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Incentives Monthly Monitoring Meeting

Meeting Minutes (May 2025 performance)

Date: 16/07/2025 **Location:** Teleconference **Meeting Number:** 77
Start: 15:00 **End:** 16:00

Participants

Attendee	Attend/Regrets	Attendee	Attend/Regrets
Simon Targett (NESO)	Attend	Luke McCartney (Ofgem)	Attend
Mark Robinson (NESO)	Attend	David Dixon (NESO)	Attend
Laura Woolsey (NESO)	Attend	John Walsh (NESO)	Attend
Frances Warren (NESO)	Attend	Adam Bunting (NESO)	Attend
Aaron Young (NESO)	Attend	Harsh Kapil (NESO)	Attend
James West (NESO)	Attend	Joe Andrews (NESO)	Attend
Nicolas Achury Beltran (NESO)	Attend	Nicolas Rivera (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
73	269	12/02/2025	28/02/2025	NESO	<p>Check with the OBP team and provide more information on the OBP crash (21st Dec) and any fixes implemented.</p> <p>Update - We will address this at next month's meeting.</p>	Open
74	273	12/03/2025	31/03/2025	Ofgem	<p>Review whether there is a more effective approach to the network availability graphs and forecasts.</p> <p>Update - The OTF slides were updated to address questions regarding network availability. The new format includes a more forward-looking view, especially towards the end of the financial year. 16-July update - Email sent by James in response.</p>	Open
76	275	04/06/2025	30/06/2025	NESO	NESO to arrange trilateral meeting to discuss, including	Open

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					the points raised. OFGEM to send questions / comments to cover in advance. Update - Continue analysis on low demand periods and cover at a future trilateral meeting (not the next one, but the one after).	
					Split out the FRCR savings between 140-130, 130-120 etc, and share the updated FRCR methodology. Update - Methodology update is in progress, with changes to how savings are monetized during low demand periods; further updates to come. Ofgem raise again in this meeting	Open
76	278	04/06/2025	30/06/2025	NESO		
					Ofgem/NESO both consider discussion on upcoming improvements and the impact on market efficiency etc. Update - More investigation needed to understand this action	Open
76	280	04/06/2025	30/06/2025	NESO		
					Investigate reasons for azure-PEF line performing well on 29/30 th April Update - With forecasting team to update	Open
76	281	04/06/2025	30/06/2025	NESO		
					NESO to follow up on Ofgem's request that the skip rates reported metrics includes the other stages as well as PSA5. Update - New skip rate request has been noted and to be passed on the relevant people to action	Open
76	282	04/06/2025	30/06/2025	NESO		

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77	284	16/07/2025	08/08/2025	NESO	NEW NESO to confirm if the flat wind out turn in Scotland is due to B4 constraint limits and whether these limits fluctuate over time. Then share outcome with Ofgem.	Open
77	285	16/07/2025	08/08/2025	NESO	NEW NESO to investigate whether the increase in response costs is due to higher utilisation or more capacity being bought, and provide a detailed breakdown.	Open
77	286	16/07/2025	08/08/2025	NESO	NEW NESO to determine how much the Midlands outage specifically impacted voltage spending versus the effect of low demand.	Open
77	287	16/07/2025	08/08/2025	NESO	NEW NESO to investigate what caused the strange activity on the 25th of May, related to forecasting and report to Ofgem.	Open

Discussion and Questions

1. Balancing costs monthly update – Balancing Costs Team

May's balancing costs: The Balancing Costs Team talked through the drivers of May's balancing costs.

