

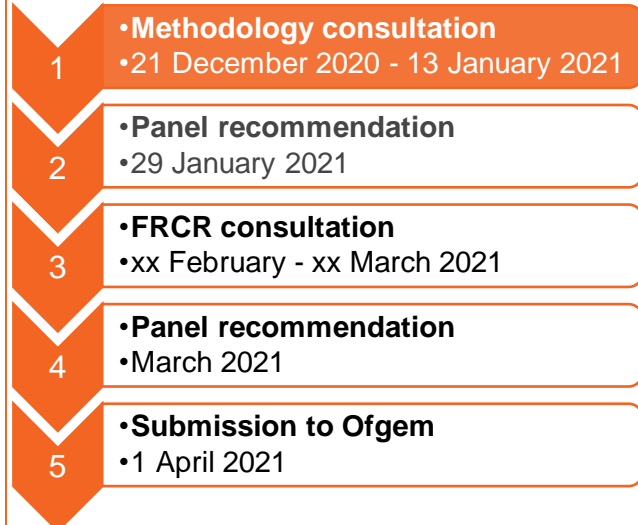
## Industry Consultation

# Consultation on Methodology for Frequency Risk and Control Report

## Overview:

This is a consultation on the methodology to create a periodic Frequency Risk and Control Report (FRCR), which was introduced in Modification GSR027 and was subsequently approved by the authority.

## FRCR preparation process & timetable



**Who can I talk to about the change?**

**Rob Wilson, ESO**

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**How do I respond?**

Send your response proforma to [box.sqss@nationalgrideso.com](mailto:box.sqss@nationalgrideso.com) by **5pm on Wednesday 13 January 2021**

## Executive Summary

Actions from the Energy Emergency Executive Committee (E3C) and Ofgem final reports into the power outage of 9 August 2019 required the ESO to review, in consultation with industry, the NETS SQSS requirements for reserve, response and inertia holding on the GB electricity system. SQSS modification GSR027 was developed to enable the setting of the ESO's policy on reserve, response and inertia holding, to consider what level of risk should be mitigated and therefore what costs should be incurred and to enable the best value for money to be delivered for consumers.

The process for this as approved by Ofgem on 10 December 2020 requires the periodic production of a Frequency Risk and Control Report (FRCR) based on a methodology. Both the FRCR and the methodology are required to be consulted on and a recommendation sought from the SQSS Panel. For the FRCR only, approval is also required by Ofgem.

This is the first of two consultations run by the ESO as part of the FRCR process and focuses on the first version of the methodology required to prepare the first version of the FRCR. In February 2021 the ESO will run a second consultation focused on the first version of the FRCR itself.

### Timeline

- Monday 21 December 2021 – Wednesday 13 January 2021 – Methodology to be sent out to industry for the first consultation
- Friday 29 January 2021 – SQSS Panel to recommend the methodology for use in producing FRCR
- February 2021 – FRCR to be sent out to industry for the second consultation
- March 2021- SQSS Panel to recommend FRCR for submission to Ofgem

This approach enables the SQSS Panel to make their recommendation to Ofgem ahead of 01 April 2021 when the licence changes to update the SQSS are expected to come into effect, and the FRCR could be submitted for approval by the Authority.

Two documents are provided as annexes to this consultation:

- The methodology
- A Frequency Risk Control Policy document that has been prepared by the ESO to document existing policy to provide a starting point or baseline for any review or actions that may be taken subject to the conditions, objectives and analysis set out in the methodology and then determined in the Frequency Risk and Control Report when this is prepared subsequently

## Industry Consultation questions:

1. Overall, do you agree that this methodology will allow the preparation of an appropriate FRCR? (as required by modification GSR027)
2. To help structure comments, do you have any particular feedback on the following sections of the methodology?
  - a. Aim
  - b. Impacts
  - c. Events and loss risks
  - d. Controls
  - e. Metrics for reliability vs. cost
  - f. Analysis - general approach and assumptions
  - g. Analysis - step-by-step
  - h. Outputs
  - i. Future considerations
  - j. Input and data sources
3. How well will this methodology address its three key aims?
  - a. establish a clear, objective, transparent process for assessing reliability vs. cost to ensure the best outcome for consumers
  - b. make the assessment of the risk from the inadvertent operation of Loss of Mains protection transparent
  - c. identify quick, short-term improvements for reliability vs. cost
4. Do you have any further comments?

## How to respond

Views are invited on the proposals outlined in this consultation, which should be received by 5pm on **Wednesday 13 January 2021**.

Please send your response to [box.sqss@nationalgrideso.com](mailto:box.sqss@nationalgrideso.com) using the [response pro-forma](#) which can be found on the [modification page](#).

*If you wish to submit a confidential response, please note that information provided in response to this consultation will be published on National Grid ESO's website unless the response is clearly marked "Private & Confidential", we will contact you to establish the extent of the confidentiality. A response marked "Private & Confidential" will be disclosed to the Authority in full but, unless agreed otherwise, will not be shared with the SQSS Panel or the industry and may therefore not influence the debate to the same extent as a non-confidential response. Please note an automatic confidentiality disclaimer generated by your IT System will not in itself, mean that your response is treated as if it had been marked "Private and Confidential".*

## Acronyms, key terms and reference material

Acronym / key term	Meaning
FRCR	Frequency Risk and Control Report
FRCP	Frequency Risk Control Policy
SQSS	Security and Quality of Supply Standard
E3C	Energy Emergency Executive Committee

### Reference material:

1. [GSR027 Modification Page](#)
2. [GSR027 Final Report](#)
3. [GSR027 Ofgem Decision Letter](#)

## Annexes

Annex	Information
Annex 1	<a href="#">Methodology document</a>
Annex 2	<a href="#">Frequency Risk Control Policy</a>