

- Specified – it should be clear how exactly performance will be measured with full details of the metric shared with stakeholders.
- Relevant – the ESO should clearly articulate how the performance metrics relate to the Deliverables and the outcomes identified in the long term vision.
- Benchmarked – performance benchmarks should be challenging with clear evidence provided around how they are challenging (and deliver above baseline expectations).

The ESO must set out the full details of the performance metrics and performance benchmarks, including any methodologies used to calculate them. We expect these details to be published as part of the draft forward plan and the final forward plan. We do not consider that the ESO has met this criteria.

Several metrics included in the draft plan had details missing – for example there were no performance benchmarks included or no justifications/explanations for chosen benchmarks. As noted in our ESORI

guidance (see paras 5.16 and 5.17), it's important that the full details of metrics, including the benchmarks, are consulted on<sup>5</sup>.

In some cases, performance metrics have been improved in light of previous feedback. We welcome these changes. Notably, the changes made to Metric 5 (reform of balancing services) and the removal of some obsolete metrics in line with stakeholder feedback.

We would like more explanation of why all performance benchmarks have been set and how they exceed expectations. This could be through providing more evidence of historical and existing performance and/or through a better articulation of the relative consumer benefits associated with exceeding a target (either real or estimated, direct or indirect consumer benefits). We also reiterate that an ambitious ESO should strive for continuous improvements each year, so that improvements made during previous years should be "banked" as baseline for subsequent years.

We note the ESO's addition of "performance indicators". Most of these are being used to set a baseline for metrics that will be introduced in RIIO-2. Whilst they might provide some useful additional information, at this stage, we are unconvinced that these will help to measure the ESO's performance for 2020-21 and have concerns that these add unnecessary complexity to the current framework.

### **Next steps**

We look forward to continuing to work with the ESO and stakeholders to refine the forward plan to ensure it is fit for purpose for the regulatory year 2020-21. We are happy to engage with individual ESO teams if they would like to further discuss our detailed views on the deliverables or metrics.

Once the forward plan consultation closes, we expect the ESO to consider stakeholder responses, review and update its forward plan accordingly and publish the final version of the forward plan for 2020-21 and the (non-confidential) stakeholder responses before 1 April 2020.

We want to be as clear as possible to the ESO about the extent to which the contents of the plan appears to be ambitious. Therefore, we have committed to providing a Formal Opinion on the final version of the ESO's plan by 1 May.

Should you wish to get in touch with us in the meantime, please do so by emailing: [ESOperformance@ofgem.gov.uk](mailto:ESOperformance@ofgem.gov.uk).

Yours sincerely,

Maryam Khan

**Senior Manager, ESO Regulation**

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<sup>5</sup> Paragraph 5.16 and 5.17 of the ESORI guidance for 2020-21:  
[https://www.ofgem.gov.uk/system/files/docs/2020/01/eesori\\_guidance\\_document\\_2020-2021\\_draft\\_for\\_consultation.pdf](https://www.ofgem.gov.uk/system/files/docs/2020/01/eesori_guidance_document_2020-2021_draft_for_consultation.pdf)

## Annex – Feedback by Role

We have provided more detailed comments on the deliverables and metrics for each role below to help illustrate our overarching comments. Where we have asked for more clarity or information, we would like to see this included in the final forward plan.

### Role 1: Control Centre Operations

#### Deliverables

When assessing the ESO's forward plan for 2019-21, we have said that the majority of commitments in this area reflected business as usual activities for the ESO. How these activities are delivered would therefore be a strong factor in our end of year incentives decision. As the ESO has not made any other changes to the deliverables from the Forward Plan 2019-21, our comments still stand. For the ESO to outperform, the ESO Performance Panel previously stated they would like to see strong evidence of innovation and clear leadership in solving operability challenges. At this stage, we don't see clear, tangible examples of the ESO doing this. We would like to know why some of the Role 1 deliverables have been prioritised over other deliverables. We also question why the 'roll out of loss of mains protection settings' isn't being progressed as a priority. Given the costs implications for consumers of not progressing this work on an urgent basis, we would expect an ESO with a focus on maintaining an economic and efficient system to make this work a high baseline priority.

