

Public

SQSS Panel

Wednesday 13 November 2024

Online Meeting via Teams

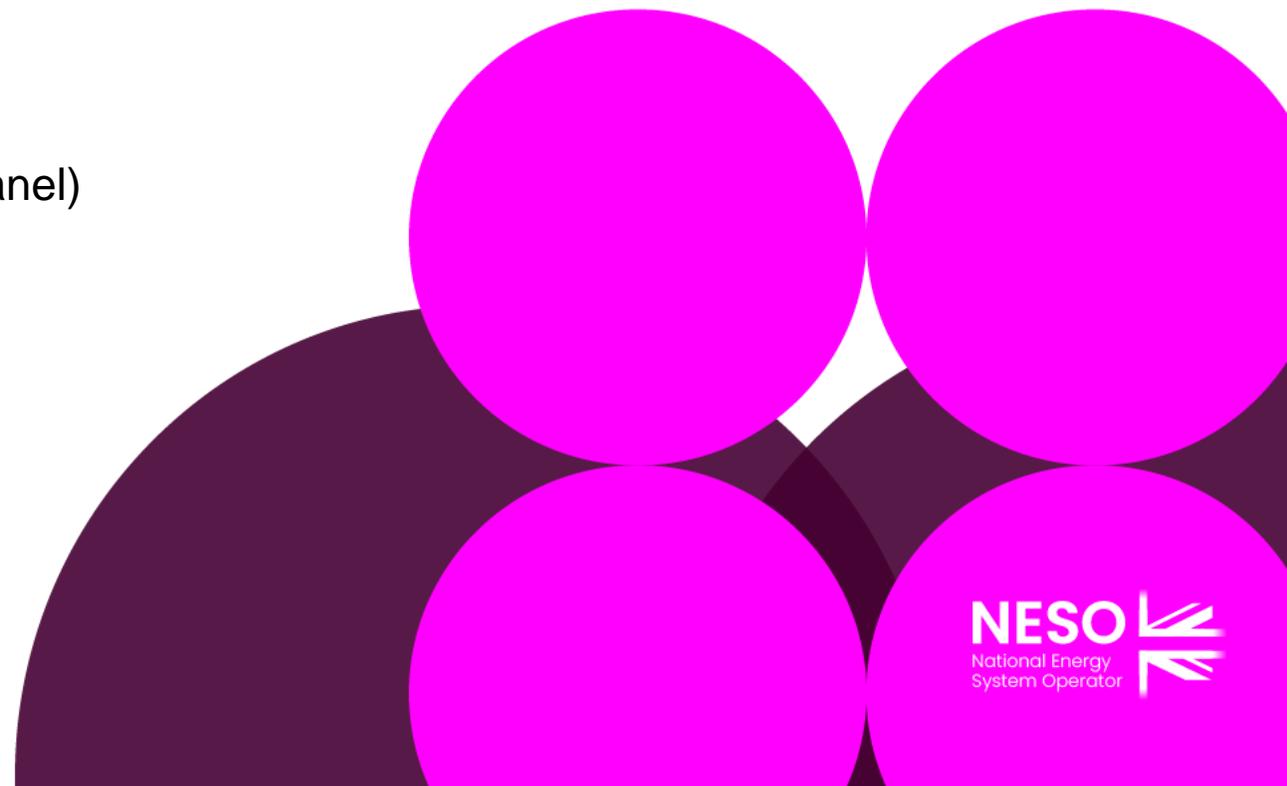
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WELCOME

