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Incentives Monthly Monitoring Meeting

Meeting Minutes (December Q3 2024-25 performance)

Date: 12/02/2025 **Location:** Teleconference **Meeting Number:** 73
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)	Attend	Shubh Mehta (Ofgem)	Attend
Filippos Panagiotopoulos (NESO)	Attend	Adam Gilham (Ofgem)	Attend
James West (NESO)	Attend	Zong Yan (Ofgem)	Attend
Nicolas Achury Beltran (NESO)	Attend	Jill Wells (NESO)	Attend
John Walsh (NESO)	Attend	Ryan Carson (NESO)	Regrets
Laura Woolsey (NESO)	Attend	Yuchang Wang (NESO)	Regrets

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Agenda

Ref	Title	Owner
1.	Balancing costs monthly update – Balancing Costs Team	NESO
2.	OTF survey – Jill Wells	NESO
3.	Forecasting monthly update – John Walsh	NESO
4.	NESO to highlight notable points from the published report	NESO
5.	NESO to take questions on the published report	NESO
6.	Ofgem to give feedback on NESO performance	Ofgem
7.	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	<p>NESO to produce paper, to send to Ofgem, explaining the minor components issue.</p> <p>Update – Work in progress. <i>Paper is ready to share, detailing the minor components categorization and its purpose. He suggested scheduling a session later in the month to discuss it.</i></p>	Open
69	252	16/10/2024	30/11/2024	NESO	<p>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.</p> <p>Update – The BP2 document will suffice for now, with an updated strategy to be released in May within the yearly report. We suggest</p>	Open

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					<p><i>discussing specific aspects in ad hoc sessions if needed. However, if NESO is interested in a deep dive session, Ofgem remains open to that option, especially if NESO finds it the most effective way to explain the details.</i></p>	
70	257	13/11/2024	11/12/2024	NESO	<p>Provide an update on wind herding behaviour this winter</p> <p>Update - <i>Balancing costs team to provide updates as they occur. (No update given this month)</i></p>	Open
71	259	11/12/2024	15/01/2025	NESO	<p>NESO to confirm whether regulatory support is required for hot joints</p> <p>Update - <i>Network Access team already has a working group with Ofgem and DESNZ. We will provide contact details for further engagement. We will provide contact details of who attends this from Ofgem</i></p>	Open
72	262	08/01/2025	31/01/2025	NESO	<p>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.</p> <p>Update - <i>This action remains outstanding for the month</i></p>	Open
72	263	08/01/2025	31/01/2025	NESO	<p>Look at the impact of SSOs on balancing costs.</p> <p>Update - <i>SSO Subsequent Oscillation Task Force is</i></p>	Open

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						<p><i>presenting to Ofgem this month. He noted that SSOs have a small cost impact, typically around £2 million when they occur. He suggested building dashboard capability to track these costs.</i></p>	
72	264	08/01/2025	31/01/2025	NESO	<p>Share the outstanding Restoration data</p> <p>Update - Restoration costs should now be updated in the dashboard. We will check with the ancillary services team to ensure availability data is also included.</p>	Open	
73	266	12/02/2025	28/02/2025	NESO	<p>NEW Provide more detailed information on the savings from these specific trading actions (3rd/11th December) compared to real-time actions.</p>	Open	
73	267	12/02/2025	28/02/2025	NESO	<p>NEW Provide more detailed information on £0 offers, especially those related to interconnectors instead of wind farms.</p>	Open	
73	268	12/02/2025	28/02/2025	NESO	<p>NEW NESO to check with the work group and gain an update on behavioural changes related to the economic pricing for wind curtailment, as discussed in the email sent to the wind advisory group.</p>	Open	
73	269	12/02/2025	28/02/2025	NESO	<p>NEW Check with the OBP team and provide more information on the OBP crash (21st Dec) and any fixes implemented.</p>	Open	

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Discussion and Questions

1. Balancing costs monthly update – Balancing Costs Team

December balancing costs: James West and Laura Woolsey talked through drivers of December’s balancing costs.

