

Public

Incentives Quarterly Monitoring Meeting

Meeting Minutes (Q3 December 2025 performance)

Date: 12/02/2026 **Location:** Teleconference **Meeting Number:** 82
Start: 14:00 **End:** 15:00

Participants

Attendee	Attend/Regrets	Attendee	Attend/Regrets
Simon Targett (NESO)	Regrets	Zong Yan (Ofgem)	Attend
Mark Robinson (NESO)	Attend	James Hill (Ofgem)	Attend
Laura Woolsey (NESO)	Attend	John Walsh (NESO)	Attend
Phil Smith (NESO)	Attend	Adam Bunting (NESO)	Attend
Inthu Sarachchandran (NESO)	Attend	Nicolas Rivera (NESO)	Attend
James West (NESO)	Attend	Joe Andrews (NESO)	Attend
Izzie Sunnucks (NESO)	Attend	Anthony Ser (Ofgem)	Attend
Nicolas Achury Beltran (NESO)	Attend		

Public

Agenda

Ref	Title	Owner
1.	Quarterly Balancing Costs Review – Cost & Operational Insights team	NESO
2.	Forecasting quarterly update – John Walsh	NESO
3.	NESO to highlight notable points from the published reports	NESO
4.	NESO to take questions on the published reports	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	<p>Arrange a session to talk through the Forecast Strategy publication at a suitable point.</p> <p>Update – Wait until after publication at the end of October</p>	Pending
79	293	11/09/2025	NESO	<p>Check if any additional short-term outages were scheduled specifically because of lower wind.</p> <p>Update – We provided details on why rescheduling outages at short notice due to weather is difficult; offered to send info for review. Ofgem agreed to review and follow up with questions.</p>	Open
79	296	11/09/2025	NESO	<p>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.</p> <p>Update – Still investigating; plans to update MBSS dashboard and will provide further updates as progress is made.</p>	Open

Public

79	297	11/09/2025	NESO	Find someone internally (such as a power system engineer) to provide an explanation of the trading decisions for 30th June in a future session. <i>Update – Contact in trading team identified; asked Ofgem how they want to proceed (session or email). Ofgem will check what was requested and respond.</i>	Open
80	299	08/10/2025	NESO	Confirm the cause of the high offers during the windy period (August bids and offers graph). <i>Update – High-priced bids in early August linked to single circuit outage in southwest; market monitoring reviewing.</i>	Open
81	301	10/11/2025	NESO	Follow up with the forecasting team regarding deviations in wind forecasts and their impact on outage planning and costs. <i>Update – No update on the call due to time constraints Will be circulated by email for update after the meeting.</i>	Open
81	303	10/11/2025	NESO	Check if the spike in short notice operational changes is meaningful or coincidental, and to ask if there is tracking of recurring issues. <i>Update – No update on the call due to time constraints Will be circulated by email for update after the meeting.</i>	Open
81	304	10/11/2025	NESO	Edit the report to include the correct success measure for ZCO in the mid-year report. <i>Update – No update on the call due to time constraints Will be circulated by email for update after the meeting.</i>	Open
81	305	10/11/2025	NESO	Organise meeting with Ofgem to discuss how the reported metrics meeting can be streamlined and invite relevant people from NESO.	Open

Public

Update – No update on the call due to time constraints Will be circulated by email for update after the meeting.

82	306	12/02/2026	NESO	NEW: NESO to review and share more detailed B6 savings data for October.	Open
82	307	12/02/2026	NESO	NEW: Organise meeting with Ofgem to discuss determinations in relation to reported metrics	Open
82	308	12/02/2026	NESO	NEW: NESO to send over an update on the NG forecasting strategy, specifically regarding next steps and the scale of industry response over November and December.	Open

Public

Discussion and Questions

1. Quarterly Balancing Costs Review – Cost & Operational Insights team

The Cost & Operational Insights team went through the driving factors around the balancing costs for the Q3 December Performance 2025.