Approval of Panel Minutes

Approval of Panel Minutes from the Meeting held

11 September 2024 and 24 September 2024 (Special Panel)



Public

Action Log

Action Log

Action number	Panel Raised	Owner	Action	Comment	Due by	Status
40.8	Mar-24	AJ	ESO to report on progress of GC0117 and if an SQSS modification is required, when this will be raised.	UPDATE: Decision is expected on for GC0117	TBC	Open
42	Sep-24	AG	AG to take to Ofgem Lawyers for clarification of "Company" / Code references within licenence/code	Adam Gildea from Ofgem code governance team to discuss with lawyers.	TBC	Open
43	Sep-24	TP	Discussions with legal and confirm the changes suggested to have in first instance of drafts. Send out draft document to panel and call special panel to get confirmation of implementation date. Arrange a further workgroup for timelines for progression, for future changes and look at this in more detail as a priority.	To close - done for Special Panel	TBC	Open

Authority Decisions and Update (as at 24 October 2024)

Received Final Modification Reports since last Panel Meeting

Decisions Pending

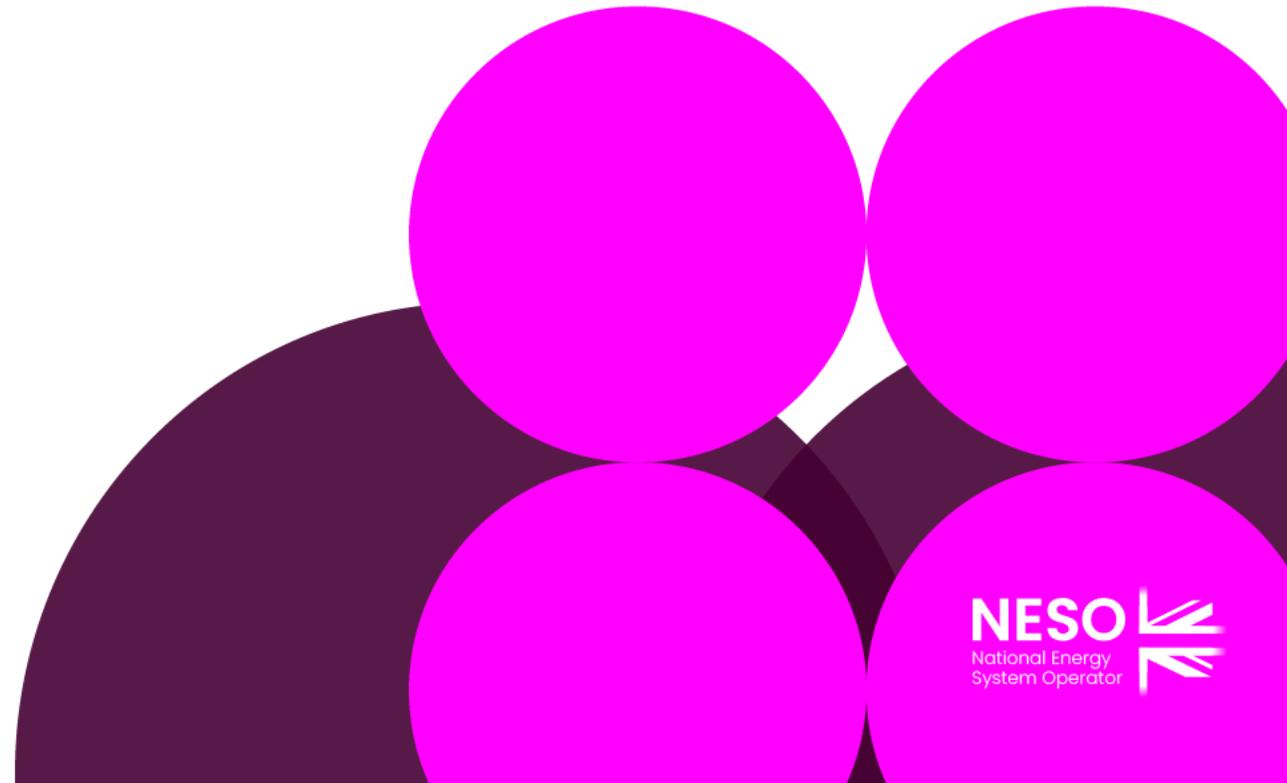
Modification	Final Modification Report Received	Expected Decision Date
GSR031: Introducing Competitively Appointed Transmission Owners	12 June 2024	TBC

