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# Incentives Monthly Monitoring Meeting

## Meeting Minutes (January 2025 performance)

**Date:** 12/03/2025    **Location:** Teleconference    **Meeting Number:** 74  
**Start:** 14:00    **End:** 16:00

### Participants

<b>Attendee</b>	<b>Attend/Regrets</b>	<b>Attendee</b>	<b>Attend/Regrets</b>
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	Zong Yan (Ofgem)	Attend
James West (NESO)	Attend	John Walsh (NESO)	Attend
Nicolas Achury Beltran (NESO)	Attend	Laura Woolsey (NESO)	Attend

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## Agenda

Ref	Title	Owner
1.	Balancing costs monthly update – Balancing Costs Team	NESO
2.	Forecasting monthly update – John Walsh	NESO
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 NESO performance	Ofgem
6.	Review actions & AOB	All

## Actions

Meeting No.	Action No.	Date raised	Target Date	Resp.	Description	Status
72	262	08/01/2025	31/01/2025	NESO	<p>Review previous Dunkelflaute periods and compare the impact on balancing costs with the November 2024 Dunkelflaute period. They would also like NESO to look at the potential impact of the future generation mix (i.e. more wind and solar) on Dunkelflaute periods and balancing costs.</p> <p><b>Update – Work on this action is ongoing.</b></p>	Open
73	266	12/02/2025	28/02/2025	NESO	<p>Provide more detailed information on the savings from these specific trading actions (3<sup>rd</sup>/11<sup>th</sup> December) compared to real-time actions.</p> <p><b>Update – Work on this action is ongoing.</b></p>	Open
73	267	12/02/2025	28/02/2025	NESO	<p>Provide more detailed information on £0 offers,</p>	Open

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					especially those related to interconnectors instead of wind farms. <b>Update</b> - Work on this action is ongoing.	
73	268	12/02/2025	28/02/2025	NESO	NESO to check with the work group and gain an update on behavioural changes related to the economic pricing for wind curtailment, as discussed in the email sent to the wind advisory group. <b>Update</b> - Work on this action is ongoing.	Open
73	269	12/02/2025	28/02/2025	NESO	Check with the OBP team and provide more information on the OBP crash (21 <sup>st</sup> Dec) and any fixes implemented. <b>Update</b> - Work on this action is ongoing.	Open
74	270	12/03/2025	31/03/02025	NESO	<b>NEW</b> Confirm whether decision to pause the long-term outages in Scotland was made by the TO or jointly with NESO.	Open
74	271	12/03/2025	31/03/02025	NESO	<b>NEW</b> Confirm which constraints the trades on 13 and 17 January were for.	Open
74	272	12/03/2025	31/03/02025	NESO	<b>NEW</b> Confirm how impactful the actions taken on outages on 8 January were.	Open
74	273	12/03/2025	31/03/02025	NESO	<b>NEW</b> Review whether there is a more effective approach to the network availability graphs and forecasts.	Open

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## Discussion and Questions

### 1. Balancing costs monthly update – Balancing Costs Team

December balancing costs: James West and Laura Woolsey talked through drivers of December’s balancing costs.

Area/Question/Feedback	NESO Response
Was the decision to pause the long-term outages in Scotland made by the TO or jointly with NESO? Was it planned to be in a time period when high winds were anticipated?	<p>It was part of the outage planning, focusing on one side of the double circuit. It may have been planned at a time when it was beneficial to have access to more capacity.</p> <p><b>NEW</b> NESO to confirm details.</p>
What constraints were the trades on January 13th and 17th for? E.g. thermal or voltage.	<p><b>NEW</b> NESO to confirm.</p>
Regarding the NKILGRMO outage – was it a new boundary and were the costs related to that	<p>These costs related to a short term outage. NKILGRMO is slightly further south than the B6, and part of the same congested area.</p>
How impactful were the actions taken on outages on 8 January.	<p><b>NEW</b> We will come back on this</p>
James questioned the effectiveness of the Network Congestion graphs, particularly how they compare to a year ahead plan when we’re well into the year. For example, in places the forecast doesn’t seem to reflect what we’re actually expecting in the coming months. There may be a more useful approach of showing a nearer term forward looking view.	<p><b>NEW</b> We’ll look at whether there’s a more effective approach to sharing this information.</p>

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### 2. Forecasting Monthly Update – John Walsh

John Walsh team provided an update on Metrics 1B (demand) and 1C (wind) forecasting.

