

Meeting Summary

Balancing Service Charges Task Force

Meeting Number 4

Date: 12/03/2019	Location: National Grid, 1-3 The Strand, London
Start: 10:00	End: 16:00

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)	Regrets	Lisa Waters, Waters Wye Associates, Task Force Member (LW)	Attend
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)	Regrets	Caroline Bragg, ADE, Task Force Member (CB)	Attend
Tim Aldridge, Ofgem, Task Force Member (TA)	Attend	Nicholas Gall, Solar Trade Association, Task Force Member (NG)	Attend
James Kerr, Citizens Advice, Task Force Member (JK)	Attend	Rob Hudson, Tata Chemicals Europe, Task Force Member (RH)	Regrets
Nigel Bessant, SSEN DNO, Task Force Member (NB)	Attend	Christopher Granby, Fred Olsen Renewables (CG)	Attend

Discussions

1. Introductions and Apologies for Absence

- 1.1 Colm Murphy opened the meeting and welcomed the attendees to the fourth meeting of the Balancing Service Charges Task Force. All Taskforce attendees were thanked for their inputs to the third meeting, with special mention given to Grace Smith for her input at the Webinar held on 7 March 2019.
- 1.2 Paul Mott, Robert Hudson and Paul Jones sent their apologies prior to the meeting. Colm welcomed Christopher Granby of Fred Olsen Renewables, who attended as an official alternate.
- 1.3 Colm focussed the Task Force on the objective of the meeting, with particular emphasis on Deliverable 3, which would be the main focus of discussions in the afternoon session. Graham Panell expressed concern that at this point, the Task Force had yet to receive the dataset upon which some of the Deliverable 1 modelling was based. CM reassured that there would be discussions held around data at this session, with Paul Wakeley attending to discuss. Mike Oxenham also reassured the Task Force that the data would be sent to them in the near future.
- 1.4 Colm continued by discussing the programme plan and key milestones for delivery moving forward. 24 April 2019 (TF meeting 7) was highlighted as a key date, as after this meeting the draft report is due to be delivered. Colm placed emphasis on the need for the Task Force to define an approach for delivery of the Deliverables and report. It was also noted that principles and criteria to judge the selected options against would be discussed later on the agenda.
- 1.5 It was noted by Lisa Waters that the next meeting of the Task Force (26 March) clashed with the ESO Operations Forum but it was decided to not reschedule the Task Force as most Task Force members expected to attend the Task Force.
-

2. Minutes, Actions and Engagements

- 2.1 Joseph Henry talked the Task Force through the actions log. He explained that many of the actions were ongoing, and would be for the duration of the Task Force. The action log can be found [here](#). Likewise, the minutes for TF meetings 2 and 3 were ratified. Both sets of minutes were ratified by the Task Force and are now available [here](#).
- 2.2 Action 6 (MO to Liaise with Elexon in regards to Data Provision) and Action 7 (TF members to feed in thoughts to MO on which data from Elexon would be helpful) were discussed by the Task Force. Lisa challenged the actions, stating it was her belief that specific time periods with the most relevance were to be selected, then requested from Elexon. David Bird made it clear that this data should be requested as soon as possible.
- 2.3 Lisa stated she could talk to Elexon in regards to this data. The Chair then enquired if the Task Force members could volunteer to work on this data. Lisa said she was unsure if she could pass this data on and would need to check. It was noted that Elexon had previously offered to provide support if required at the Charging Delivery Body. **Action:** Lisa, Paul and Mike to agree who will liaise with Elexon on data available.
- 2.4 Action 12 (NGESO to engage EUIG in regards to Task Force Feedback) was taken on by LW, who contacted the EUIG and is now looking to set up a meeting with EUIG and ESO on behalf of the Task Force. Once this meeting occurs the action will be closed accordingly.
-

3. Engagement Feedback

- 3.1 Sophie Van Caloen presented to the Task Force on engagement and feedback. Since the last Task Force, the ESO had engaged with OVO Energy, and received feedback, whilst the Task Force had held a webinar discussing the progress thus far and had received useful feedback from this session.
-