The Authority's publication on decisions can be found on their website below:

<https://www.ofgem.gov.uk/publications/code-modificationmodification-proposals-ofgem-decision-expected-publication-dates-timetable>

Inflight Modification Updates

Teri Puddefoot, Code
Administrator



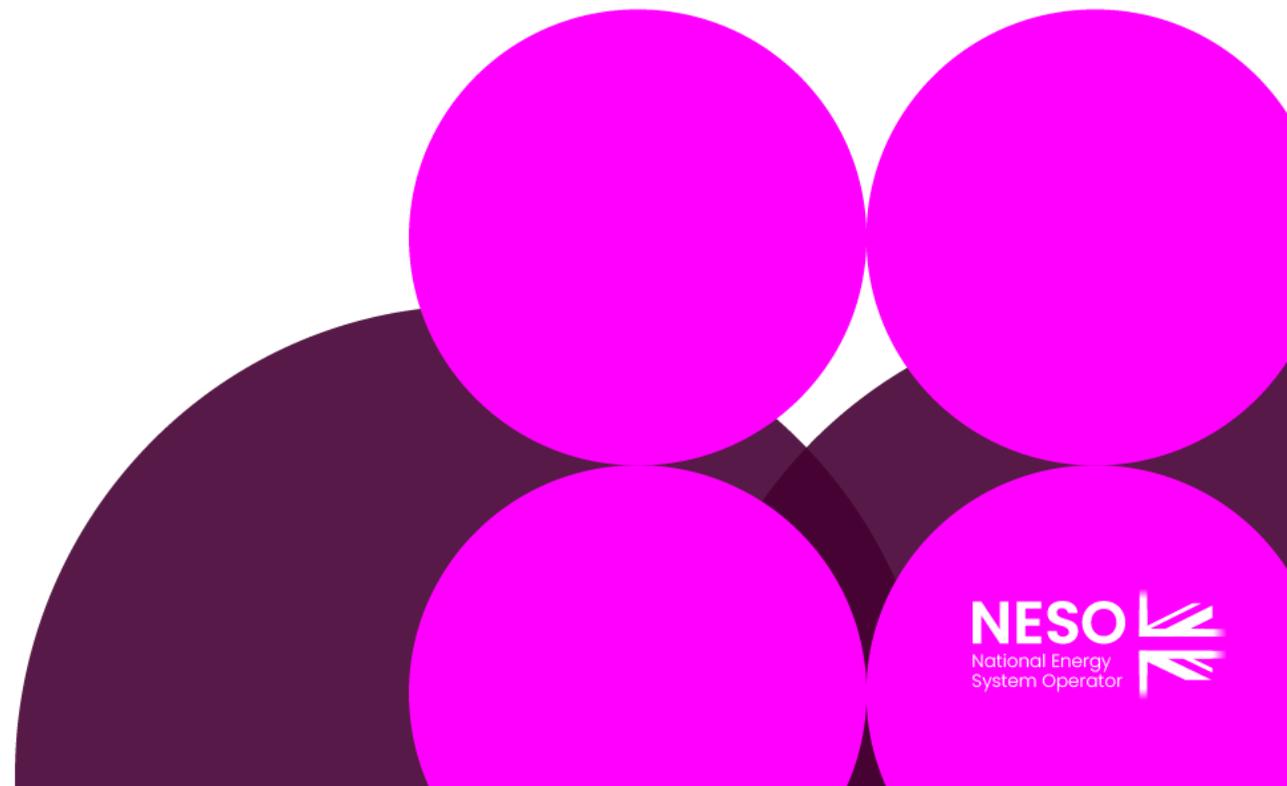
GSR030: Offshore DC Connections Timeline Update

	Workgroup Report issued to Panel	DFMR issued to Panel	FMR issued to Ofgem	Implementation Date
Previous timeline	6 March 2024	03 July 2024	23 September 2024	TBC
New timeline	TBC	TBC	TBC	TBC

