

**FRCR Consultation Response Proforma**

**FRCR Consultation**

Industry parties are invited to respond to this consultation expressing their views and supplying the rationale for those views, particularly in respect of any specific questions detailed below.

Please send your responses to [box.sqss@nationalgrideso.com](mailto:box.sqss@nationalgrideso.com) by **5pm on Friday 17<sup>th</sup> May 2024**. Please note that any responses received after the deadline or sent to a different email address may not receive due consideration.

If you have any queries on the content of this consultation, please contact [box.sqss@nationalgrideso.com](mailto:box.sqss@nationalgrideso.com)

Respondent details	Please enter your details
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**Please express your views in the right-hand side of the table below, including your rationale.**

FRCR Assessment and Methodology Consultation questions	
1	<p>Overall, do you agree that the FRCR 2024 represents appropriate development in determining the way that the ESO will balance cost and risk in maintaining security of supply while operating the system?</p> <p>It is difficult for us to provide a detailed opinion without understanding in detail how ESO have calculated cost/risk differentials involved in procuring dynamic containment instead of inertia. To assess any change or proposal, we expect more transparency, with supporting analysis and databooks. The consultation should be consistent with Data Best Practice as requested by Ofgem, but responders are left with more questions than answers.</p> <p>The assessment of minimum inertia requirements sets out that dropping inertia from 140GVAs to 120GVAs can save £132m. However, ESO have not shared their methodology for calculating this saving. We cannot agree that ESO’s proposed approach to FRCR will balance cost and risk well without understanding the methodology. ESO have also not set out how dropping the GVAs level will affect risk.</p>

2	Do you agree that the FRCR 2024 has been prepared appropriately? Please elaborate.	We agree with the overall methodology set out in the flow chart, but it lacks detail. We cannot give detailed consideration to this question without understanding exactly how ESO has calculated the results provided. There is no analysis of how reducing inertia procurement will affect system stability.
Feedback on the specific recommendation in FRCR 2024		
3	<p>Recommendation:</p> <p><b>Maintain minimum inertia requirement at 120 GVA.s</b></p>	<p>We agree that minimum inertia should be maintained at 120GVAs from summer 2024.</p> <p>We would like to understand the rationale for further reducing inertia procurement in future, as proposed. ESO state that procuring further response, such as dynamic containment, can reduce the need for inertia at a lower cost. We would like ESO to communicate their thinking on the interactions between dynamic containment and inertia.</p> <p>At present, ESO are making statements on this subject without fully justifying them. We request that ESO share analysis of the impacts of reduced minimum inertia level on the requirement for stability markets. How does ESO expect that inertia will be provided in future – through stability markets, pathfinders, or the Balancing Mechanism? Have ESO considered how the cost of inertia could be reduced through emerging stability markets, instead of reduced minimum inertia level?</p> <p>We agree that ESO should develop more operational experience of operating with 120GVAs inertia before consulting on further reducing inertia procurement.</p>
4	<p>Recommendation:</p> <p><b>Consider additional DC-Low requirement</b></p>	We agree that ESO should procure a further 100MW DC-Low in order to balance cost and risk.
5	Do you agree ESO to propose lower minimum inertia requirement before FRCR 2025	We do not agree, as we think ESO should develop more operational experience before committing to consult on reducing their inertia procurement.

		<p>In the interest of transparency, we request that ESO share the impact of Pathfinders and Stability Market procurement on the cost reduction from reduced inertia procurement.</p>
6	<p>Do you have any other comments?</p>	<p>We have no further comments.</p>