

Monthly Monitoring Meeting

Wednesday 29th August 2018

Ofgem Offices, 10 South Colonnade, Canary Wharf, Conference Suite 10SC

AGENDA

Ref	~Time	Title	Owner	Resolution required?
1	N/A	Actions from previous meeting	<i>Technical Secretary</i>	
2	90 min	Comments from the Authority for previous reporting month <ul style="list-style-type: none">• Report Structure• Principles 1-7• Metrics 1-5,9,14,15• Data• Hotspots	<i>Senior Economist</i>	
3	15 min	ESO Proposed items for discussion: <ul style="list-style-type: none">• EBS	<i>All</i>	
4	5 mins	Discussion of next steps for review of changes for 2019/20	<i>All</i>	

Meeting record

Monthly Monitoring Meeting

Meeting number 4

Date: 29th
August

Present: Ofgem:

National Grid:

Time: 13:00 –
15:00

Venue/format:

Ofgem Offices, Conference
Suite 10SC

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	Open
3.	12.	27/7/18		HL	Organise a meeting with the metric 4 owners to provide further explanation on the detail metric.	In Progress
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?	Open
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. Action now on Ofgem to review the commentary provided in July Report	Open
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	Open
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	Open
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	Open

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.	Open
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MAIN ITEMS OF INTEREST

Actions from Previous meeting:

- Action 8 closed, discussions held with RII02 team. Workshop held with stakeholders and the ESO around the suitability of the principles for the business plan.
- Action 9 to be addressed in the principle relaunch, status changed to in progress
- Action 11 in progress, will be included as part of the principle relaunch
- Actions 15 and 16 are closed based on clarifications provided in the July Report
- Action 17 is closed with the responses published on the NG website where approval has been received.

Overarching messages:

- Ofgem shared that their overarching messages were the same as last month. This included that they like lessons learnt mentioned in the report but reiterated that the previous feedback remains until the Formal Opinion feedback is reflected in the principle relaunches.
- The ESO shared that they are currently going through a reorganisation which is resulting in the realignment of roles and principle sponsors. Following the Quarter 1 report, the ESO Regulation team has taken the feedback and the learnings of the scheme so far back to the business. To ensure that the relaunch fully takes on-board the feedback, they have initiated an internal process asking the teams to undertake a self-assessment of their principle, specifically looking at the Formal Opinion, to have their own view of whether it is ambitious, as well as ensuring it is clear in its definition of baseline vs exceeding and is holistic in its coverage. The output will then see the principles re-presented and relaunched, with the hope that will be achieved over the coming weeks. This learning and self-assessment has resulted in a change in how the scheme is being run internally and has seen that the scheme is really changing the behaviours within the ESO.
- The ESO noted that they are using the executive summaries of the report to detail the work that is being progressed internally to respond to this feedback to ensure the reporting is balanced. Ofgem noted that they believe that the principles are more persuasive in their narrative are the ones which have acknowledged what is currently being undertaken, what else needs to be undertaken and what has been heard from stakeholders in a balanced tone.
- Ofgem asked for an update on the Electricity Balancing System (EBS). Ofgem noted that a number of stakeholders had raised questions and expressed confusion about the status of EBS. Ofgem suggested that the ESO could do more to explain what it is doing to deliver the outcomes expected from EBS in light of the delays.

Principle 1:

- Ofgem noted that they look forward to relaunch of this principle and that they agreed with comments in the Executive Summary around the metrics in this area not being suited to measuring outperformance.

- Ofgem noted that it was good to see stakeholder feedback reflected in the report.

Principle 2:

- Ofgem noted that it was good to see stakeholder feedback in the report.
- Ofgem flagged that they do not believe that the IS change forum should be considered as exceeding, noting that the Forum was originally requested by Ofgem in response to previous IS issues. Ofgem noted its previous overarching feedback, that a new activity doesn't automatically mean going above baseline.
- Ofgem also noted the discussion on EBS and that a fuller picture and narrative on IS performance was needed under this principle. In particular, the ESO needs to explain to stakeholders how it is meeting baseline expectations by delivering the outcomes expected from EBS.
- Reflecting on the IS Change forum held in July, Ofgem agreed it was a useful session, they highlighted that industry want a forum to provide IS updates as well as the opportunity to have a regular dialogue on IS challenge with the ESO. It was noted that the forum allows industry to be more informed, but in its current structure provided little opportunity for dialogue. The ESO shared that they had heard this view from market participants and were considering options that would allow for the next forum, Ofgem suggested that a committee or group meeting could be used to collate the concerns raised by stakeholders and for then ESO to provide feedback on these issues.
- Ofgem shared that it was good to see the work undertaken on the RoCoF constraint costs and the learnings from the vector shift work. They asked that some more information be provided to help inform the approach undertaken, how we selected the distribution network representatives that we have been working with and the forward-looking plan.
- The performance against metric 5 (Balancing Cost Management) was noted; Ofgem asked for more information on the high costs incurred over the weekend of 28/29 July. They asked why the forecasts were incorrect and whether any lessons had been learned.
- Ofgem asked to discuss a graph that had been shared with Ofgem by a stakeholder. The graph reflected some analysis undertaken on the actions taken by the ESO in dispatching BM units against the merit order. The graph showed Daily Average Declined Offers vs Alternative Accepted Daily Offers. The ESO committed to answering the following questions: Had actions been taken by the ESO outside the merit order? If so, the ESO would provide an explanation for this. If not, the ESO would provide an explanation as to why this perception from the analysis could be possible. The ESO also committed to providing a high-level description of the rationale as to why the control room would take actions outside the merit order to help remove this perception going forward.
- Ofgem asked for an update on the Procurement Guidelines review.