Rationale: Next Workgroup 05 December 2024 and full timeline review will be done

Workgroups Remaining: 2

Any Other Business



Frequency Risk and Control Report (FRCR) 2025 Update to SQSS Panel

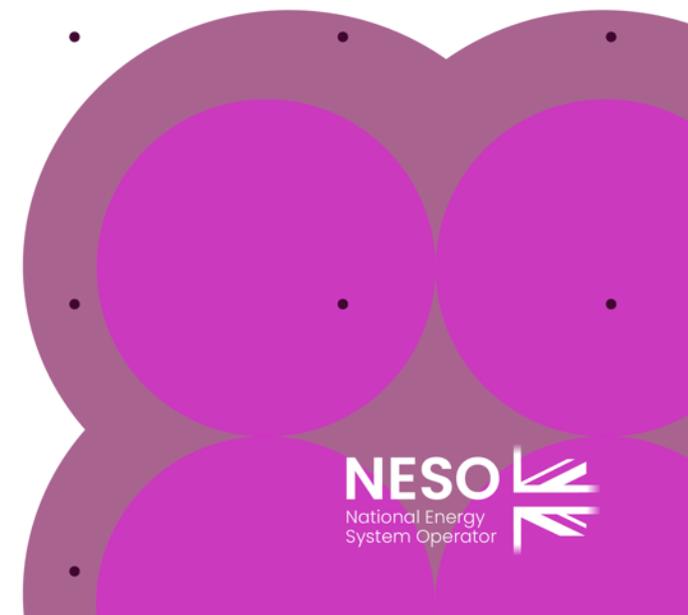
13 Nov 2024

Frequency Risk and Modelling, Markets

NESO

Contents

1. How do we monitor System Performance under reduced minimum inertia policy?
2. FRCR 2025 Scope
3. FRCR 2025 Industrial Engagement Plan



1. 120 GVA.s System Performance

- 120 GVA.s minimum system inertia was proposed in FRCR 2023.
- Policy was approved by Ofgem on 9 June 2023.
- **Phase 1** of reducing minimum inertia to 130 GVA.s was implemented on 28 February 2024.
- **Phase 2** of further reducing minimum inertia to 120 GVA.s was implemented on 19 June 2024.

- **Analysis under finalising; to be share with Panel and on OTF**

1. What are system outturn inertia?
2. Do we see system events?
3. Were incidents related with national inertia?

1. How much £ saving have we seen following minimum inertia reduction?
2. How much £ saving do estimate per annum vs. FRCR 2023 estimate?

2. FRCR 2025 Scope and Changes

FRCR 2025 Policy will:

- Explore system risks and cost benefits from reducing minimum inertia from 120 GVA.s to 102 GVA.s.
- Benefits of securing the additional BMU+VS and simultaneous events.
- Continue covering timeline of 2025 – 2026 and 2026 – 2027 as requested by Ofgem in 2023.

FRCR 2025 Analysis and Report will:

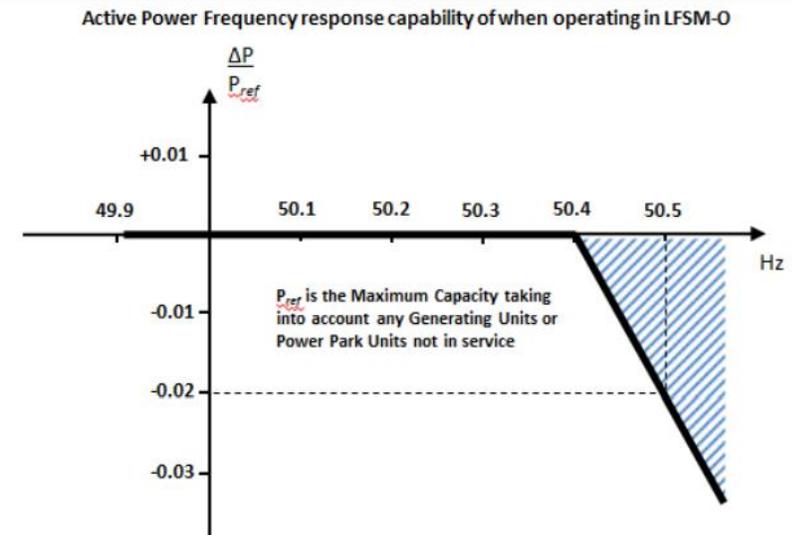
- Include NESO updated pre-fault assumptions including DR and DM requirements.
- Summarise System Performance and balancing cost savings of running the system at a minimum of 120 GVA.s.
- Incorporate NESO Zero Carbon Operation (ZCO) plan and the Operational Strategy Report (OSR) to help address wider operability concerns.

