

Meeting Summary

Balancing Service Charges Task Force

Meeting Number 2

Date: 11/02/2019 **Location:** Faraday House, Warwick

Start: 10:00 **End:** 15:30

Participants

Attendee	Attend/Regrets	Attendee	Attend/Regrets
Colm Murphy, Chair, National Grid ESO (CM)	Attend	John Tindal, SSE, Task Force Member (JT)	Attend
Joseph Henry, Technical Secretary, National Grid ESO (JH)	Attend	George Moran, Centrica, Task Force Member (GM)	Attend
Sophie Van Caloen, National Grid, ESO (SVC)	Attend	Grace Smith, UK Power Reserve, Task Force Member (GS)	Attend
Joseph Underwood, Energy UK, Taskforce Member (JU)	Attend	David Bird, Octopus Investments, Task Force Member (DB)	Attend
Mike Oxenham, National Grid ESO, Task Force Member	Attend	Dr Graham Pannell, RES, Task Force Member (GP)	Attend
Paul Mott, EDF, Task Force Member (PM)	Attend	Lisa Waters, Waters Wye Associates, Task Force Member (LW)	Dial In
Laurence Barrett, E.On, Task Force Member (LB)	Attend	Tom Edwards, Cornwall Insight, Task Force Member (TE)	Attend
Paul Jones, Uniper, Task Force Member (PJ)	Attend	Caroline Bragg, ADE, Task Force Member (CB)	Attend
Tim Aldridge, Ofgem, Task Force Member (TA)	Dial In	Nicholas Gall, Solar Trade Association, Task Force Member (NG)	Regrets
James Kerr, Citizens Advice, Task Force Member (JK)	Attend	Rob Hudson, Tata Chemicals Europe, Task Force Member (RH)	Attend
Nigel Bessant, SSEN DNO, Task Force Member (NB)	Attend		

Discussions

1. Introductions and Apologies for Absence

- 1.1 Colm Murphy opened the meeting and welcomed the attendees to the second meeting the Balancing Service Charges task force. All Taskforce attendees were thanked for their inputs to the first meeting. Colm highlighted the Drivers, Scope and Impact of the Task Force, and also recapped on the proposed Deliverables of the Task Force to focus the direction of the meeting. The Taskforce members were also asked to take a “blue sky thinking” approach to task planned for the afternoon – not letting any pre-conceptions on the current nature of BSUoS limit thinking on how the Task Force could identify how BSUoS could be charged more cost-reflectively and provide better forward-looking signals.
- The Chair also welcomed any feedback from the Task Force in regards to how meeting 1 worked, and how the ESO can make improvements.

2. Minutes, Actions and Engagements

- 2.1 Joseph Henry talked the workgroup through the outstanding actions, a log of which can be found [here](#), and will be updated after every Task Force meeting moving forwards.
- Joseph also advised that there had been lots of input from the Taskforce members to the minutes from Meeting 1. There were no conflicts in the recording of the meeting and the Taskforce members agreed to review these by close of play of 12 February. No further feedback was received at this juncture and the agreed minutes were published [here](#).
- 2.2 Tim Aldridge advised the workgroup that the Authority anticipate a Task Force consultation between the draft report and the production of the final report.
- 2.3 Task Force members sought clarity from the Authority in terms of its interaction with the Targeted Charging Review (TCR) Significant Code Review (SCR). Tim advised the Task Force that Ofgem would take into account the Task Force findings when reaching a decision on the BSUoS options on which Ofgem has consulted (partial or full BSUoS reform). Ofgem expect that any potential further changes to BSUoS, beyond those subject to the TCR consultation, would be taken forward as part of the existing code governance process (ie via proposals for code modifications).
- 2.4 Sophie Van Caloen presented to the Task Force around the communication and engagement plan with Industry. Sophie discussed several potential input points in industry where engagement may be relevant to the taskforce, namely the interaction with the ongoing work of the CMP308 workgroup, links between BSUoS and other market arrangements, and also inputs around constraints. Sophie advised that each touchpoint would be considered under the analysis of the relevant deliverables of the taskforce.
- 2.5 Task Force members advised the ESO that they believed that engagement with Elexon might be important in terms of data provision. Mike Oxenham advised that he plans to liaise with Elexon. **(Action on MO to liaise with Elexon in regards to Data Provision)**. The Task Force members were also asked to feed in to Mike in regards to which data they believed would be helpful **(Action on Task Force members to feed into MO in regards to data which may be helpful from Elexon)**.
- 2.6 Sophie advised the workgroup on future engagements planned, such as attendance at TCMF, EUIG, DCMDG, plus engagements with Frontier Economics and the Ops forum.

