

February 2025

FPN Good Industry Practice

Responding to your consultation feedback into the Guidance Note – Good Industry Practice between 2nd December 2024 – 10th January 2025.

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Overview.

NESO is committed to providing a detailed account of the feedback received during the targeted consultation held from 2nd December 2024 to 10th January 2025 on the Guidance Note – Good Industry Practice. This document aims to enhance industry transparency by outlining the changes made based on the feedback, as well as detailing the aspects of the guidance note that were retained. Additionally, we provide NESOs rationale behind these decisions to ensure a comprehensive understanding of our approach and considerations.

The consultation document was shared by NESO with 100 individuals, representing 53 asset owners or operators and received 12 responses from industry. These responses have been published on the Balancing Costs Webpage: [Balancing costs | National Energy System Operator](#)

Proposal 1 within the consultation:

Proposal 1 within the consultation focuses on a non-exhaustive list of principles that could be applied in the preparation of FPN data. The questions posed by NESO consisted of:

Question 1a: Do you agree that NESO should outline examples of practices for preparing PNs that it may consider in its view of whether Good Industry Practice is being followed by wind units in the BM?

Question 1b: Do you consider it feasible to apply these principles?

Question 1c: If you think there are alternative practices that NESO could usefully consider in its view of whether Good Industry Practice is being followed, please provide suggestions.

Outlined below are the key themes identified from the responses to these questions, followed by the subsequent changes or decisions made by NESO.

Key theme

- Clarity is required for some of the proposed principles, particularly what is meant by 'built in directional bias'
- The proposed principle regarding 'energy traders' is too vague; the quality of energy traders can vary greatly.



NESO change

- NESO has elaborated on the principles outlined in the Guidance Note, providing detailed interpretations for each one. With reference to directional bias, the output of a BMU should not be intentionally biased towards over or underrepresenting expected generation outputs of a unit.
- NESO have removed the principle regarding energy trading activities.

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- NESO should be clear that the principles are not a strict 'rule book' and acknowledge that a 'one size fits-all approach' is not appropriate.
- NESO should be clear that the principles apply to fully operational windfarms.
- NESO should articulate an acceptable tolerance for meeting the thresholds.



- Within the Guidance Note, NESO have clarified that the principles are not mandatory to achieve the thresholds but may be considered when assessing NESOs view of 'Good Industry Practice' where thresholds are consistently unmet.
- NESO have set out in the 'Monitoring Timelines and Procedures' section of the Guidance Note at what point this applies to commissioning or newly commissioned wind farms.
- NESO does not intend to apply strict scrutiny to a singular month where thresholds are not achieved

Proposal 2 within the consultation:

Proposal 2 suggested a change to the description extenuating circumstances. The questions posed by NESO consisted of:

Question 2a: Should NESO implement this change in description for extenuating circumstances?

Question 2b: If not, are there alternative changes that could be made which better recognise site specific considerations?

Key theme

- NESO should recognise that commissioning wind farms, under construction and newly operational are extenuating circumstances as models need history to be trained.



NESO change

- NESO understand that for commissioning wind farms, under construction and newly operational wind farms have a lack of history required to train models. Therefore, BMUs that fall into these categories will be subject to the Guidance Note requirements after one full calendar year from the start of commissioning, allowing time to gather adequate operational history for forecasting models.

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- NESO should eliminate the months of performance monitoring from their assessment when there are extenuating circumstances present.
- Transparency on acceptable extenuating circumstances is required.



- NESO has included the following statement in the Guidance Note: If an exceptional circumstance is identified during a performance month, it will be excluded from the performance monitoring for that month or months.
- Given the unique reasons that specific units might not meet the proposed thresholds, NESO believes that establishing an exhaustive list on extenuating circumstances may not be practical.

Proposal 3 within the consultation:

Proposal 3 proposed the use of one standard threshold for FPN Accuracy, based on the level achieved by onshore wind. The question posed by NESO was:

Question 3: Do you agree that the thresholds used should be set to the standards achieved by Onshore units or should the previously published aggregate values be used?

