

## Meeting Summary

### Balancing Service Charges Task Force

### Meeting Number 3

**Date:** 28/02/2019      **Location:** Webex Meeting

**Start:** 13:00      **End:** 15:30

### Participants

Attendee	Attend/Regrets	Attendee	Attend/Regrets
Colm Murphy, Chair, National Grid ESO (CM)	Attend	John Tindal, SSE, Task Force Member (JT)	Attend
Joseph Henry, Technical Secretary, National Grid ESO (JH)	Attend	George Moran, Centrica, Task Force Member (GM)	Attend
Sophie Van Caloen, National Grid, ESO (SVC)	Attend	Grace Smith, UK Power Reserve, Task Force Member (GS)	Attend
Joseph Underwood, Energy UK, Task Force Member (JU)	Attend	David Bird, Octopus Investments, Task Force Member (DB)	Attend
Mike Oxenham, National Grid ESO, Task Force Member	Attend	Dr Graham Pannell, RES, Task Force Member (GP)	Attend
Paul Mott, EDF, Task Force Member (PM)	Attend	Lisa Waters, Waters Wye Associates, Task Force Member (LW)	Attend
Laurence Barrett, E.On, Task Force Member (LB)	Attend	Tom Edwards, Cornwall Insight, Task Force Member (TE)	Attend
Paul Jones, Uniper, Task Force Member (PJ)	Attend	Caroline Bragg, ADE, Task Force Member (CB)	Attend
Tim Aldridge, Ofgem, Task Force Member (TA)	Attend	Nicholas Gall, Solar Trade Association, Task Force Member (NG)	Attend
James Kerr, Citizens Advice, Task Force Member (JK)	Attend	Rob Hudson, Tata Chemicals Europe, Task Force Member (RH)	Attend
Nigel Bessant, SSEN DNO, Task Force Member (NB)	Regrets		

## Discussions

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1. **Introductions and Apologies for Absence**
    - 1.1 Colm Murphy opened the meeting and welcomed the attendees to the third meeting of the Balancing Service Charges Task Force. All Task Force attendees were thanked for their inputs to the second meeting.
    - 1.2 It was highlighted to the group that the first draft report chapter for Deliverable 1 had been circulated to that Task Force and that feedback would be highly valued.
    - 1.3 Nigel Bessant sent his apologies. There was no official alternate attendee (please see 2.3)

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  2. **Minutes, Actions and Engagements**
    - 2.1 Joseph talked the workgroup through the outstanding actions, a log of which can be found here. Colm Murphy thanked Task Force members who had offered meeting spaces for the Task Force.  
The upcoming Task Force Webinar was discussed as part of the discussions on the actions log. Joseph advised that there had been a good level of sign ups for the Task Force. It was noted by the Task Force there other industry meetings are on this day but there should be no significant clashes, as sign up has been good and it is hoped that the webinar will be productive. It was also noted that the webinar is to be recorded so those who cannot attend can listen to and review content afterwards.
    - 2.2
    - 2.3 Joseph advised that the alternate list had been opened to Industry Colleagues who has applied to be on the Task Force, but had not been selected, in accordance with the Terms of Reference. Joseph advised that 10 members had expressed a wish to be part of the alternate list and that this list would be shared with the Task Force. Colm explained that if a Task Force member were for any reason to be unavailable for a scheduled meeting, that the chair would discuss with the member in question who would make the most suitable replacement from the list of alternates. The agreed alternate would attend instead of the unavailable Task Force member.
    - 2.4 The minutes from meeting 2 were circulated in advance of the Task Force for review, but there were some amendments to Section 4 of the previous minutes which were to be agreed on. **(Action: Secretariat to distribute minutes to Task Force members for a short period of review to agreed wording in section 4 prior to publication).**