We think the ESO could go further to bring forward RIIO-2 deliverables under Role 1. In particular for Role 1, the ESO has deliverables proposed in its RIIO-2 Business Plan related to Balancing IT (opening design authority to external stakeholders, engaging with TOs and DNOs via design authority and finalising project scope for the Enhanced Balancing Tool (EBT) and Network Controls Tool (NCT)). Given the limitations of the existing systems and the cost implications for consumers of not progressing work in this area, we would expect an ESO with a focus on maintaining an economic and efficient system to be starting this scoping and engagement work now. We note that a deliverable in the RIIO-2 business plan is the creation of a data analysis platform. The ESO has said that this work will begin during 2020-21, however this work does not appear in the draft forward plan for 2020-21. We note that the ESO has delivered an open data portal, we would like to know what work will be done over 2020-21 to continue to improve information access. We consider a significant amount of the foundation work for the data analysis platform could begin before RIIO-2.

We would also like to see additional deliverables noted in Ofgem's 9<sup>th</sup> August report<sup>6</sup> included in the forward plan. In particular, the actions on the ESO around a review of the SQSS requirements, holding service providers to account for delivery, compliance testing for new/modified generation connections, improved transparency of its holding of reserve/response and inertia requirements.

More specific comments include:

Deliverable	Our comments
More clarity of operational decision making	Generally, greater transparency around balancing actions and data is a key area that stakeholders have requested in the past. Therefore, we welcome the ESO's allocation of this deliverable as a priority. However, we note that this deliverable was already included in last year's forward plan, named as "Publication of operational planning data". Under this deliverable, engagement with stakeholders was scheduled for Q3 2019-20. It is unclear how this 2020-21 activity goes beyond what was set out last year, and why it is now delayed until Q4 2020-21. We also echo the strong stakeholder sentiment that the ESO should publish all data as the default, instead of asking stakeholders what data is valuable to them.

<sup>6</sup> Ofgem's investigation into 9 August 2019 power outage (Chapter 5: lessons learned and recommended actions for the ESO): <https://www.ofgem.gov.uk/publications-and-updates/investigation-9-august-2019-power-outage>

	<p>We challenge the ESO to go as far as possible in this area in 2020-21, and to consider whether any additional relevant, more specific, deliverables could be included in the final forward plan following consultation.</p>
<p>Improve dispatch facility to handle a large number of small Balancing Mechanism Units</p>	<p>We expect a competent ESO to make system improvements as part of its role to balance the system in an efficient, economic and co-ordinated manner. The ESO plans to update and “improve algorithms and software” to “increase advice accuracy for dispatch actions” in the four-hour ahead to real time window. We are unsure what the ESO will specifically deliver over 2020-21. We note this is marked as a priority deliverable but we would like to know more about how the ESO aims to do this. What specific improvements will be made to which systems?</p> <p>The deliverable has a target delivery date of Q4 2020–21, we would like to see smaller interim milestones in order to track progress throughout the year.</p>
<p>Deliver competitively tendered black start contracts</p>	<p>We’ve previously expressed that this is a positive initiative that the ESO has progressed over 2019-20. We would like to know more about what will be delivered over 2020-21 to continue momentum with this deliverable. Is there anything else the ESO intends to do in order to contract with successful parties? Is there any work the ESO will do after contracting with successful parties over the remainder of the year (Q3-Q4 2020-21)?</p>
<p>Future of the ENCC</p>	<p>This deliverable has been delayed from Q1 2019-20 to Q4 2020-21 to ensure the project meets stakeholder needs and does not overlap with other publications. It is not clear why overlaps with other publications is sufficient for this significant delay. We note the ESO has delayed this activity several times in the past, despite stakeholders recognising it as an important deliverable.</p> <p>We also note the original plan was to publish five operability challenges – which we still expect to be delivered. We also expect to see clear, tangible evidence of how these publications will meet stakeholder’s needs.</p>
<p>Roll out of Loss of Mains Protection Settings</p>	<p>This deliverable has been delayed by one year from the 2019-21 forward plan. We recognise this delay is not completely within the ESO’s control. However, this work is associated with a long-running modification process and addresses operational issues that have been known for many years. Given the cost implications for consumers of not progressing this work on an urgent basis, we would expect an ESO with a focus on maintaining an economic and efficient system to make this work a high baseline priority. We would like the ESO to describe how this work will contribute to consumer benefits (we note it was omitted from the consumer benefits section).</p> <p>We note that the first phase of work (window one) has progressed over 2019-20 and is expected to save £10m per year in 2020-21 and in each subsequent year. We consider this should be factored into the balancing cost benchmark.</p>
<p>Interconnector Programmes</p>	<p>There is a notable lack of detail regarding this deliverable. This deliverable is described as “continued integration of interconnectors into operational systems”, however no information has been provided regarding what steps will need to be taken to deliver this. Furthermore, a delivery date of “ongoing” provides no information regarding timescales. We note that further information was provided at the ESO’s forward plan event, and we encourage the ESO to articulate this in the final forward plan. Wherever possible, we would like to see milestones throughout the year to track progress, instead of ‘ongoing’.</p>

