

Public

NESO Operational Transparency Forum

15 July 2026

Welcome to the Operational Transparency Forum!

You are in listen-only mode with your camera turned off.

Live Captioning Available. To enable live captions in Microsoft Teams:

Click on the 3 dots icon / 'More'

Click 'Turn on live captions'

Key Points

Slido code #OTF

- **Ask Questions and give feedback:** Use **Sli.do event code #OTF**.
- **Submit early:** Ask questions early to give our experts time to answer.
- **No Edits:** Don't edit questions after submission; submit a new question, if needed.
- **Identify Yourself:** Provide your name or organization. Anonymous questions won't be answered live. If you have reasons to remain anonymous to the wider forum, please use the advance question or email options below.
- **Report Concerns:** Report concerns to the Market Monitoring team at marketreporting@neso.energy.
- **Question Order:** Questions are answered in upvoted order. Some may be taken away or answered later.
- **Sli.do Open:** Sli.do remains open **until 12:00** for maximum question opportunities. After that please use the advance questions or email options below.
- **Q&A:** All questions are recorded & published. Unanswered questions will be included in the next slide pack.
- **Ask questions anytime** whether for inclusion in the forum or individual response through our [Advance Questions form](#) or at: box.nc.customer@neso.energy.
- **Stay Updated:** Visit our webpage at: <https://www.neso.energy/what-we-do/systems-operations/operational-transparency-forum> for updates and previous OTF material.

Note: To access previous OTF webinars from Slido, click on the three lines to the left of forum title.

Focus Topics

Today

- 15th July
 - NESO Year-Ahead Constraint Cost Forecast

Slido code #OTF

Future

- 22nd July
 - June Balancing Costs
- 29th July
 - No OTF (run fortnightly over summer break)



If you have questions/suggestions of areas to cover during above presentations or ideas for focus topics you would like us to consider, please send them to us at: box.nc.customer@neso.energy

Open letter to industry on DER Participation in NESO Reactive Power Markets

Publication – 6 July 2026

NESO recently published an Open letter to industry on DER Participation in NESO Reactive Power Markets, along with supporting slides and recording.

At this time NESO will not allow Distributed Energy Resources (DERs) and DNO/DSOs to participate in NESO Reactive Power Markets. The reasoning behind this decision explained in the letter.

We will keep this decision under review and welcome further views from stakeholders.

We will be holding an industry Q&A call on 22 July 14:00–15:00.

Please use the links/QR Code on the right to register.

We would encourage you to submit any questions via email to box.voltage@neso.energy, however there will be the opportunity to ask questions on the day.

We'd love to hear your feedback!

Open Letter, slides and recording – see 'Latest news' section

- [NESO Reactive Power Market](#)
- [Open Letter to Industry](#)
- [Supporting slides](#)
- [Recording](#)



22nd July – 14:00–15:00

Industry Q&A call: DER in NESO Reactive Power Markets



To register for the webinar:

- [Use this link](#)

or

- Scan the QR Code

Public

Reformed National Pricing Balancing, Settlement and Dispatch Call for Input

Slido code #OTF

Please note this session is now being held on Thursday 16th July at 10am

Register for our Call for Input Playback session to hear from the Reformed National Pricing team on the feedback received through the Balancing, Settlement and Dispatch Call for Input.

The session will share key insights, outline next steps, and provide an opportunity to ask questions. Questions can be submitted in advance on Slido using **#CFIPLAYBACK**

QR code to register–



Link to register [here](#)



Summary of Call for input feedback is now published on the Reformed National Pricing page and can be found [here](#)



Response Reform Webinar: Dynamic Response

Slido code #OTF

Join us for the Response Reform webinar on 28 July 14:00–15:00

This webinar will provide an update on NESO's current thinking of moving towards 30-minute service windows rather than EFA blocks for the Dynamic Response Services. Including NESO's preferred options on how providers should manage their State of Energy (SoE) and how performance will be assessed.

To register for this webinar, please sign up [here](#).

Please submit any questions via email: box.futureofbalancingservices@neso.energy

BM Registration news: SORT Date Checker Tool is now available online

Link to tool: [SORT Date Checker](#)

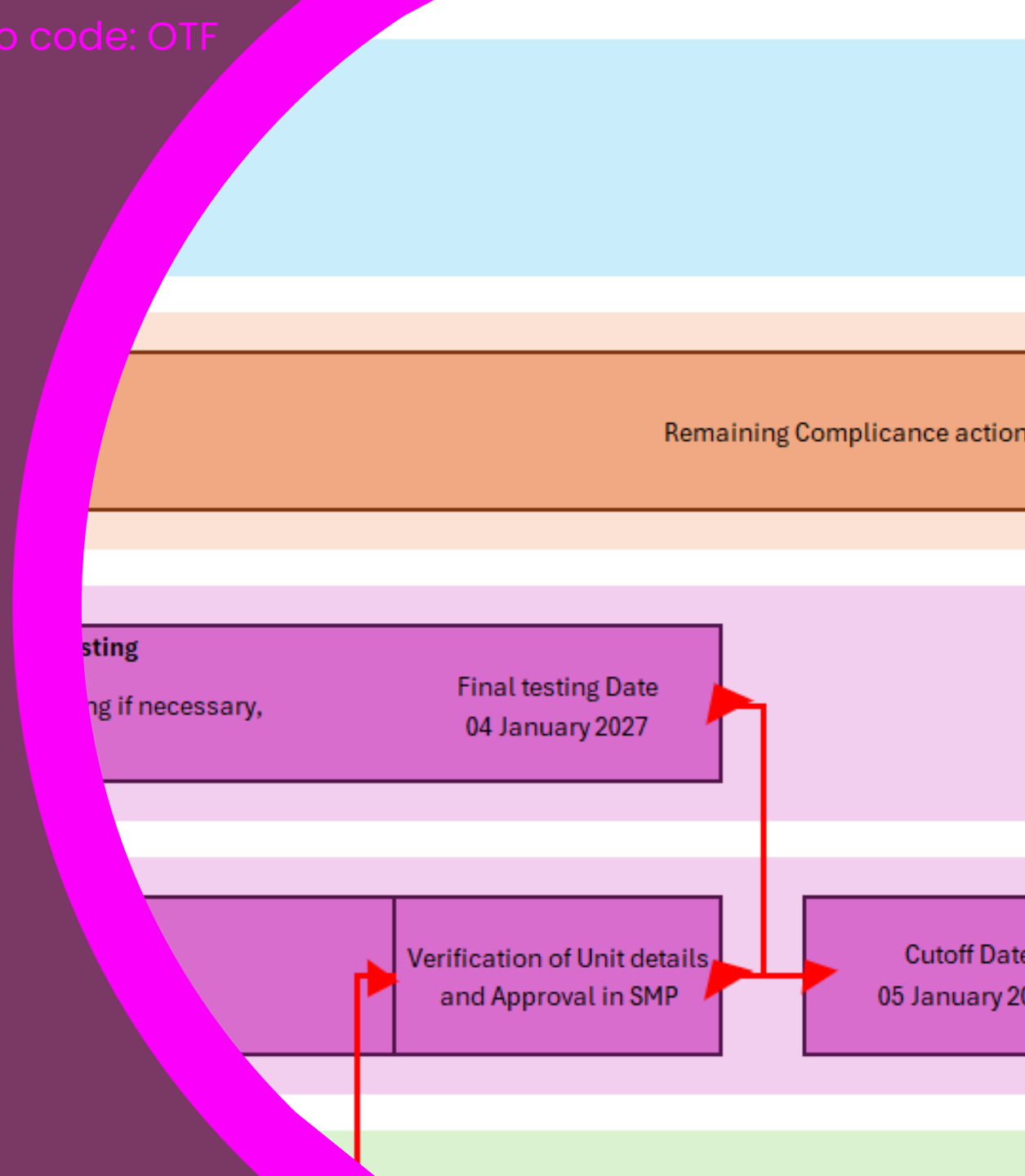
To use:

- click the link
- download your own copy
- open in the **desktop** version of Excel

See the notes tab for useful information and NESO contact details.

The tool is designed to identify key dates and support project planning for **all** units registering for the Balancing Mechanism (BM). This version was refined following feedback from the Customer Compliance Seminar in Glasgow and from this Forum on 20 May 2026.

For further information about registering for the BM go to: [Balancing Mechanism Wider Access | National Energy System Operator](#) or contact the team at: bmu.registration@neso.energy



Expansion of Good Industry Practice Guidance Note to All Fuel Types

Slido code #OTF

- On the 17th of June 2026, we presented to the OTF to launch the consultation on extending FPN accuracy guidance note from wind generation to all fuel types.
- The following documents were uploaded on the [market monitoring webpage](#):
 - Draft Guidance Note – FPN accuracy of BMUs
 - FPN Good Industry Practice Document Revision Consultation Note
 - Guidance Note Good Industry Practice – changes made
 - 2025 Data Supporting Draft Guidance on FPN accuracy of BMUs
- **This is a reminder to review the consultation and send your responses by 31st of July 2026 to the following address – marketreporting@neso.energy**
- We encourage all stakeholders to share their feedback, as your input will help us shape the final guidance note and ensure it reflects a wide range of perspectives.

GC0166 goes live: enabling smarter use of limited duration assets

Limited duration assets, such as storage, will be able to provide clearer information on the energy they can deliver over time, supporting smarter decision-making for both real-time balancing and forward system planning (scheduling timescales) in the Balancing Mechanism (BM).

Slido code #OTF

What changed: By the 5th November Lead Parties must submit Maximum Delivery Offer (MDO) and Maximum Delivery Bid (MDB) data in order to comply with the Grid Code.

Guidance & technical documents are available to support participants through the transition:

- **Data Validation, Consistency and Defaulting Rules** – Covers the rules on the submission of MDO and MDB – available [here](#).
- **EDL Message Specification** – Defines the message structure used on EDL for MDO and MDB – available [here](#).
- **WA API Message Specification** – Defines the message structure used for MDO and MDB for WA API – this is accessible on the WA API Developer's Portal.
- **MDO/MDB Best Practice Guidance (Version 2)** – Supplementary information to support industry incorporating enhancements proposed by industry participants – available [here](#).

Rollout: Phased adoption is underway with 5 units across 4 lead parties submitting MDO/MDB. Implementation will continue in waves; we are currently working with lead parties, optimisers and software suppliers to agree transition plans for their respective units.

Not heard from NESO? If you're organisation is operating as the Lead Party for limited duration assets, which are live in the Balancing Mechanism, please contact the team at: Box.OBP_EDT.EDL@neso.energy

Future Event Summary

Slido code #OTF

Event	Date & Time	Link
RNP Call for Input playback session	16 July (10:00–11:30)	Register here
DER Participation in NESO Reactive Power Markets webinar	22 July (14:00–15:00)	Register here
Response Reform: Dynamic Response webinar	28 July (14:00–15:00)	Register here
Consultation on extending FPN accuracy guidance note	Close 31 July	Consultation documents

Constraint Costs Forecast

NESO Network Access Planning

July 2026

Overview

We are aware of the interest in the cost of constraints going forward and today will present what those costs and drivers look like over the next 12 months.

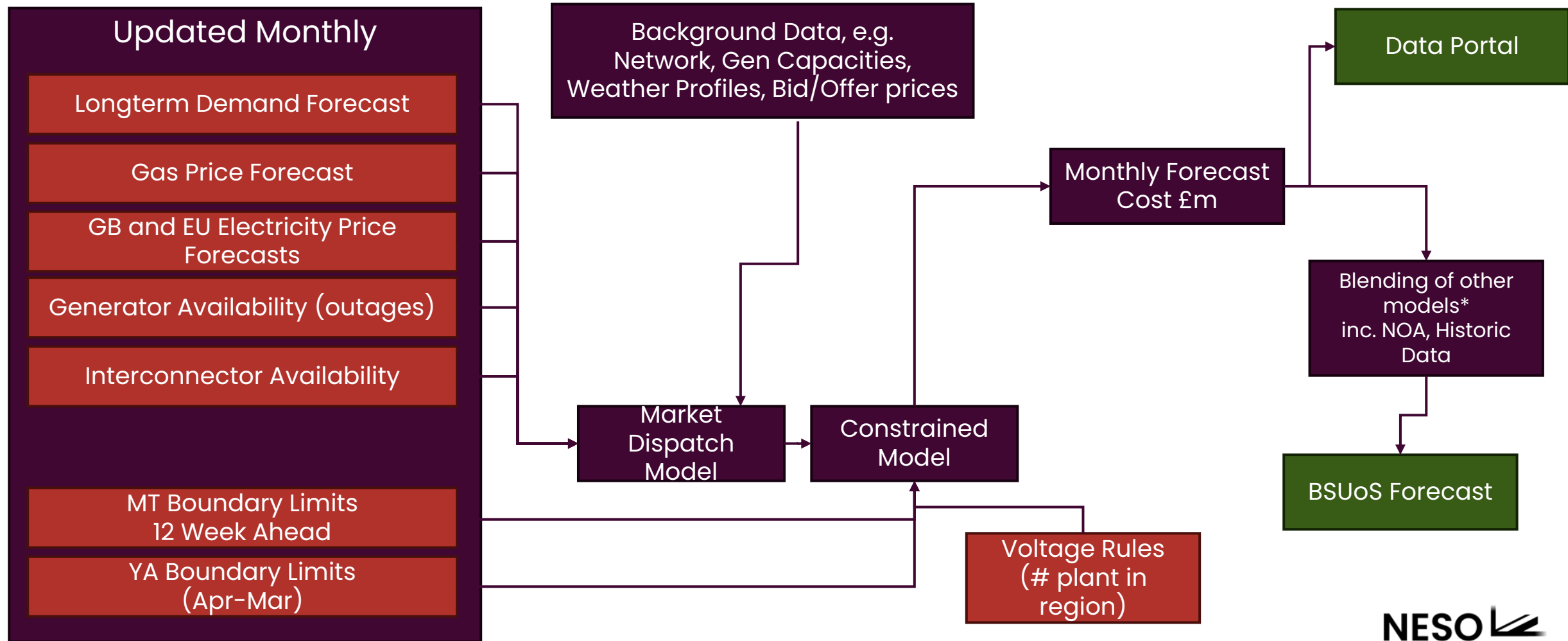
Today will we discuss:

- How we generate the constraint cost forecast.
- What the main drivers of the cost are to give you an insight into what drives the forecast cost.
- The forecast for the next 12 months, to show what costs we can expect to see.
- The outage pattern over the autumn, to give you an insight into how outages can drive costs.
- How NESO is engaged in activity to reduce costs where this is within our control.

