



2nd March 2017

Ms Marta Csirinyi and Ms Dora Ianora Ofgem
Wholesale Market Conduct Team

By e-mail to: TCLC@Ofgem.gov.uk

From: zoltan@electricitystorage.co.uk

Dear Ms Csirinyi & Ms Ianora,

TCLC Consultations

The Electricity Storage Network (ESN), representing a cross-section of the electricity storage industry in the UK, notes the current consultations on the Transmission Constraints Licence Condition (TCLC).

Much of the background in Ofgem's consultation refers to wind generation and the journey it has taken over the past five years or so. It is an issue that the storage industry has not to date engaged with or had a chance to consider in detail. – 2016 has been the first year of several major commercial contracts being signed with storage providers in GB, and most of the connections are at distribution level.

Nevertheless, we can envisage situations in future where storage facilities may be deployed in constrained parts of the network. This may happen as a service to relieve a network constraint (either by the transmission company or the generator), or it may happen quite independently of any existing or future network constraint (for example, to provide ancillary services or energy arbitrage). The configurations are multiple.

At this stage we would like to flag the need for due consideration of storage as part of the ongoing development of the TCLC. Storage does not act as "pure generation;" it can both import and export, sometimes easing constraints, other times adding to the flow of power on the network. There may be unintended consequences of regulatory measures that only assume "pure generation" scenarios.

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With a tool still in its early stages of market deployment, storage developers will be wary of entering into previously untried configurations (even where these would potentially help the GB electricity system), if they feel the regulator is poised to employ punitive measures, when these developers are still testing the market and when there is necessarily a large element of commercial judgement (and risk) involved.

Clearly ESN supports mechanisms that maintain liquid markets and discourage abuse of market power; this is in the interest of the consumer, and we have no objection to the underpinning principles of the TCLC. However, we would be keen to see Ofgem set out its thinking in relation to the range of storage configurations, and the applicability of the TCLC to these. We would value the opportunity to consider these together with the regulator before finalisation of the regulation and associated guidance.

Thank you for the opportunity to set out our thoughts.

Yours sincerely,

A handwritten signature in grey ink that reads "Zoltan Zavody". The signature is written in a cursive, slightly slanted style.

Zoltan Zavody
Policy Associate

cc: Deirdre Bell, Ofgem
Anthony Price, ESN