

Monthly Monitoring Meeting

1st February 10:00-12:00

Teleconference

AGENDA

Ref'	~Time	Title	Owner	Resolution required?
1	<i>N/A</i>	Actions from previous meeting	<i>Technical Secretary</i>	
2	<i>90 min</i>	<ul style="list-style-type: none">• Forward Plan• Quarterly Reporting• AOB	<i>ESO</i>	

Meeting record

Monthly Monitoring Meeting

Meeting number 8

Date: 1st
February

Present: Ofgem:

National Grid:

Time: 10:00 –
12:00

Venue/format:

Teleconference

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 panel dates	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 of the incentive forecast	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 informational portal.	In Progress

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 metric.	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 support outcomes expected from the auction trial?	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 mentioned within the report.	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 this further.	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 Networks	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
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MAIN ITEMS OF INTEREST

Forward Plan

Following the publication of the Forward Plan (FP) 2019-2021 on 11th January and the stakeholder event on the 22nd January, Ofgem and the ESO discussed the structure and content of the FP. Ofgem shared that these themes would be reflected in their consultation response. On Tuesday 29th, Ofgem had provided the ESO with over 50 questions on the draft FP; the ESO shared that they could not provide Ofgem with responses ahead of this meeting due to the tight timescales because of the level and amount of questions that would require scrutiny by the ESO teams. Ofgem noted they did not originally anticipate that developing answers to these questions would be too time consuming (or that they would require senior level review), particularly as they would be split between different teams. However, given the ESO's feedback, they would try and give more notice for written questions in future. Ofgem noted that they were intending to follow a similar approach to last year but recognised that the people in the ESO's regulation team were now different, so they may not be aware of what happened previously. Ofgem noted it was inevitable that they were going to have questions on the plan as they needed to make an informed formal opinion. The ESO committed that the themes of the questions would be responded to within the final FP document and discussed during February and March with Ofgem.

The following overarching themes of feedback on the FP were:

- Ofgem reflected that the format, accessibility and length felt appropriate and showed that the ESO has taken on board learnings from this incentives year. Ofgem shared that the FP needs to demonstrate at the start of the year which deliverables are likely to exceed baseline expectations. Ideally there would be agreement between the ESO, stakeholders, the panel and Ofgem on these distinctions to help minimise the burden of reporting and revisiting the plan throughout the incentives framework period.
- As per the questions shared before the meeting, Ofgem challenged the ESO to reflect on previous feedback on the types of deliverables that would exceed expectations. It also encouraged it to provide a clear rationale and evidence for why deliverables are expected to exceed baseline. The ESO shared that they will be providing more detail in the final version of the FP to be published in March 2019. Ofgem and the ESO agreed to organise some sessions with the ESO and Ofgem subject matter experts (SMEs) in the coming weeks to provide this detail and support the Formal Opinion Process.
- Ofgem noted that there are approximately 70 exceeding and 30 baseline deliverables in the FP. They shared that it may be more persuasive that a plan is ambitious overall by having just a few focussed and clearly-evidenced, ambitious deliverables than multiple less evidenced deliverables labelled as exceeding
- Ofgem noted that there were some deliverables that they would have expected to see in the FP that were not mentioned or in some cases, required further detail on the deliverables through to March 2021. The ESO shared that the FP contained all deliverables that had been rigorously planned, noting that were further planning was being undertaken internally on deliverables that are in early development, the ESO confirmed that this would be shared in due course after sufficient planning and stakeholder engagement had taken place; the ESO shared that they did not feel comfortable providing industry with work plans that are in early development. The ESO also recognised that the FP would evolve over time as we deliver and would be updated as appropriate to reflect this. Ofgem recognised the challenge of committing to outputs and timelines when work was still underway to define these

outputs, but noted that for the purposes of the plan, it was important that the deliverables are as specific and well evidenced as possible, so Ofgem can provide a stronger steer in the formal opinion. Where precise outputs are less known the ESO should look to include the expected milestones on the way to reaching a defined output.

