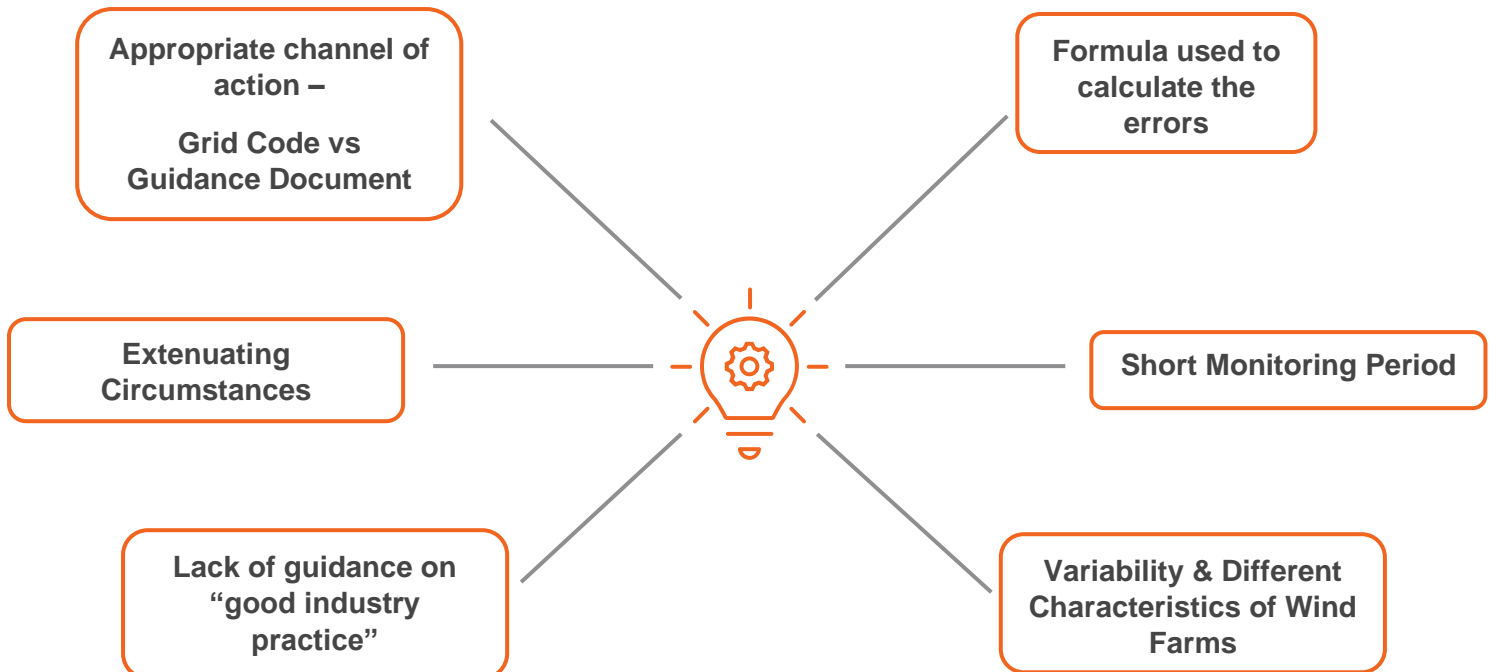


FPN Good Industry Practice Consultation Review

Overview.

The review of the draft guidance on PN accuracy concluded on June 26th, 2024, after a three-week consultation period. The ESO received a substantial number of responses and conducted a comprehensive analysis of the feedback received from Wind farm operators and Wind farm data submitters. Based on this analysis, key themes and recommendations have been identified and are presented in this document.

Key themes identified.



ESO

Theme 1: Formula calculation used by the ESO.

Description	Recommendation /Change
<ul style="list-style-type: none"> The current formula is a ratio between the net error and the actual metered output. Feedback from various market participants highlighted that this performance metric is influenced by the output of the wind farm, which varies seasonally based on weather conditions. The strong correlation between seasonal conditions and actual metered output results in biased estimate of the net and absolute % error. 	<ul style="list-style-type: none"> A significant number of responses indicate a consensus that calculating a net percentage error by dividing the net error by the capacity of the wind farm would yield a more effective performance metric. This recommendation has been accepted and will be adopted into the final guidance document.

Theme 2: The consultation and monitoring period is not long enough to make necessary changes.