2. FRCR 2025 Scope and Changes

FRCR 2025 team has also:

- Reviewed System topologies to lead BMU+VS events. Updated all **Events** in the model.
- Reviewed historical transmission and BMU losses, in particular “**cascading / simultaneous**” events from 2020 to Oct 2024. Updated loss probabilities.
- Reviewed existing Loss of Main (LoM) capacity.
- Reviewed NESO risk appetite on future events, e.g. EV charging / discharging, Geomagnetic Storm impact the power system, etc. Those new risks will not be modelled into FRCR 2025 until risks are clearly defined and structured.
- Modelled Limited Frequency Sensitive Mode – Over Frequency (LFSM-O) response into the analysis.

- ❑ **Limited Frequency Sensitive Mode – Underfrequency (LFSM-U) will not be modelled** on the basis it is capability requirement and provided on a best endeavours basis in real time.
- ❑ Electricity Storage Modules operating in an importing mode of operation when the frequency falls below 49.5Hz and connected to the System after September 2023 (post Grid Code Mod GC0148) could be modelled though this is expected to be a small proportion of plants running.



3. FRCR 2025 Industrial Engagement Plan

- NESO will conduct an **additional 2 Webinars** to outline the Methodology, Model and Data to help industry understanding.

Content	Task	Date	Main customer	Way of comms
Scoping + Planning	SQSS Communication: 1. 120 GVA.s performance review - initial analysis 2. FRCR 2025 scope 3. FRCR 2025 deep dive plan + project plan	13-Nov	SQSS	Panel meeting
	Industry Communication (OTF): 1. 120 GVA.s performance review - initial analysis 2. FRCR 2025 scope 3. FRCR 2025 deep dive plan + project plan	20-Nov	Industry	OTF
Methodology	SQSS Communication: Methodology	25-Nov	SQSS	Email
	Industry Communication webinar: Methodology	27-Nov	Industry	Webinar
Model + Data + Assumptions	SQSS Communication: Data and Model deep dive	09-Dec	SQSS	Email
	Industry Communication webinar: Model + Data	11-Dec	Industry	Webinar
Guidance Document	Guidance Document Publication	January	Industry	OTF sign post + Publication
Scenarios + Initial Results	SQSS Communication: Scenarios + Results	mid Jan	SQSS	Panel meeting
Recommendation + Consultation	SQSS Communication: 1. Recommendation 2. Consultation Plan	13-Feb	SQSS	Special meeting
	Industry Communication webinar: Webinar	19-Feb	Industry	Webinar
Post Consultation	Engage Feedback Participants	07-Mar	Industry	Meetings with individual
	SQSS Communication: 1. Feedback 2. Any changes towards sign off	mid March	SQSS	Panel meeting
	SQSS Sign off	21-Mar	SQSS	Meeting / Email
Submission	Submission	31-Mar	Ofgem	Email

- To further facilitate the engagement the FRCR 2025 Documentation Pack will be updated as:
 - FRCR 2025 Report (Results and Policy Recommendation)
 - FRCR Methodology v3
 - FRCR 2025 Guidance