Principle 3:

- Ofgem noted that the exceeding section under this principle mentioned Ancillary Services Dispatch Platform (ASDP), Ofgem asked that the ESO clarified how the benefits under this work are different from the EBS and why this can be considered to be exceeding baseline expectations.
- Ofgem noted the quarterly update meeting for GB interconnector owners on Future GM markets and asked the ESO to clarify how this relates to the black start strategy requirement as well as asking for greater clarity on why this can be considered as exceeding as well as the deliverables the ESO are looking to achieve in this area. Ofgem considered that engaging with interconnector providers on Black Start was expected from the ESO as part of baseline. Nevertheless, if this wider engagement eventually produced some innovative, new approaches to restoration, then these could provide more of a case for exceeding.

- As part of the section on customer insights, Ofgem asked the ESO to clarify its statement 'There's often a tension between dynamism of the market and the innovation providers must carry out, with the appetite and ability of the ESO to move at a pace'. The ESO shared that this was intending to explain that they hear mixed messages from market participants, some are asking for us to discuss and consult more before progressing whilst others are challenging the ESO to deliver more quickly. The ESO shared that the next steps on this customer insights piece is to progress and prioritise the feedback internally to support the develop of the plan and then share back with stakeholders on what was heard and how we will be progressing the insights that were shared. Ofgem welcomed the work in this area and noted that it looked forward to seeing some clear actions and outputs.
- Ofgem asked for an update on its questions on the auction trial delay (action 13). The ESO noted that it would have more information in the next report.

Principle 4:

- Ofgem noted that the previous feedback stands here and they are looking forward to the relaunch. They noted that the report is appearing more balanced, but that there is still scope for further balance, including in terms of what is included in the exceeding category and also better reflecting stakeholder feedback on codes performance. The stated that they want to see more of the strategic thinking that the ESO is progressing against this principle challenging the ESO to be more holistic in scope and take more of a leadership role
- Ofgem noted the support provided on the Access consultation and the Charging Futures webinar mentioned in the exceeding baseline category and asked the ESO to isolate the feedback received to specifically the ESO role. Ofgem noted that they were surprised to see these under exceeding baseline. The ESO considered that Charging Futures workscope is not a licence requirement so should be considered as exceeding, with the ESO noting that more evidence needs to be provided to support the view of exceeding. The ESO noted that they have heard the feedback on bringing more understanding of this complex area and more leadership is needed and this will be reflected in the principle relaunch. Ofgem challenged the view that that any work in the Charging Futures space automatically constitutes exceeding, referencing the expectations outlined in the Roles and Principles document. They agreed there was scope to outperform in this area but reiterated its overarching feedback in terms of what was expected for the ESO to do well in this principle overall.
- Some stakeholders raised concerns with Ofgem around the billing systems; question asked by Ofgem if there are more mechanisms that are being looked at in this area to deliver a more customer experience. The ESO noted that this will be reflected in the principle relaunch.

Principle 5:

- No specific comments but Ofgem noted that the Formal Opinion feedback still stands for this principle and they look forward to the relaunch.

Principle 6:

- Ofgem noted that the Formal Opinion feedback still stands for this principle and they look forward to the relaunch.
- Ofgem noted that TOGA update sounds promising, but asked for more information on the timescales for this.
- Ofgem noted that they had received feedback that they would like to see the ESO being more proactive in the ENA Open Networks forum. The ESO asked which areas this feedback has been referred to, whilst noting that they had been taking quite a leading role in this area. The ESO shared that it had been challenging to bring forward a national voice in this area but

would continue to provide this voice. The ESO noted that it had published a Whole System Electricity Strategy which sets out the ESO's view on whole system electricity in the context of Open Networks. It was shared that work will be progressed over the coming weeks whilst the ESO develops its long-term vision in principles 5-7 and the Future Worlds Consultation outputs.

Principle 7:

- No specific comments but Ofgem noted that the Formal Opinion feedback still stands for this principle.
- Ofgem shared that it was good to see increased engagement in this area but reminded that at the end of the year would want to see tangible outputs delivered, whilst noting that this principle is driving a longer-term outcome.

AOB:

- The ESO shared that it is planning an event for the 28th September as the first event in the consultation series to support the development of next year's Forward Plan. The ESO shared that they had undertaken internal workshops to review the long-term vision for each principles and had developed ambitious ideas that they wanted to test with stakeholders. The event will be a discussion around the LTV, intending to agree the priorities at a high level which will then be detailed as part of the FY19-21 Forward Plan acting as two-year plan to RII02, a refresh will then be undertaken this time next year for FY21. The Forward Plan will be published at the end of the year for consultation.
- Ofgem shared that they have started to think about how the incentives framework may need to evolve over time and reflecting whether any changes need to be made ahead of next year's plan. They shared that they have done some thinking on this and would like to discuss this with the ESO and stakeholders. Ofgem shared that they would like to have a session in the coming weeks with the ESO to discuss. The ESO raised the question whether the incentives scheme should be all-encompassing bringing together the different incentives that currently exist e.g. black start, EMR.

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