

## Monthly Monitoring Meeting

Thursday 29 Aug 2019 14:00 – 16:00

Ofgem Office South Colonnade and Teleconference

### AGENDA

Ref	Time	Title	Owner
1	15 min	SME slot – Future Energy Scenarios	ESO
2	15 min	SME slot – Operability Strategy Report	ESO
3	15 min	SME slot – Stability Pathfinder	ESO
4	10 min	SME slot - July balancing costs	ESO
5	5 min	Review actions	ESO
6	10 min	ESO to highlight any particular notable points from the published report	ESO
7	10 min	ESO to answer any questions which Ofgem have sent prior to the meeting regarding the recently published report	ESO
8	10 min	ESO to take other questions on the published report.	All
9	15 mins	Mid-year Report: what would Ofgem like to see in this? E.g. style, layout, content. What does well evidenced consumer benefit look like?	All
9	10 min	Planning for mid-year reporting and Panel event.	All
10	5 min	AOB	All

## Meeting record

### Monthly Monitoring Meeting

**Date:** 29 Aug 2019

**Time:** 14:00 – 16:00

**Venue/format:** Ofgem Offices  
London

Teleconference

#### **ACTIONS**

Meeting No.	Action No.	Date Raised	Target Date	Resp.	Description	Status
16	38	29 <sup>th</sup> Aug	15 <sup>th</sup> Sept	Ofgem	Arrange a meeting to further discuss Mid Year Report content.	Open
16	39	29 <sup>th</sup> Aug	15 <sup>th</sup> Sept	Ofgem	Confirm the date of the November Panel event.	Open

#### **MAIN ITEMS OF INTEREST**

##### **1. SME slot – Future Energy Scenarios (FES)**

The ESO presenter gave an overview of the four credible energy pathways presented in FES 2019. Two scenarios achieve an 80% reduction in greenhouse gas emissions by 2050 (compared with 1990 levels), the previous UK emissions reduction target before the introduction of new net zero legislation in June 2019. The ESO has kept the scenarios framework the same as 2018 in response to stakeholder feedback. In response to political discussions, the ESO had already decided to produce a net zero sensitivity for the 2019 document – some exploratory modelling looking at how net zero carbon emissions could be achieved by 2050. After the Government's announcement on new legislation just before FES 2019 went to print, this received a lot of attention.

Key themes in FES are: net zero is achievable; decarbonisation of heat; EV (electric vehicles) enabling renewables; whole-system digitalisation.

The ESO is taking additional approaches to stakeholder interaction, with new videos and more stakeholder interactions and articles on platforms such as LinkedIn.

The ESO hosted 2 events to launch the FES this year: a breakfast briefing on key messages, then 1 week later an analyst event, to pitch the data and messages at the different levels of audience knowledge and needs. This worked well and got good feedback.

The ESO noted how FES contributes to each of the four ESO roles.

Question from Ofgem: “What was the feedback from the wide audience range, and how do you collect the feedback and stakeholder involvement in the process?” ESO replied: “We do a written call for evidence in the autumn, and may run some further engagement events. We also hold a lot of bi-laterals with trade associations etc., to validate what we are doing. We also produce a number of documents in addition to the main FES document to ensure the content is accessible for a broad audience, for example: ‘FES in 5 mins’ (a concise summary publication), and a ‘modelling assumptions’ document to meet the needs of various levels of stakeholder knowledge. We have received feedback that this tailored approach is really useful, and in particular received good feedback on the 2 separate events held this year.

## **2. SME slot – Operability Strategy Report**

The ESO presenter noted that many factors interact to impact system operation and make it more difficult as time progresses.

The ESO noted the many strands of work are being done to meet the challenges. The Operability Strategy Report pulls all these strands together to give stakeholders one place to find information, and pointers to the more detailed information.

The ESO stated “The initial report was in Nov 2018. We found that a lot of people had not read the report. We are now trying to increase awareness of this report, and in June 2019 did an update and made it more useful to stakeholders: what are the challenges, what are we doing about them, where to find further info.

Our approach seems to be working, as there was more coverage of the report in the industry press, and more awareness of it.”

