

9th September 2025

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Confidential

Dear Calum,

Frequency Risk and Control Report 2025 Consultation

Drax Group plc (Drax) owns and operates a portfolio of flexible, low carbon and renewable electricity generation assets – providing enough power for the equivalent of more than 8 million homes across the UK. The assets include Drax Power Station in North Yorkshire, which is the country's single largest source of renewable electricity, and Cruachan pumped storage hydro power station in Scotland.

We welcome the opportunity to provide feedback on NESO's recommendations from this year's Frequency Risk and Control Report (FRCR). We acknowledge that NESO has the responsibility to operate the system in an economic and efficient manner. However, we believe that the proposed recommendations may compromise safety and reliability of the system through overreliance on batteries and assets with grid-inverter technologies.

While there has been a significant increase in the number of battery assets installed in GB, it is only newer and more advanced batteries with grid-forming inverters that can provide virtual inertia. In assessing the likely competition and availability of assets to provide additional 200MW DC-Low holding, Ofgem and NESO need to consider the current connection queue issues and the uncertainty with the volume of approved connections under the new process. It would be also prudent to consider NESO's recent analysis of battery storage availability and pricing and dispatch behaviour in a number of new services, including Balancing Reserve, to ensure assets participating in Response services will actually meet the requirements and respond to frequency fluctuations when required.

Furthermore, over-reliance on grid-forming technologies reduces the visibility of real-time inertia for the NESO control room as virtual inertia provided by batteries is based on estimates and expectations. Given the ambitious target for the most recent CfD Allocation Round as well as the current and projected rate of intermittent asset installations, we believe that inertia requirements will increase significantly and make the grid more vulnerable to rapid frequency changes and instability. Predictability and visibility of real-time inertia will be crucial, and this can only be achieved by maximising the use of existing stabilising properties of traditional synchronous generators. There are still many large generators on the grid that can provide essential stabilising effects and automated response to rapid frequency changes. These assets, such as Drax

Power Station, provide proven, physical inertia, and give NESO's control room clear visibility of system conditions.

We would also like to note the role of demand, generation and weather forecasting in establishing clear inertia requirements. NESO acknowledges challenges with accurate forecasting and the market has regularly raised concerns with significant discrepancies between NESO's forecast versus outturn data. As part of the Balancing Programme, NESO is implementing several IT and software changes that should improve its forecasting capability. Until this forecasting capability is tested and proven to meet the challenges of uncertain weather and demand conditions, we believe it is prudent to have risk mitigation measures in place to ensure safe and secure operation of the system.

We encourage NESO to accelerate the pace of improvements to forecasting and data accuracy of system conditions before moving to such sudden changes in technical system requirements. Improvements in the NESO's forecasting and modelling capability are critical to achieving a better understanding of potential risks arising from the changing capacity mix and should be a necessary pre-condition ahead of moving to the proposed reforms.

Finally, given some significant outage events, such as the 2025 Iberian Peninsula blackout and the events of the 9 August 2019 in GB, we note that the estimated £96 million cost saving from reducing the minimum inertia requirement is immaterial compared to potential costs of system failure that may arise as a result of reduced resilience from the tighter proposed operational inertia limits.

Should you have any questions or concerns regarding the content of this response, please do not hesitate to get in touch.

Yours sincerely,

Kamila Nugumanova

Regulation Manager- Markets
Drax Group Plc