

September 2026

FPN Good Industry Practice

Responding to your consultation
feedback

Overview

NESO is committed to providing a detailed account of the feedback received during the targeted consultation held from 17th June 2026 to 31st July 2026 on the Guidance Note – FPN accuracy of BMUs. This document has been prepared to maintain transparency by highlighting the amendments to the guidance note in response to industry feedback, alongside the elements that remain unchanged. It also explains NESO's rationale for these decisions, providing stakeholders with a clear understanding of the considerations.

The consultation document was shared with the wider industry, asking responses to 10 questions. We received responses from 13 market participants. These responses will be published on the [Market Monitoring Webpage](#)

Upcoming steps that market participants should be aware of:

- Given our decision to modify the error calculation methodology, we will publish a revised guidance note on the **18th of September 2026**. This version will derive Good Industry Practice Thresholds based on the new data and to make relevant changes to the guidance note described below.
- Based on feedback received, the start of FPN accuracy monitoring will not occur until the **1st of January 2027**. This provides time to make any necessary operational changes to achieve the established Good Industry Practice Thresholds and for prior engagement to understand any amendments or corrections that are needed ahead of formal monitoring.

Questions within the consultation:

Question 1: Is a guidance note the most appropriate way to reduce balancing mechanism physical notification errors? Some previous feedback indicated a preference for a BSC change to a non-zero information imbalance charge which would commercialise error in place of outlining standards

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

- We support the use of a guidance note as the most appropriate approach to improve accuracy of FPNs in the BM.
- We do not support the introduction of a commercial incentive linked to FPN accuracy, including through a non-zero imbalance charge.



NESO decision

- Given broad support for the utilisation of the guidance note to address FPN inaccuracy, NESO has decided to maintain its current approach, rather than pursue a BSC change to a non-zero information imbalance charge.

- NESO should demonstrate the expected system benefit is material, evidenced and proportionate before extending the framework to all technologies.



- It is important to note that the purpose of this guidance note is to encourage market participants to meet their existing obligations under BC 1.4.2(a) and BC 2.5.1. Effort to improve the accuracy of FPNs submitted to the control room allow NESO to take balancing actions that are reflective of true system conditions, consequently reducing balancing costs. In the appendix of the guidance note, we have highlighted the expected improvement in average absolute error if units meet the established Good Industry Practice Thresholds. If NESO intends to introduce stricter thresholds in the future, we will consider conducting a cost-benefit analysis to establish the optimal level of accuracy.

Question 2: Should the guidance note be aligned with Grid Code definitions for intermittent and non-intermittent resources or should each individual fuel type have its own accuracy standards outlined?

Key theme

- We support aligning the guidance note with the Grid Code distinction between intermittent and non-intermittent resources.
- Technology type guidance is more appropriate. Different fuel types face unique challenges that affect accuracy of their FPNs.



NESO decision

- Around 60% of respondents indicated a preference for fuel type-specific thresholds, compared to 40% who supported intermittent and non-intermittent split. Responses indicating a fuel specific preference did not set out the specific challenges or circumstances that different portfolios face.
- Given the information available and mixed responses, we will keep this under review, publishing intermittent and non-intermittent thresholds but ensuring that fuel specific concerns are captured as exceptions where appropriate and that if consistent fuel specific issues are identified, that the guidance note is revised. We intend to do this by January 2028 (1 year after the start of monitoring).



- Given the lack of explicit definition of 'non-intermittent' in the Grid Code, we would advise NESO to expand the definition to accommodate assets such as Offshore Hybrid Assets and Interconnectors.

- In the instance of interconnector BM Units, they are fully separate from the operational performance of the asset. Therefore, we will exclude interconnector trading parties from this guidance note on PNs and instead expect interconnector operators to meet their reference programs. We will consider if separate guidance is needed but at present the data accuracy is consistently very high, meaning that any additional improvement would only deliver marginal returns. Regarding offshore hybrid assets, this would currently be considered as an interconnector, expected to follow a profile, we will maintain consistency with grid code definitions as this develops.

Question 3: Do you agree with the proposed introduction of new FPN accuracy Good Industry Practice Thresholds for non-intermittent BMUs ($\pm 1.0\%$ net error and 2.4% absolute error), derived from the 70th percentile of the observed performance in 2025?

Key theme

- Yes, but subject to acknowledgement that there will be fringe cases where thresholds won't be met.
- Threshold is too lax, and risks net harm, it should be at least set at the median, so we get a net improvement.
- The proposed bands do not account for factors (e.g. high ambient temperatures, equipment limitations, behaviour during and after outages, units ramping up prior to of BOA settlement period) that could worsen accuracy.



NESO decision

- In both the previous and current versions of the guidance note, NESO has recognised that there may be extenuating circumstances, e.g. the loss of a control point or uncertainty on the load of a thermal unit when returning from an outage, that may prevent a unit from meeting the applicable thresholds. These situations will be considered as part of NESO's monitoring activities; however, it remains the responsibility of market participants to notify NESO of any such instances and provide the relevant supporting information.
- In the case of developing an unpredictable restriction, appropriate use of Maximum Export Limits will still result in a 0% error.

Question 4: With respect to the practices outlined in section 8, principles for good industry practice, should any additions be made, proposals be removed or proposals be further clarified?

Key theme

- We consider that requiring PN updates for changes of 1MW or more would be administratively burdensome.



