

A landscape of snow-capped mountains and a valley. Several bright yellow, glowing lines, resembling energy or data streams, curve across the valley floor from the left towards the right. The sky is filled with dramatic, golden-hued clouds, suggesting a sunrise or sunset. The overall scene is a blend of natural beauty and modern technology.

GB TERRE Implementation Group

9 December 2020

Agenda

Item	Topic	Purpose	Presenter	Time
1	Welcome	Information	Graham Dolamore	5 mins
2	Interconnector working group update	Information	Tom Ireland	5 mins
3	Scenarios and feedback	Information	Graham Dolamore	5 mins
4	Summary of current position	Information	Graham Dolamore	5 mins
5	Implementation plans	Discussion	Graham Dolamore	30 mins
6	Next steps and next meeting	Agreement	David Bowman	5 mins

Notes

- Please use the raise hand function to ask questions. We will invite questions at the end of each slide
- We are recording the meeting to aid minute capture. Anonymised minutes will be published on the ESO website. The recording will not be published.
- Slides, minutes and further industry information is published [here](#).

Item 2 – Interconnector working group update

Tom Ireland



Item 3 - Scenarios

In the last meeting we agreed to further develop Scenarios 1 and 2 for detailed implementation planning

Wait for legal clarity before proceeding

Scenario 1 - FTA or no FTA means that our participation as a third country to exchange RR using TERRE in the way currently envisaged will not be permitted

Scenario 2 - FTA means the EC will allow GB to exchange RR using TERRE

Take forward for detailed planning

Continue prior to legal clarity

Scenario 3 – ESO assumes access to TERRE platform as currently envisaged, with material risk of change

Scenario 4 – Pause all work.

Do not take forward

Subset of scenario 1

Since the last meeting we received the following feedback. A summary of all feedback received to date is in the annex.

Feedback	ESO comment
Does scenario 2 represent an <i>opportunity</i> or <i>obligation</i> to participate in TERRE?	For ESO - under statutory instrument that covers EGBL, the obligation for TERRE is omitted. The FTA could say we are fully covered by the EGBL, in which case the obligation stands, but this is seen as unlikely For market participants – opportunity to participate
Need to split scenario 1 – standalone mode and bilateral exchanges	To be discussed at next interconnector working group
In scenario 1 and 2 there should be a CBA before any go / no decision and before bulk of remaining implementation work is undertaken by ESO	Considered in the implementation plans
Does GB TERRE Implementation Group have sufficient representation?	Open letter response and invite was sent out to our Balancing distribution list and placed on website. Further representation is welcome.