-
- 3.2 Sophie continued by taking the Task force through the feedback received from the Webinar held on 7 March 2019. 84 Industry colleagues attended the webinar, and throughout the webinar were asked questions through Mentimeter which helped gauge their level of understanding before, during and after the event. 70% responded that they did not understand, or had only a little understanding at the start. After the Webinar, this figure was reduced to 30%. Likewise, prior to the webinar, only 30% of respondents stated that they had a good or full understanding of the Task Force's progress, whereas post Webinar, this figure had increased to 85%.
- 3.3 In terms of Deliverable 1 feedback, 90% of Webinar respondents felt that they agreed with the conclusion of the Task Force, voting 7 or above on a scale of 1-10. Feedback was also received as to why the participants had voted in this way. For more detail, please find the slides which can be found [here](#). Likewise, for Deliverable 2, the attendees were asked to allocated 100 points between the four options highlighted to be carried forwards for further analysis. The options scored as followed: Locational Constraints (40%); Locational Reactive and Voltage Constraints (30%); Response and Reserve Bands (17%); Response and Reserve Utilisation (13%). 74% of respondents also believed that the Task Force were considering the correct options to explore in Deliverable 3.
- 3.4 Sophie also fed back that there was an open Q and A at the end of the Webinar which posed some worthwhile questions to the Task Force. The main themes of these questions were Transparency, Competition, Link with Network Investments, Demand Incentive, Future Developments, an Ex-Ante charge, Payment, Storage and Other Market Elements.
- 3.5 Some Task Force members made points around Transparency in particular, stating that they believed that as things stand, there is no real time, up to date information available from the ESO in certain areas. Incentives were also discussed by Task Force. There were also conversations held around Wind signals, and whether Demand Turn up could be utilised within the Balancing Mechanism. There was also some brief conversation in regards to the roles that Electric Vehicles could have to play in future in regards to demand turn up and domestic responses to forward looking signals.
-
4. **Modelling Update – Paul Wakeley**
- 4.1 Paul Wakeley presented a short update on the progress of the modelling work, and the preparations for the next stage. Paul highlighted 3 areas in particular; i) Completing historic analysis ii) Preparing for future modelling; and iii) Possible limitations of data.
- 4.2 In terms of completing historic analysis, Paul advised that Task Force that the data set was being refined. He advised that this would be shared at the earliest available opportunity. Following feedback, there will be an update to the dataset with more recent data, and more granular locational and cost data. Gross Demand could also be looked at using data from P349 as well as Net Demand, and consideration would be given to using Plexos in D3. Embedded wind was also discussed, with Graham Pannell asking Paul to provide an update on how Embedded Wind was included in the data provided by the ESO, as it is currently encompassed in Supplier Volume Allocation. **Action PW to contact GP with a further explanation and provide an update to the Task Force.**
- 4.3 Paul continued by advising the Task Force that once the options were better defined, tariffs could be constructed with better timescales. Paul outlined his expectation that the Task Force would put some thought towards what these tariffs could potentially look like. It was noted that the ESO can i) use historic data, recalculated using a different methodology, ii) are currently collating sources of data that may be required e.g. locational generation / demand., and iii) can use Plexos, and data such as FES and NOA, to look at a day in the life of the system in future. It was noted however that a significant limitation is that this analysis is 'status quo' – it doesn't take in to account market parties responding to the signal.
- 4.4 Paul concluded by exploring potential limitations. Paul made that Task Force aware that the ESO record data today, for the purposes of charging / operating today. As such, it not be possible to 'cut up' charges as proposed. Secondly, to deliver a different future charging structures could possibly need more work from the ESO / system changes to deliver things on an enduring basis, and stated that this may need to be considered as a limitation to be overcome.
- 4.5 In terms of Gross Data, George Moran asked Paul whether there was a possibility to split data by GSP region. Paul stated that this could come from Elexon Triad data. Some workgroup members opined that some subtype data maybe be useful in this instance. It was suggested that Paul contact Elexon in regards to this. **Action: PW to liaise with Elexon in regards to splitting data to GSP Regions**
-
- 5.0 **D3 – Deliverable and Action Plan**
-