Area/Question/Feedback	NESO Response
<p>Ofgem found the additional analysis really insightful and useful.</p> <p>Could you relate the days with significant errors to the work you're doing on the roadmap of improvements?</p> <p>Ofgem also noted in discussion that if NESO thinks they've made improvements in other areas that feed into metric (e.g. 3-hour ahead forecast), they recommend we share the information with Ofgem. They can then consider it in their assessment.</p>	<p>Yes we'll be able to do this, but not yet. The current tools have limited diagnostic capability, which will help us focus on areas where we can further improve our models .</p>
<p>Are you able to compare the Prototype to the current model?</p> <p>Ofgem subsequently noted in the discussion that if NESO are worried about short-term performance when releasing a new model but expecting long-term benefits, if this is clearly explained then Ofgem would take account of it in their assessment. Ofgem don't want NESO to be reluctant to make certain improvements out of concern over short-term performance, so recommend that if this is a concern, it is discussed to ensure the right incentives are in place.</p>	<p>We haven't done that so far because when we release a prototype it's usually a next generation product, so we're not necessarily expecting it to beat the old model on day one. We look at data over the month and evaluate performance then decide if it's good enough to release it. With demand we wouldn't want to risk our performance in the short term. Whereas with wind we could do that if we felt that long term it would make an improvement.</p> <p>We also need to get the forecast out to the BRMS, where our forecasts are being used, whereas they currently come from our legacy system.</p>

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### 3. NESO to highlight notable points from the published report

Metric and RRE scores from the latest month were shared. No specific questions were asked.

### 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 discussed and updates for them can be found above at the start of the minutes. Meeting then moved on to AOB.

- **Reporting review**  
NESO to arrange a call to review current reporting, content, level of information and so on.
- **RRE IF Zero Carbon Operability Indicator**  
Discussion regarding the method for calculating this measure in BP3 reporting. One option that has been disussed is using the new CP30 method, with a retrospective view the same method for comparison / as a baseline. Ofgem said that this RRE was introduced reporting for a specific purpose which NESO is still being held accountable to. Therefore Ofgem see value in retaining the original measure. But they understand the desire to be consistent with currently industry terminology around CP30.  
There are a few options, and Ofgem will propose one in the BP3 Darft Determinations:
  1. Incentives reporting remains as is, but NESO report the CP30 method figures elsewhere.
  2. NESO report both methods via incentives reporting.
  3. Incentives reporting moves to the new CPSO method, but refer back to the original method for assessment of the associated BP3 Success Measure.

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### Previously Closed Actions

Meeting No.	Action No.	Date raised	Target Date	Resp.	Description	Status
67	243	10/07/2024	31/08/2024	NESO	NESO to produce paper, to send to Ofgem, explaining the minor components issue. <i>Update – Paper shared and call held.</i>	Closed
69	252	16/10/2024	30/11/2024	NESO	NESO to set up balancing cost strategy deep dive session before end of March 2025, to ensure detail that’s difficult to explain in writing is considered in Ofgem’s assessment. <i>Update – BP2 document should suffice for now, with an updated strategy to be released in May as part of the yearly report. Suggested discussing specific aspects in ad hoc sessions if needed</i>	Open
70	257	13/11/2024	11/12/2024	NESO	Provide an update on wind herding behaviour this winter <i>Update – Balancing costs team to provide updates as they occur. (No update given this month)</i>	Closed
71	259	11/12/2024	15/01/2025	NESO	NESO to confirm whether regulatory support is required for hot joints <i>Update – Network Access team already has a working group with Ofgem and DESNZ. We will provide contact details for further engagement. NESO provided contact details of who attends this from Ofgem</i>	Closed
72	263	08/01/2025	31/01/2025	NESO	Look at the impact of SSOs on balancing costs. <i>Update – SSO Subsequent Oscillation Task Force is</i>	Closed

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						<p><i>presenting to Ofgem this month. Noted that SSOs have a small cost impact, typically around £2 million when they occur. Suggestion of building dashboard capability to track these costs.</i></p>
<b>72</b>	<b>264</b>	08/01/2025	31/01/2025	NESO	<p>Share the outstanding Restoration data</p> <p><b>Update</b> - Restoration costs should now be updated in the dashboard.</p>	Closed