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Incentives Monthly Monitoring Meeting

Meeting Minutes (July 2025 performance)

Date: 11/09/2025 **Location:** Teleconference **Meeting Number:** 79
Start: 14:00 **End:** 15:00

Participants

Attendee	Attend/Regrets	Attendee	Attend/Regrets
Simon Targett (NESO)	Regrets	Luke McCartney (Ofgem)	Attend
Mark Robinson (NESO)	Attend	Nicolas Achury Beltran (NESO)	Attend
Laura Woolsey (NESO)	Attend	John Walsh (NESO)	Attend
Phil Smith (NESO)	Attend	Adam Bunting (NESO)	Attend
Aaron Young (NESO)	Attend	Nicolas Rivera (NESO)	Attend
James West (NESO)	Attend	Joe Andrews (NESO)	Attend

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

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Actions

Meeting No.	Action No.	Date raised	Target Date	Resp.	Description	Status
78	291	07/08/2025	11/09/2025	NESO	Arrange a session to talk through the Forecast Strategy publication at a suitable point. <i>Update – Wait until after publication at the end of October</i>	Open
79	292	11/09/2025	31/10/2025	NESO	NEW Inform Ofgem if EC5 and SC1 transfer capacities had returned to normal.	Open
79	293	11/09/2025	31/10/2025	NESO	NEW Check if any additional short-term outages were scheduled specifically because of lower wind.	Open
79	294	11/09/2025	31/10/2025	NESO	NEW Investigate reasons for the notable increase in overnight transmission system demand.	Open
79	295	11/09/2025	31/10/2025	NESO	NEW Investigate and restore Ofgem's access to the dashboard	Open
79	296	11/09/2025	31/10/2025	NESO	NEW Find someone internally (such as a power system engineer) to provide an explanation of the trading decisions for 30th June in a future session.	Open

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Discussion and Questions

1. Balancing costs monthly update – Balancing Costs Team

James West and Adam Bunting went through the driving factors around the balancing costs for the July Performance 2025. Laura presented an update on the FRCR savings breakdown as per Action 278. Agreed to continue this update as BAU in the future.

Area/Question/Feedback	NESO Response
Ofgem asked, in relation to Wind Offers on 1 st July, if the line of green at the start of the graph (referring to the slide shown during the discussion) was from the 1 st of July or something different.	We confirmed that the green line on the top graph was indeed from the 1 st of July, explaining that they offered in quite a bit of wind on that day.
Ofgem asked if the EC5 and SC1 transfer capacities had returned to normal, noting that the forecast showed about 100% for the whole year.	We replied that they had not checked to date, only for July and August, and said we would take it away to see if it had been resolved by now. ACTION: <i>Inform Ofgem if EC5 and SC1 transfer capacities had returned to normal.</i>
Ofgem asked why constraint costs were higher this July compared to last July despite similar wind output, and whether more outages were taken this year, possibly due to lower wind months. He also inquired if there was a strategy to schedule outages during low wind periods to minimise balancing costs.	We said that there have generally been more outages in Scotland this summer compared to last year, but could not confirm if this was directly due to lower wind output. We offered to check if any additional short-term outages were scheduled specifically because of lower wind. ACTION: <i>Check if any additional short-term outages were scheduled specifically because of lower wind.</i>
Ofgem asked about the notable increase in overnight transmission system demand compared to last year, suggesting it might be due to increased overnight charging or changes in consumer behaviour, and noted a midday dip possibly linked to more solar generation.	We responded that there has been a general increase in overnight demand, possibly due to changes in consumer behaviour such as more overnight charging, and agreed the midday dip could be related to higher embedded solar output. We said this trend is worth further investigation. We also added that the data shown is for transmission system demand, so other

