Public

Incentives Monthly Monitoring Meeting

Meeting Minutes (August 2025 performance)

Date:	08/10/2025	Location:	Teleconference	Meeting Number:	80
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)	Regrets	Nicolas Rivera (NESO)	Attend
James West (NESO)	Attend	Joe Andrews (NESO)	Attend
Frances Warren (NESO)	Attend	Anthony Ser (Ofgem)	Attend
Izzie Sunnucks (NESO)	Attend	Zong Yan (Ofgem)	Attend
Harsh Kapil (NESO)	Attend		
Inthu Sarachandran (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

Actions

Meeting No.	Action No.	Date raised	Resp.	Description	Status
78	**291**	07/08/2025	NESO	Arrange a session to talk through the Forecast Strategy publication at a suitable point. ***Update*** *– Wait until after publication at the end of October*	Pending
79	**293**	11/09/2025	NESO	Check if any additional short-term outages were scheduled specifically because of lower wind. ***Update*** *– Waiting to confirm with NAP team.*	Open
79	**296**	11/09/2025	NESO	Enhance the MBSS dashboard to provide an extra layer of detail behind costs, including breakdowns by thermal, voltage, and inertia, in response to stakeholder feedback. ***Update*** *– we're working on enhancing the level of data behind the MBSS dashboards, expecting more detail in the next couple of months.*	Open
79	**297**	11/09/2025	NESO	Find someone internally (such as a power system engineer) to provide an	Open

				explanation of the trading decisions for 30th June in a future session.	
80	**298**	08/10/2025	NESO	**NEW:** Provide an explanation of why August curtailment was much higher than in April and May despite wind being broadly similar.	Open
80	**299**	08/10/2025	NESO	**NEW:** Confirm the cause of the high offers during the windy period (August bids and offers graph).	Open
80	**300**	08/10/2025	NESO	**NEW:** Provide an explanation of the 'other' factors not captured in the model that drove demand forecasting errors on 31st August.	Open

Discussion and Questions

1. Balancing costs monthly update – Balancing Costs Team

Harsh Kapil went through the driving factors around the balancing costs for the August Performance 2025.

Area/Question/Feedback	NESO Response
Wind outturn for August was broadly similar to April and May, but curtailment seems to be almost double, why is that?	Our initial view is that in August the wind curtailment happened at the start and end of month, as it was sunny in the middle of the month. Whereas in April and May the wind was more uniform. We will look into this in more detail and provide a complete answer. **ACTION:** provide an explanation of why August curtailment was much higher than in April and May despite wind being broadly similar.
On slide 12 can you add the missing labels to the horizontal axis?	We'll update and share
inertia costs in August were unusually high, even though wind outturn was lower than last August. Was this due to changes in system requirements (like FRCR) or other factors, and has there been any investigation into the cause?	During the sunny, low-wind periods in August, more synchronous generators were used to provide inertia, leading to higher costs. FRCR requirements have not changed since June, so the increase was mainly due to system conditions rather than regulatory changes.
Slide 20 (bids and offers graph). There are lots of high offer dots during the windy period. Is that replacement energy or system actions for inertia etc?	We will look into this and provide response. **ACTION:** Confirm the cause of the high offers during the windy period (August bids and offers graph).

2. Forecasting Monthly Update – John Walsh

John presented an update on NESO's forecasting performance for August 2025.

Area/Question/Feedback	NESO Response
The report mentions that on 31st August, demand forecasting errors were due to solar, wind and other factors not captured in the model, what are those?	We'll come back with a response on this. **ACTION:** Provide explanation of the 'other' factors not captured in the model that drove demand forecasting errors on 31st August.
(Slide 43, forecasting improvement plan) Does the "redundant" part of the improvement plan refer to rebuilding the model from scratch, and is this the prototype model John had previously mentioned, or something different.	We have two prototype models. First is the main one built at the end of last year (the 'purple one' shown on slide 38). Forecasters and the control room use it every day but the data doesn't go anywhere yet. And a parallel version being rebuilt from the ground up using the latest generation of weather data. The AI model runs on a custom weather file, while the new model is being developed to leverage updated weather data and improved capabilities.
Will the new National solar modal drive an improvement in demand forecast accuracy?	Yes, we expect a subtle improvement. the model is ready and packaged but not yet rolled out into production, and is dependent on IT resource prioritisation.
Are extreme weather conditions (like storms) more likely to lead to weather forecast errors, even when closer to real time?	Generally our storm forecasting performance has been very good, especially after upgrading our wind forecasting models to better handle high-speed cut-out events. The models now have tailored profiles for wind farm output during storms, and recent storms (like Amy) were well forecasted. But there's limited data to learn from the big storms because they are infrequent.

3. NESO to highlight notable points from the published report

Reported Metrics from the latest month were shared.

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

Area/Question/Feedback	NESO Response
How far back do you have total annual balancing costs figures? We already have the figures back as far as 2011, do you have the rest back to 2000?	We will look into this and let you know what we can provide.

Previously Closed Actions

Meeting No.	Action No.	Date raised	Resp.	Description	Status
79	**294**	11/09/2025	NESO	Investigate reasons for the notable increase in overnight transmission system demand. ***Update*** *– we investigated factors affecting increased overnight demand, finding battery imports overnight are trending up, likely due to price signals, but no notable trend in embedded wind. So probably more on the demand side partly due to batteries and partly consumer behaviour. We'll monitor and consider a deeper look into it in the future.*	Closed
79	**295**	11/09/2025	NESO	Investigate and restore Ofgem's access to the dashboard. ***Update*** *– we have restored Luke's access and will do the same for Zong and Anthony.*	Closed
79	**292**	11/09/2025	NESO	Inform Ofgem if EC5 and SC1 transfer capacities had returned to normal. ***Update*** *- transfer capacities remained low in August due to outages but returned to normal in September.*	Closed