

ESO response to Tesla

The ESO would like to thank Tesla for the participation in the FRCR 2024 consultation process. We appreciate your comments and feedback. Please find our response to your valuable input below.

No.	Question	Comments	ESO Response
1	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?	Yes.	Thanks for your feedback.
2	Do you agree that the FRCR 2024 has been prepared appropriately? Please elaborate.	Yes, except FRCR 2024 does not explain the reasons for the delays in implementing FRCR 2023. NGESO should be more transparent and justify the delay.	There has been communication via the Operational Transparency Forum (OTF) on the progress being made on the implementation of FRCR23 and the reasons for delay. However, we do take on board that this could be reiterated as a part of the FRCR consultations for FRCR 2024 for a more complete picture. By time when publishing ESO response, the system has been running at 120 GVA.s minimum inertia policy since 19 June 2024.
3	Recommendation: <i>Maintain minimum inertia requirement at 120 GVA.s</i>	NGESO's proposal of keeping the minimum inertia limit to 120 GVA.s for this whole year doesn't seem ambitious enough and poses risks to reaching the original 2025 Net Zero goal of 102 GVA.s.	NESO will plan to move the minimum inertia levels towards the 102 GVA.s as soon as reasonably practical whilst operating the system in a secure and efficient manner. The FRCR webinar mentioned that when as the system operator we were comfortable with

		<p>We propose NGESO to gradually decrease the minimum inertia levels from 120 GVA.s down to 102 GVA.s during FY 2024.</p> <p>Reasons:</p> <ul style="list-style-type: none"> • Overall savings: the FRCR clearly shows that lowering inertia brings significant savings to the ESO without increasing system residual risks (page 18). These savings will reduce overall balancing costs benefitting consumers. • Energy transition: NGESO's delay of implementing FRCR 2023 represents a risk towards reaching the original 2025 Net Zero commitments. Now is the time to get back on track. • Fairer market: NGESO can operate the grid with more renewable / storage technologies, and doesn't have to reposition expensive thermal assets in the BM 	<p>operating at a minimum inertia level of 120 GVA.s that we would engage with the industry about reducing it further during 2024/25 of which FRCR 2025 period covers .</p>
4	Recommendation: <i>Consider additional DC-Low requirement</i>	Yes	Thanks for your feedback.
5	Do you agree ESO to propose lower minimum inertia requirement before FRCR 2025	Yes	Thanks for your feedback.
6	Do you have any other comments?	We believe that assuming a constant value of minimum inertia (in line with the FRCRs) is not cost effective. The ESO demonstrates in the report that the "safe level of inertia" is determined by the amount of	Setting a minimum inertia level and lowering that level in a controlled manner allows ESO to monitor for any operability issues and maintain a secure system as the system characteristics change during the transition to net zero.

		<p>DC(L) that has cleared in the market, and this varies every day.</p> <p>We encourage the ESO to adopt a more dynamic strategy and define the safe level of inertia according on the DCL auction clearing:</p> <ul style="list-style-type: none"> • In the auction, at the day ahead stage, the ESO reflects the cost of keeping inertia at different levels in its DCL price curve • According to how much DCL clears, the ESO defines a "safe level of inertia" required to keep the system under control <p>These changes will enable a faster transition to a greener grid and reduce consumer costs.</p>	<p>Additionally, it enables the steady growth of the DC-L market to manage those lower inertia level, ensuring a competitive market and controlled costs.</p> <p>There is a fine balance between progress to net zero, security and cost that as a prudent system operator we must consider as a whole.</p>
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