Key theme

- NESO should explain the logic behind using the top 10% of wind operators to set thresholds instead of a median or similar based approach.
- The benchmark used to set thresholds should be repeatable.



NESO change

- NESO have documented an appendix section within the Guidance Note in response to this feedback. There is a dedicated section to 'Thresholds in the Guidance Note' that explains the logic behind using the top 10% and how this compares to a median based approach.
- The full methodology and data produced is published.

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Additional themes with no direct changes made in the Guidance Note.

- Principals should be clear enough so that they can be set as requirements in a contract.

Following consultation feedback highlighting the need for clarity on the principles, NESO have clarified within the Guidance Note how each principle can be interpreted and how they may be assessed according to NESO's view of 'Good Industry Practice'. However, it would not be suitable for NESO to provide requirements for a contract directly. While the principles are not mandatory to meet the thresholds, they should be considered as an additional factor that NESO may consider if the thresholds are consistently unmet.

- A "sliding scale" of percentage error as the project increases in size.

NESO believe it is appropriate to maintain a single threshold percentage error for all wind BMUs in percentage terms, as the data defining NESO's accuracy thresholds includes a range of both smaller and larger BMUs. Introducing an absolute MW value would be impractical for the varied sizes of wind BMUs and to introduce two separate thresholds would introduce complexity. However, the monitoring process is intended to be collaborative and provide opportunities for parties to share any site-specific issues they face. In any escalation decision where the size of the BMU or granularity of the data is the key factor significantly impacting the reliability of the data, this may be considered under the extenuating circumstances definition.

- Frequent revisions to the Guidance Note may lead to investor uncertainty.

NESO understands the importance of industry certainty for wind participants in the application of the Guidance Note. The primary intention behind the Guidance Note is to improve FPN accuracy, thereby reducing balancing costs and enabling more accurate procurement of bids or offers by NESO. NESO want to reassure participants that NESO does not plan to actively revise the thresholds to stricter limits if units demonstrate they are able to achieve the thresholds set out in the Guidance Note.

Any formal review that NESO undertakes regarding thresholds or other proposed changes will be subject to industry consultation and only likely to be triggered by changes in the market, such as significant market reforms, stakeholder request or rule changes. NESO does not anticipate initiating formal reviews; however, we do reserve the right to review the Guidance Note as necessary. This approach ensures that any changes are made transparently and with consideration of the impact on participants.

- NESO should provide further guidance on demonstrating and evidencing compliance with these principles.

NESO will engage with market participants throughout the monitoring process to understand why units may not be meeting the thresholds. We will work with each individual market participant to establish how they can demonstrate compliance with the principles and/or thresholds set out in the Guidance Note. This approach will be flexible as

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we work with market participants collaboratively and seek to understand their approaches to meeting FPN accuracy.

- Thresholds for onshore units should be separated from offshore.

We appreciate all feedback however, the approach of using a single measure was widely supported through consultation feedback. Therefore, we will implement a single standard for onshore and offshore units following the majority response.

- It is much simpler and quicker to apply a monitoring methodology to Power Available as this is already a requirement under Grid Code and then use it retrospectively apply a threshold to FPNs.

Within Grid Code the requirements for submitting accurate Power Available data have been established. There has been a distinct difference identified in available capacity declared through a Physical Notification and the metered output (outturn volume) of wind assets and this forms the requirement for NESO to define its view of units demonstrating Good Industry Practice when preparing Physical Notifications.

- The data contains a bias as some units in Scotland are curtailed for a third of the month.

We have performed calculations both including and excluding curtailed periods and found limited changes in the thresholds or the accuracies per unit each month. This has included unit level assessments of data where all other data is controlled as far as possible looking at a wind unit and its extension, with a common provider of PN data in which we found marginal increase in net errors in the high curtailment unit compared with the low curtailment unit and a marginal decrease in absolute error.

While the purpose of this document is to ensure accuracy of Physical Notification data, looking at the accuracy of expected output also encourages best practices in the use of Maximum Export Limit (MEL) and following of Bid Offer Acceptances (BOA) without issuing additional governance or burden through separate Guidance Notes. Given the limited sensitivity to this data point, this approach allows for a single process to assure operational data points.