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Incentives Monthly Monitoring Meeting

Meeting Minutes (November 2024-25 performance)

Date: 08/01/2025 **Location:** Teleconference **Meeting Number:** 72
Start: 14:00 **End:** 16:00

Participants

Attendee	Attend/Regrets	Attendee	Attend/Regrets
Simon Targett (NESO)	Attend	James Hill (Ofgem)	Attend
Phil Smith (NESO)	Attend	Luke McCartney (Ofgem)	Attend
Mark Robinson (NESO)	Attend	Matthew Fovargue (Ofgem)	Attend
David Dixon (NESO)	Regrets	Shubh Mehta (Ofgem)	Attend
Filippos Panagiotopoulos (NESO)	Regrets	Adam Gilham (Ofgem)	Regrets
James West (NESO)	Attend	Zong Yan (Ofgem)	Attend
Nicolas Achury Beltran (NESO)	Regrets		
John Walsh (NESO)	Attend		
Laura Woolsey (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
67	243	10/07/2024	31/08/2024	NESO	NESO to produce paper, to send to Ofgem, explaining the minor components issue. <i>Update – Work in progress. Formal papers for minor components expected by in February.</i>	Open
69	252	16/10/2024	30/11/2024	NESO	NESO to set up balancing cost strategy deep dive session before end of March 2025, to ensure detail that’s difficult to explain in writing is considered in Ofgem’s assessment. <i>Update – To be scheduled in Q1</i>	Open
70	257	13/11/2024	11/12/2024	NESO	Provide an update on wind herding behaviour this winter <i>Update – Balancing costs team to provide updates as they occur.</i>	Open

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					NESO to confirm whether regulatory support is required for hot joints	
71	259	11/12/2024	15/01/2025	NESO	Update - <i>Discussing internally will come back in future meeting regarding whether support is needed.</i>	Open
72	262	08/01/2025	31/01/2025	NESO	NEW Review previous Dunkelflaute periods and compare the impact on balancing costs with the November 2024 Dunkelflaute period. They would also like NESO to look at the potential impact of the future generation mix (i.e. more wind and solar) on Dunkelflaute periods and balancing costs.	Open
72	263	08/01/2025	31/01/2025	NESO	NEW Look at the impact of SSOs on balancing costs.	Open
72	264	08/01/2025	31/01/2025	NESO	NEW Share the outstanding Restoration data	Open
72	265	08/01/2025	31/01/2025	NESO	NEW Confirm whether it's possible to run EFS against R5 to directly compare the performance?	Open

Discussion and Questions

1. Balancing costs monthly update – Balancing Costs Team

November balancing costs: Laura Woolsey talked through drivers of November's balancing costs.

Area/Question/Feedback	NESO Response
Ofgem suggested caution in linking Dunkelflaute periods to lower balancing costs. ACTION: Ofgem would like NESO to review previous Dunkelflaute periods and compare the impact on balancing costs with the November 2024 Dunkelflaute period. They	NESO acknowledged the point and noted that the impact of Dunkelflaute periods on balancing costs should be considered alongside other drivers of costs such as demand levels. NESO agreed to look at the additional analysis.

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would also like NESO to look at the potential impact of the future generation mix (i.e. more wind and solar) on Dunkelflaute periods and balancing costs.

We would also like to understand why energy costs were so low in this period. You mentioned not taking many trading actions for example.

The network congestion slide is useful context. Ofgem would like to understand if these were planned outages, i.e. where a decision was taken that a certain day/time was the most cost effective time for a certain outage, or unplanned. In addition, were the cost impacts more or less than expected, and was this driven by something NESO did, or if the causes were unavoidable etc.

These were planned outages that were taken when the impact was forecasted to be lowest.

The 400 KV substation upgrade was delayed due to land access issues meaning that the new capacity of the circuits cannot be unlocked until the substation is completed.

The higher-than-expected costs were due to abnormally high winds coinciding with low transfer capacity.

What is the impact of SSOs on balancing costs?

ACTION: Look at the impact of SSOs on balancing costs.

NESO agreed to take away the question to see if they can isolate the specific costs related to SSO defensive measures

Please can you clarify what the 'Constraint Ancillary' category is?

Filippos provided details in the Teams chat

In December you will have spent some money on DFS. Do you know which category it will be recorded under?

It will be recorded under STOR.

Are you able to share the Restoration data – we haven't received it since moving to the new balancing costs dashboard.

ACTION: Apologies for the delay, we will share it by the end of the month.

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2. Forecasting Monthly Update – John Walsh

John Walsh team provided an update on Metrics 1B (demand) and 1C (wind) forecasting for November 2024.

Area/Question/Feedback	NESO Response
The second largest error in the month was on the day that the new Wind release R5 was released – were these two things related?	Not related. Note that the errors reported relate to the forecast from the previous day
How much of an impact due you think R5 is having on forecast accuracy?	PEF performed far better than EFS would have for the period after R5 was live. So far December looks to be showing a similar pattern.
Can you run EFS against R5 to directly compare the performance?	ACTION: We will check if is technically doable and how much resource it would require as it may require significant work. Note that the forecast still goes via EFS but we haven't maintained the wind fleet up to date in EFS. So overall the difference in numbers should tell the story. But we'll confirm regarding the possibility of comparing the two.

3. NESO to highlight notable points from the published report

Metric and RRE scores from the latest month were shared. No specific questions were asked.

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.

Area/Question/Feedback	NESO Response
Ofgem noted the absence of any notable events in the Role 3 section of the report and urged NESO to highlight any key activities in the month even if it's not a public facing output.	NESO acknowledged the feedback and agreed to include relevant updates in future reports

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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.

- **Mid-year feedback**

We're engaging with teams this week and will advise of any specific sessions needed Simon with pick up with Matt on the reporting specific feedback.

Previously Closed Actions

Meeting No.	Action No.	Date raised	Target Date	Resp.	Description	Status
70	254	13/11/2024	11/12/2024	NESO	<p>Check how often the SPICE issue occurs</p> <p>Update - It was a new issue identified in September due to a disconnection in one of the data transfer jobs. Since then, we have redesigned the connections to be more stable and improved their monitoring system to capture disconnections more quickly, resolving them within 5 minutes. This means that while the issue can still occur, its impact is greatly mitigated by the quick connection resolution implemented.</p>	Closed
70	255	13/11/2024	11/12/2024	NESO	<p>Other countries alert statuses: Look into the prices and provide more detail on the impact these have in future updates.</p> <p>Update - We will include this information in future updates.</p>	Closed

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					When we get alert statuses it tends to put the control room on standby but doesn't normally result in action, just included to add context. We can make sure to clarify this if noted in future reports.	
71	260	11/12/2024	15/01/2025	NESO	NEW NESO agreed to include a chart showing volumes in addition to costs in future reports. Update – included in this month's slides	Closed
71	261	11/12/2024	15/01/2025	Ofgem	NEW Ofgem to confirm the process and timing for external publication of the FSO day one closure report.	Closed