Description	Recommendation /Change
<ul style="list-style-type: none"> Several market participants expressed that the three-week consultation period as well as the overall monitoring period was not long enough to make the necessary changes to meet the thresholds. To enhance the accuracy of the FPN, advancements in wind forecasting models and upgrades to data collection and communication facilities will likely be necessary. 	<ul style="list-style-type: none"> We understand that given the availability and the number of parties involved, a timeframe longer than three months may be required for some wind farms. Therefore, we have decided to delay the monitoring period to start in 3 months from the issuance of the final guidance document. We intend to use this time to educate providers on PN accuracy, giving them time to implement new forecasting models, new contracts or processes if required. This will be done via 1-1 workshops, group calls and data sharing.

ESO

Theme 3: Different wind variables can exist at a site making the thresholds unachievable altogether.

Description	Recommendation /Change
<ul style="list-style-type: none"> • Several comments expressed that the proposed target of $\pm 1\%$ variation for Wind Balancing Mechanism Units (BMUs) was unrealistic and unattainable. • It was highlighted that using the performance of the top 10% as a benchmark overlooks the unique characteristics of each wind park or technology. Factors such as geographic location, onshore or offshore placement, age, and turbine type can significantly impact forecasting difficulty. 	<ul style="list-style-type: none"> • The change of the formula from a metered output to a capacity-based approach is expected to resolve the issue of the BMU characteristics (location, age, etc.) influencing the calculation of the errors. • This will make it easier for wind operators to achieve the assigned thresholds on a consistent basis throughout the year. • Our intention is to analyse each wind unit, with consideration towards individual extenuating circumstances that might restrict them in achieving the assigned thresholds (Ref: Section 4 PN accuracy guidance note).

Theme 4: Achieving “good industry practice”.

Description	Recommendation /Change
<ul style="list-style-type: none"> • Market participants emphasised that a robust approach to the guidance note on PN accuracy thresholds would be to focus on describing expected processes and behaviours for delivering more accurate PNs. • Understanding what the top performers do differently from the worst performers can provide valuable insights, allowing for improved PN accuracy in a supportive and constructive manner. 	<ul style="list-style-type: none"> • It is important to note that the 1-1s with the wind operators will focus on processes and behaviours that could help them achieve good industry practice. • The concerns in this theme revolve around the need for more flexible language in the guidance note that acknowledges the existence of extenuating circumstances faced by some wind farms. • These circumstances will be duly considered when assessing the units’ compliance with the guidelines.

ESO

Additional consistent point raised:

Description	Recommendation /Change
<ul style="list-style-type: none"> There is uncertainty regarding the data used to calculate the thresholds. Is the top 10% consistently the top 10% throughout the year? Could using the top 20% or 25% provide a more realistic figure? Can this be clarified in the final guidance note. 	<ul style="list-style-type: none"> Through our data analysis, we have observed that inspecting the BMUs on a month-by-month basis does not yield a consistent set of BMUs that are fall into the 10% performers throughout the year. As a result, we have used the best performing BMUs (top 10%) throughout the year, rather than on, a month-by-month basis, as the thresholds for PN inaccuracy.

Points raised with no direct action associated:

- Guidance should focus on the methods to achieve better forecasting/PNs rather than solely on the outcome(thresholds)**

The initial draft guidance provides a framework that will be implemented to assist "under performers" in achieving the defined thresholds, this will be expanded on in the final guidance document. The one-on-one sessions will be tailored to support market participants in comprehending and analysing their data effectively, but we do not believe it is appropriate to provide a methodology that should be followed as this may limit innovation and competition.

- Changes of this significance should be implemented by the means of a Grid Code modification, rather than via a guidance note.**

ESO acknowledges that there may be some extenuating circumstances due the unique characteristics of wind generation that may prevent some units from achieving these thresholds consistently which raises concerns of whether this should be a Grid Code modification. The ESO is not introducing new powers or requirements, rather ESO want to provide clarity on how we are interpreting our existing licence obligations C23 4(j) which states the ESO must monitor balancing services markets for potential breaches of the grid code, investigating where necessary and raising concerns to Ofgem where appropriate. This approach allows for the ESO to collaborate with market participants instead of thresholds enforced by the Grid Code while establishing firm targets to be achieved dictated by operability requirements and consumer cost reduction.

Conclusion:

We received a substantial amount of feedback during the consultation process, which included 20 responses and 6 one-on-one sessions. The feedback provided valuable insights and has been thoroughly considered in the development of the final guidance document. The changes made based on this feedback are summarised above in the blue boxes. The ESO plans to release the final guidance document in the week commencing 05/08/2024. For any additional comments or feedback, please reach out to the Market Monitoring team at market.reporting@nationalgrideso.com.