

Market Monitoring Team  
National Energy System Operator NESO  
St Catherines Lodge  
Bearwood Road  
Sindlesham  
Berkshire  
RG41 5BN

**SSE plc**  
Inveralmond House  
200 Dunkeld Road  
Perth  
PH1 3AQ

[harry.parsons@sse.com](mailto:harry.parsons@sse.com)

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By email to [marketreporting@nationalenergyso.com](mailto:marketreporting@nationalenergyso.com)

**Market Monitoring Team,**

**Feedback<sup>1</sup> on the FPN Good Industry Practice Consultation December 2024.**

We support the NESO's goal to tackle issues related to information inaccuracy, aiming to minimise balancing costs and maintain effective system security. We also appreciate NESO's willingness to engage constructively with the industry and the time allocated for industry input during the development and consultation phases has been valuable. It is also encouraging to see that NESO has taken on board industry feedback throughout the process. We have answered the consultation questions in turn, but a high-level summary of our response can be found below:

- **Threshold methodology:** we agree with NESO's proposal to use the revised onshore accuracy thresholds but remain of the view that NESO should revise the flawed "top 10%" approach, to ensure thresholds are consistently achievable by the chosen subset in every month for greater fairness.
- **Principles of Good Industry Practice:** the principles proposed are sensible, however, we suggest further clarity on expectations, formalising NESO's view, presented at the Wind Advisory Group (WAG), that *"thresholds can or will [not] be achieved every month of the calendar year"*.
- **Extenuating Circumstances:** we support NESO's revised definition but recommend adding a non-exhaustive list of examples and ensuring identified circumstances automatically exempt the period from performance monitoring.

We remain of the view that without a Grid Code amendment, the thresholds are to be interpreted as guidance, not formal compliance benchmarks.

**Responses to consultation questions**

**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?*

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<sup>1</sup> For the avoidance of doubt, this feedback does not represent the views of SSE's Networks Businesses (SSEN Transmission and SSEN Distribution).

**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.*

We appreciate NESO's commitment to raising the standard of Physical Notification (PN) accuracy, while acknowledging the inherent variability associated with wind generation. We support the principles of Good Industry Practice that NESO has proposed and are supportive of the application of these principles if they are done so in fair and transparent manner.

It should be made clear that, in the absence of a Grid Code amendment, the thresholds are not to be interpreted as formal compliance benchmarks but rather as guidance aimed at improving accuracy performance across the GB wind fleet. We suggest that if NESO, through monitoring, identifies that a significant proportion of the market is unable to meet the proposed thresholds despite adhering to Good Industry Practice, the thresholds should be re-evaluated. It should also be clarified that the "Good Industry Practice" principles are intended to apply to fully operational wind farms. There are other stages in the lifecycle of a wind farm, such as construction, commissioning, or decommissioning, where these principles may not always be achievable, and this distinction should be reflected in the framework.

In the presentation given to the Wind Advisory Group (WAG) on 20 November 2024, NESO stated that "[we] would like to be clear that the aim of the PN Accuracy project is not to penalise units but to raise the standard of PN Accuracy across the wind fuel type. Throughout the monitoring period, **it is not our expectation that the thresholds can or will be achieved every month of the calendar year** [emphasis added]. With the variability wind naturally presents, we understand that there may [be] occasional months where the thresholds are not achieved".

We support the NESO's position that it is not plausible that the thresholds can or will be met in every month of a year, given the significant number of exogenous factors influencing PN accuracy<sup>2</sup>. Clarity on expectations should be part of the final guidance and the NESO should articulate their view of a reasonable tolerance over a year, recognizing their position outlined above.

Finally, we would like clarity on the principle that the operator's model should not have any built-in directional bias, as our understanding is that this refers to the model not being designed to produce biased outputs, rather than accounting for trends or patterns that might be observed in a sample of model output data over a given period.

**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?*

We agree that the description of extenuating circumstances proposed by NESO appears to be a sensible step forward. However, NESO should consider including an illustrative, non-exhaustive list of what

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<sup>2</sup> We previously highlighted such factors in our feedback to NESO on 26 June 2024, titled "Feedback on the Guidance on FPN Good Industry Practice" (see paragraph under subtitle "Consideration of factors outside an operator's control") Examples include: the age of wind turbine generators; the location of generation assets, and the associated topography; wind speeds; and spatial variation of turbulence.

constitutes extenuating circumstances for additional clarity and to ensure consistent application. This should encompass factors such as:

- Unplanned outage<sup>3</sup> (especially for sites on longer term outage e.g. more than a week)
- Commissioning issues (limited model training sample size during this phase can exacerbate forecasting issues under certain weather and curtailment scenarios)
- Extreme weather events
- Metering faults
- Short term generation restrictions on array or wind turbine generators (WTGs) due to identified defects.

These examples would provide stakeholders with greater transparency and predictability about how such circumstances might be interpreted in practice. Furthermore, NESO's proposal could be strengthened by making it clear that the identification of extenuating circumstances will directly impact the performance assessment process i.e. presence of extenuating circumstances should result in the affected month or period being automatically excluded from performance monitoring. This would ensure that participants are not unfairly penalised for situations genuinely beyond their control. NESO should also consider the complexity of the topography at an onshore wind site as a critical factor when assessing performance against the thresholds. Even if "Good Industry Practice" has been diligently followed, any issues arising due to challenging site topography during the monitoring period should be considered by NESO.

There is also a growing need to consider more complicated self-curtailment issues such as shadow included flicker and noise-based curtailment. Certain sites have directional noise-based curtailment strategies and new windfarms are seeing more of these requirements appear in planning conditions. Anti icing and ice detection are other items which also add to inaccuracy but have significant complexity in forecasting.

**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?*

We appreciate NESO's recognition of the differences in performance between onshore and offshore units and support the proposal to assess all wind BMUs' performance against the onshore accuracy threshold.

However, we continue to have concerns about the methodology NESO has used to determine the respective error thresholds. The use of the top 10% subset, as currently applied, is problematic. It creates a standard that is not consistently achievable by the chosen subset in every month, as the composition of that subset (i.e. sites meeting the thresholds) can vary. This variability undermines the reliability of the threshold-setting process, and clear criteria and rationale should first be established e.g. selection of top X% and supporting evidence suggesting it is achievable across the GB fleet. We strongly recommend that NESO adopt a more stable and representative approach<sup>4</sup>, ensuring that the thresholds are achievable by a consistent subset in every assessment period. Against the aim of improving industry average FPN accuracy, an alternative approach to the somewhat arbitrary "top 10%" could be to set benchmarks based

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<sup>3</sup> Wind farms returning from an outage (even planned) may face challenges that impact forecasting accuracy when returning to service.

<sup>4</sup> If a site is to be benchmarked against "Good Industry Practice", the Good Industry Practice should be:

- a. Repeatable (benchmark achievable consistently, not just randomly).
- b. Reasonably achievable (the benchmark should be appropriate for the specific asset, with a clear understanding of what influences performance).

on standard deviations around the mean of the dataset e.g. one standard deviation representing a “passable” level of performance and two standard deviations above the mean representing good performance.

We hope the points raised in this response are helpful, and we are happy to engage further with NESO to discuss them in more detail.

Yours sincerely,

(by email)

**Harry Parsons**

Senior Regulatory Economist

Group Energy Markets

**SSE plc**