24-month-ahead Constraint Costs are published monthly on the Data Portal https://www.neso.energy/data-portal/24-months-ahead-constraint-cost-forecast/24_months_ahead_constraint_cost_forecast

Note: the 24-month-ahead cost forecast is an input to the BSUoS forecast, methodology can be found here: <https://www.neso.energy/document/262041/download> .

24m Process – Generating The Forecast



Key drivers of costs

Constraint costs are influenced by both long and short-term drivers, and also factors within the control of NESO, and outside the control of NESO.

Network Capability

The volume of power able to flow across congested parts of the network.

Network Outages

The outage plan is continually updated at a 12 week ahead timeframe.

Gas Price

The largest changes month to month are typically due to revised gas price forecasts

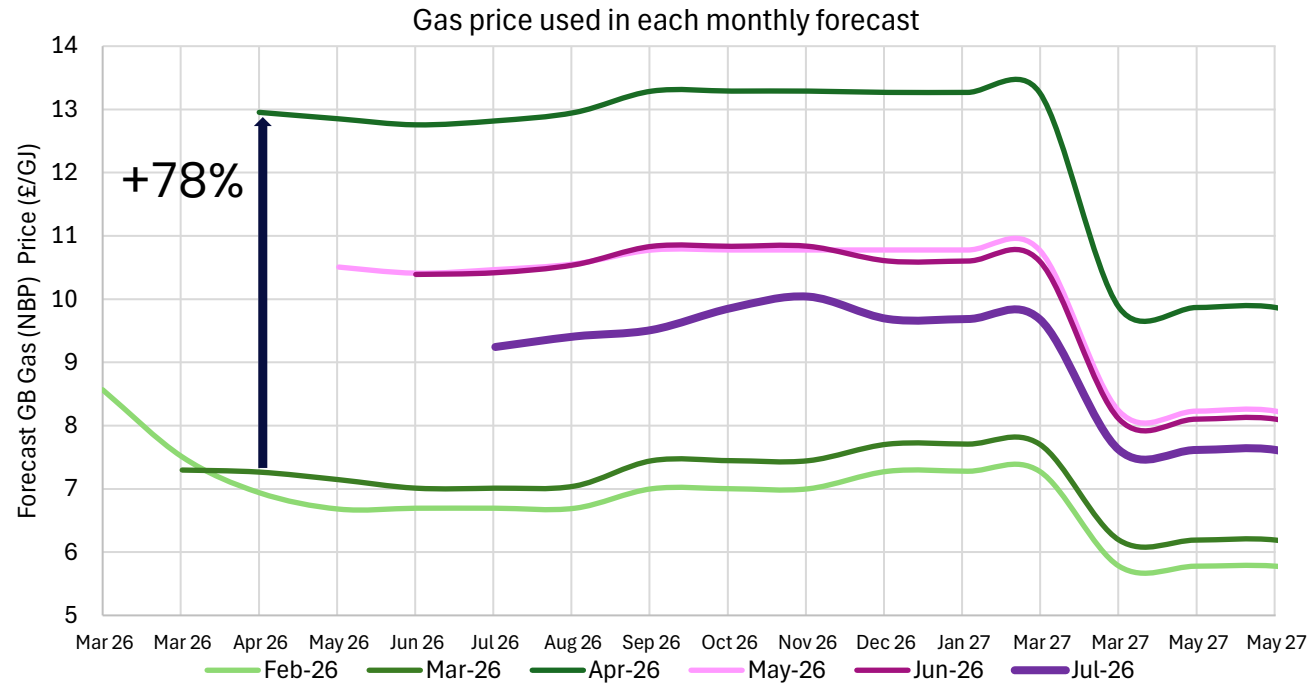
Generation Outages

Where large units behind constraints move or extend outages this sometimes impacts the forecast costs.

Weather (Wind)

We use consistent wind data between model runs, so this won't impact the forecast. However, it does have a large impact on the outturn costs – particularly looking at individual months.

Gas Price Volatility



Gas prices for April jumped 78% between the end of Feb and the end of Mar.

Applying just this gas price change, modelled constraint costs **increased by 35%.**

Roughly speaking, if gas prices double, the forecast costs increase by a half. Over half the spend on balancing is with gas units.



Latest Constraint Cost Forecast For Next 12 Months

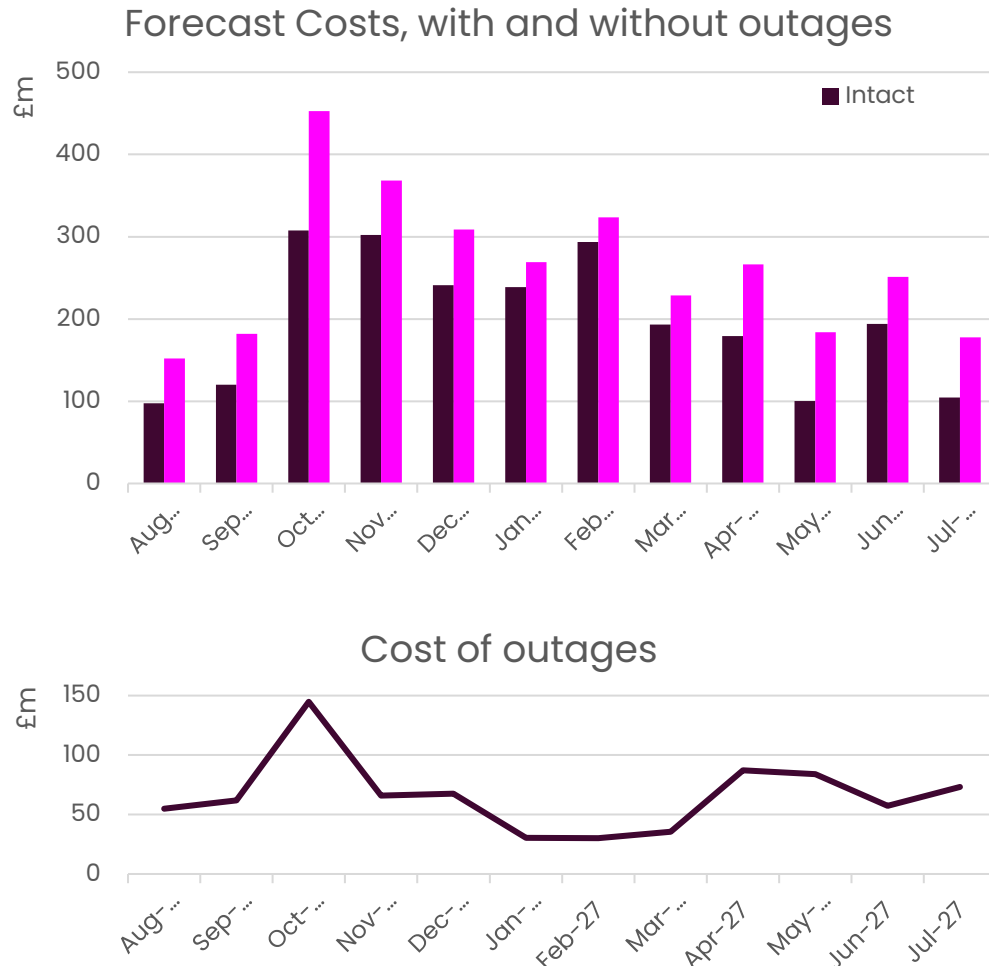


The total costs for the next 12 months are £3.2b.

Average costs for this autumn Sep–Nov are £335m.

Month	Aug-26	Sep-26	Oct-26	Nov-26	Dec-26	Jan-27	Feb-27	Mar-27	Apr-27	May-27	Jun-27	Jul-27
Constraint Cost (£M)	152	182	453	368	309	269	324	229	267	184	251	178

Network capability and outages



- Over the full year **75%** of the forecast cost is present *before* considering outages. This shows the limitations of the current network.
- To reduce this element of constraint costs new network should be built. However, to do so requires outages – increasing constraint costs in the short-medium term.
- Where possible, outages are taken in summer, when demand is lower. As more outages are planned, this “outage season” has extended further into autumn and winter than in years gone by.

Insight into Autumn Outages

2026 is the start of the Transmission Owner's five year RIIO-T3 Period (2026-31). The TOs business plans detail how they are transforming their networks for the next 5 years.

NGET [Homepage | RIIO-T3](#)

...This is by far our most ambitious plan to date, requiring us to deliver a step change in workload and invest up to £35bn between 2026 and 2031, around two and a half times our investment in RIIO-T2.

SPT [Our RIIO-T3 Business Plan – SP Energy Networks](#)

...the business plan established our proposals to invest £10.6bn in our transmission network between 2026 and 2031. This is a step change in transmission investment, over three times more than the £3.6bn in our RIIO-T2 plan...

SSEN-T [Our RIIO-T3 Business Plan – SSEN Transmission](#)

Outage planning is carried out on a yearly cycle: the TOs submit outages and work with NESO at the year ahead stage, resulting in the plan being agreed in December for delivery the following April.

For the current year, 2026/27, we agreed nearly **3800 outages** into the plan.

However, within the delivery year we see a significant volume of change. **From April '25 to March '26 we had 23,000 deltas;** new outages or changes to year ahead outages.

Insight into Autumn Outages

1. Tealing-Kincardine Uprating (TKUP) – Multiyear project

Outages across the **B4 boundary** from **July through to December**.

[Tealing to Kincardine Upgrade Project – SP Energy Networks](#)

2. East Coast Upgrade (ECUP) – Multiyear project

Outage across the **B4 boundary** from **mid-September to end October**.

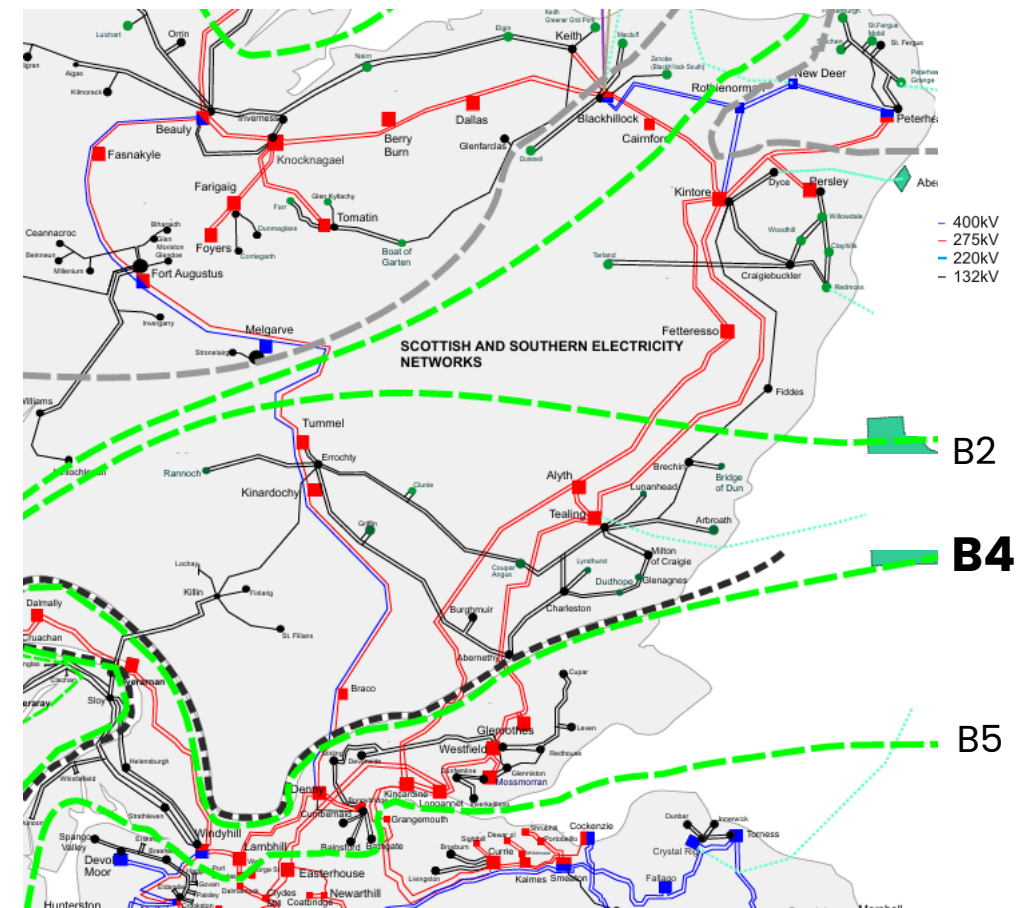
Then continuing February and March '27.