NESO decision

- The wording in this specific guidance principle will be revised to be more clearly requesting that a change of less than 1MW is not notified but that all significant (as a proportion of the overall unit size) changes are notified as soon as the operator becomes aware.
- We will not directly define a percentage of the asset size as this remains a principle rather than a threshold.

Question 5: Should existing standards remain unchanged for wind BMUs?

Key theme

- We support retaining the existing wind thresholds. The current process appears to be delivering good improvements.
- We do not believe that existing standards should remain unchanged for wind BMUs. The underlying methodology has changed. If applied to historical data, this amended methodology shows a reduction in the number of times these units which have met the thresholds.



NESO decision

- We recognise that removing BOA periods from the monthly error calculations increases overall percentage errors. However, under the previous methodology, the true inaccuracy of some units was masked by frequent bid actions. This concern was raised by market participants during the previous consultation and via ongoing engagement with NESO. The revised methodology is designed to better reflect BMU accuracy under normal operating conditions, i.e. unit not being subject to NESO actions.
- Analyses of application of current methodology on 2023 wind data will be added to the appendix of the guidance note.

Question 6: Should all intermittent resources be aligned to the accuracy standards previously defined for wind assets?

Key theme

- We understand solar forecasts have historically been less reliable than wind, therefore we suggest separate thresholds for both.
- NESO has not provided enough analysis to justify that all intermittent resources should be aligned to the accuracy standards of wind assets.
- It may be more appropriate to introduce a summer/winter or rolling 12-month target for solar.



NESO decision

- It is important to note that only 4 out of all of 9 solar BMUs were commercially available across the year of 2025, which gives a sample size that is not statistically significant to derive fuel-specific thresholds. However, we acknowledge that the feedback suggests the current proposal may not be appropriate, despite data supporting current high performance against the existing standards expected for wind PN accuracy.
As discussed in the decisions above, we will directly consider any technical exemptions required that may be fuel specific and if deemed necessary introduce fuel-specific thresholds, which would be based on a more statistically significant dataset for solar BMUs.

Question 7: Do you have any comments on the proposed updates to the calculation of monthly error statistics? In particular, NESO invites views on whether the proposed exclusion of settlement periods subject to Bid-Offer Acceptances appropriately isolates BMU performance under normal operating conditions and if the capacity-based denominator which was appropriate for wind is suitable for other resource types?

Key theme

- We support the proposed exclusion of settlement periods affected by BOAs as a step to ensuring performance assessments reflects underlying forecasting and operational practices.
- We note that by excluding periods subject to Bid-Offer Acceptances, assets in receipt of more BOAs would be subject to less scrutiny than those with less BM activity.

NESO decision

- Given majority of the respondents have supported the exclusion of BOAs, we are going ahead with this decision.
- While units receiving more BOAs may have fewer settlement periods assessed, they are not subject to less scrutiny. Their performance is evaluated across all applicable non-BOA settlement periods.

- From an intermittent BMU perspective, we have identified a significant impact on the error metrics during importing periods:
 - It is important to use a more complete installed capacity dataset.
 - Using MIL as the basis of denominator for intermittent generation is infeasible, suggest using MEL.

- After receiving constructive feedback across responses and 1-1 discussions with market participants, we have modified our error calculation methodology which relies on better installed capacity dataset and changes to calculation steps to ensure the denominators are representative of the operations of the fuel-type.

Question 8: Does a monitoring process which starts 1st October 2026 provide sufficient time to change practices to meet standards?

Key theme

- NESO should consider a minimum transition period of 3-6 months between the publication of the final guidance note and start of official monitoring.
- Monitoring period commencing on the 1st of October would not provide sufficient time for market participants to review, develop and implement necessary changes.
- We agree but if notices are issued after the first three months, we would expect more lenience from NESO.



NESO decision

- Given strong support for more time to implement necessary changes, NESO has decided to delay the start of official monitoring to the 1st of Jan 2027.
- The initial four months after the publication of the guidance note would be utilised to conduct conversations with market participants on the challenges that they are facing to improve accuracy.
- For units failing to meet the standards, actions taken to ensure these are improving will also be considered as a relevant technical exemption from the process.

Question 9: Does the data, analysis and proposed draft wording provided across the guidance note, consultation document appendix and data-pack provided meet needs to fully consider a response to this guidance note or is there further data that NESO should provide?

Key theme

- We would welcome publication of the accuracy distribution segmented by BMU capacity.
- Clearer breakdown of PN accuracy on a net and absolute basis by technology and season would be desirable.



NESO decision

- NESO will add further data in the guidance note to support the rationale for setting the thresholds.

Question 10: Are there any omissions, or other considerations that NESO should be aware of while considering appropriate revisions to the document on good industry practice in the preparation of physical notifications?

Key theme

- There is consideration given to forecast providers and the operator, however where the facilitator encounters data problems, then the BMU participant may be operating in good faith.



NESO decision

- We understand that there may be instances where issues from the forecaster or operator side may hinder BMUs reporting correct data. However, it is the responsibility of BMU lead party to inform NESO about any extenuating circumstances/ ensure that the facilitator is engaged in the process and works to resolve the issue. Individual instances of data errors will be considered under technical exemptions.

- Some BMUs will display small negative metered output when the units do not have a PN to keep the machinery warm. Have NESO considered why some assets do not submit PNs for this use of works power



- In the grace period of upcoming four months, NESO will look into restrictions for units submitting PNs for the use of works power.