<p>Project for Energy Forecasting (PEF)</p>	<p>The ESO says it will “deliver a strategic forecasting solution” by Q3 2020-21. We would like to know more about how the ESO is planning to deliver this over the year. We cannot provide detailed comments on the deliverable, if the deliverable itself is lacking in detail.</p> <p>In the ESO’s <a href="#">Energy Forecasting Strategic Project Roadmap</a> (published in June 2019), we note that the Platform for Energy Forecasting (PEF) is replacing the ESO’s current energy forecasting system (EFS). In the document, two roadmaps have been provided: one for PEF delivery and one for the high-level energy forecasting strategic project. <b>We would like to see all of the deliverables in this roadmap (e.g. on page 5), included in the 2020-21 Forward Plan, as previously requested.</b> We expect the ESO to honour these deliverables and ambitions committed to in both roadmaps. We would also like an update on roadmap progress.</p> <p>The ESO has also committed to numerous high-level deliverables in the roadmaps, most of which are centred around forecast publication. Whilst these deliverables have been met, we believe the ESO could go further in publishing more granular information regarding the accuracy of their forecasts (building on the monthly forecasting accuracy metrics).</p>
<p>Control Capability Development</p>	<p>We believe this deliverable is not well-specified, and it is not clear what this process will actually deliver in practice. We would also like more information regarding <i>how</i> the ESO intends to develop a “cross-industry” process to achieve the deliverable.</p>
<p>Inertia Measurement</p>	<p>We welcome the ESO’s work towards developing and utilising innovative methods. We would like more specific information detailing; what the tool actually is, how it will be developed and how it will benefit consumers in order to comment further. Furthermore, we’d like to understand more about why this has been delayed as this was originally promised in the 2018-19 forward plan.</p>
<p>Deeper access coordination of 1-2 major infrastructure projects to commence in the RIIO-1 period</p>	<p>We welcome the steps the ESO is planning to take towards collaborating with other connected parties to effectively deliver major infrastructure projects. However, we do not consider this deliverable to be well specified. We require more detail regarding; how exactly the ESO will identify these projects, how the ESO will “enhance” work streams with other parties in practice, what “deeper access planning” will entail and what will actually be delivered by Q4 2020–21.</p>

## Metrics

Metric	Our comments
<p>Balancing Cost Management</p>	<p>This metric will be retained for 2020–21, and we note that the ESO plans to include the connection of interconnectors (Eleclink and IFA2) as adjustment factors. However, the ESO has not included values for these adjustment factors, nor values for the monthly and (adjusted) annual performance benchmark. As we have highlighted previously, this is a key metric which has relevance to performance across the other roles. Stakeholders and Ofgem have raised concerns previously with the approach to calculating the benchmark and adjustment factors, and this metric – with a lack of rationale and quantitative information – does not address these concerns. We believe that publishing these figures only in the final 2020–21 forward plan denies the opportunity for stakeholders to comment. Therefore, without further justification to support the benchmark and adjustment factors, our end of year incentives decision will rely</p>

