

# Incentives Monthly Monitoring Meeting

## Meeting Minutes (August 2023-24)

### Details

Date:	<b>02 October 2023</b>	Location:	<b>Teleconference</b>
Time:	<b>11:00 - 12:30</b>	Meeting Number:	<b>59</b>

### Agenda

Ref	Title	Owner
1	<b>Balancing costs monthly update - Filippos</b>	ESO
2	<b>Outage Optimisation – Kathryn Sorrell</b>	ESO
3	<b>Metric 1C Wind Generation Forecasting - John Walsh</b>	ESO
4	<b>ESO to highlight notable points from the published report</b>	ESO
5	<b>ESO to take questions on the published report</b>	ESO
6	<b>Ofgem to give feedback on ESO performance</b>	Ofgem
7	<b>Review actions &amp; AOB</b>	All

### Participants

Name	Company
Simon Targett	ESO
Filippos Panagiotopoulos	ESO
Jillian Wells	ESO
Mark Robinson	ESO
Lizzie Blaxland	ESO
Phil Smith	ESO
John Walsh	ESO
Kathryn Sorrell	ESO

Name	Company
Yuchang Wang	ESO
Chris Statham	Ofgem
Adam Gilham	Ofgem
Matthew Fovargue	Ofgem
James Hill	Ofgem
Shubh Mehta	Ofgem
Luke McCartney	Ofgem

## 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 – include in an upcoming 1C deep dive session.</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 – Data issue still being worked on</i>	Open
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. <i>Update – Additional insight provided in monthly reporting / slides. Possible deep dive later in the year</i>	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. <i>Update – ESO to set up sessions in November TBC</i>	Open
55	187	01/06/2023	30/06/2023	ESO	Clarify with David Lenaghan the exact concerns regarding publishing BMU-level data in the public domain, and let Ofgem know. <i>Update – Meeting held with Ofgem, first anonymised data published, ESO require steer from Ofgem on sample data.</i>	Open
58	202	05/09/2023	01/10/2023	All	Agree a date and location by email for Ofgem and ESO to hold an in person meeting to discuss balancing costs <i>Update – Proposed for 17th October – does this date work for Ofgem and confirm any changes to proposed agenda (subject to potential clash with CMF knowledge share)</i>	Open
58	204	05/09/2023	31/10/2023	ESO	ESO to think about and supply Ofgem what specifically we are doing to drive costs down in relation to external factors affecting balancing costs.	Open
58	205	05/09/2023	31/10/2023	ESO	ESO to take away and think how they can showcase and track innovative actions vs BAU better	Open

59	206	02/10/2023	31/10/2023	ESO	<b>NEW</b> Provide a slide in future meetings that show what ESO activities are being done to lower non constraint volumes.	Open
59	207	02/10/2023	31/10/2023	ESO	<b>NEW</b> Set up separate deep dive session to discuss metric 1C and how the data is currently collected and used to report performance.	Open
59	208	02/10/2023	31/10/2023	All	<b>NEW</b> Simon to send James an email outlining what ESO what from Ofgem in terms of DER visibility, James can then provide the right names to contact.	Open
59	209	02/10/2023	31/10/2023	Ofgem	<b>NEW</b> Adam to send email to confirm if benchmarks for 1B and 1C are correct to use.	Open

### Discussion and Questions

Introduction by Phil about what will be discussed and the agenda. Also provided an overview of Metric 1A performance. Discussed how the benchmark was calculated and what the balancing costs were for August against it.

#### 1. Balancing costs monthly update - Filippos

Phil passed to Filippos to go through the balancing costs performance for August 2023.

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

Area/Question/Feedback	ESO Response
Adam: Regarding 19 August, we've discussed previously at what level does wind become a problem for the control room? It seems like this is the level that wind has become a problem in terms of cost, is there? Is there any information from this you've gleaned that can start help answer that question?	Filippos: Yes I have. We're doing research around it and I think we'll have something to share soon. I don't know if it will be ready for the next month, we have made good progress.

Adam: On 19 August, you had the issue with System Operation in Real Time (SORT). Does this mean that sort of less than optimal actions were taken in the control room on that day due to that, or did that happen and it had no real impact? What was the cause of that issue and what was the impact?

Jill: This relates to an ongoing issue with the number of redeclarations of MIL and MEL. The issue with some of the small BMU groups that are aggregated units are they're just redeclaring too often and a lot of the redeclarations are duplicates. Our systems are not designed to cope with the volume of declarations and it puts us in a difficult position because under the grid code, we must accept the declarations and we have to forward them on to ELEXON.