Area/Question/Feedback	NESO Response
Scotland Wind Out Turn and B4 Outages: Ofgem asked if the flat wind out turn in Scotland is due to B4 outages and whether that's the maximum possible, or if it could fluctuate?	We need to check the limits and see if it changes over time, expecting some fluctuation but would need to take away and confirm. ACTION: NESO to confirm if the flat wind out turn in Scotland is due to B4 constraint limits and

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	whether these limits fluctuate over time. Then share outcome with Ofgem.
Increase in Response Costs: Ofgem Asked about a big increase in response costs compared to last year—whether it's due to more volume being bought in auctions or more utilisation in the BM?	<p>We said it was linked to the volume of actions taken, not necessarily more expensive ones, but would need to check the breakdown.</p> <p>ACTION: NESO to investigate whether the increase in response costs is due to higher utilisation or more capacity being bought, and provide a detailed breakdown.</p>
Midlands Outage and Voltage Costs: Ofgem asked if the Midlands outage is still ongoing and how much it impacted voltage costs versus low demand?	<p>We believed the outage ended at the start of June and we need to pull out exactly how much it impacted voltage spending.</p> <p>ACTION: NESO to determine how much the Midlands outage specifically impacted voltage spending versus the effect of low demand.</p>
High Cost Day – "Other" Fuel Type: Ofgem Asked what is included in the "other" category on the high cost day graph.	<p>Explained that "other" refers to anything not specifically tagged in operational data, typically small aggregators, BM units, batteries, and gas generators. This category is shrinking as more assets are properly categorised.</p>
FRCR Savings Splits: Ofgem asked if it's possible to split out FRCR savings between 1:20 and 1:30 since changes were made, for better visibility.	<p>We confirmed it's an action item and they are looking into it for next month. Also the split can be done retroactively once the methodology is complete.</p> <p>ACTION: NESO to look into splitting out FRCR savings between 1:20 and 1:30 for future reporting. Related to Action 278.</p>
Solar Curtailment: Ofgem asked if there was much solar curtailment in May, given the high solar generation.	<p>We didn't have an exact figure, but we noted that wind and solar balanced each other. Our solar curtailment was minimal (around 0.02% in May), consistent with April, and it wasn't a concern for us.</p>

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2. Forecasting Monthly Update – John Walsh

John Walsh provided an update on Demand and Wind forecasting.

Area/Question/Feedback	NESO Response
On the 25th, was there still a large CFD action issue even though the metric changed, or was CFD action taken down to 1-2 MW instead of 0 MW?	John said it's possible, but they haven't retrospectively checked; if there was partial redeclaration, they would take a hit, but CFD only influences a very small period of the forecast in the month.
On the right-hand side graphs (wind), why is the 11th of May stable while the other two days are volatile? Was this due to wind speed errors throughout the day?	John explained that inconsistent wind speeds across GB can cause mini weather fronts, and small wind speed errors can accumulate into significant forecast errors
What caused the strange activity on the 25th in the within-day wind error dashboard?	John said they haven't concluded the cause yet; it could be data error or genuine outturn, and they will look at it and report back. ACTION: NESO to investigate what caused the strange activity on the 25th of May and report to Ofgem.
The solar model transparency and development is helpful	We acknowledged and thanked Ofgem for the feedback
Ofgem would like a copy of the forecasting slides after the call?	We agreed and sent them after the call

3. NESO to highlight notable points from the published report

Reported Metrics from the latest month were shared. No specific questions were asked.

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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.

- **Publishing Meeting minutes**

- We proposed ceasing the public publication of the meeting minutes due to low engagement, suggesting that minutes be shared bilaterally when necessary. Ofgem agreed, mentioning that Matt is currently reviewing the BRP minutes and will confirm their position by email, and indicated that stopping public publication may be reasonable.

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Previously Closed Actions

Meeting No.	Action No.	Date raised	Target Date	Resp.	Description	Status
75	274	09/04/2025	31/05/2025	NESO	NESO to investigate the specific reasons behind the change in the volume-weighted average of bids and provide more detailed insights.	Closed
76	276	04/06/2025	30/06/2025	NESO	Add volume to the thermal / voltage / inertia cost graphs.	Closed
76	277	04/06/2025	30/06/2025	NESO	Provide update on the impact of the low wind in April on short term outages on the B4/B5 boundary. <i>Update – Detail sent via email after the meeting</i>	Closed
76	279	04/06/2025	30/06/2025	NESO	Confirm publication date for Balancing Costs Annual Report.	Closed
76	283	04/06/2025	30/06/2025	NESO	NESO to arrange a separate session to discuss carbon intensity reporting.	Closed