

# Incentives Monthly Monitoring Meeting

## Meeting Minutes (March 2022-23)

### Details

Date:	<b>27 April 2023</b>	Location:	<b>Teleconference</b>
Time:	<b>10:00 - 11:00</b>	Meeting Number:	<b>54</b>

### Agenda

Ref	Time	Title	Owner
1	10:05 – 10:25	<b>SME slot – Balancing Costs</b>	ESO
2	10:25 – 10:35	<b>Explanation of manifest error – 25th January 2023</b>	ESO
3	10:35 – 10:40	<b>Balancing Costs Deep Dive – Performance Panel Feedback</b>	ESO
4	10:40 – 10:45	<b>BP2 monthly reporting and monthly meetings</b>	All
5	10:45 – 10:55	<b>Additional 1E reporting</b>	All
6	10:55 – 11:00	<b>Review actions &amp; AOB</b>	All

### Participants

Name	Company	Name	Company
Simon Targett	ESO	Emily Bottoni	Ofgem
Phil Smith	ESO	Adam Gilham	Ofgem
Filippos Panagiotopoulos	ESO	Matthew Fovargue	Ofgem
Lizzie Blaxland	ESO		
Jillian Wells	ESO		

## Actions

Meeting No.	Action No.	Date Raised	Target Date	Resp.	Description	Status
44	127	09/06/22	September 2022 tbc	All	Organise wind forecasting deep dive sessions <i>Latest - Currently deprioritised, unlikely to take place before BP2 period</i>	Open
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. <i>Latest – ESO currently unable to provide a date for resolution</i>	Open
48	148	29/09/22	25/10/22	ESO	ESO to provide more clarity on cost saving actions in future meetings. <i>Latest – need to figure out how to show exceeding expectations, take away and put something together. to be discussed as part of wider discussions on future of meetings</i>	Open
50	155	09/01/23	31/01/23	ESO	ESO to arrange a session with Ofgem in the Control Room in Wokingham for the ESO to walk through operational decision making in person. <i>Update – Matthew and Lizzie coordinating to get a suitable date.</i>	Open
50	156	09/01/23	31/01/23	ESO	ESO to arrange a session with Ofgem to talk through the timeline of decisions and actions taken on 12 December 2022 <i>Update –Lizzie to share information and then agree how to take forward.</i>	Open
52	173	02/03/2023	19/05/2023	ESO	Discuss with 2A metric owner to include explanation as to why there is a big difference between year 1 and year 2 <i>Update – To be covered in end-scheme report.</i>	Open
52	175	02/03/2023	31/03/2023	Ofgem	Adam to talk to Gurpal regarding milestones no longer valid: (A6.5) and provide update <i>Update – Now closed – not moved to NLV</i>	Closed
53	177	30/03/2023	28/04/2023	ESO	Provide more information on is there a threshold at which wind becomes a problem. Set up a session on it after BP1 to discuss more in depth.	Open

					<i>Update – Lizzie starting work on this and will pick up after end-scheme report process.</i>	
53	178	30/03/2023	28/04/2023	ESO	Filippos to provide a brief write up on what exactly happened with the manifest error, its driver and what the outcome was <i>Update – Covered in meeting</i>	Closed
53	179	30/03/2023	28/04/2023	All	ESO would like Ofgem's input into the strategy for balancing costs for the next 12 months. Lizzie and Adam to go away and provide best dates/times to have a call first. Also figure out exactly what we want to cover, who needs to attend and what it's going to look like. <i>Update – Adam and Lizzie had a session and immediate action can be closed. Conversations and feedback to continue</i>	Closed
53	180	30/03/2023	28/04/2023	ESO	ESO to set up session to go through new specific changes to the metrics/RREs for BP2 and what we report on them <i>Update – No update – sessions to be set up</i>	Open
53	181	30/03/2023	28/04/2023	ESO	ESO to add how does BP2 monthly meetings look to the April Monthly meeting agenda <i>Update – Separate session to be arranged</i>	Open
53	182	30/03/2023	17/04/2023	ESO	ESO to send Metric 1A information over to OFGEM as soon as we have it to calculate the new benchmark <i>Update – Data to be shared by ESO asap</i>	Open
54	183	27/04/2023	31/05/2023	ESO	ESO to provide updates on the investigation around the 25 <sup>th</sup> Jan 2023 error (B9 boundary trip)	Open
54	184	27/04/2023	31/05/2023	ESO	ESO to add all deep dive performance panel feedback to huddle	Open
54	185	27/04/2023	31/05/2023	All	Separate session to be arranged to discuss improvements to BP2 reporting and meetings. Simon and Matthew to agree slot at weekly check-in.	Open
54	186	27/04/2023	30/06/2023	ESO	ESO to arrange discussion with Ofgem to discuss 1E insight reporting following webinar with industry at the end of May.	Open

## Discussion and Questions

Introduction done by everyone due to Emily being a new attendee to call.