Further feedback is welcome

Item 4 - Summary of current position

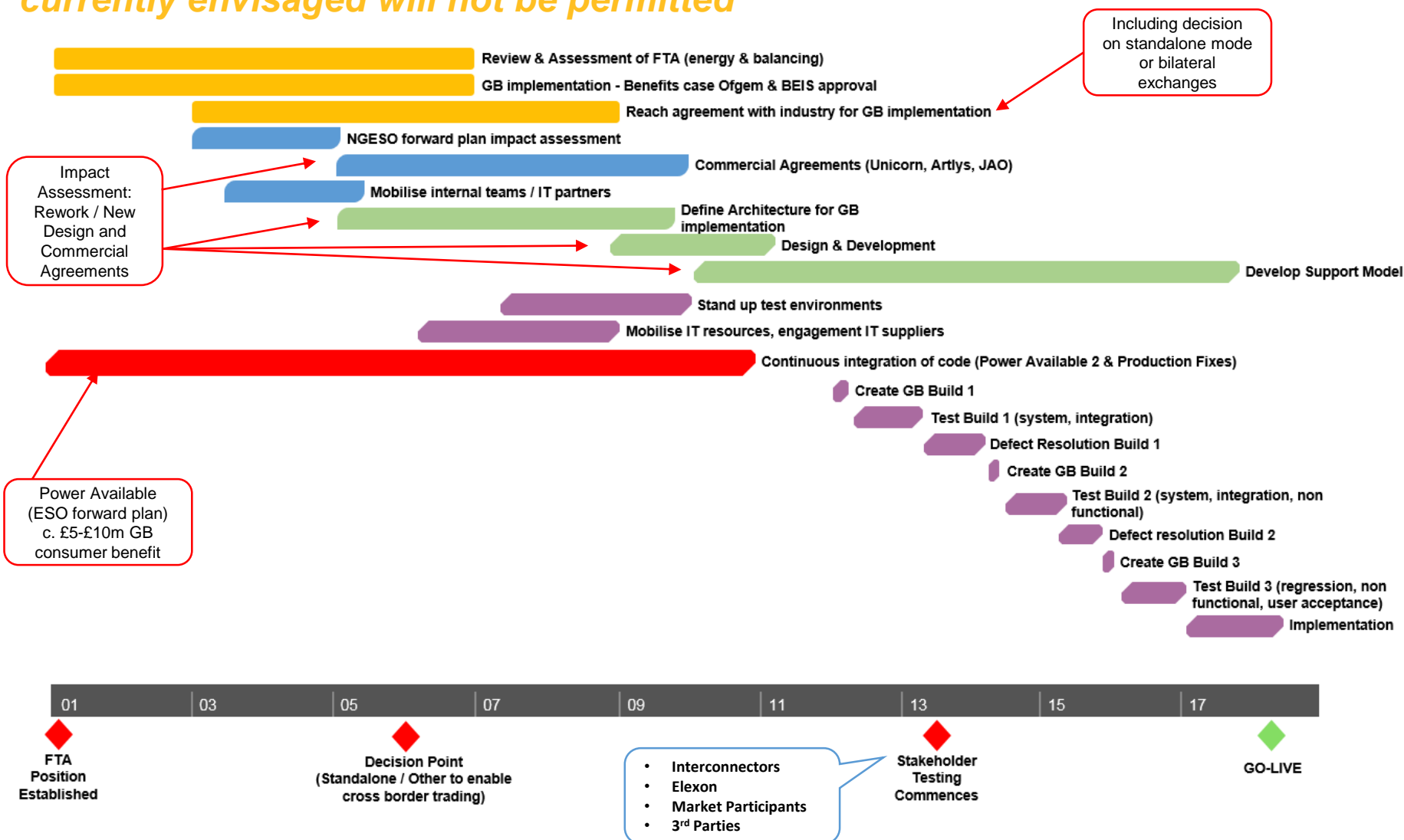
- Open letter of 4 September stated that it would not be possible to facilitate GB participation in replacement reserve (RR) before the end of 2020.
- During this pause, our core balancing systems have continued to evolve with other initiatives that provide consumer benefit, including Power Available Phase 2.
- Power Available (ESO Forward Plan) – estimated £5m to £10m GB Consumer benefit.
- As a result, integrating TERRE with the planned Power Available Phase 2 release into our production systems will require rigorous testing, above what would have been required before Power Available go-live.
- We recognise integration with third parties systems (such as Elexon, European platforms and the interconnectors) would require a similar level of effort and coordination.