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	<p>components should be considered when interpreting the midday dip.</p> <p>ACTION: <i>Investigate reasons for the notable increase in overnight transmission system demand.</i></p>
Ofgem asked about access to the internal balancing cost dashboard, mentioning its usefulness for answering team queries and noting changes in how data is reported, specifically the loss of detail between thermal, voltage, and inertia costs. He asked if there were any updates on access.	<p>We confirmed we would follow up on restoring Luke's access to the dashboard and acknowledged feedback about the need for more detailed cost breakdowns.</p> <p>ACTION: <i>Investigate and restore Ofgem's access to the dashboard.</i></p>
Ofgem mentioned that the way MBSS is reported in the new dashboard had changed and requested more detailed breakdowns, such as separating thermal, voltage, and inertia costs.	<p>We confirmed that they had received similar feedback from other stakeholders and are working to add this extra layer of detail in the next iteration, aiming to release more information by the end of the month.</p>

2. Forecasting Monthly Update – John Walsh

John presented an update on Neso's forecasting performance for July 2025. Including recent error distributions for demand and wind, the impact of recent months' operational conditions, and progress on integrating a new prototype forecasting model to improve accuracy.

Area/Question/Feedback	NESO Response
Ofgem asked about the occurrence of large forecast errors (over 4 GW) for demand and wind in the recent month, questioning if there was any specific reason for these significant error swings and whether any errors exceeded 4 GW by a large margin.	<p>We replied that such large errors are not unusual for a small number of settlement periods and that this trend continued into August and September. We explained that the forecasting method, which uses a weather metric slicing into the following calendar day, exposes them to these errors, especially for longer lead times, and that eliminating such large errors entirely may not be possible. We confirmed that the errors above 4 GW were not much higher than that threshold.</p>

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3. NESO to highlight notable points from the published report

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

4. NESO to take questions on the published report

No specific questions were asked.

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. No specific feedback was provided.

6. Review actions & AOB

The outstanding actions were discussed – see updates in table below for complete actions, and the table starting on page 3 for outstanding ones.

AOB

- **30th June trades**
 - Ofgem raised a query about high trading activity on 30th June, noting significant trading on both 30th June and 1st July, and requested more detail on the decision-making process behind these trades.
 - We acknowledged the request and agreed to revisit the original email to clarify the specific details and rationale for the trading activity.
 - **ACTION:** *We agreed to find someone internally (such as a power system engineer) to provide an explanation of the trading decisions for 30th June in a future session.*

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Previously Closed Actions

Meeting No.	Action No.	Date raised	Target Date	Resp.	Description	Status
76	275	04/06/2025	30/06/2025	NESO	NESO to arrange trilateral meeting to discuss, including the points raised. Ofgem to send questions / comments to cover in advance.	Closed
76	278	04/06/2025	30/06/2025	NESO	Split out the FRCR savings between 140-130, 130-120 etc, and share the updated FRCR methodology. <i>Update – was covered in this meeting</i>	Closed
77	286	16/07/2025	08/08/2025	NESO	NESO to determine how much the Midlands outage specifically impacted voltage spending versus the effect of low demand. <i>Update – Laura sent analysis after the meeting</i>	Closed
77	287	16/07/2025	08/08/2025	NESO	NESO to investigate what caused the strange activity on the 25th of May, related to forecasting and report to Ofgem. <i>Update – this was covered during this meeting</i>	Closed
78	288	07/08/2025	11/09/2025	NESO	NESO to confirm if they are able to share their internal cost assessment of reactive equipment outages with Ofgem. <i>Update – this was covered in the new slide</i>	Closed
78	289	07/08/2025	11/09/2025	NESO	Investigate if there is an error on the network congestion graphs where they drop to zero. <i>Update – this is now fixed</i>	Closed
78	290	07/08/2025	11/09/2025	NESO	NESO to investigate the significant peak in the "minor components" category on the cost and volume graph, and	Closed

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whether this was related to operating reserve actions being classified under minor components, or if it was a different issue.

Update – Neso currently investigating – James clarified that the spike in minor components on the 4th of June was mainly due to an SOSO trade, which is tagged in the system in a way that causes this volume to appear under minor components.