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  3. **Engagement Feedback and Report**
    - 3.1 Sophie discussed feedback and engagement with industry. The Task Force were advised that Transmission Charging Methodology Forum (TCMF) gave no feedback at this juncture, however DCMDG gave feedback that they would appreciate that the end product of the Task Force would be predictability. In terms of engagement with EUIG, Lisa stated that she was awaiting NGESO to set up a meeting, which she would be happy to attend to represent the Task Force. **(ACTION NGESO to engage EUIG in regards to Task Force Feedback).**
    - 3.2 The Task Force members were reminded that the draft version of Deliverable 1 had been circulated on 22 February 2018. Sophie advised the Task Force that this is work-in-progress and is being circulated to get initial views and feedback from the Task Force to ensure we are heading in the right direction for both structure and content. The Task Force were made aware that their feedback would be taken into account. Tim asked that if the report is going to be streamlined and shortened, and would the group get the opportunity to review the shorter report. Tim was advised by Sophie that this would be the case. Mike advised that there would be an emphasis on concision as opposed to shortening and it was agreed that it would be good to consider multiple audiences when drafting the report e.g. a more detailed report but also a good executive summary providing an overview, for example.

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  4. **Deliverable 2 – Potential Options and Potentially Discounted Options**
    - 4.1 Mike presented to the Task Force to play back the potential options ESO had recorded as being identified for Deliverable 2 in greater detail i.e. where there is potential for existing elements of balancing services charges to be charged more cost-reflectively and hence provide better forward-looking signals. The Task Force members were also reminded of the ALOU model which would be used in order to assess the options moving forwards.
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- 4.2 The options which were played back as being potential options which warrant further consideration were as follows:
- 4.3 **Option 1 – Locational Transmission Constraints**
- A locational approach to Transmission Constraints for ESO actions and costs to resolve a constraint across identified system boundaries.
- 4.4 **Option 2 - Locational Reactive and Voltage Constraints**
- A locational approach to Reactive Power and Voltage Constraints for ESO actions and costs on reactive power and to resolve voltage constraints across identified system boundaries.
- 4.5 **Option 3 - Response and Reserve Bands**
- A methodology could introduce banding whereby different parties pay different charges for response and reserve costs.
- 4.6 **Option 4 – Response and Reserve Utilisation**
- Any market participant(s) which are the cause of any utilisation are those that could pay for the costs associated with these utilisations.
- 4.7 **Option 5 – Energy Imbalance Component**
- It could be possible to target the costs (or benefits) associated with energy imbalance to those parties who are in or out of balance. RCRC would need to be taken into consideration.
- 4.8 **Option 6 – System Constraint Surge Pricing**
- This could involve the ESO issuing warnings in regards to system constraints in advance, with those causing or exacerbating constraints identified. The costs of these constraints would then be attributed to these pre-determined parties.
- 4.9 It was noted that Option 6 was suggested after TF2 by a Task Force member and was not discussed at TF2. After consideration of the option it was decided it would be covered within Option 1 and Option 2 and did not need to be a standalone potential option.
- 4.10 The Task Force also had mixed views on whether Option 5 was carried forward from TF2 and after further discussion it was decided that Option 5 would instead be provisionally discounted, subject to feedback from wider industry on the webinar the following week.
- 4.11 The Task Force provided feedback on potential limitations with each of the options and these were recorded for discussion at TF4 alongside any feedback and/or questions from the webinar; it was agreed that as well as presenting the potential options to wider industry on the webinar some of the emerging limitations should also be shared to show that the Task Force is starting to explore the feasibility of the potential options.
- 4.12 The Task Force agreed that the potential options to gain feedback on from wider industry were Option 1 through Option 4 i.e. those which are to be further developed by the Task Force over the coming weeks.
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- 5.0 **Webinar**
- 5.1 Task Force members were reminded of the Webinar to be held 7 March 2019 and future meetings of the Task Force. Task Force members agreed that the Webinar should not go in to too much detail on Deliverable 2 potential options at this stage but give a high level overview, as the Task Force itself had not explored the options exhaustively at this juncture. Mike advised the Task Force that draft slides for
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the Webinar would be circulated to the Task Force for review and comment after the meeting. Task Force members were invited to take part in the Q and A at the Webinar.

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6.0 **Summary**

6.1 The chair summarised the day by advising deliverables remained on track, but there was work to be done in terms of finessing the draft report chapter for Deliverable 1 and welcomed feedback. Colm also highlighted discussion on the options presented as part of Deliverable 2.

6.2 Task Force members were thanked for their input and the meeting drawn to a close.

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