	<p>on the 5-year historic average of costs as a benchmark for balancing costs for 2020-21.</p> <p>We note that the first phase of work (window one) of the rollout of Loss of mains protection settings is expected to save £10m per year in 2020-21 and in each subsequent year. This should be factored into the balancing cost benchmark as a downward cost driver.</p>
Energy Forecasting Accuracy	<p>This metric will be retained for 2020-21. The ESO considered introducing a yearly mean average error target alongside the usual monthly average error target, but felt there would be confusion with two yearly targets. We would welcome an explanation from the ESO as to why only targeting 6 months of accurate forecasts is ambitious. We consider that forecasting performance across all periods is relevant to consumer outcomes. Most value can arguably be derived from making improvements in the most difficult months – something which the current forward plan does not account for. Furthermore, we reiterate our points regarding the target units: we would welcome commentary around why the forecast for national demand has monthly targets in mean absolute error, and BMU wind generation has monthly targets in mean absolute percentage error.</p> <p>We note that November’s target for national demand accuracy and six monthly targets for wind generation accuracy are higher than the corresponding targets outlined in last year’s forward plan. This is due to the methodology for calculating these targets. We share stakeholder concerns over the metric’s progress over the years, and would like to reiterate our previous comments that the ESO should do more to justify why the methodology and calculated targets are ambitious.</p>
Security of Supply	<p>The ESO has set a target of zero voltage and zero frequency excursions in 2020–21 which is in line with baseline expectations. This is also in line with their proposals outlined in their RIIO-2 plans.</p> <p>The reporting of voltage and frequency excursions is based on whether or not the excursion occurs for longer than a prescribed time period (15 minutes for voltage and 1 minute respectively for frequency). We suggest the ESO also expand this metric to include excursions that occur for less time (&lt;15 minutes for voltage and &lt;1 minute for frequency), so that a greater insight can be provided.</p>
CNI System Reliability (Performance Indicator)	<p>The ESO plans to report on its ability to forecast and deliver planned outages for key critical national infrastructure (CNI) systems as a performance indicator ahead of RIIO-2. If historical data already exists regarding the outage time for CNI systems, the ESO should include appropriate benchmarks for this in order to bring this forward as a metric instead of a performance indicator (the latter has limited use in terms of measuring the ESO’s performance over 2020-21). We expect very high CNI system resilience as part of our expectations of a competent and effective system operator. It is not clear what incremental performance is intended to be targeted through this proposed metric.</p>
[Removal of] Information Provision Scorecard	<p>The ESO has removed the metric, ‘Information Provision Scorecard’. This metric focused on the timeliness of the ESO’s publications each quarter. We agree with the feedback from stakeholders that the accuracy, quality and usefulness of the information published will be more important in measuring how the ESO is driving additional value in this area. Therefore, we support the removal of this metric.</p>

## Role 2: Market Development and transactions

### Deliverables

Overall, whilst there are clear dates and milestones provided in most cases, most of the deliverables aren't well specified therefore it is difficult to determine the ambition and also to measure success. We welcome the ESO including deliverables from other roadmaps. We think having all the deliverables listed in the forward plan will help stakeholders and us to track progress.

Previously, we have said that delivering reforms on time would be a key measure of performance under this role, with a large emphasis on stakeholder feedback. To be more ambitious, we have challenged the ESO to ensure it has the capability and inputs to deliver these reforms as promised. However we note that six deliverables have been delayed from the 2019-20 forward plan.

Based on the descriptions provided in this draft forward plan, it appears that over two-thirds of the deliverables are related to publishing plans/strategies or engaging with industry. This doesn't appear to fit with the clear stakeholder sentiment to see actual on-the-ground implementation of improved balancing and ancillary services markets.

We also note that there is limited coverage of pan-European work streams that relate to European market integration and interconnection. It would be useful to see more content/longer-term planning around items such as interconnector rules and methodologies, and how the incremental changes improve market arrangements in the longer-term in the context of a changing energy system. We also expect the forward plan to include deliverables related to the ESO's activities required to comply with all existing obligations in the Clean Energy Package.

Other specific comments include:

Deliverable	Our comments
Product roadmaps on response and reserve implementation	There are three deliverables associated with this and we encourage the ESO to meet the original commitments made in this roadmap that do not feature in this draft Forward Plan (to consult <u>and publish an implementation plan</u> on the future frequency response products and to <u>consult and</u> publish a strategy for moving Optional Fast Reserve products into more competitive procurement). The ESO needs to ensure this work aligns its Clean Energy Package requirements.
Delivery of Power responsive initiative	This deliverable isn't timebound as the target delivery date spans the whole year. If there are smaller milestones associated with this work, it would be helpful to have sight of this in order to track the ESO's progress throughout the year. We also question what the ESO will specifically do to "facilitate constructive dialogue".
Improving BM access for Virtual Lead parties	Alongside these deliverables, we suggest that it might be worthwhile for the ESO to report on the number of Virtual Lead Parties entering the BM, in order to see how well the arrangements are facilitating entry into the market. We don't necessarily propose a separate metric on this, rather we consider this could be demonstrated during the 2020-21 reporting cycle (at the mid-year or end of year stage) or when the ESO provides an update on how this deliverable is tracking.
Facilitating code change	<p>These deliverables seem to be focused on how the ESO communicates with stakeholders. We note commitments to reform their website but this was supposed to be updated in Q3 2019-20. We would also like to know how the proposed code administrator report will deliver additional benefits and why this reporting can't be done as part of the incentives' performance reporting process.</p> <p>We note that the 'Improving industry confidence in ESO Code Governance' deliverable is not timebound. We also have a number of questions about what will be delivered in practice. We require more detail regarding; what the ESO will deliver and when, how it will better articulate its role as a code administrator; how it will make improvements to reports and how the ESO will reach a wider audience.</p> <p>We note that the majority of the deliverables are focussed on communications with stakeholders and reports - we would like to know more about why this</p>

	set of deliverables have been chosen as a priority. And we encourage the ESO to go beyond writing reports to deliver tangible change to processes.
Raise Targeted Charging Review (TCR) modifications	We think the delivery date for this deliverable could be refined further. The code modifications described under this deliverable should all be raised before 2020-21, and complete by June. We agree that there will be work happening throughout the year, but we would like smaller milestones so we can track progress throughout the year.
Lead code modifications	The ESO has listed the modifications it will "lead", but it is unclear what the ESO will do specifically to lead these modifications. Some of the modifications the ESO plans to lead will have started over Q1-2 in 2020-21, therefore the ESO should consider revising the delivery date to reflect this.
Market design for reformed reserve products	The ESO has committed to consulting on further development of reserve in its roadmap but this isn't mentioned in this draft Forward Plan. We would like the ESO to meet its original commitment.
Implementation of Pan-European replacement reserve standard products	We consider this deliverable could be broken down further. Grouping TERRE and MARI implementation into a single deliverable does not appear to provide clarity on what this deliverable is in practice. TERRE and MARI have different delivery dates and we consider this deliverable should be refined to capture the different timelines and work involved.
Product roadmap for reactive implementation	We note that these deliverables have been delayed. We are keen to see some progress made on reactive power over 2020-21. The ESO says it will review learnings from power potential but this is not clear how it will do this and what will be delivered as a result. We consider that, in light of these delays, the ESO should provide as much clarity as possible on what they are doing to meet expectations in this area. In the RIIO-2 Business Plan, we note that the ESO proposes to communicate next steps on reactive power procurement in Q2 2021-22, we would like to see clear direction on the way forward before RIIO-2.
Introduce new 'new entrant' e-learning on charging	We appreciate that the ESO has expanded on the description in the 2019-21 forward plan. It is clearer to see what is being delivered and when, but there is still some uncertainty around how the market will be updated and what will be implemented in the 'implementation phase'. We also note that some of the new 'e-learning' on charging was due to be delivered in Q4 2019-20.
Establish a 'cross party' approach to onboarding, mapping out whole industry requirements	We note that this work will involve working with Elexon, and the guidance will be produced over the space of a year. We question whether this could be progressed quicker in order to be more ambitious.
Capacity Market Modelling – facilitating broader participation in the CM to provide security of supply at best value for consumers	It is not clear whether the ESO is planning to produce or implement a methodology. There is no justification provided for why this is being delayed by a year.

### Metrics

We note that there are a number of commitments the ESO must meet as part of the Clean Energy Package around the timely procurement and use of balancing services. We would suggest developing a metric to track how well the ESO is meeting these requirements.

Metric	Our comments
Reform of balancing services markets	We think this is a relevant metric to include. The first part of this metric was not well understood by stakeholders and difficult to engage with. As a result, it did not measure the ESO's performance adequately and we agree with the ESO's proposal to remove it.

