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29 August 2025

By email to engineers@ofgem.gov.uk

Dear Calum,

Feedback¹ on Frequency Risk and Control Report 2025 Consultation

We welcome the opportunity to respond to Ofgem's consultation on the National Energy System Operator's (NESO's) recommendations from this year's Frequency Risk and Control Report (FRCR 2025). We have answered each of Ofgem's consultation questions in turn, below.

We would be happy to discuss our response further if helpful.

Question 1) What is your view on NESO's FRCR 2025 policy to reduce the minimum system inertia requirement? Please explain your reasoning, with relevant evidence to support your views.

Consideration of simultaneous events

NESO's recommendation to exclude simultaneous events from the scope of secured risks appears to be based on the residual risk being assessed as a 1-in-9999-year occurrence (along with considerations around market liquidity) as referenced in NESO's Report consultation webinar². However, both the August 2019 and March 2025 events involved simultaneous occurrences. These events demonstrate that such risks, while statistically rare, have materialised twice within a relatively short timeframe.

We recommend that NESO revisit the analysis underpinning the exclusion of simultaneous events. Should NESO maintain its position that simultaneous events should not be covered by reserve capacities, it is essential that a clear and transparent rationale is provided, including how this aligns with their consumer protection and system resilience objectives.

Retrospective application of the proposed new threshold

We acknowledge that NESO has applied the 102 GVA.s minimum inertia threshold retrospectively to major historical outage events, notably 2019, 2023 and 2025. However, we would advise to also retrospectively apply the proposed minimum threshold to the outage event in 2008 for completeness, and to further enhance confidence in the policy's resilience across a broader range of scenarios. We also note that (to our knowledge) NESO's analysis; of applying the 102 GVA.s threshold to historical outage events; appears to have only been shared with us following our response to their consultation earlier this year. To support transparency and allow other stakeholders to interpret NESO's findings, we recommend that this analysis

¹ For the avoidance of doubt, this feedback has been submitted on behalf of SSE's Energy Businesses. It does not represent the views of SSE's Networks Businesses (SSEN Transmission and SSEN Distribution).

² Found on slide 11 [here](#)

be shared more widely across the industry (perhaps in the form of an update to the SQSS Panel, whose papers are then placed on the NESO website).

Risk determination and stakeholder roles

Determining an appropriate level of residual risk ultimately rests with NESO and Ofgem, as non-network stakeholders have limited visibility of some of the factors that must be considered. However, the role of industry stakeholders remains crucial. By acting as a critical friend, scrutinising assumptions, testing the robustness of analysis, and offering alternative perspectives, stakeholders not only help improve the quality of NESO's recommendations to Ofgem but also support Ofgem in making robust and evidence-based decisions.

The decision on the appropriate level of residual risk should be based on NESO's and Ofgem's understanding of:

- market liquidity and operability constraints;
- the cost implications of securing additional reserves;
- the cost implications of failing to secure sufficient reserves; and
- their assessment of the risk appetite on behalf of consumers.

It is important that NESO and Ofgem clearly articulate the rationale behind their chosen risk threshold and ensure it reflects a balanced approach to cost, reliability and consumer protection.

A recent example that highlights the importance of careful risk assessment is the Iberian blackout. While some initial reports³ suggest that a lack of inertia was not a contributing factor, we note that the more detailed ENTSO-E technical examination has not yet been published. Should that report indicate otherwise, in our view this would provide grounds for Ofgem to reconsider whether to accept the NESO's 102 GVA.s recommendation.

Question 2) Do you have any further comments?

Scope of independent review

While Accenture's review focused on governance, documentation of relevant methodologies, and reproducibility of model results, a broader scope would have been preferable. A more holistic evaluation would have included an assessment of the principles and risks associated with network operation, particularly in the context of the transition to Net Zero. Expanding the scope in this way would have enabled a more thorough and independent validation of the FRCR framework, ensuring it is fit for purpose in both current and future system conditions, as the sector seeks to accelerate delivery of projects required for CP30.

Governance and industry engagement

We are concerned about the NESO proposal to transfer the FRCR obligation from the Security and Quality of Supply Standard (SQSS) to a NESO License Condition, as this may reduce industry oversight and engagement. The current governance arrangements under the SQSS facilitate robust industry involvement, which enhances the quality of recommendations to Ofgem, and promotes a shared understanding of system risks. Moving this obligation to a NESO License Condition, risks diminishing this engagement, potentially leading to less transparent and less informed decision-making.

³ See, for example, the Spanish TSO's initial report from June 2025: [Blackout in Spanish Peninsular Electrical System the 28th of April 2025](#)

It may also be relevant to observe the governance situation with respect to this most recent recommendation. As the Ofgem consultation document notes (at the top of page 6):

“Following NESO’s industry consultation, the SQSS Panel voted by majority in favour of NESO’s FRCR 2025 policy recommendations.”

However, it is important to note that this majority (4) was ‘offset’ by (3) abstentions. The reasoning behind these abstentions (as outlined on pages 46 - 49 of the NESO FRCR report⁴) would likely be lost under a licence condition-based governance approach. This could, in turn, limit Ofgem’s ability to make robust and well-informed decisions.

Notwithstanding that, if the obligation is transferred to a NESO License Condition, the level of engagement and governance would need to be clearly defined by Ofgem. Without such definition, there is a risk of reduced stakeholder involvement. For example, under Licence Condition C16 of the Electricity System Operator Licence (Strategic Spatial Energy Plan), engagement is only required with parties NESO deems interested. If a similar approach is adopted for FRCR, it could result in a less efficient system and outcomes that are not in the best interest of consumers.

We therefore recommend that any changes to governance structures be carefully considered to preserve the benefits of broad industry engagement and transparency.

Yours sincerely,

(by email)

Harry Parsons

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⁴ [FRCR 2025](#)