Area/Question/Feedback	NESO Response
<p>Are the trading actions on the 3rd and 11th December linked to the cost-saving tracker? and it would be useful to see the savings from these trades compared to real-time actions.</p>	<p>We record trading actions in the savings tracker, often linked to margin trades. High interconnector prices may not have directly impacted the savings. We noted that trading decisions are frequently guided by the control room when no other options are available.</p> <p>ACTION: Provide more detailed information on the savings from these specific trading actions compared to real-time actions.</p>
<p>Could you clarify the £0 offers, especially those related to interconnectors instead of wind farms, and provide details about the issue discussed in the OTF regarding these offers?</p>	<p>Clarified that the £0 offers were related to ESS (Energy Storage Systems) actions and acknowledged the significant number of such actions this month.</p> <p>ACTION: Provide more detailed information on these £0 offers.</p>
<p>Has there been any change in behaviour since an email was sent to the wind advisory group regarding economic pricing for wind curtailment?</p>	<p>We would need to check in with the work group to see if there has been any change in behaviour and will provide more information later.</p> <p>ACTION: We will follow up with the work group and provide more details on any changes in behaviour.</p>
<p>Regarding the OBP crash on the 21st December, it would be good to get more information on the cause and any fixes implemented.</p>	<p>The OBP team were involved and quickly restored the OBP, but we will check for more details on the cause and fixes.</p> <p>ACTION: We will check with the OBP team and provide more information on the OBP crash and any fixes implemented.</p>

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2. OTF Survey – Jill Wells

Jill presented an overview of the Operational Transparency Forum (OTF) survey results from 2023 and a brief look at 2024. She highlighted key feedback themes, including the need for transparency, naming individual units, event scheduling, and accessibility. Jill discussed improvements made based on the feedback, such as reinstating margin forecast slides, updating demand outturn slides, and providing monthly balancing cost summaries. She also mentioned the increased participation in the 2024 survey and the ongoing efforts to enhance the OTF based on stakeholder input.

Area/Question/Feedback	NESO Response
Suggested that providing slides earlier could result in higher quality questions and asked why regular slides cannot be available earlier.	Jill explained that the OTF is run by volunteers from across the organization, and some data for the regular content slides is not available until 9:30 AM. They have made changes to review and sign off slides earlier, particularly the deep dive content and questions, to ensure slides are available earlier.

3. Forecasting Monthly Update – John Walsh

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

Area/Question/Feedback	NESO Response
Is it easy to compare the new model's performance with the previous one?	While it is technically feasible, implementing this change would necessitate substantial IT infrastructure re-engineering. We highlighted the significant improvements demonstrated by the new wind forecasting model, which has exceeded expectations for three consecutive months—something not accomplished with the legacy system. Although achievable, this task requires considerable effort. Additionally, the enhanced performance of the new model makes direct comparison with the legacy system less critical.

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Is there was a plan to measure the success of the new model and if there was an option to revert if it performed poorly?

We confirmed that we had a rigorous evaluation process before releasing the new model, ensuring it was at least as good as the legacy system. We mentioned that we would follow the same discipline for any new models in the future.

4. NESO to highlight notable points from the published report

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

5. 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.

6. 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.

7. 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.

- **BP3 Reporting Requirements**

We discussed the need for clarity on BP3 reporting requirements due to the timing of final determinations coming after the start of BP3. We emphasised the importance of having a clear view of the first few months of reporting and aligning performance measures with success measures. Ofgem mentioned that from the middle of next week, they could start having detailed discussions about the reporting requirements, although the final position might still be subject to change. Ofgem will send some dates over to discuss further.

- **NESO Question for March Survey**

We hoped to send over the NESO question for the March survey soon, to Ofgem.

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Previously Closed Actions

Meeting No.	Action No.	Date raised	Target Date	Resp.	Description	Status
72	265	08/01/2025	31/01/2025	NESO	<p>Confirm whether it's possible to run EFS against R5 to directly compare the performance?</p> <p>Update - While it is technically feasible, implementing this change would necessitate substantial IT infrastructure re-engineering.</p>	Closed