	The second part of this metric looks at the proportion of balancing services that are mandatory, commercial and tendered. We welcome the inclusion of benchmarks for the second part of this metric as this was requested last year by stakeholders, the panel and us. We would like to see some further justification for how these benchmarks have been set and whether they are sufficiently challenging (especially as some of them only increase the % procured competitively by ~4%). The ESO says they will update this metric and provide market prices in each market. It would have been helpful to see this included in the plan at the draft stage to allow stakeholders to comment.
Code administration stakeholder satisfaction	We agree that this should be included for 2020-21 but we note that the ESO has not proposed any benchmarks. We would like to see clear, defined benchmarks for the year based on the ESO's performance so far in 2019-20, for which we have had the recent CACoP survey.
Charging futures	We agree that this metric should be included for 2020-21 but we note that the baseline remains unchanged since 2018-19. We consider the benchmarks could be updated in line with 2019-20 performance to ensure it remains challenging.
Year ahead BSUoS forecast and outturn	We have previously expressed (alongside stakeholders) that further detail is required in order to understand why these metrics are challenging, especially as factors outside of the ESO's control contribute significantly to the performance of these metrics. We note the ESO has suggested removing these metrics for RII0-2, noting that they don't sufficiently measure the ESO's performance but suggests keeping them for 2020-21. We would like to better understand how the ESO intends to improve BSUoS forecasts over 2020-21.
Month ahead BSUoS forecast and outturn	
[Removal of] Provider journey feedback	We think this is a useful area to track but we agree that it is dependent on stakeholder input and the ESO hasn't had much feedback over 2019-20. We would encourage the ESO to consider other ways of getting this input and creating a continuous feedback loop in order to improve the provider experience.

### Role 3: System insight, planning and network development

#### Deliverables

Overall, we would expect to see well-defined deliverables and a clear delivery date associated with them. It is often not clear exactly what is being delivered in practice, so successful delivery can't be easily measured. Some deliverables appear large and contain sub-deliverables with different delivery dates. Whilst we appreciate being able to see the interim deliverables, we would like this to be set out clearly so we can track progress easily throughout the year.

The ESO also needs to set out why the chosen set of deliverables is the optimal way to deliver most consumer benefits and the ESO's long-term vision. We also noted that there were deliverables from previous plans that haven't been delivered and we would expect the ESO to provide justifications for the delays in the process. There are also deliverables with noted delivery dates outside of the 2020-21 period which could therefore be removed if delivery is not expected before March 2021.

Deliverable	Our comments
Early competition plan setting out implementation for models	This is one of five new deliverables that were introduced in the forward plan. We encourage the ESO to deliver the ECP work as part of Role 3 and we would like the ESO to include all proposed deliverables from the ESO's Early Competition Plan in the final forward plan for 2020-21, so we can track progress throughout the year. The ESO should also be clearer on what will be delivered, given that there are potential overlaps with the NOA roadmaps. This will lead to a more transparent work.

