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Incentives Monthly Monitoring Meeting

Meeting Minutes (August 2024-25)

Date: 16/10/2024 **Location:** Teleconference **Meeting Number:** 69
Start: 15:00 **End:** 16:00

Participants

Attendee	Attend/Regrets	Attendee	Attend/Regrets
Simon Targett (NESO)	Attend	James Hill (Ofgem)	Attend
Phil Smith (NESO)	Attend	Luke McCartney (Ofgem)	Attend
Mark Robinson (NESO)	Attend	Matthew Fovargue (Ofgem)	Attend
David Dixon (NESO)	Attend	Shubh Mehta (Ofgem)	Attend
Filippos Panagiotopoulos (NESO)	Attend	Laura Woolsey (NESO)	Attend
James West (NESO)	Attend	Yuchang Wang (NESO)	Attend
Nicolas Achury Beltran (NESO)	Attend		

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Agenda

Ref	Title	Owner
1.	Balancing costs monthly update – Balancing Costs Team	NESO
2.	Balancing costs deep dives – discuss approach	All
3.	NESO to highlight notable points from the published report	NESO
4.	NESO to take questions on the published report	NESO
5.	Ofgem to give feedback on ESO performance	NESO
6.	Review actions & AOB	Ofgem

Actions

Meeting No.	Action No.	Date raised	Target Date	Resp.	Description	Status
65	236	18/04/2024	30/06/2024	NESO	NESO and Ofgem to have conversation about what and how a new data set can used going forward in FY 24/25 Update – Demonstration provided previously. Discussing how to share the live dashboard as we currently have errors. Solution needs to be found.	Open
67	243	10/07/2024	31/08/2024	NESO	NESO to produce paper, to send to Ofgem, explaining the minor components issue. Update – Work in progress. Still working on the paper.	Open
68	244	05/09/2024	30/09/2024	NESO	NESO to set out how the savings on the ‘calculated savings’ slide were calculated and email to Ofgem. Update – David showed a draft schedule of dates to go	Open

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					<p><i>through different methodologies. It was agreed with Ofgem that this schedule was reasonable</i></p>	
					<p>NESO to share details of the sub-synchronous oscillation (SSO) events occurring in June with Ofgem, and arrange a more comprehensive update on SSOs and the actions we're taking.</p> <p>Update – <i>We confirmed that there exists another forum to discuss the SSO events, of which Ofgem are part of. Ofgem confirmed that they are happy with this and just wanted to make sure there is an avenue to ask questions and ask for updates. Ofgem will progress any further questions through this other forum.</i></p>	Open
68	246	05/09/2024	30/09/2024	NESO		
					<p>NESO to arrange a session to discuss metrics 1B and 1C in more detail.</p> <p>Update – <i>Call arranged for Friday 18th October.</i></p>	Open
68	247	05/09/2024	30/09/2024	NESO		
					<p>NESO to arrange a separate session to discuss what good performance looks like on RRE 2E</p> <p>Update – <i>Work in progress. People on our side are currently on leave to arrange.</i></p>	Open
68	249	05/09/2024	30/09/2024	NESO		
					<p>NEW – NESO to send trading team slides to Ofgem with more information on this 29th August BM outage scenario.</p>	Open
69	250	16/10/2024	30/11/2024	NESO		

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69	251	16/10/2024	30/11/2024	NESO	NEW - NESO to send calendar invites for cost saving sessions on the agreed dates and topics.	Open
69	252	16/10/2024	30/11/2024	NESO	NEW - NESO to set up deep dive session before end of March, send calendar invite to Ofgem.	Open
69	253	16/10/2024	30/11/2024	NESO	NEW - Organise session with Ofgem to show analysis of 3X and 3Y, for end of October.	Open

Discussion and Questions

Introduction by Phil covering what will be discussed and the agenda, plus an overview of the balancing costs benchmark.

1. Balancing costs monthly update – Balancing Costs Team

August balancing costs: Laura Woolsey talked through drivers of August’s balancing costs.

