

Claire Thorpe-Morris,
National Energy System Operator
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10 January 2025

Dear Claire,

FPN Good Industry Practice Consultation December 2024

EDF is the UK's largest producer of low carbon electricity. EDF operates low carbon nuclear power stations and is building the first of a new generation of nuclear plants. EDF also has a large and growing portfolio of renewables, including onshore and offshore wind and solar generation, as well as energy storage. With over five and a half million electricity and gas customer accounts, including residential and business users, EDF aims to help Britain achieve net zero by building a smarter energy future that will support delivery of net zero carbon emissions, including through digital innovations and new customer offerings that encourage the transition to low carbon electric transport and heating. In addition, our Wholesale Market Services business is a leading route to market service provider for a number of different operators including wind farms.

We welcome the opportunity to feedback on NESO's consultation document on the three proposals it has put forward. We continue to strongly support improvements in the accuracy of wind Final Physical Notifications (FPNs) data to reduce costs for consumers and improve system efficiency and welcome the NESO's proposal to introduce industry guidance.

However, this consultation is not focused on the FPN Guidance Note itself and we continue to have reservations on some aspects set out in the 9 August publication.

Good Industry Practice

We do not believe that the performance of the top 10% of wind generator operators is representative of Good Industry Practice. In our letter to NESO on 9 September, we raised strong concerns that the top 10% performers cannot be representative of Good Industry Practice. It is an arbitrary figure and without evidence or supporting arguments to justify why 10% is an appropriate basis it cannot be robust.

Our position has not changed in that the NESO cannot demonstrate that the FPNs not meeting the threshold were prepared by companies not following Good Industry Practice.

If the NESO intend to retain this approach, the FPN Guidance Note should clearly set out why the NESO has determined this appropriate (as opposed to a median (or similar) based approach).

Regulatory Certainty

The August 2024 FPN Guidance Note reflects NESO's intention to address the inaccuracy of information submitted to the control room by wind BMUs due to its relative impact on system security and balancing costs. It references education and monitoring periods which focus on supporting BMUs as the framework is embedded, based on regular inaccuracies the NESO has encountered, and provides examples of best practices by market participants.

Since the August 2024 publication, the NESO has acknowledged significant improvement in the FPNs received from the majority of wind assets. Therefore, it is important that the updated FPN Guidance Note due to be published in February 2025 is sufficiently robust to reflect an enduring process such that regular revisions to the thresholds and the note itself are not required.

We recognise that significant changes to the market framework such as REMA may lead to amendments, but frequent or unplanned reviews of this Guidance Note does place an administrative and financial burden on industry that should be avoided. Affected parties would need to review and potentially amend their contracts with service providers to ensure they provide an adequate framework for compliance with the guidance.

We also recognise the NESO may wish to periodically review the Guidance document but would caution against frequent revisions as this may lead to investor uncertainty due to potentially overly complex compliance situations.

We believe that if NESO is to undertake a formal review of the thresholds, any proposed changes must be subject to industry consultation and not be more frequent than every 5 years, except for significant market reform i.e. REMA.

Meeting thresholds

In bilateral discussions, the NESO has indicated that it is not anticipating that assets will be able to consistently meet the thresholds every month for a number of reasons. Therefore, the provision of additional details on what the NESO considers to be extenuating circumstances is welcome. However, we believe that the FPN Guidance Note needs to explicitly state that thresholds may not necessarily need to be met on a monthly basis and that parties do not need to achieve the thresholds in all months.

Should you wish to discuss any of the issues raised in our response or have any queries, please contact me or Natasha Ranatunga on natasha.ranatunga@edfenergy.com.

Yours sincerely

A handwritten signature in black ink that reads "Mark Cox".

Mark Cox
Head of Nuclear and Wholesale

Attachment

Proposal 1

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.

EDF agrees 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. The non-exhaustive list set out in the consultation is very useful; some examples need to be refined further in order to ensure clarity.

1. Data used for preparing PNs is derived from forecasts that are of at least equivalent quality, frequency, and timeliness as those used for energy trading.
 - Some parties outsource energy trading activities; how could these parties demonstrate that data used for preparing PNs is derived from forecasts of at least equivalent quality, frequency, and timeliness as those used for energy trading. Is there a risk that this could inadvertently create a distortion in how the NESO is able to assess this.
 - From EDF experience, the data derived for use in energy trading will differ from data used for preparing PNs. With energy trading a more accurate data set can be used as forecasts can be subject to revision up to 15 minutes before gate closure whereas FPNs must be submitted 1 hour before gate closure. How would NESO assess this principle?
2. Wind forecasts and models used in generating a PN are updated at least hourly.
3. Wind forecasts and models used for the preparation of final physical notifications are no older than one hour before gate closure.
 - This suggests that the NESO is setting out how often industry participants should run wind forecasts and models. If the NESO have set thresholds on net and absolute forecast accuracy, it should not matter how parties achieve those thresholds, but that they do. It may be more appropriate for NESO to be less prescriptive and set out that wind forecasts and models should be refreshed regularly throughout the day. We believe that this would achieve the same outcome.
4. The best expectation of output should be delivered at all times. Whenever the expected output of the unit changes due to updated forecast data or new model outputs, this is reflected in the physical notification.
5. The model does not have any built-in directional bias.
 - NESO should be explicit in what this means.

6. The model used for preparing a PN is reviewed at least biennially.

During the review of our FPN activities we identified an interface issue between forecast being submitted by a party and the successful acceptance of this forecast into the NESO; it is not an instantaneous process and compresses the timeframe within which a party can submit an FPN.

We can ingest real-time data from sites and produce a forecast for FPNs using the latest view from sites (as per energy trading forecasts). As the gate closure for FPNs is 1hr before delivery, we need to get the most recent real-time data to get the most accurate forecast (from 1h10m before delivery), giving parties ~10 minutes to ingest, process and submit the data. However, this is not an instantaneous process, and the NESO systems can take a while to accept revised PNs due to IT system limitations. This may impact a party's ability to submit more accurate FPNs.

Proposal 2

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?

EDF supports the changes to the description for extenuating circumstances. It appears to be a logical extension to clarify how the extenuating circumstances will be considered in the context of wind inaccuracies.

Proposal 3

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?

EDF supports the NESO using the updated data set to recalculate the thresholds. We had previously highlighted to the NESO that its onshore and offshore assets split percentages were incorrect impacting achievable error thresholds, so welcome the revised values.

EDF also supports applying the standard achieved by performance of onshore units to all wind types.