*Jill then provided information on what ESO are doing about this. Including engaging with operators who are doing the highest amount of redeclarations and these are ongoing conversations. They have agreed to take away and work out and understand what's happening on their side that's causing that to happen so often and we're also working on guidance.*

Adam: In terms of impact, it's one that you can't really quantify at this point and probably going to be unable to unless this happens a lot and becomes a bigger issue. Do people looking back on that shift think we might have taken some incorrect actions based on that or is it just not something you know?

Jill: I think it's not. It would be incredibly difficult. This is one of those situations where we would need to go back and kind of reverse engineer that day.

Adam: Is there any way you can?

Jill: I'm not even sure we could.

Lizzie: The significant cost on that day is wind curtailment. That's the significant proportion of costs having any battery out even if all the battery assets are available then to sort of soak up any excess for a short period of time. And they were all utilised to their maximum capability, it would barely make an impact on that cost.

Adam: I think this is just trying to clarify the impact, because this is something that industry are going to say, you've had another high cost day, we could help, but your systems can't allow it. If you could give us some kind of qualification of what the actual impact looked like? So what systems were down? How long were they down for? And, when we say down, is it they were completely unusable or they had some information? A bit more information around exactly what that looks like would be useful.

Jill: The other thing that I would mention is the main constraint group was in Scotland, and there's very little battery capacity in Scotland. Curtailing wind is a location. It geographically must be behind the constraints. So even if we had complete visibility of all batteries in GB, it probably wouldn't have changed the cost on that day because they're not located with wind farms. There is no way near the capacity to absorb the volume of energy over the period of time.

Luke: Follow up question, are the IT problems separate from the slow SORT or are they linked?

Jill: The slow SORT is the IT problem. The volume of declarations, particularly on MIL and MEL, is so great that the IT slows down the processing in the system. We're just getting such a high volume of data it slows down the processes because it's just too much for the system to code.

---

Adam: On the high cost action. Was there a reason that action was taken? I understand it was a very small cost. I am trying to understand what led to it. I want to know whether it was something you had to do because of location, or if it was an error?

Adam: Good catch by whoever caught that then.

---

Luke: High costs for the trades on 22 August, who were the trades with or what type of generators were they with or were they people who don't participate?

Adam: Just to state the obvious, they were the most economic action to take at the time?

---

Adam: Is there anything that you can flag that the ESO has sort of done that's led to the lower non constraint volumes this year. So I'm looking at the volumes you have last year, volumes you've got this year, it's considerably lower across all months? Is this down to an ESO action or is this just the way the system's out turned this year?

Adam: It'd be interesting to see what the sort of impact of those activities are directly. Some of them are going to be on constraint volume, some are non-constraint volumes, someone on price side of things. It would be useful to be able to say we think this is having this kind of effect, you should be able to see this out turning some of the graphs because now it's a very factual here's what happened. I'm struggling with that and what have you done that's led to this that we can be saying, you know, good job ESO in this space.

Filippos: It was an error at the end of the BOA. It was a tiny, .001 something volume. So it would have been a system error.

Lizzie: No, it was a system error that was rectified by human control engineers when they realised that it'd gone over from one settlement period to another. The prices were much higher in the next settlement period and then they interviewed to turn it off is our understanding.

---

Filippos: On slide 14 with the bubbles. All these are interconnectors with a gas.

Filippos: Yes definitely

---

Filippos: It's a question that we need to answer constantly, but I think all the engineering, all the plan. Then try to optimise their actions to lower volumes and to be better.

Lizzie: All the other things that we have outlined in the portfolio, we now have a balancing cost web page that's gone live, that is shared all the portfolio of all the activities across the ESO which we've discussed with you. Some other things are the stability and voltage pathfinders, some of which have either increased in volume since last year or some of the new ones have gone live. I can't remember which ones I'd have to go and look in the portfolio.

We're hearing so much noise from the industry on skip rates because the prices in the markets have really reduced since last year. Pathfinder is going to give a presentation after this. All of the work they do in outage optimization to make savings this year versus last year as well. So there's just some off the top of my head, but there's many more that you know we could share with you and maybe we could have a slide in here to show these activities.

**ACTION:** Provide a slide in future meetings that show what ESO activities are being done to lower non constraint volumes.