3. Deliverable 1 – Update

- 3.1 Sophie continued by taking the taskforce members through an update on deliverable one, some previous analysis and further analysis which had been undertaken since the last meeting. Slides can be found [here](#). The analysis included some ESO led work, primarily concerning patterns of costs of elements of BSUoS, in particular correlation between costs of elements of BSUoS and other variables and additional correlation graphs for each Settlement Period. This Analysis also included impact from an ongoing CUSC modification (CMP308), and a concluded CUSC modification (CMP250), in regards to Impact of BSUoS variability on power prices and BSUoS volatility and forecastability respectively.
- 3.2 There were various questions asked by the workgroup around the data, with much discussion and input given, especially around inclusion of non-BM data, power prices and the “polluter pays” principle. Sophie
-

advised that the emerging conclusion for Deliverable 1 was that, in general, elements of balancing services do not currently provide a forward-looking signal which influences the behaviour of users (albeit with some nuances).

3.3 The Task Force members largely agreed with the approach outlined and that it was reflective of discussions held in meeting 1. However, as there were also a lot of questions and feedback on the data and modelling insights presented the ESO took an action to reflect upon the feedback and if required further adapt the data/modelling for Deliverable 1.

4. Deliverable 2 – Breakout Meeting

4.1 As per the approach in meeting 1, Taskforce members were once again split into smaller groups to discuss deliverable two. Mike Oxenham presented slides prior to the task, which can be found [here](#), and asked each group to assess the potential for existing elements of balancing services charges to be charged more cost-reflectively and hence provide better forward-looking signal.

4.2 After a 90-minute breakout, the three groups reconvened to share their findings. In summary, it was thought that many of the components seem to have limited scope to develop a useful forward-looking signal and although some potential options were identified there was no suggestion at this stage that any would be feasible once they have been further assessed at the feasibility stage. The breakout groups assessed components and split these into two groups, elements which did produce some potential for further assessment by the taskforce, and elements that did not.

4.3 Options highlighted for further assessment by the Task Force members in future were as follows: Locational Transmission Constraints, Locational Reactive and Voltage Constraints, Response and Reserve Bands, Response and Reserve Utilisation and Energy Imbalance Component.

4.4 Options that were discounted for further consideration in regards to developing useful forward-looking signals included, Black Start costs and ESO internal costs. The Taskforce members were invited to give some thought to any other components and bring forward any ideas for further consideration in Task Force Meeting 3.

5.0 Summary

5.1 The chair summarised the day by advising deliverables were on track, but there was work to be done in terms of finessing the analysis to provide solid foundations for the views to be expressed in the report for Deliverable 1. Colm also highlighted the need to draw out the key points for deliverables 2 and 3 to solidify the views expressed by the taskforce.

5.2 Due to a potential meeting clash the Chair advised that the next meeting would be confirmed once the result of doodle poll were confirmed. **(Action on Secretariat to confirm next meeting date)**

5.3 Taskforce members asked the ESO about the arrangements for alternative attendees when a Task Force member is unable to attend. The chair advised these would be confirmed shortly. **(Action on the ESO to confirm arrangements for alternatives)**