The ESO said the next update is planned for Nov 2019, and is starting the work on this. The ESO welcomes suggestions for shaping this report.

Ofgem said this report is very much welcome, as stakeholders tell them they get confused by the suites of documents the ESO produces. Ofgem asked if there are there any plans to increase the awareness of the report, and that stakeholders say the website is confusing. The ESO replied that they agree awareness needs to be increased and it is a standing item on ENCC visits and at the Operational Forum, and they include it when invited to events as speakers. The ESO said they also use social media such as linkedin to promote it, and are open to further suggestions. Ofgem suggested that ESO could perhaps do a daily update communication like Ofgem’s.

### **3. SME slot – Stability Pathfinder**

The ESO presenter gave an overview of why they are doing this pathfinder. The ESO has been highlighting that synchronous generation is decreasing, and will continue to do so in the future. The Pathfinder will look at the challenges arising from this, and how to address them. The first step is a Request For Information (RFI) to engage with the market to share understanding and collect information. This will help the ESO to enable low-carbon operation in the future. The ESO published an RFI in July and did a webinar in August. The ESO has an updated Q&A on its website, answering over 100 questions. 180 stakeholders signed up for the first webinar, industry is very interested in this topic

Ofgem asked how the RFI works, if industry can offer solutions. The ESO replied that they ask potential providers a set of questions about costs and technology readiness, as well as asking for free-form input.

The ESO explained in the RFI what it is looking for in different areas of GB. For example, they have done a detailed analysis of needs in Scotland and intend to tender in the near term for services/solutions in this area. Ofgem asked how did the ESO decide what areas to look at, the ESO replied that they do detailed network analysis and studies with different wind and fault case scenarios, and the sites in the RFI are where there is most need as determined from the system studies.

Ofgem asked how sync-comps fit into this, the ESO replied that they provide the technical performance criteria and the solution needs to satisfy these, so as long as the technology can meet these, they are open to any technology.

Ofgem asked about the next steps over the next six months, the ESO replied that in the next phase (RFI feedback publication) they will share next steps with stakeholders.

### **4. July Balancing costs**

The ESO gave commentary on £69.4m outturn costs vs. The metric benchmark of £85m.

Key points: WHVDC link came back to service early June, and as such helped alleviate constraint costs.

There was also significant reduction in RoCoF costs, as the trigger levels were higher in July than in June. The higher trigger levels also resulted in fewer actions being taken on interconnectors and BMUs.

### **5. Review actions**

Both closed, satisfied by guest presentations.

### **6. ESO to highlight any particular notable points from the published report**

Balancing costs were covered by ESO presentation.

Energy forecasting is on target.

Wind forecasting is on target, due to steady wind conditions and new weather stations being added to systems closer to wind farms.

ESO has continued to hold ENCC visits which are well received.

BSUoS forecast just missed its target by 0.1 %

System access management on target.

Connections agreement management on target, right first-time connections below target which we will learn from.

Ofgem asked if the Ops forum could be held in London to increase attendance potentially. Also Ofgem asked if more senior ESO people could be present: Ofgem heard this feedback at the Ops Forum they recently attended. The ESO said they would feed this back to the organisers, and that they were keen on using their new independent ESO building headquarters at Faraday House in Warwick to host events.

**7. ESO to answer any questions which Ofgem have sent prior to the meeting regarding the recently published report**

The ESO responded directly to Ofgem prior to the meeting.

**8. ESO to take other questions on the published report.**

Ofgem asked about is the next CACoP survey, and the ESO said it was being managed by the relevant part of Ofgem.

**9. Mid-year Report: what would Ofgem like to see in this? E.g. style, layout, content. What does well evidenced consumer benefit look like?**

Ofgem said they found the EOYR (end of year report) structure helpful, as was the FP (Forward Plan), and the clear layout of deliverables to track progress against. Ofgem want to be able to track the deliverables from the FP in the reporting.

Ofgem said to understand what they want from Consumer Benefit reporting, refer to the ESORI doc. Ofgem want the ESO to show that they have looked at different options of what they could work on and have chosen the one which maximises consumer benefit. In ESO case studies, Ofgem want to see the assumptions made for calculations, and what else is a factor in what might impact the benefit delivered.