Area/Question/Feedback	NESO Response
Ofgem praised the detail on the slide showing the tracking of the savings against the projections. Ofgem would be keen to talk around a couple of those points in the future such as outage optimisation and how those decisions are made. Ofgem would also like to discuss how we carry out the cost benefit analysis. Ofgem suggested having a separate session to discuss.	We will take the feedback on board. Later during the call deep dive sessions were discussed and it was agreed that outage optimisation would be one of those topics to be included.
Ofgem wanted to know if the BM outage on the 29 th was planned? If it was planned how are those done/prepped for in tricky wind conditions?	We confirmed it was a planned outage and that the costs came from the trading side. The cost was relating back to the fact that we had some of the interconnector trade gates come off at that time. This meant there was scarcity pricing

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that was pushing up the costs. Trading team have more information on this.

ACTION: Trading team slides to be sent to Ofgem with more information on this BM outage scenario.

Ofgem inquired about the impact of Sub-synchronous oscillations on balancing costs. Can NESO provide an estimation of the extent to which it affects balancing costs? Is it possible to quantify this impact, or is it a challenging task?

We confirmed this information can be shown in the new dashboard

Ofgem thought the run through on balancing costs was a really good attempt at trying to answer why balancing costs were above the benchmark and what the deviations are for.

We acknowledged the feedback

2. Balancing costs deep dives – discuss approach

We discussed the requirement for deep dives into the balancing cost strategy and cost savings analysis, proposing dates for these sessions. In terms of cost saving sessions, the topics suggested were Balancing Reserve & FRCR, B6 Intertrip, Voltage & stability NSP. We also suggested adding in a session on Outage Optimisation in the new year based on the question asked by Ofgem earlier in the meeting. Ofgem don't see an issue with the dates and topics proposed.

ACTION: NESO to send calendar invites for cost saving sessions on the agreed dates and topics.

In terms of the ask on a deep dive on balancing cost strategy, Ofgem confirmed this is to ensure detail that is difficult to explain in writing can be discussed in person, therefore ensuring it is captured and taken in to account in the Ofgem assessment. This session is likely to be anytime between now and the end of March.

ACTION: NESO to set up deep dive session before end of March, send calendar invite to Ofgem.

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3. NESO to highlight notable points from the published report

Metric and RRE scores from the latest month were shared.

4. NESO to take questions on the published report

NESO invited questions and feedback on the published report from Ofgem. No questions or feedback on the report specifically were asked/given.

5. Ofgem to give feedback on NESO Performance

NESO invited questions and feedback on NESO's performance from Ofgem, or any general feedback they would like to provide. Feedback provided will be passed on to relevant teams. We also confirmed that feedback provided in the previous meeting has been shared.

6. Review actions & AOB

Previous actions were gone through and updates for them can be found above at the start of the minutes. Meeting then moved on to AOB.

- **3X & 3Y** – Following some queries from Ofgem, we confirmed we are currently carrying out analysis on 3X and 3Y but it is taking slightly longer than expected. We are going to set up a separate session with Ofgem to discuss the analysis and options on how we might present differently for 3X and 3Y going forward. We will send an email with proposed dates for a session towards the end of October. We also confirmed we have refreshed the figures for Q1 and the change was not significant.

ACTION – Organise session with Ofgem to show analysis of 3X and 3Y, for end of October.

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- Balancing cost methodology** – We suggested moving to showing absolute volumes instead of net volumes as we believe it could tell the story more clearly. We currently show net volumes most of the graphs in the balancing costs section of the report. Ofgem are open to ways of improvement and ask if any changes are made that these are highlighted. We confirmed we will still have net volumes in the dashboard if this view is still needed.

Previously Closed Actions

Meeting No.	Action No.	Date raised	Target Date	Resp.	Description	Status
68	245	05/09/2024	30/09/2024	NESO	NESO to add the Seagreen wind farm boundaries onto next month's balancing costs slides.	Closed
68	248	05/09/2024	30/09/2024	NESO	For the June event under RRE II, NESO to share details including the actions taken to get the frequency back to within the thresholds in the time limit.	Closed