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Sent by email to: [ESOPerformance@Ofgem.gov.uk](mailto:ESOPerformance@Ofgem.gov.uk)

Our ref. Ørsted Response Ofgem  
Proposed section F in generation licence.

## **Ørsted response to Ofgem's statutory consultation on addition of Section F within generation licence for clarity on network service assets.**

Dear ESO Regulation team,

The Ørsted vision is a world that runs entirely on green energy. In the UK, we develop, construct, and operate offshore and onshore wind farms, battery storage and solar projects. Globally, Ørsted is the market leader in offshore wind and we are constructing the world's biggest offshore wind farms off the East Coast of the UK.

Ørsted welcomes Ofgem's statutory consultation on modifying the generation licence to include Section F which will cover supplementary conditions for assets dedicated to network service provision. We support the recognition of a wider range of assets and services required to efficiently manage the electricity system, and the changes proposed to enable these assets. Network services and the related assets can reduce costs of balancing the system to the end consumer while also enabling secure and reliable system operation which is key to achieving the Government's target of a net zero electricity system by 2035. Network service technologies will form a key part of grid stability, particularly for voltage control and grid strength enhancement. And we continue to reiterate the importance of acknowledging a wider range of technologies that can support these critical services, hence should equally be included in the generation licence.

We are supportive of Ofgem's proposal to create a section within the generation licence for assets that provide network services. We agree that it maintains consistency with the approach taken for other technology types with specific conditions within the Generation Licence i.e., Battery Energy Storage Systems (BESS).

Likewise, we are broadly in support of the proposed wording for the inclusion which details the definitions of network services and the assets dedicated to providing network services. Whilst we understand the reasoning to proceed with the original proposal, we reiterate our concerns that the proposed definition remains restrictive and risks excluding relevant technologies that will be highly beneficial to the ESO's optimal operation of the electricity system in an efficient and cost-effective manner.

The proposed changes will suffice in the near term to enable and kickstart the deployment of the assets and their services to the network. And as noted by Ofgem, we look forward to the future consideration and application of suggestions made in our previous response. We encourage the Regulator to progress the broader review of the regulatory framework of all network service assets in a timely manner. This should include consideration of a future net zero grid where there will be a significant need for network services from many different technologies, including very-low and zero-MW technologies.

Further, it is imperative considerations are given to how the network service assets commercially operate under applicable regulatory regimes/frameworks.

As mentioned in our previous response, Ørsted has identified the OFTO regime as a particular challenge for licencing these assets, consequently restricting the potential of offshore wind generators in providing network services. Under the current OFTO regime, network services provided across ownership boundaries would have to be taken into considerations regarding the OFTOs' compliance obligations according to the Grid Code / System Operator Transmission Owner Code (STC).

We urge Ofgem to continue to explore ways to remove these barriers in the review of an enduring regulatory framework for all assets that provide network services.

Please refer to our previous response for details and we would welcome the opportunity to provide any further support to Ofgem to address this challenge.

Below, we have provided our views to the specific proposals and questions within the consultation.

If you would like to discuss any elements of our response further, please get in touch with [CHINW@orsted.com](mailto:CHINW@orsted.com).

Yours sincerely,

**Chiamaka Nwajagu**

Senior Regulatory Affairs Analyst

**Response**

1. **Do you agree with inclusion via creation of new section within the licence?**

We agree.

2. **Do you agree with the proposed wording for inclusion of licence conditions F1 and F2?**

We agree with the wording in the interim. However, we recommend the review of the enduring framework commences soonest to ensure a level playing field amongst all provisions of the service.

3. **Do you have any other comments relevant to the scope of this proposed modification?**

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