

Statera Energy Limited

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Energy System Integration Team

flexibility@ofgem.gov.uk12th January 2017**Call For Evidence: A Smart, Flexible Energy System**

To whom it may concern,

Thank you for the opportunity to respond to this consultation. This response is on behalf of Statera Energy Limited.

Statera Energy recently won four capacity agreements in the 2016 T-4 auction, totalling just under 200MWs, of flexible generation and battery storage.

Thank you for pulling such a comprehensive consultation together. Our response will focus only on the "Enabling Storage" section of the consultation.

Please feel free to contact myself should you have any questions.

Yours faithfully,

Lewis Elder

Questions: Enabling Storage

1. Have we identified and correctly assessed the main policy and regulatory barriers to the development of storage? Are there any additional barriers faced by industry? Please provide evidence to support your views.

Planning Use Class B8 for electricity Storage

A number of Local Planning Authorities (LPA) approved applications in 2016 for Certificates of Lawfulness (CoL) for battery facilities taking the view that this use fell within Planning Use Class B8 (Storage and Distribution) (Town and Country Planning (Use Class) Order 1987 (as amended)). 'Storage and distribution' is typically associated with the storage of physical goods and material. The LPA's, in reaching their decisions, took account of an Appeal decision in 2009 (where the Inspector determined that a data centre could be B8 even though the data storage was not 'physical') and a particular Counsel's opinion.

It should be recognised that battery facilities operate with high voltage equipment, have a noise footprint and specific health and safety requirements. A route to planning by applying for a Certificate of Lawfulness under B8 does not require these matters to be addressed by the LPA. Further, BEIS and other governments take the view that battery facilities are 'generating stations' and therefore 'Sui Generis'. In BEIS' consultation in Paragraph 22 it states; *"For the time being BEIS, the Scottish Government and the Welsh Government agree that a storage facility is a form of generating station"* In these circumstances there would appear to be a conflict in choosing the route to planning through a CoL/B8 and applying for full planning permission. The industry would benefit from clarification on the position in the light of its stated view in this consultation.

Final Consumption levies

Statera strongly support expedited measures to stop the double counting of final consumption levies. This is an important change which currently unfairly damages business cases and precludes a level playing field - not only between Storage and other forms of generation, but also between grid connected storage and behind-the-meter storage.

Considering battery storage projects are currently being deployed, we would appreciate a decision on how these charges should apply and an implementation plan.

Development of DSO role

In addition to the issues raised above, the development of the DSO role is an important step which should be addressed. A DSO with appropriate powers would not only be able to better forecast and prepare for distribution network developments (i.e. support anticipatory investment in the distribution network) but may also assist the identification of site-specific or area's where storage developments are required. A greater distinction between system services required by the DNO and TSO would help identify new site-specific services. This is particularly important as the growth of distributed generation continues.

2. Have we identified and correctly assessed the issues regarding network connections for storage? Have we identified the correct areas where more progress is required? Please provide evidence to support your views.

Statement of Works

Statera believe the Statement of Works process requires review. At present the process is slow and lacks delivery milestones – which would allow for better project planning. Whilst CMP238 looked to try speed this process up and reduce costs we feel further improvement is still needed. Considering the potential cost these works could have on an individual project and the time it takes to turn the SoW application around, a solution which let projects account for these at an earlier stage would be supported.

Network upgrade deferral

Furthermore, there is currently no monetary value for network investment deferral. Understanding the value and role of using storage to defer investment is needed, as well as measure to ensure DNOs considered Storage as a viable solution when faced with upgrade options.

3. Have we identified and correctly assessed the issues regarding storage and network charging? Do you agree that flexible connection agreements could help to address issues regarding storage and network charging? Please provide evidence to support your views, in particular on the impact of network charging on the competitiveness of storage compared to other providers of flexibility.

Intermittent or Non-Intermittent

Based on the definition of intermittent & non-intermittent generation in Engineering recommendation P2/6 we support Storage classification as non-intermittent, as energy can be made available on demand. Statera believe this classification should be for both Transmission and Distribution charging regimes. From a Transmission perspective, a non-intermittent definition aligns battery storage with pumped storage and whilst this attributes the Peak Security element to storage developers, the typically low load-factor Storage developments have will result in this not being an excessive charge.

Network charging

Whilst Statera agrees in principle that storage should contribute towards both demand and generation network charges, Statera would like to highlight that many batteries designed to provide grid services may not determine exactly when they are expected to delivery those services, and therefore when they need to charge.

BSUoS

The principle of charging BSUoS to Transmission connected storage or those holding BEGAs (Bilaterally Embedded Generation Agreements) may not be suitable for storage which is providing grid services (i.e. they are contributing towards something they are trying to reduce/optimize). Statera looks forward to the suggested “further examination” in Paragraph 15 of charging arrangements, and would be interested in exploring a measure which allowed non-mandatory service providers the opportunity to avoid BSUoS during periods they are providing System Operator grid services.

4. Do you agree with our assessment that network operators could use storage to support their networks? Are there sufficient existing safeguards to enable the development of a competitive market for storage? Are there any circumstances in which network companies should own storage? Please provide evidence to support your views.

Network operator ownership

Statera believe that the competitive market will always deliver storage and other flexible solutions at the lowest cost, and therefore do not see any need for network companies to own storage. The advantages of competitive market tender approach are evidenced in the implementation of the OFTO (Offshore Transmission) regime, ICPs, and may be further demonstrated with the introduction of competitive onshore tenders for transmission infrastructure (CATOs).

Statera suggest that when a DNO identifies a need for a solution to a more site-specific issue, such as network investment deferral, the DNO makes this public and schedules a tender to provide this service. Ofgem must review these tenders to ensure that any bid by the non-regulated section of the DNO has not gained any advantage due to its connection to the regulated DNO. As well as the lowest cost, the focus of any tender should be on reliability and deliverability of the provider/project.

5. Do you agree with our assessment of the regulatory approaches available to provide greater clarity for storage? Please provide evidence to support your views, including any alternative regulatory approaches that you believe we should consider, and your views on how the capacity of a storage installation should be assessed for planning purposes.

No comments

6. Do you agree with any of the proposed definitions of storage? If applicable, how would you amend any of these definitions? Please provide evidence to support your views.

No comments