---

Adam: This is one that I was just wondering if it's on your radar that could cause impact? Quite a load spark spread and low carbon price recently. Are there any concerns from your side, from an operability frame point of what the impact of this could be? you know particularly around leading to increased volatility or swings on interconnectors or anything like that? Is there anything you've noticed and are aware of? and are thinking this is a problem? or is this something you've noticed again and we'll still be fine? I'm assuming it is something you have noticed.

Lizzie: So we've noticed it in the context of securing balancing reserve as an option. While prices are so low, it's one of the proposals that's on that portfolio list as something that's under consideration. So for example, if we could flex their licence conditions as they are now, so that we could go out and procure reserve in ahead of time, then we would be saving millions. I can't remember what the estimate was, but something along the lines of £100 million between now and the end of the year by securing our reserve in advance at these low prices. In terms of terms of volatility and security of supply, all of that is covered in the winter outlook. I don't think it's posing an issue.

## 2. Outage Optimisation – Kathryn Sorrell

Kathryn explained she is the constraints forecasting optimization manager and works in network access planning. Kathryn went through a presentation on outage optimisation. This covered; outage planning and the collaboration between ESO and TO's. Also, outage assessment and how the ESO optimises the system and reduce constraints volumes? This included technical & commercial actions and external factors affecting optimisation. Discussed SO:TO Optimisation and the 11-4 process/solutions and how it can be expanded to the wider system.

Area/Question/Feedback	ESO Response
<p>Adam: Thank you that was really useful. One question I have is around sort of the generated generator outage changes. So you mentioned those were being sort of like the external factor that can cause you your headaches or costs. Have you got a view of what the magnitude of that is? how much of an impact does that lead to? Is there anything you can do about it through sort of rule changes or code changes? is this really a significant impact?</p>	<p>Kathryn: I wouldn't say it's significant. I know we've had outages that for example have been planned against certain generators being off and they've moved that outage. It wouldn't be significant, but it's still millions of pounds. I mean it's the generators do sometimes need to move their outages. It's a commercial as well as a technical decision for them. I understand that a lot of them their maintenance, just like a car and you service your car after so thousand so many miles of driving, with a generator you will service a generator after so many hours of operation and obviously how many hours of operation depends on market prices. It certainly does have a cost impact for us when we have an outage you know a plan that's fixed at year ahead based around certain generator outages and they can just move them with no notice to us.</p>
<p>Adam: Has there been any consideration of whether stricter rules on changes to generate the plans or rules around when and how they can put in their plans and changes to them?</p>	<p>Kathryn: It's something we've discussed amongst ourselves. I don't whether it's gone as far as discussing with regulation, certainly an area that maybe we couldn't probably we need to get some more data to see what the actual issue is. And then certainly something to discuss with industry.</p>

### 3. Metric 1C Wind Generation Forecasting - John Walsh

John explained that 1C metric performance has been poor recently and wanted to explain what the ESO is putting in place to combat this.

The ESO is trying to align its systems with correct data and with the correct number of wind farms. Only 188 BMUs are used out of 239 BMUs in the forecasting calculation meaning its significantly short. This is due to different teams setting up independently from each other across the ESO, and it's a significant exercise to correct these systems. Internal investigations to understand root cause need to be carried out to determine whether it's the data itself, particularly for Day Ahead. We are recruiting data scientists. Our legacy systems unfortunately are constraining us probably until the middle of next year when we start to receive some of the benefits of our new performance system where we can also then make use of more accurate numerical weather data.

John said that regarding the metric itself, over the last two or three weeks the team has been working on the publication of the BMU resolution wind forecast on the data portal. On Friday, the last working day in September, we published our first BMU resolution forecast on the Data Portal. The data itself is anonymised, so it just lists BMU number one as wind farm number one, and then that list is randomised each day as well.