[East Coast 400kV OHL Upgrade – SSEN Transmission](#)

Both the **ECUP** and **TKUP** outages form part of a coordinated programme to upgrade the East Coast transmission corridor from 275kV to 400kV. Given the cross-boundary nature of these works, there are multiple interdependent works across SSEN and SPT required.

Above the B4/B5 boundary is >7GW of wind generation, gas and hydro plant requiring the upgrade of the 275kV network to 400kV, to increase the capacity of the boundary and see the reduction of constraint costs in the longer term.

Even with an intact network we would still incur significant constraints costs due to the volume of generation connected above the boundary.



Section of network diagram from the ETYS

[ETYS documents and appendices | National Energy System Operator](#)

Insight into Autumn Outages

3. Tilbury-Kingsnorth Reinforcement (TKRE) – Multiyear project

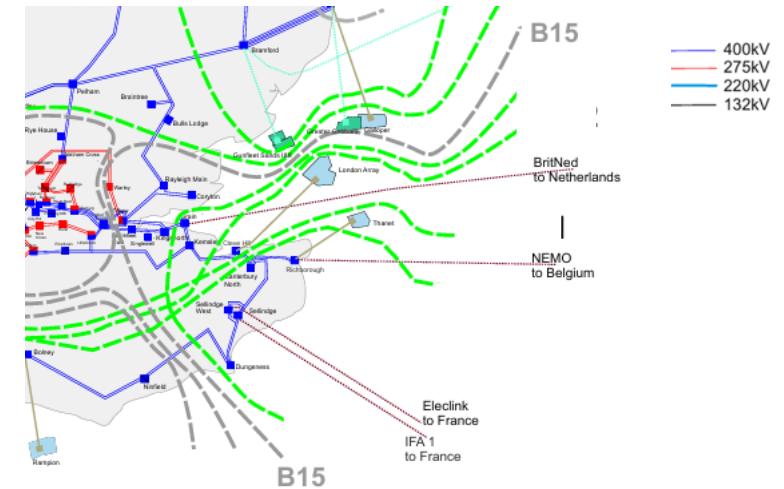
Needed due to new Wind Connections in East Anglia area, part of the 'great grid upgrade'. Outages across the **B15 boundary** from July to October 2026. [Grain to Tilbury | National Grid](#)

Constraint costs heavily influenced by the direction of flow of power on the European Interconnectors.

4. Asset replacement work

Outages across the **DRESHEX1 boundary** from July through to October. This is associated with the Humber and Yorkshire area and includes both conventional and off-shore generation.

Main work is reconductoring and uprating for Eastern Greenlink 2, EGL2, a subsea cable linking Peterhead in Scotland to Drax in Yorkshire, "the great grid upgrade" project, due in 2029. [About EGL2 | EGL2](#)



Section of network diagram from the ETYS
[ETYS documents and appendices | National Energy System Operator](#)

NESO is working with DESNZ, Ofgem and industry on a range of initiatives designed to address constraints

Constraint costs are being addressed through a portfolio of operational, market and network initiatives that target the key drivers of constraints

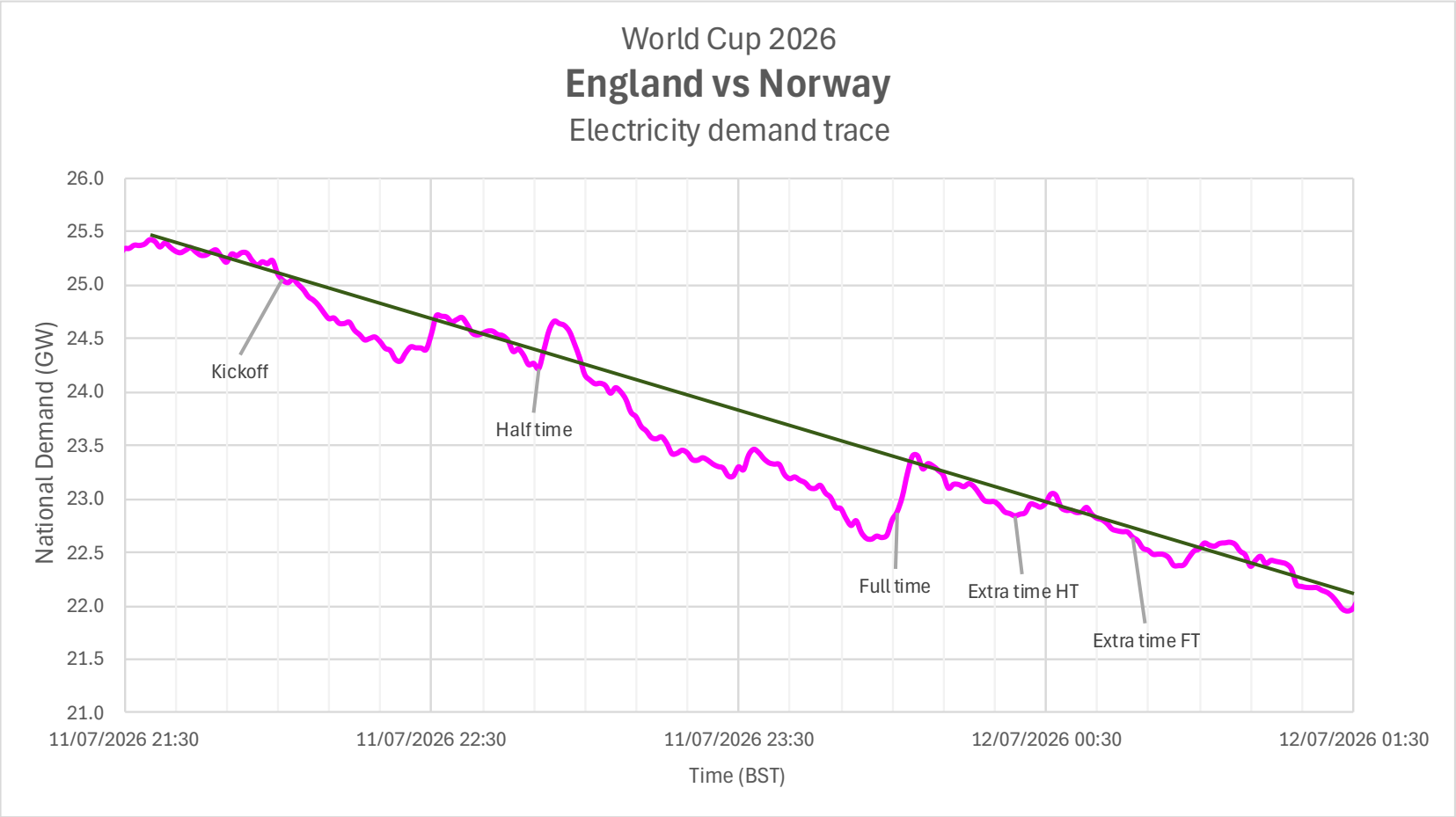
Constraint Driving Factor	How this reduces cost	Example of constraint management measures*	
		Operational timeframe (days/hours pre delivery)	Investment/ Develop timeframe (years pre delivery)
Regional supply/demand imbalance 	Reduce the need to move power across constrained parts of the network	• Generation dispatch and constraint management tools • Interconnector trading arrangements • Local flexibility and redispatch services	• Locational investment signals and market reforms • Strategic generation and network planning
Available Network Capacity 	Increase how much power can flow across the existing network	• Dynamic Line Ratings and network optimisation • Improved outage coordination and access planning • Intertrip schemes	• Transmission network reinforcement and build
Redispatch Cost 	Make unavoidable constraint actions cheaper	• Constraints Collaboration Project • Improved access to BM and balancing markets • Earlier redispatch actions (where economic)	• Cost-reflective market arrangements • Market reforms to improve competition and liquidity

*This list is non-exhaustive

Link to the previously done deep dive: [Operational Transparency Forum 20 May 2026 - Meeting Recording](#)



Demand | World cup TV Pickups



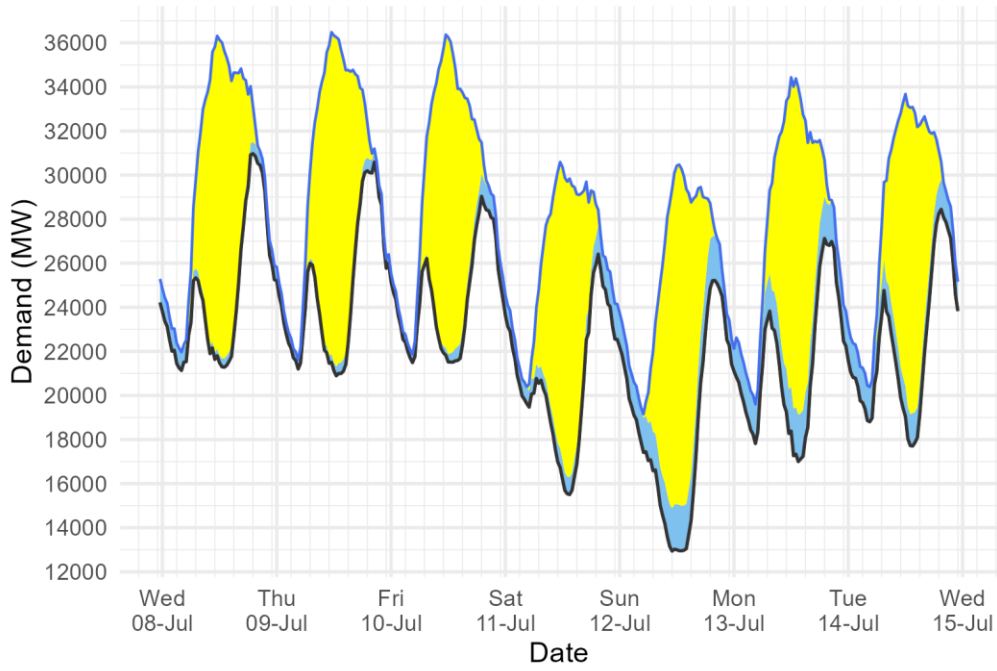
Break	Pickup (MW)
Half-time	600
Full-time	400
Extra time HT	100
Extra time FT	0



Demand | Last week demand out-turn

Slido code #OTF

NESO National Demand outturn 08 - 14 July 2026



- Demand type**
- National Demand (ND) transmission connected generation requirement within GB
 - ND + est. of PV & wind at Distribution network
- Renewable type**
- Distributed_PV
 - Distributed_Wind

Distributed generation

Peak values by day

Date	OUTTURN	
	Daily Max Dist. PV (GW)	Daily Max Dist. Wind (GW)
08 Jul 2026	14.3	1.1
09 Jul 2026	14.9	0.6
10 Jul 2026	14.4	1.1
11 Jul 2026	13.6	1.7
12 Jul 2026	15.4	2.3
13 Jul 2026	14.9	2.1
14 Jul 2026	13.9	1.6

National Demand

Minimum Demands

Date	Forecasting Point	FORECAST (Wed 08 Jul)			OUTTURN		
		National Demand (GW)	Dist. wind (GW)	Dist. PV (GW)	National Demand (GW)	Dist. wind (GW)	Dist. PV (GW)
08 Jul 2026	Daytime Min	21.6	0.4	13.5	21.3	0.4	13.9
09 Jul 2026	Overnight Min	21.0	0.3	0.1	21.2	0.4	0.0
09 Jul 2026	Daytime Min	21.0	0.3	14.2	20.9	0.4	14.9
10 Jul 2026	Overnight Min	21.0	0.4	0.0	21.5	0.3	0.0
10 Jul 2026	Daytime Min	20.4	0.3	14.0	21.5	0.5	13.5
11 Jul 2026	Overnight Min	19.3	0.8	0.4	19.5	0.8	0.3
11 Jul 2026	Daytime Min	15.7	0.8	14.3	15.5	0.8	13.6
12 Jul 2026	Overnight Min	17.4	1.3	2.1	17.0	1.7	1.4
12 Jul 2026	Daytime Min	14.4	1.4	12.9	12.9	1.9	14.5
13 Jul 2026	Overnight Min	18.7	1.6	0.0	17.8	1.8	0.0
13 Jul 2026	Daytime Min	19.6	1.4	12.1	17.0	2.1	14.8
14 Jul 2026	Overnight Min	19.8	1.2	0.0	18.8	1.6	0.0
14 Jul 2026	Daytime Min	22.0	0.9	10.5	17.7	1.5	13.9

The black line (National Demand ND) is the measure of portion of total GB customer demand that is supplied by the transmission network. ND values do not include export on interconnectors or pumping or station load

Blue line serves as a proxy for total GB customer demand. It includes demand supplied by the distributed wind and solar sources, but it does not include demand supplied by non-weather driven sources at the distributed network for which NESO has no real time data.