- Ofgem challenged the ESO to provide more detail on how some deliverables build upon the work undertaken this year. In particular, they noted that some deliverables appeared to be repeated from the 2018/19 plan. Ofgem noted that if some deliverables had been moved from last year to this year, then this should be clearly communicated, so this could be properly accounted for in the 2018/19 end of year review.
- Ofgem reflected that some of the deliverables are overlapping between principles. The ESO responded the roles and principles naturally overlap, particularly in terms of whole system, information provision and transparency. They directed Ofgem to Appendix B which shows the primary principle for each deliverable to be attributed to (i.e. how they would be reported) and how they contribute to the overall success of other principles. Ofgem encouraged the ESO to align deliverables to one principle.
- Ofgem encouraged the use of broader metrics that would better demonstrate progress against the outcomes the ESO is trying to drive through its plans. Particularly for Role 1, transparency around balancing could be measured using a stakeholder survey. The ESO shared that they had been reflecting on this feedback from the panel in November, noting that they didn't feel a stakeholder survey was appropriate given the current burden on stakeholders. The ESO shared that they continue to consider other metrics during the final development of the FP. Ofgem noted that some of the metrics had not evolved much since the last plan and they encouraged the ESO to review them before the final forward plan, reflecting on experiences during the 2018/19 scheme.
- Ofgem shared the next steps towards the Formal Opinion, with the panel meeting on Friday 15th February to discuss the FP, providing a consolidated report on the FP. To support this, the panel can ask clarification questions of the ESO via Ofgem. Ofgem committed to a sifting process regarding the questions that would be provided to the ESO to ensure that they are of most value to support the panel's discussion of the FP. The ESO reminded Ofgem of the tight timescales associated with final FP for March publication, stressing that feedback must be shared as soon as possible for it to be incorporated. The ESO stressed the importance of this process to them, highlighting that this process is an annual £60million decision, which is why it has such senior engagement from the ESO perspective.
- Ofgem recognised the tight timelines, noted that the ESO had governance processes to go through and that it was already thinking about its final plan. However, it also stressed to the ESO the importance of fully considering and taking on board stakeholder feedback on the draft plan and questioned whether the ESO's current plan timelines allowed for a full consideration of stakeholder views. Ofgem would be examining the extent to which feedback is taken into account as part of the formal opinion process. The ESO reassured Ofgem it had put in place to process to properly consider this feedback.
- Ofgem and the ESO committed to further discussing the FP as part of the finalisation process.

Q3 Reporting

- Ofgem shared that they found the format useful, concise and worked well to provide a clear update on delivery against the Forward Plan.
- The ESO and Ofgem continue to have a difference of opinion in places on deliverables against the baseline vs exceeding categories, acknowledging that for the next FP it would be beneficial to create more up front certainty before the incentives scheme year commences by the ESO developing an ambitious and defined plan.
- Ofgem shared that they noted that some deliverables had been delayed asking how stakeholders had been informed of this. The ESO asked for Ofgem to confirm which deliverables they were referring to as explanations had been provided within the report. Ofgem noted that key deliverables they were referring to particularly were the ones picked

up in their questions on the 2019/20 plan. However, they also committed to sending through any further clarification requests following the call.

- Ofgem noted that their key area of questioning from the Q3 report was around why balancing costs were greater than the costs benchmark. In particular, Ofgem were unclear why constraint and ROCOF related costs had risen from last year. However, it was noted that the ESO and Ofgem would be discussing balancing costs separately with relevant experts on w/c 4th February.
- Ofgem shared that they have no questions regarding Principles 5-7.

Appendix 1 – Timetable

1. Annual Requirements

- Monthly
 - 15th working day of M+1 keeps cost basis historic
 - Meeting 20th working day of M+1
- Quarterly
 - 15th working day of M+1 following Q end (Jul, Oct, Jan)
- Half Year Report
 - 15th working day in October (M+1 after half year completed)
- Year End- Ofgem's Proposal
 - 7th 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 th Working Day	Monthly report submission date	ESO	
No later than 5 Working Days before meeting	Provide the Chair with meeting papers	ESO	
20 th Working Day	Monthly Monitoring Meeting	Technical Secretary	
25 th Working Day	Minutes from meeting submitted	ESO	
End of Month	Chair to approve minutes from meeting	Chair	
2 nd 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 th WD)	(20 th 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