Item 5 – Implementation Plans



Scenario 1 — Wait for legal clarity before proceeding

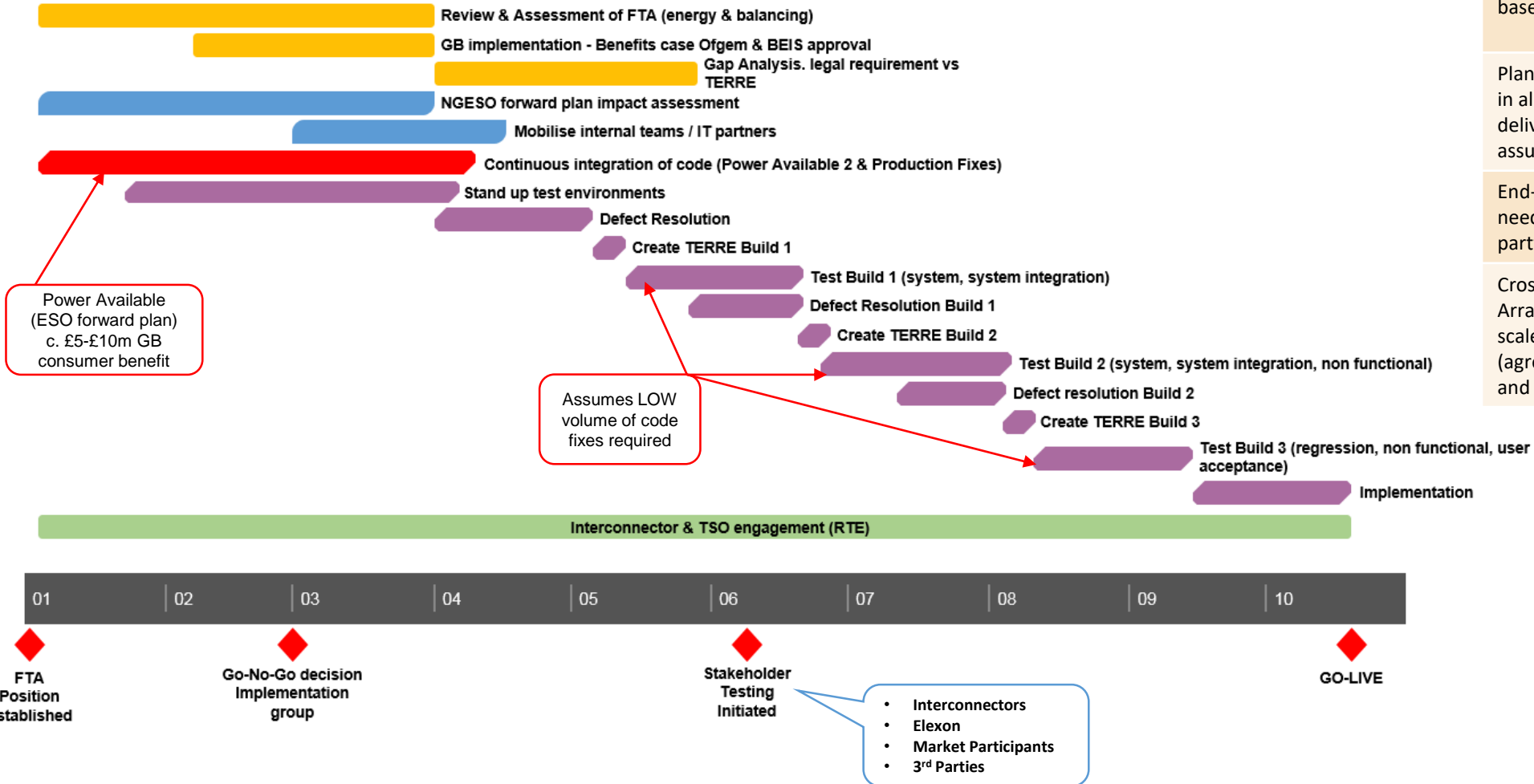
'FTA or no FTA means that our participation as a third country to exchange RR using TERRE in the way currently envisaged will not be permitted'



Risks	Mitigation
FTA assessment & review takes longer the base assumption	Continued engagement with BEIS / Ofgem and regular review via this group.
CBA presents minimal benefits case	Seek alternative solutions or do not proceed
High-level of re-work needed for standalone mode	Incorporated into the CBA
No access to algorithm to facilitate standalone model	Engagement with RR provider for EU and leverage IP rights.
End-to-end integration needed across multiple party systems	Continuous engagement with affected parties to understand knock-on effects
Cross Border Arrangements- greater scale of change required (agreements, operation and settlements)	Interconnector sub group coordination.