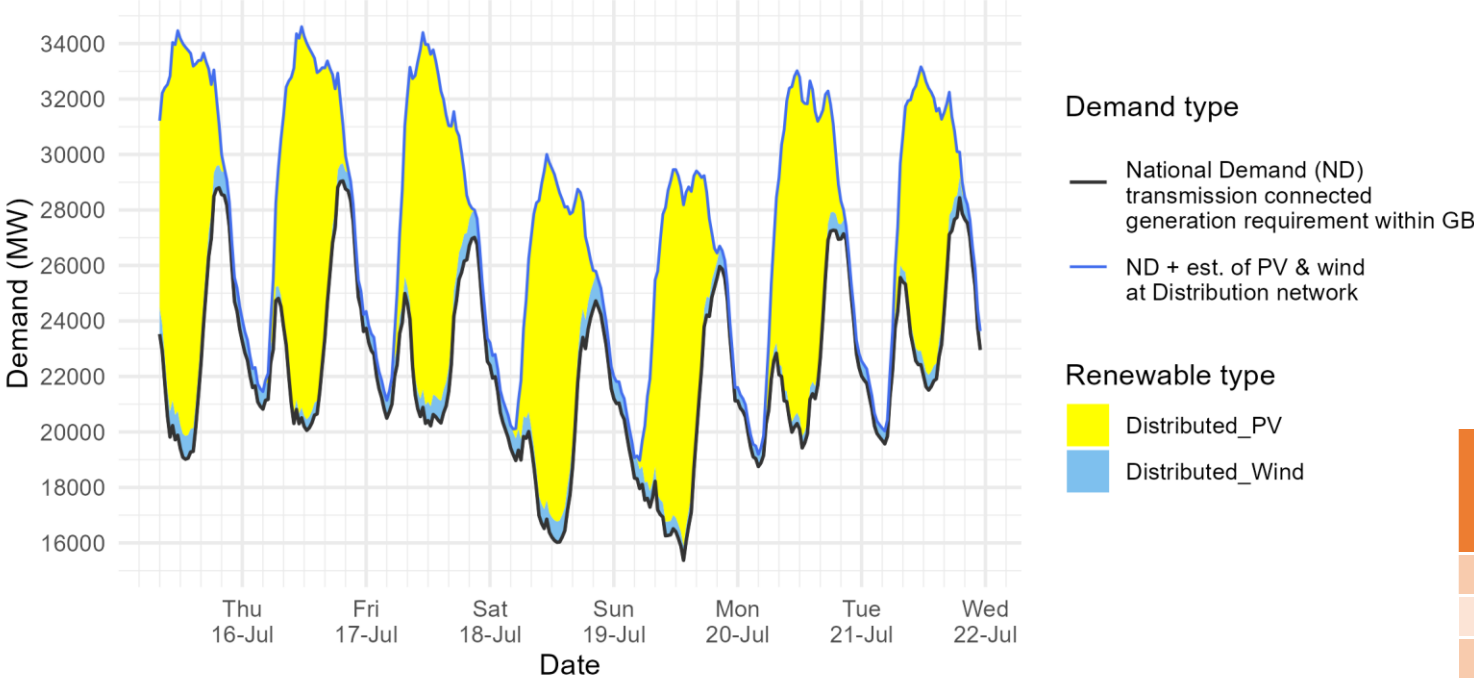
Historic out-turn data can be found on the [NESO Data Portal](#) in the following data sets: [Historic Demand Data & Demand Data Update](#)

From March to October, the table will display overnight minimum (between 00:00 and 07:30) and daytime minimum (between 07:30 and 16:30) as well as an additional column: distributed PV.



Demand | Week Ahead

NESO Demand forecast for 15 - 21 July 2026



	Datetime	Demand (GW)
Weekly Min	19 Jul 2026 14:30	15.4
Weekly Peak	16 Jul 2026 20:30	29.0

National Demand

Minimum Demands

		FORECAST (Wed 15 Jul)		
Date	Forecasting Point	National Demand (GW)	Dist. wind (GW)	Dist. PV (GW)
15 Jul 2026	Daytime Min	19.0	0.8	14.0
16 Jul 2026	Overnight Min	20.8	0.6	0.0
16 Jul 2026	Daytime Min	20.1	0.4	13.6
17 Jul 2026	Overnight Min	20.5	0.6	0.0
17 Jul 2026	Daytime Min	20.2	0.7	12.7
18 Jul 2026	Overnight Min	19.0	0.8	0.4
18 Jul 2026	Daytime Min	16.0	0.7	12.2
19 Jul 2026	Overnight Min	17.5	0.6	2.0
19 Jul 2026	Daytime Min	15.4	0.5	12.3
20 Jul 2026	Overnight Min	18.8	0.4	0.0
20 Jul 2026	Daytime Min	19.4	0.4	12.1
21 Jul 2026	Overnight Min	19.6	0.4	0.0
21 Jul 2026	Daytime Min	21.5	0.5	10.3

The black line (National Demand ND) is the measure of portion of total GB customer demand that is supplied by the transmission network. ND values do not include export on interconnectors or pumping or station load

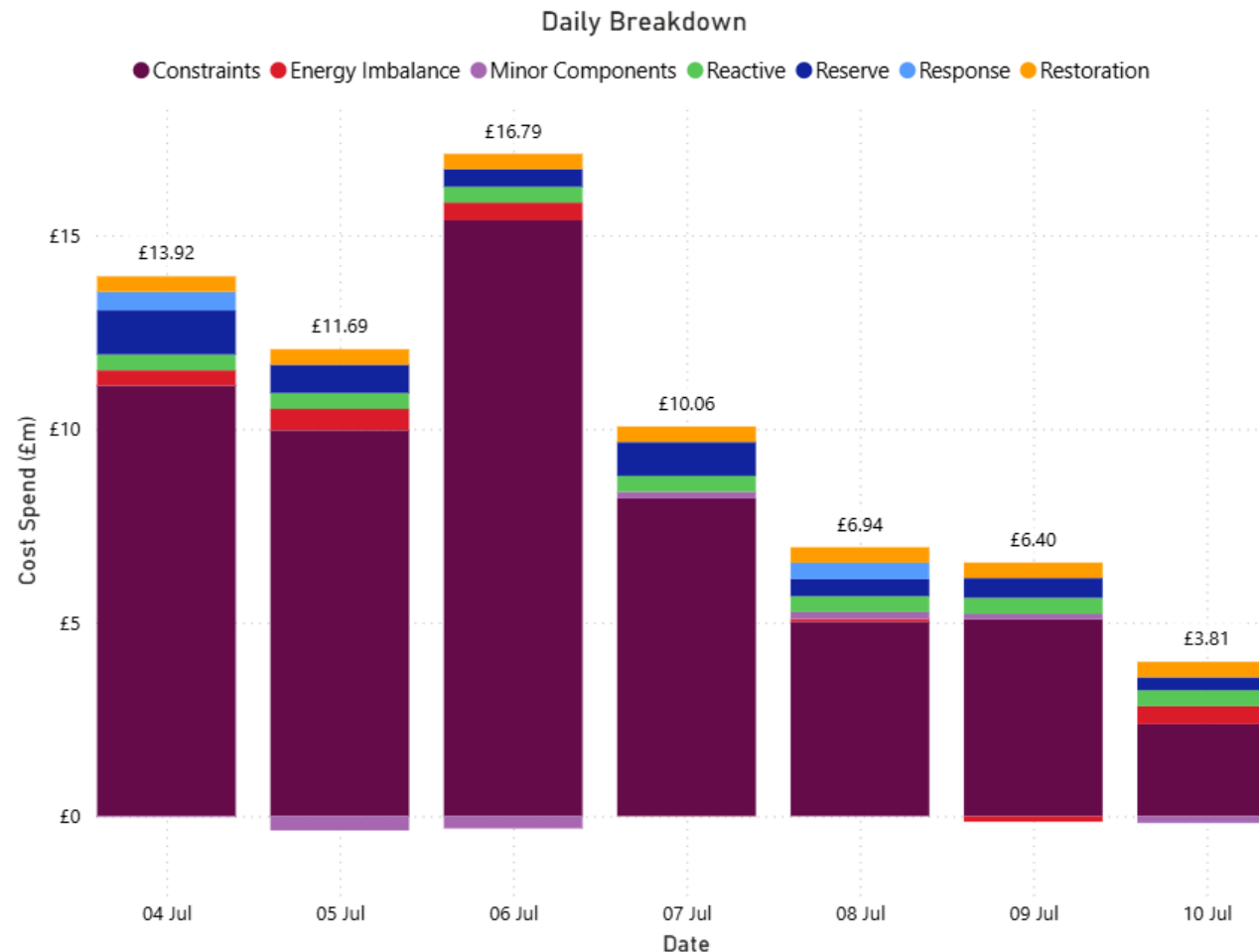
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Historic out-turn data can be found on the [NESO Data Portal](#) in the following data sets: [Historic Demand Data](#) & [Demand Data Update](#)

From March to October, the table will display overnight minimum (between 00:00 and 07:30) and daytime minimum (between 07:30 and 16:30) as well as an additional column: distributed PV.

NESO Actions | Category Cost Breakdown

Slido code #OTF



Current Week Total (£m)

£69.60

Average Daily Cost (£m)

£9.94

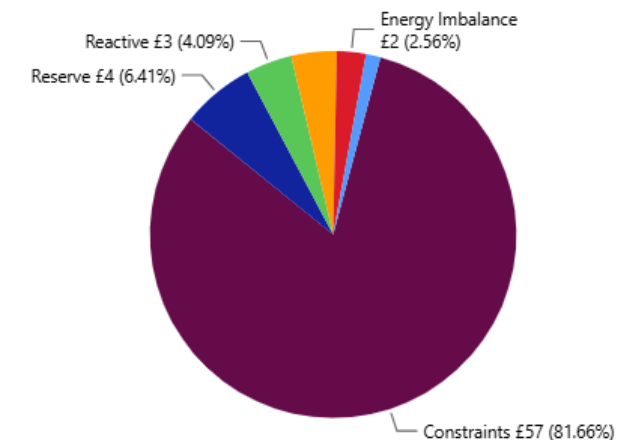
Previous Week Total (£m)

£112.71

Previous 30 Day Average (£m)

£9.51

Share of Cost Spend (£m)



For more info on constraint costs, and the steps NESO is taking with industry partners to address them, please see our Balancing Costs [website](#).