Area/Question/Feedback	NESO Response
Ofgem asked for clarification on what constitutes a "high cost day" (specifically, why the threshold is set at £15 million and whether there is a formal methodology behind it).	We said that NESO considers days above £10 million as high cost and above £15 million as very high cost, based on historical system observations rather than a formal methodology.
Ofgem queried whether the reduction in outage work during the Christmas period was solely due to the holiday or if other factors contributed.	<p>We explained that no new planned outages were scheduled in Scotland for December, and outages are often returned to service before Christmas, with some work resuming after the holidays.</p> <p>It's common for major schemes that require access to OHL's etc, to avoid the harshest winter months (normally December, January and February) due to difficulties accessing these lines, especially in Scotland.</p>
Ofgem asked about storage and whether Ofgem's repetitive retraining document would require further actions from NESO. Ofgem confirmed they are producing a report on repetitive retraining. Ofgem noted that this may result in follow-up actions for NESO once the report is finalised.	We explained that NESO is currently assessing options around repetitive retraining, sharing findings with DES and Ofgem.
Ofgem asked about the B6 constraint management intertrip, noting that outages across Scottish border implied a spike in available benefits not seen in the graph.	<p>We said that outages on the B4/B5 boundary may have prevented flows reaching B6, thus limiting savings. NESO committed to reviewing granular data and providing a deeper dive into October's B6 savings.</p> <p>Action: NESO to review and share more detailed B6 savings data for October.</p>

Public

Commented on the use of the benchmark, expressing uncertainty about whether NESO's actions or system conditions were responsible for the delta from the benchmark. He requested clearer information on NESO's value added and performance drivers, noting that being above or below the benchmark does not necessarily indicate good or bad performance.

We agreed and suggested this be discussed further in the upcoming benchmark meeting, with NESO considering how to better highlight performance drivers in future presentations.

2. Forecasting Quarterly Update – John Walsh

John presented an overview of demand and wind forecasting performance for the quarter. He discussed ongoing model improvements, including new demand forecasting prototypes and blending multiple weather data sources for wind and solar forecasts, aiming to further enhance accuracy.

Area/Question/Feedback	NESO Response
Ofgem asked whether the new demand forecasting model, expected to be released in February, would be used for market forecasts and if NESO would notify the market about the change.	We responded that the model will be used for market forecasts once it consistently outperforms the current model, and NESO will notify the market when the switch occurs.
Ofgem asked if the new model would be receptive to market price signals and whether NESO is allowed to forecast demand using price signals, given previous restrictions.	We said that the model will not use wholesale market clearing price as a parameter but will consider behavioural responses to market signals, such as retailer-driven demand changes, when notified.
Ofgem asked about the reasons for higher forecast errors in November, specifically for wind.	We said that errors were mainly due to poor day-ahead weather forecasts, which NESO cannot manually adjust for wind (unlike demand), but NESO is now blending multiple weather sources and exploring new vendors for improved accuracy.

Public

3. NESO to highlight notable points from the published reports

Reported Metrics from the last quarter were shared.

4. NESO to take questions on the published reports

NESO invited questions and feedback on the Q3 report or any published reports since the last meeting. No questions were raised.

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 and said this agenda item can now be removed as this feedback forms part of the BPR process going forward.

6. Review actions & AOB

The outstanding actions were not discussed due to time constraints, NESO said we would circulate an email update on the actions rather than walking through each one live.

AOB

Area/Question/Feedback	NESO Response
Ofgem agreed and recommended speaking with Adam to ensure alignment before feedback is sent.	<p>We raised the issue that proposed changes to reported metrics had not yet been reflected in the determinations and suggested arranging a call to clarify expectations before submitting further recommendations.</p> <p>ACTION: Organise meeting with Ofgem to discuss determinations in relation to reported metrics</p>
Ofgem asked for a short email update on the NG forecasting strategy, specifically regarding next steps and the scale of industry response over November and December.	<p>We agreed to provide this update.</p> <p>ACTION: NESO to send over an update on the NG forecasting strategy, specifically regarding next steps and the scale of industry response over November and December.</p>

Public

Previously Closed Actions

Meeting No.	Action No.	Date raised	Resp.	Description	Status
-------------	------------	-------------	-------	-------------	--------