Scenario 2 - Wait for legal clarity before proceeding (Technology delivery restart M4)

'FTA means the EC will allow GB to exchange RR using TERRE'



Risks	Mitigation
FTA assessment & review takes longer the base assumption	Continued engagement with BEIS / Ofgem and regular review via this group.
Plan assumes flexibility in all 3 rd party plans to deliver baseline assumption	Continued engagement, via this group, implementation and go-live coordination.
End-to-end integration needed across multiple party systems	Go-live implementation sub group formed.
Cross Border Arrangements- greater scale of change required (agreements, operation and settlements)	Interconnector sub group coordination.

Item 6 – Next steps and next meeting

Next steps

- Group to provide comments on implementation plans for each scenario by Friday 11 December
- ESO to revise implementation plans and draft forward plan on actions to be agreed at the next meeting
- ESO to respond to Ofgem on behalf of the Implementation Group, on progress. Key messages will be shared in advance for comment.

Next meeting

Wednesday 16 December, 12-1pm

Agenda:

- Updated implementation plans and draft forward plan on actions
- Key messages for letter to Ofgem on Implementation Group progress

Annex

Summary of feedback received to date



Feedback received to date

Channel	Feedback	ESO comment
Post 2 December meeting	Does scenario 2 represent an <i>opportunity</i> or <i>obligation</i> to participate in TERRE?	Obligation for the ESO, opportunity for market participants
	Need to split scenario 1 – standalone mode and bilateral exchanges	To be discussed at interconnector working group on xxxx
	In scenario 1 and 2 there should be a CBA before any go / no decision and before bulk of remaining implementation work is undertaken by ESO	Will consider this in the implementation plans
	Does GB TERRE Implementation Group have sufficient representation	Invite was sent out to our Balancing distribution list and placed on website. Further representation is welcome.
2 December meeting	Scenario 3 not feasible. Material risk of change and stranded spend. Might be difficult to get industry engagement	Decision not to take scenario 3 forward for more detailed planning
	Scenario 1 is the only credible scenario. Need scenario 4 as decision point in scenario 1.	Combine scenario 4 as decision point in scenario 1. Proceed with scenarios 1 and 2 for more detailed planning
	Need to consider impact on MARI if work on TERRE is stopped. Suggestion that work on MARI should stop too.	Noted
	What is the ESO view on scenarios?	As per the industry update of 4 September, work is currently paused.
Post 25 November meeting	Support for scenario 4. Could form part of least worst regrets pathway.	2/12 - Combine scenario 4 as decision point in scenario 1. Proceed with scenarios 1 and 2 for more detailed planning
	Scenario 4 could be seen as a nuance of scenario 1	
	Scenario 1 is only credible scenario	
	Scenario 1 – split standalone mode and bilateral exchanges into distinct scenarios.	Discussed at 2/12 meeting and agreed to further develop at Interconnector working group
	No regrets items such as ECP4 upgrade and system-to-system flow methodology should proceed now	To be discussed at the Interconnector working group
	Seek clarification that the design of the TERRE solution has not changed. Need to be mindful of impact of further industry testing on other initiatives	Noted
25 November meeting	Could the ESO take a local copy of the TERRE algorithm and associated software and use in standalone mode	In theory yes, but this would not allow replacement reserve exchange with Europe which is central to the benefit case. A CBA would be needed.
	Does any IT work need to happen now to avoid delaying the scenarios?	Work is continuing on testing ESO systems with the Libra platform. The consideration then is whether the ESO should start to implement code that affects internal and external parties and systems that may need unwinding, representing a potential regret spend.
	how far does waiting for legal clarity push back delivery, assuming we can access TERRE by 1 January 2021.	From a non-technology perspective we need to understand whether the final trade agreement means the commercial arrangement are the same as what we currently expect and make any necessary changes. In terms of technology, there will be a remobilisation plan but this would be impacted by a change freeze over the Christmas period as is standard practice for operators of critical national infrastructure
	Is there a credible scenario assuming we are not going to have access and then re-start if the situation changed.	Combined with post meeting feedback, this became scenario 4.
	whether changes to Article 19 that would remove our obligation to be part of TERRE apply across all scenarios	Presume this is the case.