Contact us on box.nc.customer@neso.energy

NESO Actions | Constraint Cost Breakdown

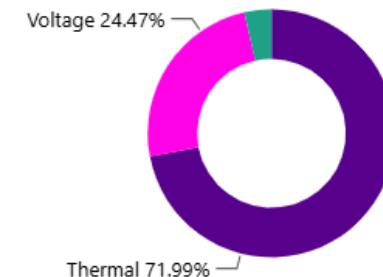
Slido code #OTF

Thermal Constraints	
Costs (£)	Volume (MWh)
£32.26M	214K

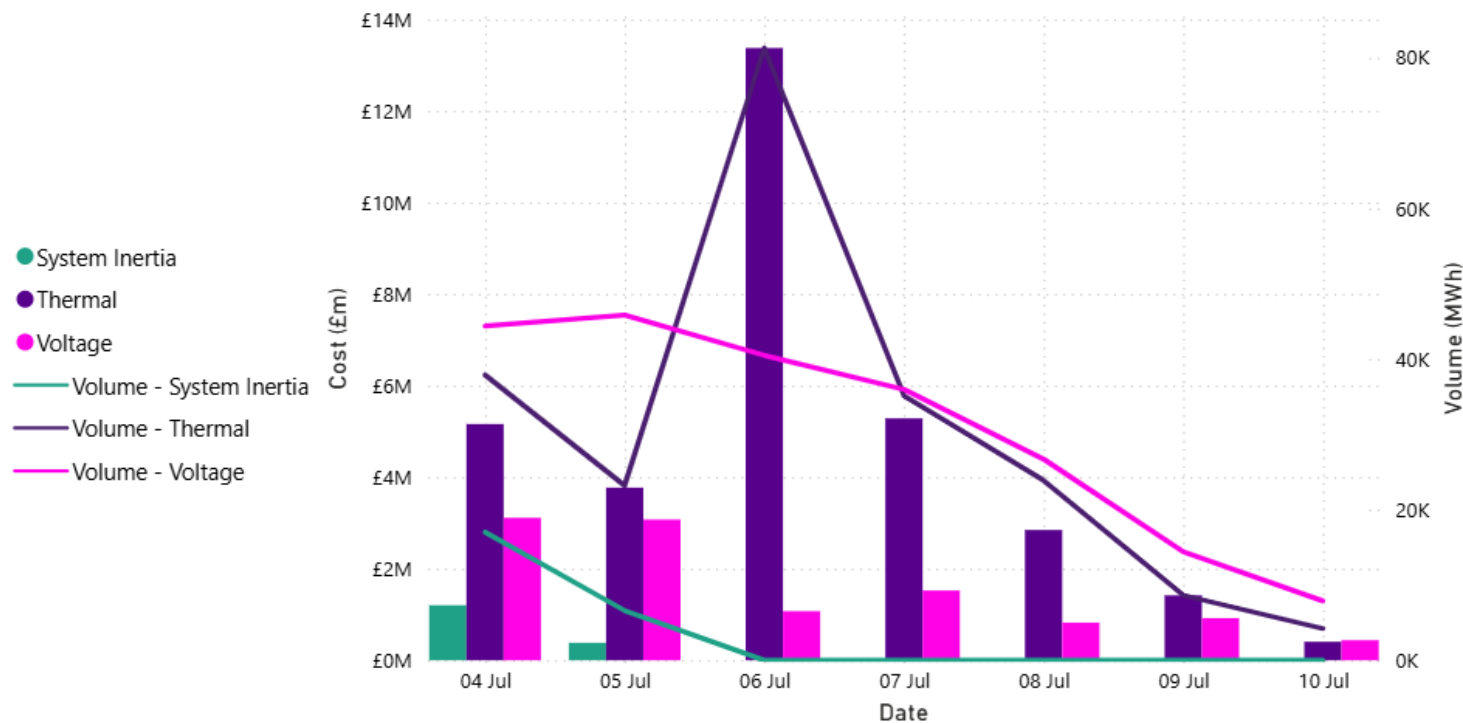
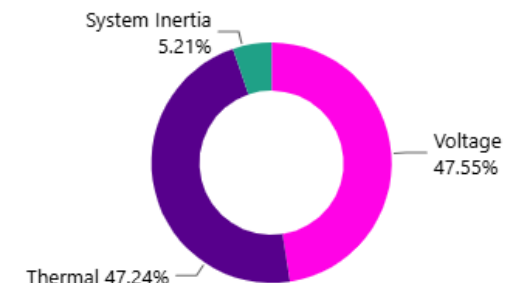
Voltage Constraints	
Costs (£)	Volume (MWh)
£10.97M	216K

System Inertia	
Costs (£)	Volume (MWh)
£1.58M	24K

Share of Cost



Share of Volume

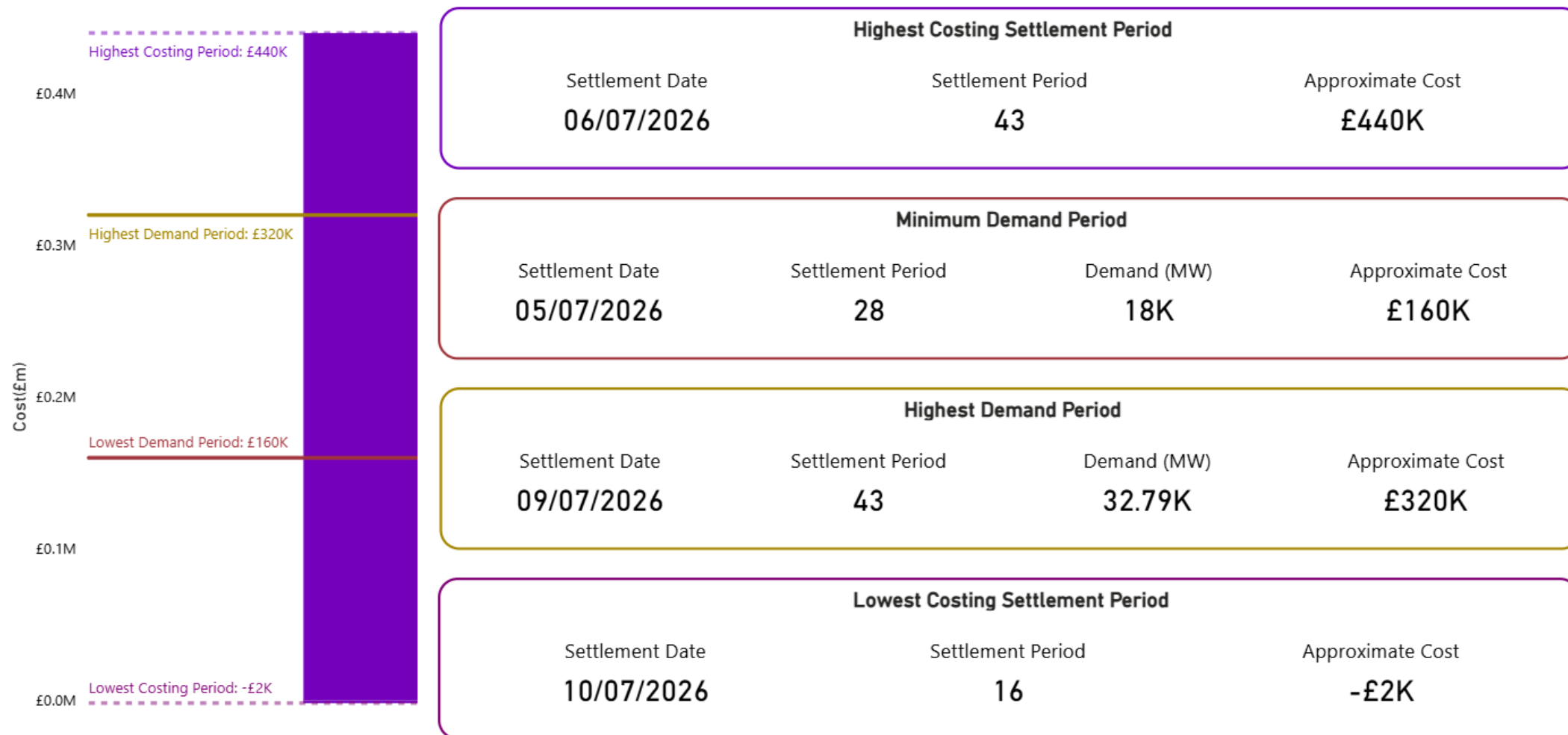


Note: Volume is reported as an absolute figure.

Contact us on box.nc.customer@neso.energy

NESO Actions | Settlement Periods of Interest

Slido code #OTF



NESO Actions | Highest Costing Day

Share of Action Cost Spend

● BID ● OFFER



Bid Spend (£) by GSP



Offer Spend (£) by GSP



Approximate Cost

-£14.00K

£0

£3.10M

Slido code #OTF

Settlement Date

06 July 2026

Cost (£m)