Webinar – 2:
Model and Data

Webinar – 3:
Results and Recommendation

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Energy Code Reform Update

Ofgem

Energy Code Reform: Project Update

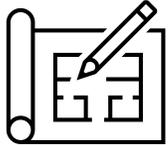


Energy code reform

- Aims to ensure that the codes underpinning market operation can respond to the significantly changing sector, enabling change to be delivered more efficiently and effectively in the interests of consumers, and to support the transition to net zero. The reforms aim to create a framework that is:
 - forward-looking, informed by and in line with the government's net zero ambitions, and ensures that codes develop in a way that benefits existing and future energy consumers
 - able to accommodate a large and growing number of market participants whilst ensuring effective compliance
 - agile and responsive to change
 - makes it easier for any market participant to identify the rules that apply to them and understand what they mean

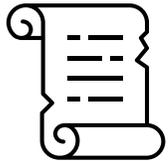
Today's update

- To provide an overview of progress to date (including key decisions on Energy Code Reform).
- To update on next steps (including upcoming consultations).



Implementation consultation

We've consulted on our approach to implementing the package of code governance reforms set in the Energy Act 2023. In August, we published our decision marking a significant milestone in our journey, setting out our approach to transitioning to the new governance arrangements, using the new powers granted by the Energy Act 2023 to revamp how energy code governance works. Over the summer, we've also hosted workshops about the strategic direction and code modification processes.



Code Manager Licensing & Secondary Legislation consultation

Jointly with DESNZ, we've also consulted on code manager licensing and secondary legislation, which set out a series of decisions on code manager licence conditions (covering profit status, budgets, incentives, conflict of interest, controls and code maintenance). We also set out details about code manager selection (eligibility, selection route and selection processes).



SQSS Licence modification consultation

We recently closed our consultation on the licence modifications that we consider are required to designate the Security and Quality of Supply Standard (SQSS) as a 'qualifying document', related to the National Energy System Operator (NESO) licence and transmission licences.

- We're planning to release a **series of consultations** between now and next spring, followed by additional consultations on consequential changes later in 2025.
- We maintain that Energy Code Reform should not be a barrier to ongoing positive work, such as improvements to modification processes or digitalisation initiatives. Panels should continue to pursue these positive changes alongside business-as-usual work.
- We thank you for your continued engagement with energy code reform. We look forward to continuing this journey with the support and collaboration of all our stakeholders.
- Please contact us at industrycodes@ofgem.gov.uk with any questions about energy code reform.

Code manager selection consultation (by December 2024):

- We intend to consult on further details related to the process of selecting and assessing prospective code managers.

Strategic direction consultation (by February 2025):

- We intend to consult on the content of the first strategic direction statement this winter and then to publish the final version in Spring 2025. We expect to publish the final Modification Process Workgroup report alongside this consultation.

Implementation consultation (by March 2025):

- We intend to consult on further elements of our detailed approach to implementation, including content related to code consolidation, code governance, transition timelines and sequencing, and our new powers to issue directions to responsible bodies for central systems.

Code Managers SLCs & CMA Appeals consultation (Spring 2025)

- We intend to consult on further elements of SLC policy jointly with DESNZ in spring 2025. This consultation will also include content on CMA appeals policy.

Thank you for your time.

Ofgem is the Office of Gas and Electricity Markets. We are a non-ministerial government department and an independent National Regulatory Authority, recognised by EU Directives. Our role is to protect consumers now and in the future by working to deliver a greener, fairer energy system.

We do this by:

- **working with Government, industry and consumer groups to deliver a net zero economy at the lowest cost to consumers.**
- **stamping out sharp and bad practice, ensuring fair treatment for all consumers, especially the vulnerable.**
- **enabling competition and innovation, which drives down prices and results in new products and services for consumers.**

Activities ahead of the next Panel Meeting

2025 dates to be confirmed

Close

Teri Puddefoot
Chair,
SQSS Panel