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Submitted via email only

Dear Andrew,

RE: Energy UK response to Clarifying the regulatory framework for electricity storage: Statutory consultation on proposed modifications to the electricity generation licence

Energy UK broadly welcomes these much anticipated changes and the increased clarity these will offer over the role of storage in the energy system. As we continue the transition to a smart flexible energy system, it is vital to progress decisions like these to enable investor clarity over the future role of flexible assets like energy storage in the UK.

Energy UK responded to the initial consultation in 2017, setting out concerns regarding:

- A lack of definitions and policy provision for storage assets of under 50MW.
- Ensuring technology neutrality in treatment of generation and storage assets.
- The need for clear definitions to be integrated into licence amendments.

Energy UK is glad to see the continuation of a technology neutral approach to generation assets as a core intention of these modifications and further welcomes definitions of storage within the proposed licence modifications. Energy UK would, however, note that these modifications do not address the concerns of industry regarding definitions of the treatment of energy storage, do not give clarity for storage assets smaller than 50MW, and may in fact increase complexity in overall treatment of energy storage.

Energy UK continues to ask that appropriate changes be made to legislation, the distribution licence and relevant codes to ensure energy storage and the surrounding activities are clearly defined. Energy UK and its members will continue to engage with Ofgem and BEIS wherever appropriate to enable delivery.

Energy UK holds concerns regarding Condition E1 given the unprecedented requirement for generating parties to publish information about all electricity storage facilities on websites, including information that may be commercially sensitive or confidential under GDPR. Energy UK understands the intention behind informing relevant suppliers of the details of the asset, but it is problematic that the type of data shared and the requirement to publish on a website were not consulted upon. These conditions do not align with existing requirements for generating parties or other generating technologies, and the information set out in E1.3 must be reconsidered and the requirement to publish on websites should be removed.

The condition would, in its current form, mandate additional requirements beyond existing registration arrangements, the complexity of which is noted in the final report of the Energy Data Taskforce. This would create a technology-specific requirement and act as a new barrier to the deployment of energy storage in the UK, in contradiction of the smart systems and flexibility plan's principle of 'removing barriers to smart flexible technologies'.

Energy UK also notes the lack of clarity apparent in wider information registration requirements. The current wording suggests that any licensee, not only those operating storage but all those holding a generation licence, would have to register and publish information about all energy storage they own or operate, which could include small scale domestic batteries and any electric vehicle plugged into a V2G-enabled chargepoint.

These conditions seem to be targeted at ending double charging of storage, already being progressed by working groups across code governance, but will hold unintended consequences in terms of both increasing complication for storage providers and increasing the administrative burden of governance for Ofgem.

Energy UK asks that the wording of Condition E1.2 be amended to refer to 'every licensable storage facility', restricting this requirement to those assets of over 50MW capacity. Additional conditions enabling providers to *choose* to register smaller assets for generation purposes may be appropriate, but must be consulted upon and fully considered.

It is important that Ofgem and BEIS work to clarify timelines for implementation of other changes which will remove barriers to energy storage deployment. This includes addressing the application of levies on storage, the ownership of energy storage by DNOs (disallowed by the European Clean Energy Package) and the need for clarity over treatment of sub-50MW installations. A specific timeline, clearly articulated to industry, should ensure that these and other flexible assets are fully integrated into the energy system.

Further issues raised by Energy UK members regarding wording and definitions used in the proposed text may be resolved by setting out comprehensive guidance supporting these conditions. Energy UK recommends convening a workshop to discuss the terminology used and ensure supporting guidance clarifies the details of requirements for generators.

This response represents a high level industry position on the generation licence amendments. Energy UK members may hold additional views on particular issues. We would be happy to discuss any of the points made in further detail with Ofgem and other interested parties where this is considered to be beneficial.

Kind Regards,
Charles Wood

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