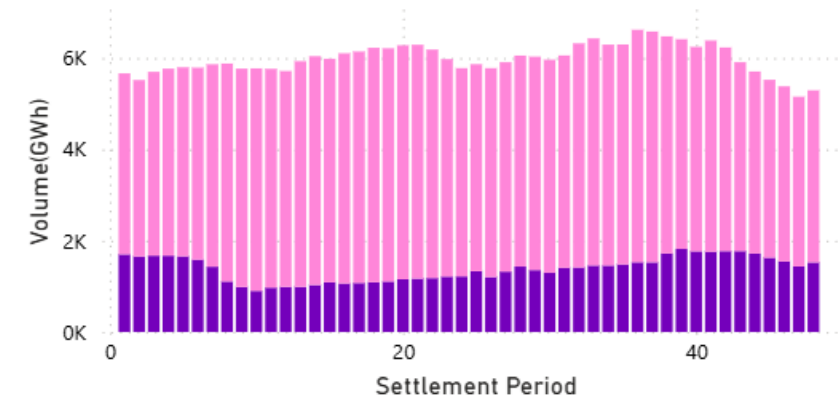
£16.79

Highest Costing Day Wind Curtailment Vs Daily Average



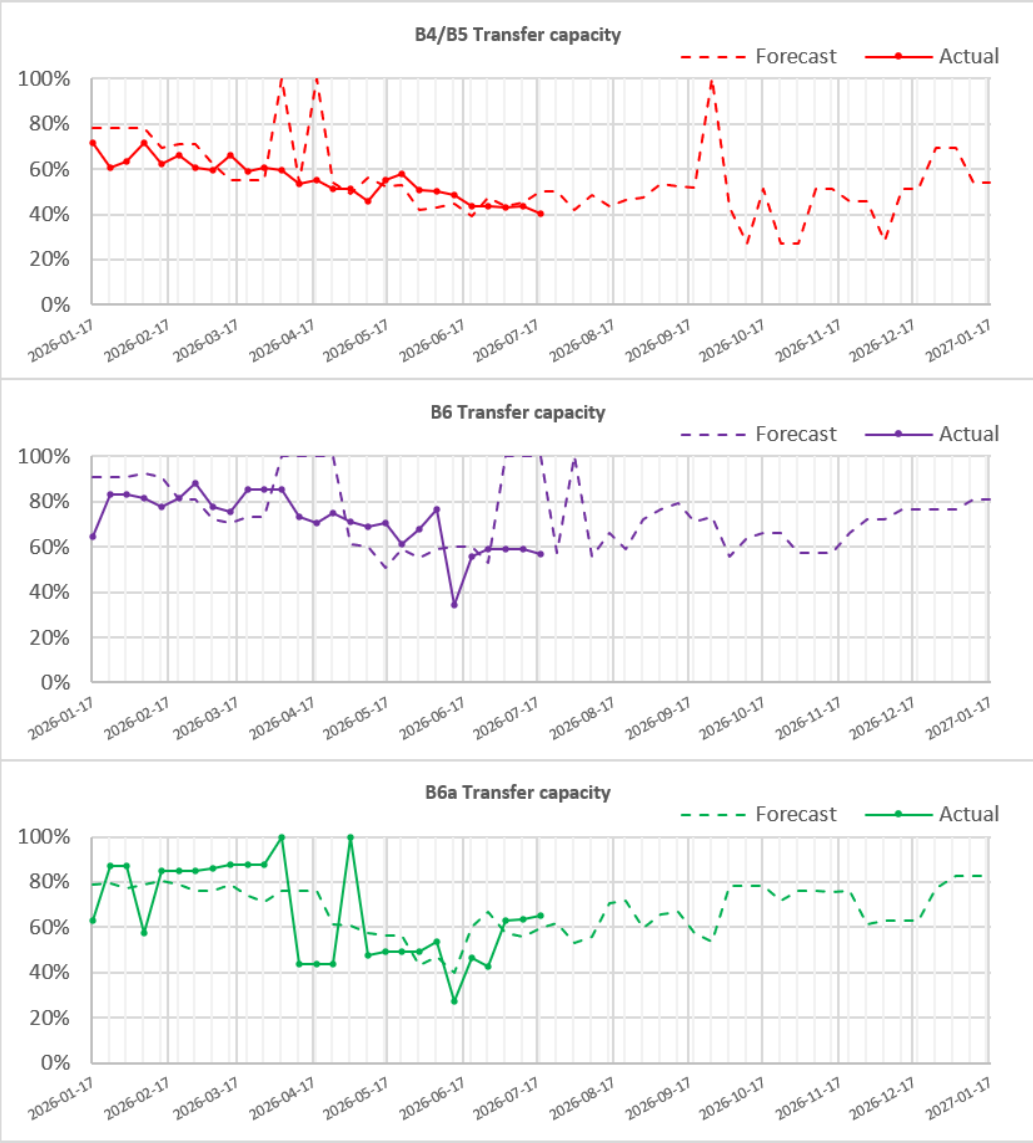
Wind Curtailment and Outturn

● Curtailment ● Outturn



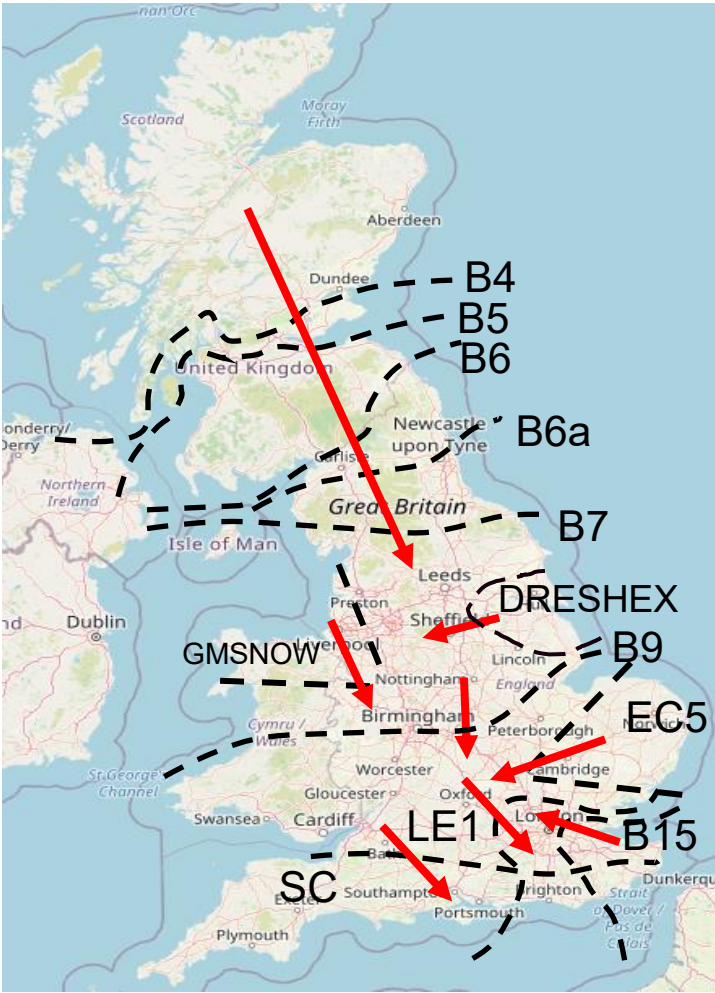
Transparency | Network Congestion

Slido code #OTF



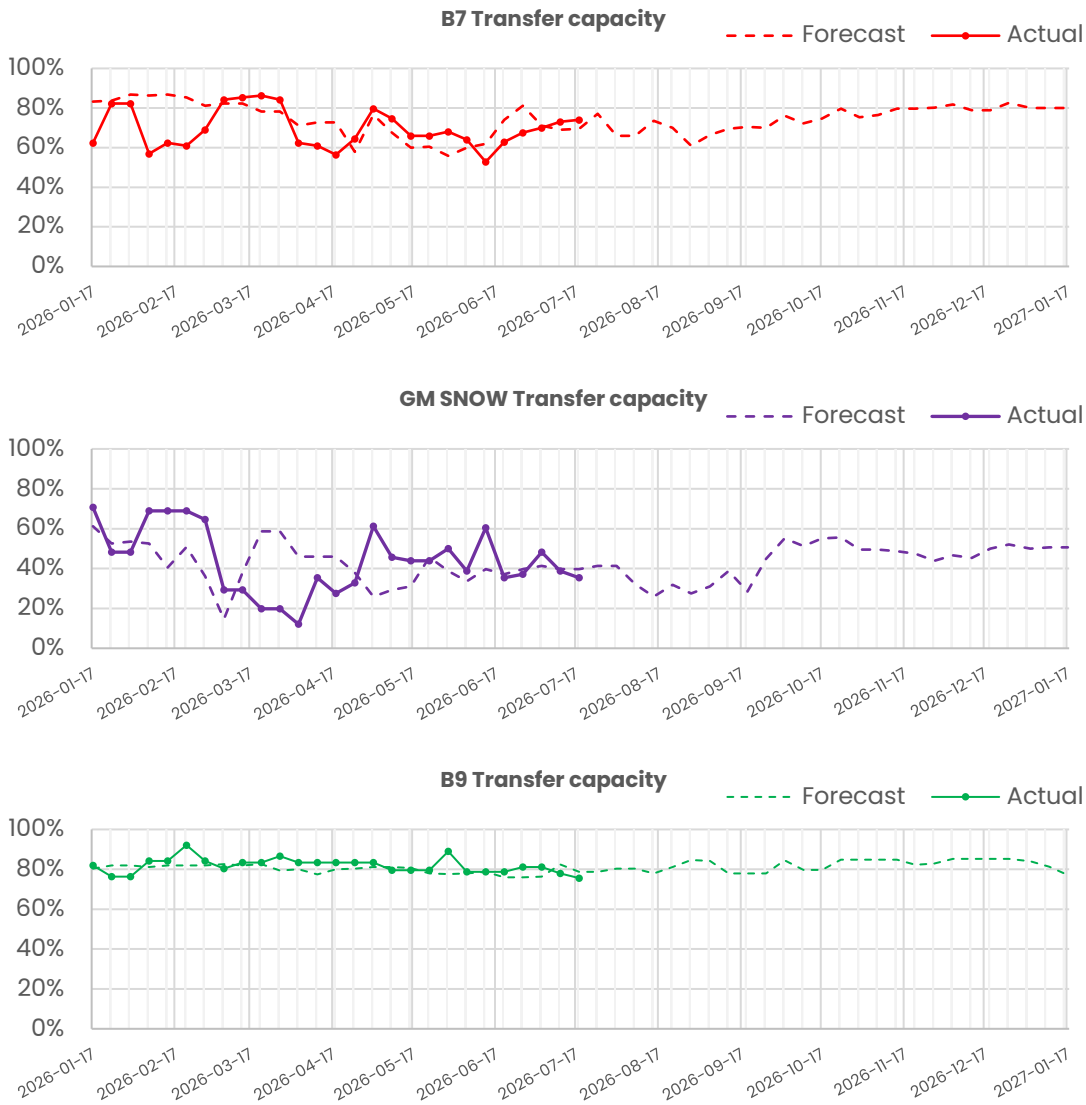
Boundary	Max. Capacity (MW)	Current Capacity (%)
B4/B5	3400	40
B6 (SCOTEX)	6800	57
B6a	8000	65
B7 (SSHARN)	9850	74
GMSNOW	5800	35
FLOWSTH (B9)	12700	76
DRESHEX	9675	63
EC5	5000	100
LE1 (SEIMP)	8750	52
B15 (ESTEX)	7500	81
SC1	7300	55

The forecast line is updated with the 12-week ahead view, and this happens each week. So, everything up to 12 weeks ahead is the forecast from 12-week ahead view, and everything after that is the fixed long-term forecast view.



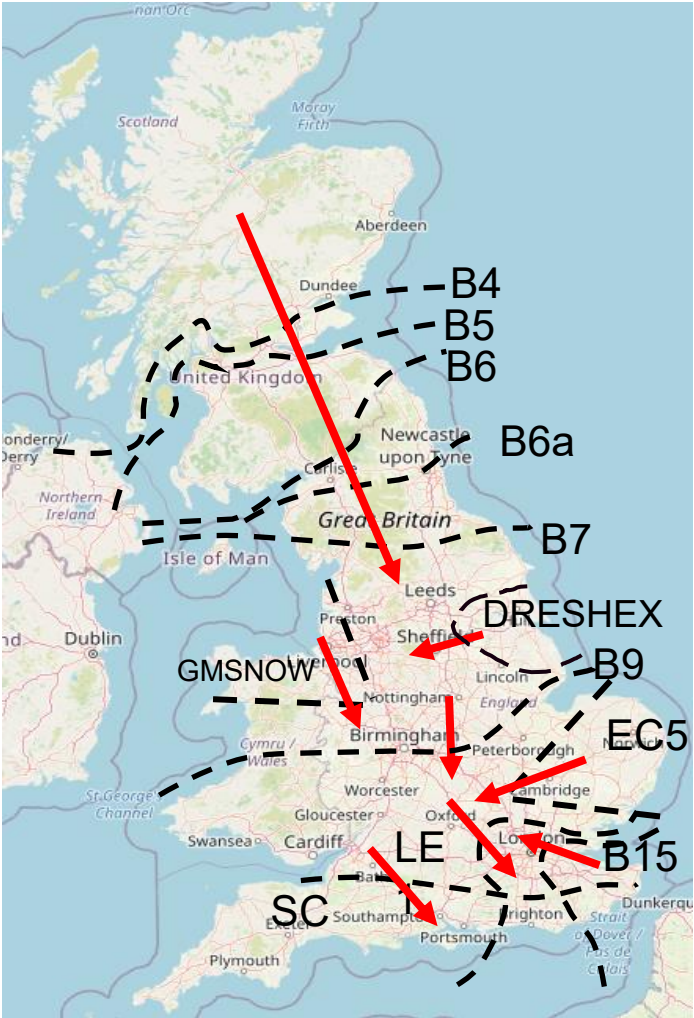
Transparency | Network Congestion

Slido code #OTF



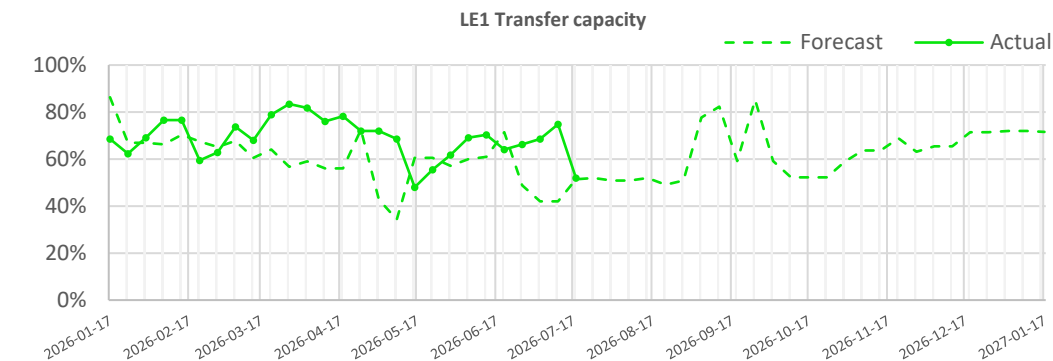
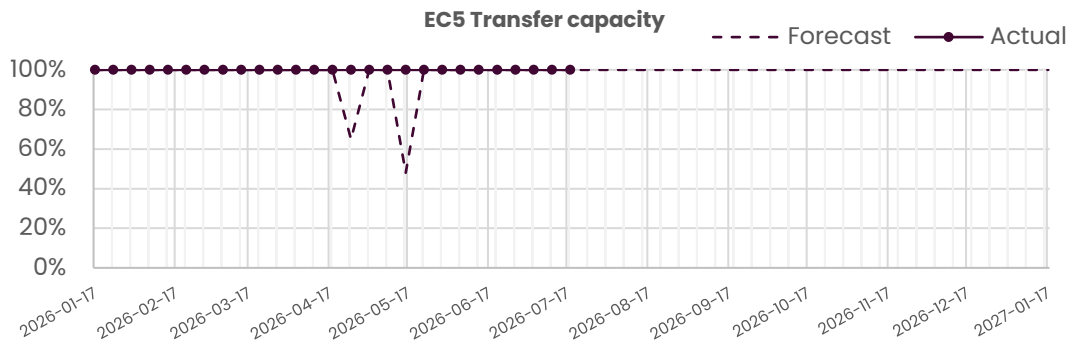
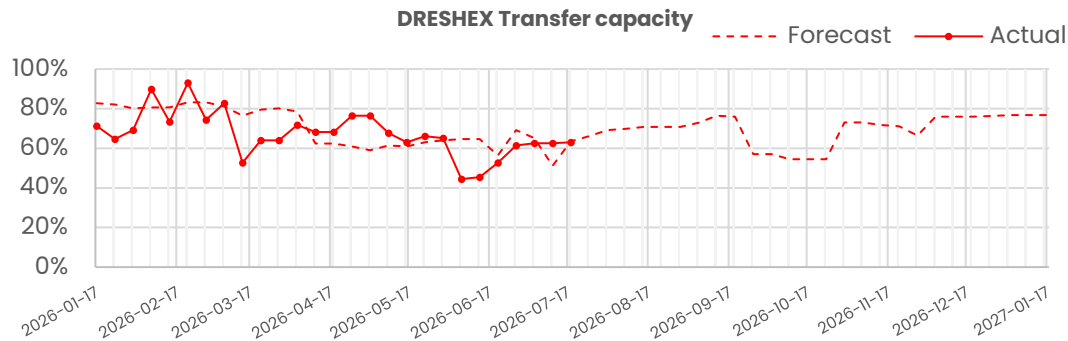
Boundary	Max. Capacity (MW)	Current Capacity (%)
B4/B5	3400	40
B6 (SCOTEX)	6800	57
B6a	8000	65
B7 (SSHARN)	9850	74
GMSNOW	5800	35
FLOWSTH (B9)	12700	76
DRESHEX	9675	63
EC5	5000	100
LE1 (SEIMP)	8750	52
B15 (ESTEX)	7500	81
SC1	7300	55

The forecast line is updated with the 12-week ahead view, and this happens each week. So, everything up to 12 weeks ahead is the forecast from 12-week ahead view, and everything after that is the fixed long-term forecast view.