Ofgem want the ESO to justify any percentages it has used to demonstrate its contribution to a bigger/wider delivery of saving, and the ESO needs to explain this. Ofgem said it is helpful to associate specific deliverables and metrics to consumer benefit. The ESO could pick out a number of deliverables across their roles to show consumer benefit delivery. They could also highlight how the deliverables and benefit link to long term strategy, e.g. the transition to low carbon. The ESO could use a golden thread approach to link everything together. Ofgem found consumer benefits maps (used in EOYR) helpful, the ESO could show the linkages in these maps – using the diagrams to link to narrative text.

The ESO asked are there good/bad examples of published consumer benefit cases?

Ofgem replied: “The FFR example was good with the HHI chart – can this be applied to other ancillary services, and what else could have driven down the prices?”

Ofgem are keen to see detail in the case studies, however some Panel members may want higher level information. Ofgem said it would be useful to have one or two detailed studies per role.

Ofgem said the ESO doesn't always have to focus on all the evaluation criteria in all examples, it should focus on what is most relevant, e.g. if the deliverable is all to do with future benefit the it is OK to focus on that aspect of performance measurement.

Ofgem said the ESO needs to justify robustly any counterfactuals used. The ESO asked, with respect to statements in the RIIO2 incentives consultation where Ofgem have made their learnings and requirements clear, what scope is there to understand where the current incentives scheme could move to next year to weight different stakeholder input. Ofgem said that the Panel are aware of negative bias potential in stakeholder evidence. Ofgem said that they also take evidence from bi-laterals during the year from stakeholders in addition to the calls for evidence. Ofgem said that ESO needs to fully evidence what it has done, or could have done, in response to the stakeholder feedback. The ESO stated that it was important to get feedback at mid-year point, so it could course-correct on its plan as appropriate and/or necessary.

#### **10. Planning for mid-year reporting and Panel event.**

The ESO asked can we pin down a day w/c 11th Nov for the mid-year Panel event. Ofgem said that 13th is most likely, the ESO asked for confirmation as soon as it is known in order to plan people's availability. Ofgem said event would be in the Westminster area.

Ofgem said they will do a call for evidence before the MYR is published, the ESO suggested overlap with the publication date may be useful. The ESO requested advance notice of when this call for evidence would take place.

#### **11. AOB**

The ESO asked is there a RIIO2 incentives workshop next week? Ofgem replied that this would not take place, as it would now be too rushed. Ofgem will do a workshop in the future- the ESO Incentives Manager will attend on behalf of ESO.

Ofgem said it may be worth having a separate meeting on what may be useful to include in the mid-year-report. Ofgem and ESO are to arrange a date in next few weeks, to take input from other Ofgem management meetings and convey this to a working level. Ofgem are to contact the ESO incentives Manager to arrange a suitable date.

## Appendix 1 – Timetable

### 1. Annual Requirements

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

### 3. 2019-2020 Reporting & Meeting Dates

Month	Report Published (15 <sup>th</sup> WD)	Ofgem Meeting (20 <sup>th</sup> 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		28/03/2019	
April			
May	7/5/2019		End of Year Report

## Appendix 2 – Recently Closed Actions

14	32	30th May	28th June	ESO	Explanation and narrative around wind forecasting in April to be provided to Ofgem	Closed
14	33	30th May	28th June	ESO	Role 1- balancing costs table – metric 1 – add extra row on adjustments (page 4)	Closed
14	34	30th May	28th June	ESO	Add table/figure numbers to report	Closed
15	35	28 <sup>th</sup> June	26 <sup>th</sup> July	ESO	Provide more detail on the planning that is taking place for September onwards	Closed
15	36	26 <sup>th</sup> July	29 <sup>th</sup> Aug	ESO	Provide more detail on Stability Pathfinder	Closed
15	37	26 <sup>th</sup> July	29 <sup>th</sup> Aug	ESO	Provide more detail on Operability Strategy Update	Closed