- 5.1 The Chair reiterated his earlier comments that the Action plan for deliverable 3 needed to be finalised. The next Task Force dates are 26 March, 8 April and 24 April. It was confirmed that modelling and data would be published in full unless information was commercially sensitive or confidential. James Kerr made the point that it could all be published and anonymised where appropriate.
- 5.2 Colm asked the Task Force to be mindful of what a non-Task Force member would need to see from the final outputs. Graham also suggested that each element of BSUoS should be reviewed as part of the Task Forces work. Mike Oxenham confirmed to the Task Force that it was confirmed during the Webinar that options discounted during the Deliverable 2 stage would not be taken forwards for further analysis in Deliverable 3.
- 5.3 The task force discussed the plan for the next 4-6 weeks and agreed the following:
- Agree evaluation criteria and common terminology prior to the next TF
 - Draft D2 report section and circulate for review and comment prior to the next TF
 - As a group focus on Locational Transmission Constraints to see what good looks like
 - At the next TF further develop with aim to tentatively conclude including evaluation
 - Subsequently split into three groups to tackle other three Potential Options
 - Agreement we need to be clear on what modelling is required and for what purpose
 - Tentative conclusions at TF6 for all potential options to allow draft report creation
 - Draft report to be circulated to TF circa 17 April 2019 for finalisation at TF7 and then consultation
- 5.4 The task force discussed the content of the report in respect of Deliverable 3 and agreed this section of the report should include the following:
- Signpost to other relevant information e.g. other code modifications
 - Provide an overview on each of the four potential options i.e. what is the defect; why; how
 - Explain the option variants and for each the advantages, limitations and overcoming limitations
 - Note views on any further analysis or work which may be required
 - Show the modelling for each of the potential options, as and where available
 - Compare each of the potential options and variants against the evaluation criteria
 - Be clear on what the views and recommendations of the TF are in the wider market context
 - Include the consultation questions the TF wishes to ask wider industry for feedback on conclusion
 - A short section with TF views on those elements views to be a cost recovery charge
- 5.5 The Task Force then spent some time analysing which criteria the options should be assessed against. [Previous criteria from the Access and Forward Looking Charges SCR launch statement](#) were looked at and how these could fit it. The draft evaluation criteria agreed on by the Task Force is as follows:

Criteria	Extra Information
Are the changes practical and proportionate?	Are the expected costs of the change proportionate to the consumer benefits e.g. cost and effort RAG Versus expected benefit materiality RAG? Can changes be implemented given applicable legislative frameworks and/or other policy areas e.g. decarbonisation?
Do arrangements provide a useful signal to parties in a cost-reflective and forward-looking manner?	For example: are they expected to be reasonably predictable? Are they expected to be simple and transparent?
Do arrangements provide an effective signal to parties in a cost reflective and forward looking manner and are they expected to drive useful market behaviour?	For example: are they expected to influence market behaviour to reduce system costs and/or costs to the consumer?
Do arrangements reflect the needs of consumers (as appropriate) for an essential service?	

Are the changes expected to facilitate competition and/or facilitate innovation and/or remove barriers to entry?	
Are changes expected to be future-proof?	For example, in relation to changes to generation mix and/or peak demand and/or through settlement reform, etc

5.6 Discussion on the Terminology to be used for “signals” also took place. The full list can be found within [the slides for this meeting](#). There was challenge from George in terms of the definition of “Cost Reflectivity” and whether it matched with Ofgem’s interpretation of “Incremental Costs”. Graham highlighted that it was important that the Terminology was to be checked that other definitions didn’t exist elsewhere, and as such, gave a predetermined meaning to some of the terms proposed for use. **Action: JT to Update definitions after discussion.**

5.7 In order to collate views and information for deliverable 3, it was suggested by John Tindal that previous Task Forces and industry initiatives had used a shared spreadsheet, which would allow the Task Force to input their thoughts on each option against each of the draft evaluation criteria. There was a general consensus from the Task Force that this could be a useful way to collate views and information. Once this information was collated, the inputs could be summarised, and the Task Force could be divided to work on several options as above. Mike Oxenham advised that he would work on this spreadsheet, and distribute this for review and comment by the task force. John offered to send a template that he had previously used for a similar purpose. **Action: MO to distribute Spreadsheet for Deliverable 3. Action: JT to send template spreadsheet for consideration.**

5.8 It was agreed that a Webex should take place on 21 March 2019 to discuss the initial input into this spreadsheet against each option.
Action: Secretariat to Organise Webex for 21 March 2019
Action: TF Members to fill in Spreadsheet prior to meeting

6 Summary

- 6.1 Colm reminded the Task Force of the actions required for the meeting on 21 March 2019:
- Mike to distribute template by COP 14th March and TF to review by COP 15 March
 - TF Members to populate by COP 20 March 2019
- In the call, further work to be allocated to prepare for the next TF
- 26 March 2019 – Next TF Meeting in London
-