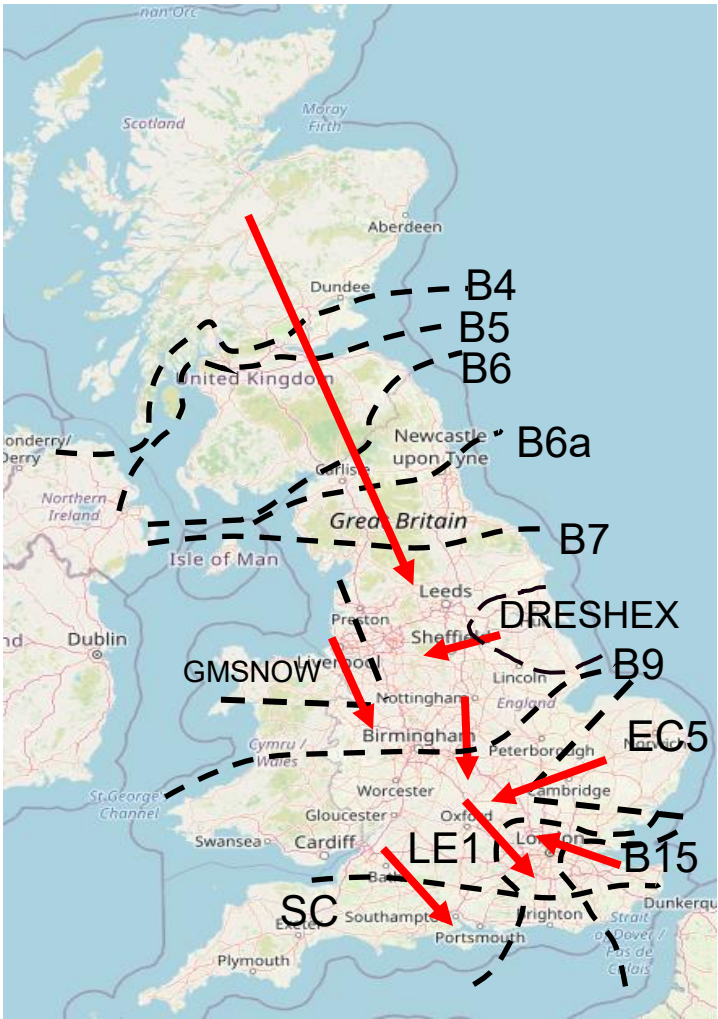


Transparency | Network Congestion

Slido code #OTF



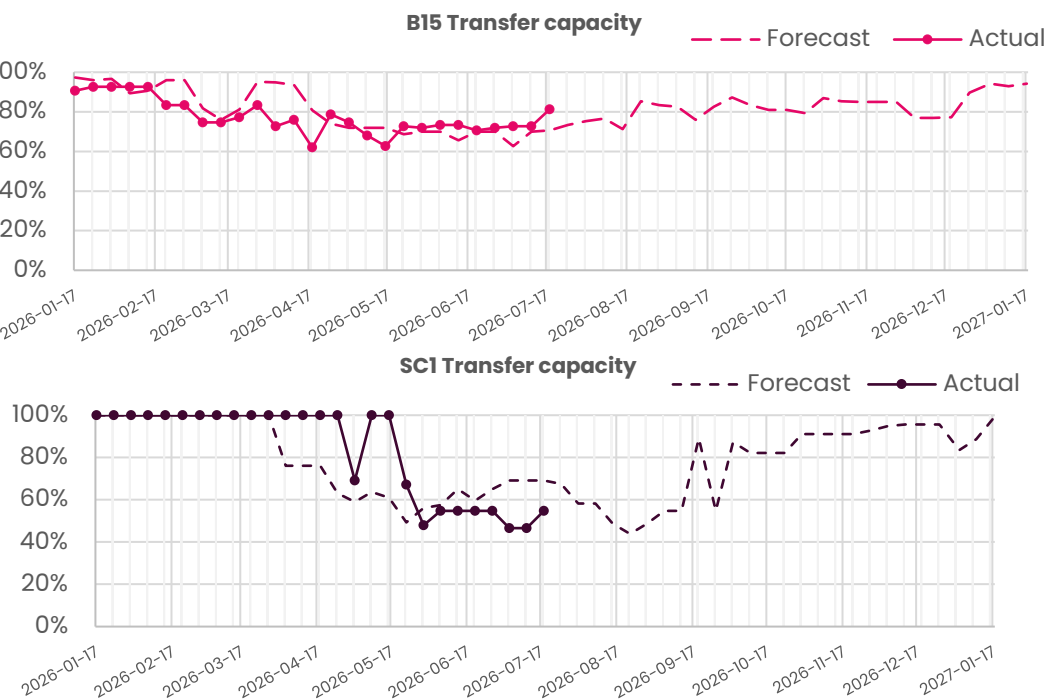
Boundary	Max. Capacity (MW)	Current Capacity (%)
B4/B5	3400	40
B6 (SCOTEX)	6800	57
B6a	8000	65
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Transparency | Network Congestion

Slido code #OTF

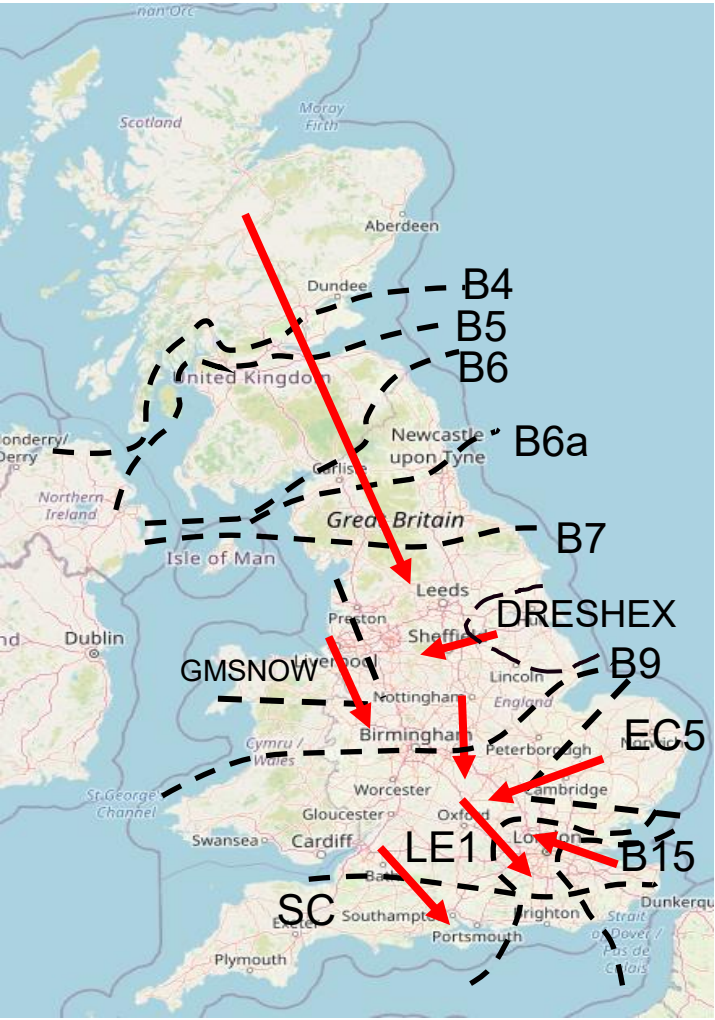


The forecast line is updated with the 12-week ahead view, and this happens each week. So, everything up to 12 weeks ahead is the forecast from 12-week ahead view, and everything after that is the fixed long-term forecast view.

Day ahead flows and limits, and the 24-month constraint limit forecast are published on the NESO Data Portal: [Constraints Management](#)

The dataset presented in the Network congestion is published on the NESO data portal . [Operational Transparency Forum – Network congestion data | National Energy System Operator](#)

Boundary	Max. Capacity (MW)	Current Capacity (%)
B4/B5	3400	40
B6 (SCOTEX)	6800	57
B6a	8000	65
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DRESHEX	9675	63
EC5	5000	100
LE1 (SEIMP)	8750	52
B15 (ESTEX)	7500	81
SC1	7300	55



(The forecast and day ahead limits may vary due to changes in the outage plan. The plan is reviewed periodically throughout the year to ensure we are optimising system conditions, whilst managing any necessary outage plan changes.

PSA Skip Rates – bids & offers combined

Slido code #OTF

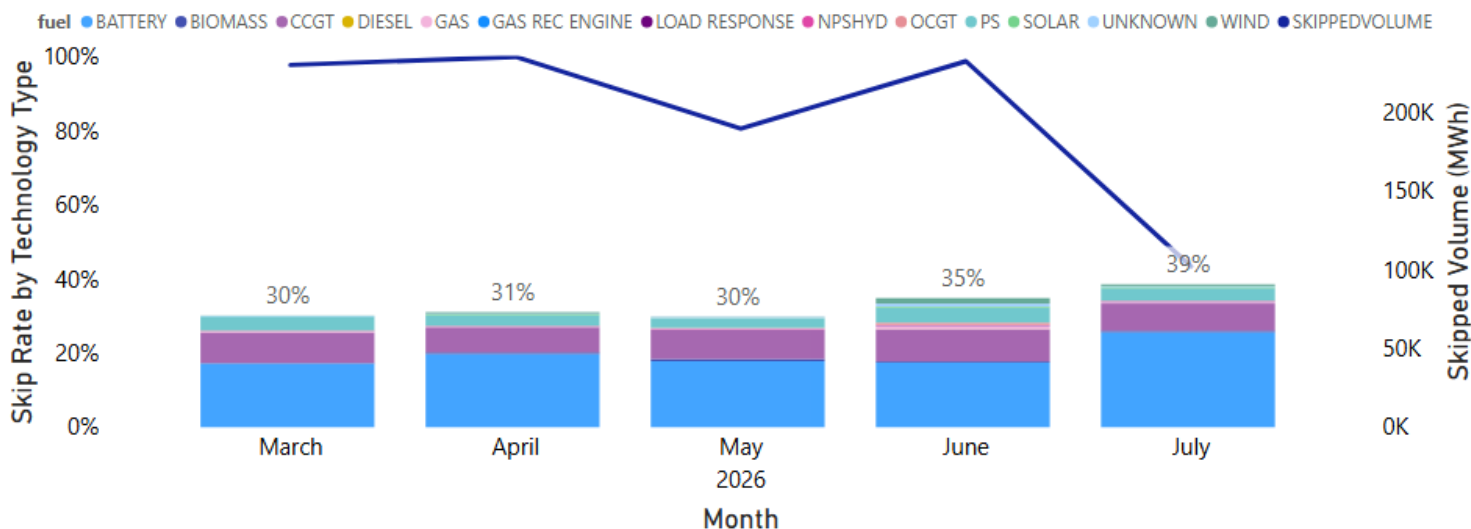
The current skip rate methodology only considers energy actions within the BM

We welcome your comments and feedback on these figures and how we present this data.

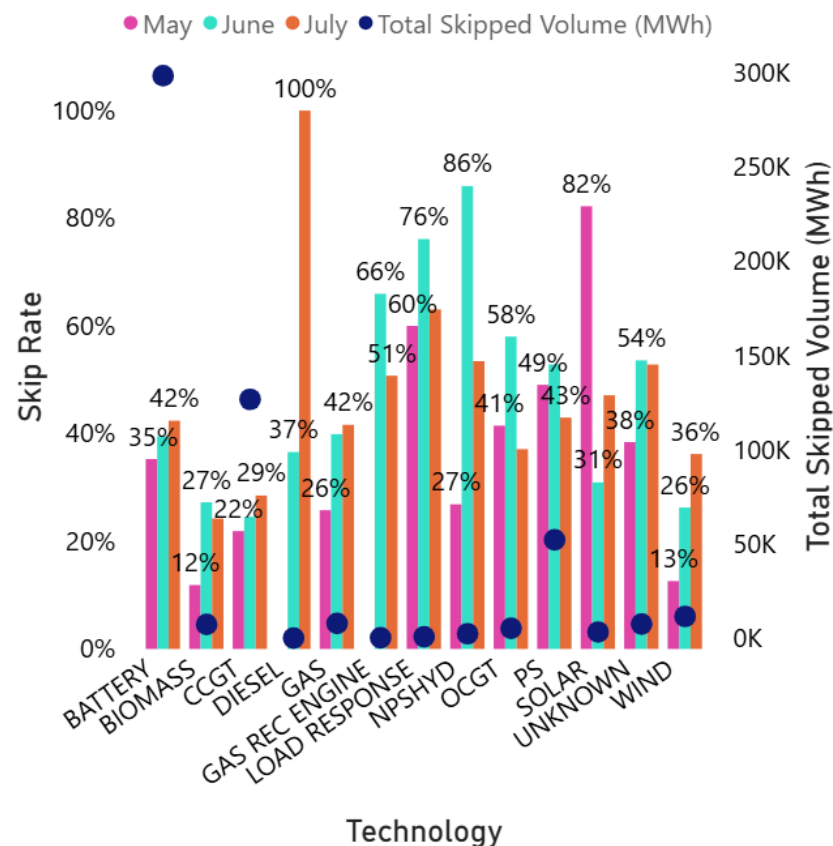
These graphs are based on stage 5 of the Post System Action definition.

