

Public

Incentives Monthly Monitoring Meeting

Meeting Minutes (February 2025 performance)

Date: 09/04/2025 **Location:** Teleconference **Meeting Number:** 75
Start: 14:00 **End:** 16:00

Participants

Attendee	Attend/Regrets	Attendee	Attend/Regrets
Simon Targett (NESO)	Regrets	James Hill (Ofgem)	Attend
Phil Smith (NESO)	Attend	Luke McCartney (Ofgem)	Attend
Mark Robinson (NESO)	Attend	Zong Yan (Ofgem)	Attend
David Dixon (NESO)	Attend	Shubh Mehta (Ofgem)	Attend
Filippos Panagiotopoulos (NESO)	Attend	Adam Bunting (NESO)	Attend
Aaron Young (NESO)	Attend	Nicolas Rivera (NESO)	Attend
James West (NESO)	Attend	John Walsh (NESO)	Attend
Nicolas Achury Beltran (NESO)	Attend	Laura Woolsey (NESO)	Attend

Public

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
73	266	12/02/2025	28/02/2025	NESO	Provide more detailed information on the savings from these specific trading actions (3 rd /11 th December) compared to real-time actions. <i>Update – Work on this action is ongoing. Update expected in the next meeting.</i>	Open
73	267	12/02/2025	28/02/2025	NESO	Provide more detailed information on £0 offers, especially those related to interconnectors instead of wind farms. <i>Update – A deep dive took place on this. Slides to be sent over to Ofgem.</i>	Open
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	Open

Public

					discussed in the email sent to the wind advisory group.	
					<i>Update – Work on this action is ongoing. Confirmed it will be covered in an upcoming trilateral meeting after further analysis.</i>	
					Check with the OBP team and provide more information on the OBP crash (21 st Dec) and any fixes implemented.	
73	269	12/02/2025	28/02/2025	NESO	<i>Update – Information on what happened during the OBP crash is available, but updates on the fixes implemented are still needed. This action will be rolled over.</i>	Open
					Review whether there is a more effective approach to the network availability graphs and forecasts.	
74	273	12/03/2025	31/03/2025	Ofgem	<i>Update – The OTF slides were updated after the last meeting to address questions regarding network availability. The new format includes a more forward-looking view, especially towards the end of the financial year. Action –Ofgem will review the updated slides and provide feedback</i>	Open
75	274	09/04/2025	31/05/2025	NESO	NEW NESO to investigate the specific reasons behind the change in the volume-weighted average of bids and provide more detailed insights.	Open

Public

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
What is the impact of reactive Transmission Owners (TO) equipment outages on voltage constraints and costs?	Equipment outages have been affecting voltage constraint costs. Recent issues have complicated voltage management, and these problems have been reported to relevant teams. New equipment is expected to be operational by next year.
Are we working on improving reactive TO asset availability?	Yes, we are working on improving reactive TO asset availability and exploring potential options to address this issue. This work is linked to the REM strategic review, and updates will be provided in the coming months.
What is the reason behind the significant change in the volume-weighted average of bids compared to the previous month?	<p>The change in the volume-weighted average of bids depends on the volumes accepted and the prices. We will investigate this specific question to provide more detailed insights, but it is likely associated with prices.</p> <p>NEW NESO to investigate the specific reasons behind the change in the volume-weighted average of bids and provide more detailed insights.</p>
Is the reactive support provided by the newly commissioned interconnector a mandatory requirement or a commercial arrangement?	The new interconnector offers reactive support under a commercial agreement, meeting current obligations. This support has been beneficial in decreasing reliance on expensive power stations for voltage management.

Public

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
How do manual interventions in forecasts work, and what is the threshold for making them?	Manual interventions occur almost daily, but significant changes require approval. The decision to intervene is based on the forecaster's experience who can tweak the forecast and follow the correct governance process in place for this.
How is the demand forecast coping with the recent high solar output records?	We have struggled with some days, particularly weekends, where none of our models predicted such low demands. We have had to over bias the model advice based on actual outturn performance. The new national solar model is expected to help with this in the future.

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. Feedback was given and acknowledged.

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.

Public

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.

- **Balancing costs Materials and timing**

- We suggested reviewing the monthly report and slides to determine which parts are useful, which can be removed, and what additional information might be needed. We proposed that Ofgem provide feedback on the current content, highlighting what is useful and what is not. We also mentioned sharing any new content planned for future inclusion and discussing which parts of the report are also included in other external reports or on the website.
- There was a specific mention of discussing the use of the benchmark in BP3 reporting, considering whether it should be included without tram lines for context.

Comments Made by Ofgem:

- Ofgem suggested a structured approach for the meeting and emphasised discussing the format of BP3 reporting, focusing on performance tracking and contextualising numerical data with narratives. They highlighted the need to balance reporting numbers with avoiding excessive narrative content and proposed identifying remaining information needs for a comprehensive performance picture. Ofgem also mentioned that the final BP2 meeting will cover March and underscored the importance of considering meeting formats for BP3 transition. They also proposed evolving the meeting formats over time, having discussions with NESO about the performance tracker structure, determining additional necessary information, and clarifying roles and responsibilities of NESO and Ofgem.

Public

Previously Closed 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><i>Update – Presentation was gone through during the meeting. Providing detailed analysis and examples. Ofgem said to continue the energy drought days analysis to identify potential preventive measures and connections to avoid high costs in the future. Also Integrate findings from the energy drought days analysis into the balancing cost strategy and consider the potential benefits of recapturing ODFM volumes or making DFS a bidirectional service.</i></p>	Closed
74	270	12/03/2025	31/03/2025	NESO	<p>Confirm whether decision to pause the long-term outages in Scotland was made by the TO or jointly with NESO.</p> <p><i>Update – We provided an update on the completion of the first stage of the delta project on B4, explaining the rewiring of cables to 400 kV and the ongoing second phase. We will continue monitoring the progress of the delta project on</i></p>	Closed

Public

					<i>B4 and provide updates as the second phase progresses.</i>	
					Confirm which constraints the trades on 13 and 17 January were for.	
					Update – We provided an update on constraints for trading on January 13 and January 17. On January 13, trades were primarily for managing the flow South constraint or SE import due to technical issues with IFA and voltage issues. On January 17, most of the spend was for margin, with some trading on the southeast import constraint.	
74	271	12/03/2025	31/03/02025	NESO		Closed
					Confirm how impactful the actions taken on outages on 8 January were.	
					Update – Covered in the OTF slides and linked to action 273.	
74	272	12/03/2025	31/03/02025	NESO		Closed