Whole system learning publication	We note that this deliverable was part of Q2 2020-21 and it has been delayed to Q3 2020-21. The ESO states that it will provide an update but we note that an update was promised in 2019.
Enhanced systems to facilitate balancing services from DER	<p>This deliverable was expected to be delivered in Q4 2020-21, it has now been postponed to Q3 2021-22 which is outside the 2020-21 period . There are a number of sub-categories for this deliverable that have different delivery dates.</p> <ul style="list-style-type: none"> <li>- DER MW dispatch capability between ESO, DNOs and DER was due Q4 2020-21, now expected for Q2 2021-22. The ESO has delayed this because an agreement might not be reached with each respective DNO. The detail provided does not explain a specific problem to warrant a delay.</li> <li>- Inter-tripping of DER for transmission fault management was due Q3 2020-21, now expected Q4 2020-21. The ESO has delayed this due to project risks with delivery of IT (although this is not entirely clear) and required TO outages. We would like more detail on this in order to justify a delay of more than 1 year.</li> </ul>
Automated dispatch capability for generation in highly constrained areas	<p>The implementation of GEMS (Generation Export Management Scheme) was originally due for Q1 2021-22, it is now expected for Q1 2022-23 which is outside of the 2020-21 period. The ESO says that the main activity for 2020-21 will be completion of detailed design and procurement processes for ESO and TO systems in order to implement GEMS. We would like to see smaller milestones for this included in the forward plan in order to track delivery over the 2020-21 year.</p> <p>Inter-tripping of DER for transmission fault management is included in the previous 'Enhanced systems to facilitate balancing services from DER' deliverable. In forward plan 2019-21, this was due Q1 2020-21, now Q4 2020-21. There is no explanation provided.</p> <p>The DNO active network management element is not well specified (we would like to know what the development of a suitable interface means in practice). We would like to know whether there are smaller milestones that we could track throughout the year in order to measure progress.</p>
Pathfinder projects (Stability, Mersey Voltage, Pennines)	<p>The ESO has given priority to all the pathfinder projects however most of them have been postponed to later dates. We recognise that some of these delays are due to refinements made to tender timelines in response to stakeholder feedback, but we would like more clarity on the reasoning behind the other delays. This is an area that is due to deliver significant benefits and so we would like to see smaller milestones associated with this work in order to better understand what is being delivered and when and to track progress throughout the year.</p> <p>Phase 1 of the Stability pathfinder is on track for delivery over 2019-20 (due Q4 2019-20). We would like to understand further the milestones involved for 2020-21 and any milestones associated with phase 2 of the Stability pathfinder. The inclusion in the NOA methodology was expected for Q1 2020-21, we would like to know if this is still going to be met.</p> <p>The Mersey pathfinder project recommendations has been delayed from Q3 2019-20 to Q1 2020-21 due to reprioritisation. We would like to understand the cause of this reprioritisation.</p> <p>The Pennines Voltage pathfinder project recommendations was expected in Q3 2019-20, now Q3 2020-21. These deliverables have been delayed by a year due to Fiddlers Ferry closure and associated reprioritisation for voltage assessments. We would like to know what will be delivered in Q1-3 2020-21.</p>

	It is not clear why the constraint management pathfinder work has been delayed.
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## Metrics

We recognise that it may be difficult to produce metrics for Role 3 as the outcomes of this work are generally more longer-term focussed. If appropriate metrics are difficult to define for this role, we will be looking for the ESO to provide greater clarity on the deliverables (and interim milestones) in order to track the ESO's performance throughout the year.

Metric	Our comments
System access management	We note the ESO has updated its benchmarks for exceeding and baseline expectations. There is no update provided on what the below expectations benchmark will be in 2020-21. We also question whether it is sufficiently ambitious to have an exceeding expectations benchmark of 3 out of 1000 outages if current performance is 3.83 out of 1000 outages. Furthermore, we echo our previous comments on this metric, that the ESO must ensure it is seeking to optimise overall system costs rather than focussing on minimising planned outages to meet a target.
Customer value opportunities	We note that the ESO has updated its exceeding and baseline expectations performance benchmarks for 2020-21, based on its performance over 2019-20. We welcome this update but we would like the ESO to clarify what it expects the below expectations benchmark to be. We are still unsure how this metric measures additional value driven by the ESO and consider that this might be a better considered as part of the 'evidence of benefits' evaluation criteria rather than as a metric.
Right First Time Connection Offers	The ESO stated that the benchmark for this metric has been changed from 90% to 95% however it is unclear what exactly the benchmarks will be for 2020-21. We would like the ESO to be ambitious with its benchmarks for this metric and aim to get 100% of connection offers right first time, as we would expect from a competent ESO. We note this was the ambition in its 2018-19 forward plan.
NOA consumer benefit	It is difficult to conclude whether these benchmarks are ambitious until we have seen how the ESO has performed so far in 2019-20, which is dependent upon the outcome of NOA. We consider that this is a useful thing to track but we question whether this should be done via a metric. The purpose of metrics is to measure and track the ESO's performance throughout the year, and the ESO will only be able to update this metric once a year. We consider that the benefit this metric evidences could be better included as part of the 'evidence of benefits' criteria.
Whole system, Unlocking Cross Boundary solutions	This was previously a metric, and is now being proposed as a performance indicator. We note that stakeholders would like this metric to be expanded to include volume enabled by RDPs, but it is not clear why the ESO cannot do this. In order to assess the value of the ESO's actions, we would need to see evidence that these connections included in this metric wouldn't simply have happened anyway (eg by comparing the current DER MW seeking to connect to an ex-post assessment of DER contracts signed to connect).
<b>[Removal of]</b> Connections Agreement Management	The ESO is proposing to remove this metric. We agree.