Weekly Average w/e	PSA Skip Rate (%)
21/06	35%
28/06	39%
05/07	38%
12/07	38%

Relative Technology Skip Rate



Technology Specific Skip Rate – last 3 months



Gas: Gas reciprocating units
NPSHYD: Non-Pumped Storage Hydro
PS: Pumped Storage

Contact us on box.SkipRates@neso.energy

[Skip rate data](#) and more info on [skip rates](#) including methodology can be found on our website.

Rerecorded deep dive can be found on our webpage: [here](#)

Previously Asked Questions

Slido code #OTF

Advance Q (01.07.26) In your report Annual Balancing Services Spend Report 2024 / 2025 <https://www.neso.energy/document/371936/download> NESO state "In total, NESO spent £92,012,707.72 on Response services this regulatory year." In the Spreadsheet <https://www.neso.energy/document/362571/download> on the tab "Response outturn" the figure for 2024/5 is £197,208,264.10 Can NESO explain the ~£100M difference between these numbers? There appear to be similar mismatches on other costs between these two documents (e.g. Stability, Voltage and others?) could NESO explain? And can NESO provide a reconciliation spreadsheet showing all figures in both data sets?

A: Thank you for your question. The difference arises because the two publications report different scopes of costs.

- The Annual Balancing Services Spend Report 2024/25 reports expenditure on Balancing Services contracts only.
- The Annual Balancing Cost Report dataset reports the broader total balancing cost associated with meeting the Response system need, which includes not only expenditure on contracted Response balancing services, but also Balancing Mechanism actions (BOAs) and other operational actions taken to manage that requirement. As a result, the reported Response cost is higher.

The figures are therefore not directly comparable, as they are reporting different cost scopes. The same principle may also explain differences observed in other cost categories such as Stability and Voltage.

We are checking internally on the breakdown of the two cost categories and will provide further information on the ratio of the BM to AS expenditure.

We hope this answers your question, but please let us know if you have any additional queries.

Previously Asked Questions

Advance Q (01.07.26) Could you provide some clarity on the process for requesting additional volume on interconnectors above the soft 300 MW limit?

Is there a defined process or set of criteria that determines whether one interconnector or country is preferred over another? National Grid have previously said they have no visibility of market prices, which would suggest they shouldn't have a preference for a specific country unless there are other operational factors involved.

When additional volume is required, does National Grid contact each relevant system operator to determine what capacity is available before making a decision, or is there another process that is followed?

Q (08.07.26) Archie Stacker: Can you please explain the process (specifically in terms of triggering scenarios and interactions with other System Operators) for raising interconnector trading limits?

A: NESO determine whether the GB system can be secured within the agreed trading limits. If so, no further action is required as trades below the agreed limits can be enacted without reference.

If not, NESO sends a request to all connected TSOs with requirements above the agreed limits. Each TSO may accept, partially accept, or reject NESO's request based on the impact to their system. This may be across all ICs or on specific ones if constraint related.

Following coordination meetings within day, additional volumes are then agreed. NESO will then trade within these new agreed volumes; these trades will be done, as for all trades, based on the best price that can be obtained.

The comment around NESO visibility on prices is incorrect. NESO optimise many activities based on the best cost option which requires market awareness. The process for trading on interconnectors involves running a competitive auction so the most economical MWs are traded.

Previously Asked Questions

Slido code #OTF

Q (08.07.26) John turner: Is the planned network change work that may affect EDL and EDT comms on 11-12 July still going ahead? We have heard suggestions that it has been delayed or cancelled but haven't seen a formal notification of this as yet. Thank you.

A: The latest update was published as an Elexon Circular on 8 July 2026 here: [Cancelled: National Energy System Operator \(NESO\) planned works impacting EDL and EDT communications on 11 and 12 July 2026.](#)

Our technical teams have ongoing communication with the directly impacted Control Points and Trading Agents. If you are concerned about the impact on your own unit we suggest contacting the appropriate Control Point and Trading Agent. Any updates will be published through an Elexon Circular. You can find more information about these circulars, and subscribe, at: [Subscribe to our Newsletter and Circulars – Elexon](#)

Q (08.07.26) Christopher Proudfoot: I understand NESO have approved drop in min inertia levels, when do you plan to implement it please?

A: Ofgem approved the Frequency Risk and Control Report from NESO which does introduce a new inertia minimum. We have not yet set a timeline for implementation, we will make sure to keep the industry informed on our plans for implementation, through the OTF and via our usual channels ahead of implementation.

Previously Asked Questions

Slido code #OTF

Q (08.07.26) Christopher Proudfoot: Can you provide an update on when we might see Stab Pathfinder 3 projects delivering as they should ease voltage constraints?

A: Similar to other phases, we continually engage with developers on the progress of their projects and when they expect to go-live.

While we cannot comment on individual projects, we are expecting Phase 3 and other contracted stability and voltage projects to go-live this year to support system operability needs.

Advance Q (09.07.26): Please can you clearly explain the reasons why (publish/point to the criteria) an action is tagged "SO"?

A: Please refer to the following methodology statement: <https://www.neso.energy/document/367946/download>

Advance Questions

Q (08.07.26) John Walker: Do you have any explanation for recent sharp rises/drops in grid frequency over the last few days eg. yesterday 07/07 between 17:09:00 and 17:14:00? Moves often exceed 0.1hz and typically last around one minute, this has a negative impact on market efficiency in affected periods.

Advance Q (08.07.26) Do you have any explanation for recent sharp rises/drops in grid frequency over the last few days? Some examples include July 6th between 17:49:00 and 17:51:00 or July 7th between 17:09:00 and 17:14:00. These often look like a sharp increase in frequency which stabilises for around one minute before dropping sharply again. These movements often exceed 0.1hz. This has a negative impact on market efficiency in the affected periods.

Advance Q (07.07.26) Last Friday 3rd July there were some quite concerning large volatile frequency moves in block 5 as can be seen from elxon outturns in the image below. There were no visible change in generation during these events. 0.2Hz moves up and down in seconds is significant and can be a serious security issue if these occur in tight conditions, can you provide any explanation to these?

A: These frequency changes were within operational limits and changes of 0.2Hz are reasonably common with the grid code allowing instantaneous ramping for up to 300MW changes at a station entry point and so are part of normal operation. Without going into specifics here, there are requirements for some providers to test rapid load swings or to perform trip tests for example that can also result in the frequency moves seen. These tests are requested in advance and performed in close communication with NESO to avoid additional operational risk.

We would appreciate if you could provide more information on the negative impacts on market efficiency from such movements.

Advance Questions

Slido code #OTF

Advance Q (09.07.26) In the OTF of January 2025 after customer feedback you stated that you would bring back the Operational Margin Week Ahead slide which had been discontinued in October, and you expected this to be in the pack all year round. We now have had multiple EMNs this summer, and the Operational Margin slide would give the market more information than DRM (derated margin). Yet Operational Margin is once again not in the pack. Can you please include this information on a weekly basis as you promised in 2025?

A: Thank you for sharing the feedback. We will start sharing this slide again on a regular basis once we have completed a review of the format.

Previously Asked Questions (To be covered via Margins deep dive)

Slido code #OTF

Q (01.07.26) Chris Bocock: Please could you give us an idea of the capacity numbers involved in the response to the EMN? If possible, I'd like to know the absolute and relative contribution of the demand side response he mentioned. Thank you

Q (01.07.2026) Advance: The extreme weather across Europe in the week beginning 22 June was well forecast. From that the challenges of reduced wind, gas, and nuclear power output should have been forecast. So I'm very surprised that "[when] we approached real time, models moved from using forecasts for interconnector flow to using nominated flows from day ahead auctions" and that led to amber then red margin status, a frequency deviation, and an interconnector emergency instruction. What work is NESO going to undertake to ensure your margin forecast model does not fail to predict reduced margin in these conditions, well ahead of real time, when they next occur?

Q (01.07.26) Milo Karter: On 26/06 NESO issued an EMN until 21:00 despite soft margins and spare CCGT in the stack. It had already procured 1,500MW on ICs, then cut EMN shortfall to 100MW while requesting another 100MW IC. Was the EMN ready to enable more IC MW procurement cheaper than GB, not because NESO lacked margin?

Q (01.07.26) Milo Karter: Would providing a DRM with the inclusion of constraints provide a better reflection of how tight the system is from a control room perspective. The questions today suggest that the last 3 EMNs have not made any sense to the market given a near 10GW DRM on each EMN.

These will be addressed via our margins deep dive we are planning for once the ongoing review is completed.

Outstanding Questions

Slido code #OTF

Advance Q (12.07.26) Across the morning of 12 July (e.g. SP21), multiple gigawatts of offshore wind & solar was bid off (unflagged) at prices as low as -£183/MWh, yet approximately 2 GW of BESS units were available for between -£10/MWh and -£36/MWh. What operational reason prohibits BESS units from being bid in this and similar scenarios as it seems highly unlikely that, even accounting for dynamic parameters, this would be the most economic way to balance the system

NESO OTF Q&A Guidelines

- **Anonymous Questions:** We won't answer questions from unidentified parties live. If you need to stay anonymous, use the advance question or email options.
- **Challenge Concerns:** The OTF isn't the place to challenge actions of individual parties (except NESO). Report such concerns to the Market Monitoring team at: <mailto:box.nc.customer@neso.energy>.
- **Question Order:** We'll answer questions in the order they are upvoted. If we can't answer a question right away, we'll take it away or address it later.
- **Slido Availability:** Slido will stay open until 12:00, even if the call ends earlier, to give you more time to ask questions.
- **Q&A:** All questions asked through Slido will be recorded and published with answers in the Operational Transparency Forum Q&A on our webpage: <https://www.neso.energy/what-we-do/systems-operations/operational-transparency-forum>
- **Takeaway Questions:** These will be included in the next OTF pack. We might ask you to email us to clarify details
- **Out of Scope Questions:** These will be forwarded to the right NESO expert or team for a direct response. We might ask you to email us to ensure we have the correct contact details. For more information about the OTF's purpose and scope, check the appendix of this slide pack.

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Audience Q&As

① Start presenting to display the audience questions on this slide.

Send us your feedback..

Using the poll in Sli.do after the event.

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If you have any questions after the event,
please contact the following email address:
box.nc.customer@neso.energy

Appendix

Purpose and scope of the NESO Operational Transparency Forum

Purpose: The Operational Transparency Forum runs once a week to provide updated information on and insight into the operational challenges faced by the control room in the recent past (1-2 weeks) and short-term future (1-2 weeks). The OTF will also signpost other NESO events, provide deep dives into focus topics, and allow industry to ask questions.

Scope

The OTF covers:

- Regular updates, deep dives, and focus topics
- NESO's operational strategies and challenges
- Data published by NESO
- Data and processes from other parties (e.g., BMRS by Elexon, consultations by Elexon, Ofgem, DESNZ)
- Industry questions (answers live or taken away for answering later)

Out of Scope

The OTF does not cover:

- Data owned by other parties
- Specific actions and decisions of the NESO Control Room
- Activities and operations of individual market participants
- NESO's policy and strategic decisions
- Formal consultations (e.g., Code Changes, Business Planning, Market Development)

Skip Rates – ‘In Merit’ datasets

Slido code #OTF

We recognise that these datasets aren't as intuitive as they could be – specifically the column headings. Please be reassured that we are looking at ways to improve this – we will update the documentation to include this information and will also discuss the datasets in more detail at the webinar on 27th February.

We will use ‘accepted’ and ‘instructed’ differently in this context, even though they are normally the same.

These datasets show the units that should have been instructed if decisions were solely based on price, rather than all units that were instructed. Therefore this dataset does not match the total accepted volume datasets in Elexon.

$\text{In Merit Volume} = \text{Accepted Volume} + \text{Skipped Volume}$

In Merit Volume

- This is the recreated in merit stack showing the lowest cost units that were available to meet the requirement, where the requirement is based on the volume of units that were actually instructed
- Therefore this is the volume that should have been accepted if decisions were solely based on price
- The sum of this column is the total instructed volume in the 5 minute period (subject to the relevant exclusions)

Accepted Volume

- This is the volume that was accepted in merit, as a subset of the ‘In Merit Volume’ column – i.e. how much volume was accepted in merit
- The sum of this column will be less than the sum of the ‘In Merit Volume’ column, unless there is no skipped volume
- Note: this column does not list all instructed units

Skipped Volume

- This is the volume that was skipped, as a subset of the ‘In Merit Volume’ column – i.e. of the volume that we should have instructed, how much was skipped

It's possible that the list of units increases, decreases, or stays the same between stages, but the total ‘In Merit Volume’ will always remain the same (or no volume is excluded) or decrease (due to exclusions).