Area/Question/Feedback	ESO Response
<p>Adam: So if I understand this right, this means that the metric we've been measuring against for the last couple of years has not been right. To put it bluntly, it's been wrong. It's missing a chunk of data that you're measuring against. Would that be accurate?</p>	<p>John: I don't think that's a fair reflection. Installed capacity in GB increases all the time and our calculation for the wind metric makes some adjustment for that installed capacity. It takes that into account but it's difficult to say at this stage whether the forecasting accuracy of that particular wind farm changes with it.</p>
<p>Adam: Hang on, so can I go back then? Because my understanding or how it is been explained to me how this metric works, is that you do an individual forecast for each of the wind farms?</p>	<p>John: We do an individual forecast for every one of the 230 plus wind farms that's recorded in our systems.</p>
<p>Adam: So there is a chunk of BMUs, 50 ish, you're not accounting for in your metrics now? The last fifty that were added to the system or that your metric just hasn't been updated. So how can the metric be right if it's missing a massive chunk of data that's the bit I can't get my head around?</p>	<p>John: There are two elements to this. There is the list of wind farms which should correctly be used in the metric calculation and that's those that are receiving operational metering and also providing receipt of settlement metering for that particular BMU, and the combination is purely down to the connection condition at the time. However the large list that you're referring to predominantly involves the list of licenced exempt BMUs, predominantly legacy BMUs. Which, over time, we have managed to acquire operational metering for and that gives greater visibility of the wind fleet. But because they were licence exempt they do not provide settlement metering.</p> <p>To us, they don't provide any details of settlement metering on the BMUs, and so the way the metric works today, these are correctly removed from the calculation. However the list of edits that we have done over the last few months to correct the calculation have all really been the majority of the wind farms put on the big offshore wind farms which have come online over the last 12 to 18 months.</p>

---

Adam: I think this is going to require a bit of a deep dive in a separate session because I don't think I'm comfortable with either my understanding or how this is being explained. If we can have a separate discussion on that, I think that's going to be really useful.

John: Yes no problem

**ACTION:** Set up separate deep dive session to discuss metric 1C and how the data is currently collected and used to report performance. Also include non anonymised data discussion to determine what days are wanted by Ofgem. Also include action 127, from the log, in the deep dive session.

---

Adam: Are you sending us the non-anonymised data? I haven't seen it, but that doesn't necessarily mean it hasn't been sent.

John: We haven't sent anything to you yet. I think there an email query raised over some indications to what selective dates that you may want to potentially look at. Do you want us to pick our best performance day, our worst performing day, the day of minimum BOAs or maximum BOAs? Just so we can have a pattern and then get the data over to you.

Phil: I'll follow up to make sure we arrange something to carry on that discussion and pick up as part of the deep dive.

---

#### **4. ESO to highlight notable points from the published report**

Metric and RRE scores from latest month were shown.

#### **4. ESO to take questions on the published report**

No further questions were asked on the published report.

#### **5. Ofgem to give feedback on ESO performance**

Asked if Ofgem had any other feedback or anything else they wanted to raise. No other feedback was communicated.



## 6. Review actions & AOB:

1. Reviewed the previous actions as listed above, updates have been noted.
2. AOB

---

### Topic

---

**DER visibility** – ESO are keen to get Ofgem’s involvement into this project in terms of the products and they’re not sure which teams or individuals at Ofgem are best to engage with on this. Asking if Ofgem had any names or teams that would be best to contact regarding this. James confirmed that it probably would be our flex teams, maybe Ashley Malster or Nina Klein, but asked if Simon could drop him an e-mail, showing what they want to talk about and he will come back with the right names.

**ACTION:** Simon to send James an email outlining what ESO what from Ofgem in terms of DER visibility, James can then provide the right names to contact.

---

**In person planning / balancing costs projections session** – Lizzie wants to confirm that 17<sup>th</sup> October works for Ofgem so it can be booked in. Adam confirmed that can go ahead with that for now but there is a slight issue now as Grendon can’t attend on that date now. Adam thinks he probably won’t attend that one anyway but will double check on everything and I will get back to Lizzie this week.

---

**July Meeting minutes** – Matt has sent a response to the minutes. Mark has made the amendments and resent back to Ofgem for final approval.

---

**Benchmarks 1B and 1C** – Adam yet to still approve benchmarks. Still needs to publish this but will send an email confirm the benchmarks are ok.

**ACTION:** Adam to send email to confirm if benchmarks for 1B and 1C are correct to use

---

## Previously Closed Actions

Meeting No.	Action No.	Date Raised	Target Date	Resp.	Description	Status
57	196	02/08/2023	08/09/2023	ESO	Provide Ofgem with more insight in to changes for Outage Optimisation and power potential in relation to balancing cost savings. Selected from projects list.	Closed
58	201	05/09/2023	01/10/2023	ESO	Provide Ofgem with the Metric 1A slides the day of the monthly meeting.	Closed
58	203	05/09/2023	01/10/2023	ESO	ESO to discuss a new approach with RRE 3A owners and send a proposal of how we would like to report on this RRE in line with James feedback	Closed