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Centrica's response to NESO's consultation on FPN Good Practice Guidance

Centrica welcomes the opportunity to respond to NESO's consultation on the on Good Industry Practice in relation to FPN Accuracy (Grid Code BC 1.4.2(a)). We are pleased to see a focus by NESO on improving the quality of Final Physical Notifications (FPNs). Accurate FPNs are essential for ensuring the efficient operation of the balancing mechanism (BM) and minimising system balancing costs.

We broadly support the work that NESO's has undertaken in this area so far. The FPN guidance document along with the proposals put forward in the consultation represents good progress. However, we believe the current methodology would benefit from some further enhancements to help identify inaccurate FPN notifications. Our response outlines this in more detail below.

Accurate FPNs are important to ensure the efficient functioning of the BM

Accurate FPNs (and Physical Notifications) are important for ensuring NESO can take the right balancing actions and efficiently manage the energy system. However, forecasting production for windfarms (for both PNs and FPNs) is more difficult than for conventional assets due to the difficulty in accurately predicting windspeed and direction an hour or longer ahead of time (i.e. before gate closure). This can in some instances lead to inaccuracies in the FPNs submitted by asset owners where forecasts and real-time conditions diverge.

When this happens, it does not just impact NESO's ability to effectively manage the energy system. A trading party buying "as-produced" production from a BMU asset (as is the case for most renewable and almost all CfD assets) would also become exposed to the impact of inaccurate FPNs during periods of curtailment. Furthermore, BMU assets can earn additional revenues based on inaccurate FPNs. This creates inefficiencies as this cost is ultimately borne by consumers.

We therefore believe that NESO should develop enhancements to its monitoring capabilities to quantify the accuracy of PFN's and encourage improvements from poor performers.

The current methodology does not provide the best benchmark to do this

While we would welcome a more accurate benchmark to assess the accuracy of FPNs, the current methodology in NESO's Good Practice guidance calculates errors as the difference between FPN and actual metered production. This approach is potentially problematic because it requires the exclusion of periods when the asset is partially or fully curtailed.

Given that curtailment tends to occur during periods of high wind speed, this introduces a bias in the source data (and therefore potentially the results as well), at a time when accurate FPNs will be most important to NESO. Given that some wind assets (especially in Scotland) are curtailed for a third of the time in some months, this is a significant issue.

A more accurate benchmark could be achieved by using "Power Available"

We believe the issues outlined above could be addressed by a reference to potential production, rather than actual production, using NESO's methodology for Power Available (PA).¹ PA was developed by NESO for Response and Reserve Services to more accurately reflect the current weather-based capability of BMUs. It provides the real-time potential MW output that BMUs could generate allowing for current weather conditions and availability.

Using PA would have the added benefit of being a methodology that NESO already has available. In fact, assets are already required to provide NESO data for PA under the Grid Code. It would therefore be much simpler and quicker to deploy than a new monitoring methodology. However we do note that NESO has previously identified that the *"data quality against the standard appears mixed"*.²

We would therefore support NESO working with generators to improve the quality of the PA data it receives, and using it to develop a retrospective benchmark by which to assess the accuracy of FPNs. A more robust monitoring framework for FPN accuracy would not only have benefits for the efficient operation of the market, but would also encourage BMUs continually invest in forecasting capabilities and best practice, in turn driving further improvements in the accuracy of FPNs.

We would be happy to arrange a separate meeting to discuss this proposal with NESO in more detail.

Yours faithfully,

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¹ [Power Park Module Signal Best Practice Guide v3.0.pdf](#)

² Ibid