### 1. SME slot – Balancing costs

**March balancing costs:** Filippos Panagiotopoulos talked through drivers of the month’s balancing costs.

Jillian then provided an update on the minor cost component category data issue. This is still a work in progress. It has been identified that a significant proportion of the minor cost component should have been reported as operating reserve.

Question	ESO response
Adam: What was the driver for higher operating reserve costs in the month?	Filippos: We had specific days driving the increase in costs rather than an overall trend for the month.
Adam: What was the driver for the 4 higher operating reserve days in a row?	Filippos: We had tight margins for these days and wind generation was lower than the forecast.
Adam: With regards the minor cost component issue, are you confident that it is energy costs rather than constraint costs? Are they all energy side rather than constraints?	Jillian: We’d like to take longer to continue analysis to provide a full correct view.
Adam: How are you going to report minor cost components for end-scheme? As erroneous or re-allocation into different category?	Jillian: There’s still more analysis to be done so it will be categorised as minor cost component with a supporting narrative.
Adam: In terms of BP2, I assume this will be an ongoing issue and will be incorrectly categorised in new reporting?	Jillian: Yes correct
Adam: Do you have a view of when the minor cost component issue will be fixed?	Jillian: We need to do a sense-check on the whole tool and potential resource support. We are currently recruiting which is a challenge due to skills availability.

### 2. Explanation of manifest error – 25<sup>th</sup> January 2023

Jillian provided an overview of the manifest error. It doesn’t come under the definition of “manifest error” and is currently under investigation under the appropriate BSP process. There was a trip to one of the double circuits on the B9 boundary. Emergency assistance was requested from both France and Netherlands and very expensive trades were made across the NEMO interconnector to alleviate constraint. Jillian included a link to the OTF from 1<sup>st</sup> Feb 2023 which provides context to the situation from the relevant PSM.

Area/Question	Feedback
Adam: To confirm, this was not a manifest error under definition but an error on ESO’s part?	Jillian: Correct and it is still under investigation.
Adam: Please let us know when it goes through the BSP Process.	<b>ACTION:</b> Jillian: Yes we will keep you up to date.

### 3. Balancing Costs Deep Dive – Performance Panel Feedback

Lizzie talked through the feedback from the Performance from the 2nd deep dive on Balancing Costs (13th March). Lizzie first gave an overview of what was presented.

Deep dive session was overall positive. Feedback from panel that this session felt much more strategic, the plan feels strategic and robust and that there is a definite improvement subject to nervousness on ability to deliver.

**ACTION:** Simon agreed to put all the deep dive feedback onto huddle.

### 4. BP2 monthly reporting and monthly meetings

Phil asked the question to the group how we want to progress discussions on the future of BP2 reporting and meetings. Agreement that this needs a separate session.

**ACTION:** Simon and Matthew to agree date at weekly check-in

### 5. Additional 1E reporting

Jillian talked through the requirement for additional reporting for BP2 1E for monthly reporting and what options there are for categorisation and insights.

Adam said there is still some concerns from industry on reasons for actions outside of merit order. Jillian said there is a webinar planned end of May/early June and would be keen for Adam/Ofgem to be involved and listen into the session.

Area/Question	Feedback
Jillian: What extra data/insight would Ofgem like to see as part of the RRE reporting?	Adam: We need to do some more thinking based on recent feedback received from industry and it is worth having a wider discussion on this.

**ACTION:** Session to be set up after webinar to discuss enduring reporting needed for 1E RRE. Possibly to take place mid-June.

For BP2 reporting in the interim it was agreed for ESO to make best judgement on what is included against RRE 1E in terms of reporting.

### 6. Review actions & AOB:

1. BP2 Monthly metric benchmarks – Ofgem will turn around benchmarks as soon as ESO have shared required data.

**ACTION:** Phil to pick up required data across the 1A, 1B an 1C metrics to enable Ofgem to create benchmark.

2. 1C Reporting – Simon and Adam to have a separate discussion around associated reporting.

## Previously Closed Actions

Meeting No.	Action No.	Date Raised	Target Date	Resp.	Description	Status
51	164	31/01/23	02/03/23	Ofgem	James to take away and relook at the elements of 2E and see if it is reporting what we want it to and what it's telling us. Will contact incentives team if still not clear after review	Closed
51	171	31/01/23	02/03/23	Ofgem	James will respond to new no longer valid milestones. James is looking for more information before changing them to no longer valid.	Closed
52	172	02/03/2023	19/05/2023	ESO	Jillian to take away the question 'Is there a threshold at which wind becomes a problem?' and try to provide an answer in the narrative for the BP1 End of scheme report	Closed
52	174	02/03/2023	10/03/2023	ESO	OFGEM have re-raised concerns around NTC reporting after no answers. Simon to take away and find who can get a response	Closed
52	176	02/03/2023	31/03/2023	Ofgem	Adam to provide dates and times available for a meeting to discuss 1A benchmark and make sure everyone is clear on what is coming out and what has been agreed going forward.	Closed