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**RE: CONSULTATION FOR CLARIFYING THE REGULATORY FRAMEWORK FOR ELECTRICITY STORAGE:  
LICENSING**

To Whom It May Concern,

Please find enclosed our formal response to the recent consultation for Clarifying the Regulatory Framework for Electricity Storage: Licensing.

Anesco Ltd are a pioneer in energy storage development with our first utility scale battery energised back in 2014. We are also the first company to successfully accredit hybrid solar and battery sites with Ofgem.

We would welcome the opportunity for any further discussions with you directly on this consultation and any other wider topics currently affecting the UK energy storage and flexibility market.

Yours sincerely,



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# **CONSULTATION FOR CLARIFYING THE REGULATORY FRAMEWORK FOR ELECTRICITY STORAGE: LICENSING**

**PAGE 5, QUESTION 1. DO YOU AGREE THAT THE FORM AND CONTENT OF THE LICENCE AS PROPOSED IN THIS CONSULTATION WILL ACHIEVE THE PURPOSE AND DELIVER WHAT WE COMMITTED TO IN THE SMART SYSTEMS AND FLEXIBILITY PLAN?**

It has been made clear with the Smart Systems and Flexibility Plan that energy storage will be a key contributor to developing a flexible market ensuring a sustainable electricity network in future. It recognises that there are currently several barriers to deployment of storage and we believe that introducing the amendments to the existing generation licence will be a step towards removing these barriers which is clearly its key objective.

We believe the approach taken to simply modify the licence to include storage is acceptable and will lessen confusion in the industry. It should be noted however that there are currently several other factors affecting the deployment of storage and these will also need to be addressed urgently in conjunction with this regulatory change to ensure that we deliver on the Smart Systems and Flexibility Plan.

**PAGE 5, QUESTION 2. DO YOU HAVE ANY VIEWS ON WHETHER WE SHOULD INCLUDE 'IN A CONTROLLABLE MANNER' IN THE DEFINITION OF ELECTRICITY STORAGE?**

We do not have an issue with this being included, however we do believe that this statement may be interpreted in different ways by varying parties in the industry and thus could require some additional clarification on the definition of "controllable manner".

**PAGE 5, QUESTION 3. DO YOU THINK THERE ARE ANY RISKS OR UNINTENDED CONSEQUENCES THAT COULD ARISE AS A RESULT OF OUR PROPOSAL? IF SO, PLEASE PROVIDE AN EXPLANATION.**

We note that you state "...for the time being the existing electricity generation licence is the best vehicle to clarify the regulatory framework for electricity storage. This is because generation and storage share similar characteristics and perform similar functions in terms of generating and exporting electricity onto the grid. We therefore expect parties should procure either one or the other based on their best economic value." Our concern is the weight that has been placed on opting for one or the other which disregards the fact that there is a huge benefit for storage to operate in conjunction with other generation technologies such as solar PV. The advantage here is that the intermittent generation can be managed more effectively before entering the distribution network because both technologies would be behind the same metering point i.e. they both have the same boundary MPAN.

Weight should therefore be given to this “hybrid” scenario where storage assets are co-located with renewable technologies so as not to create any additional barriers. For example, we would want to ensure that such a combined system is permitted to not be charged final consumption levies.

We would also want to ensure that changes to the regulatory framework, including but not limited to licensing, encourage a competitive market creating a level playing field. This includes addressing factors to prevent monopoly behaviour of National Grid and the DNOs whereby their declared desire to be an owner of storage and their subsequent ease of obtaining such licenses would mean that there is a real concern for private investors to have any vested interest in protecting the market for their own purposes, a definitive conflict of interest which would inevitably be felt by the end customer. This would be unacceptable and would constitute anti-competitive behaviour.

**PAGE 5, QUESTION 4. DO YOU HAVE ANY COMMENTS ON THE LIST OF TECHNOLOGIES THAT SHOULD BE INCLUDED OR EXCLUDED FROM THE DEFINITION OF STORAGE AS SET OUT IN APPENDIX A?**

We do not have any comments to add on the proposed list of technologies as we believe this is appropriate.

**PAGE 12, QUESTION 1. DO YOU HAVE ANY COMMENTS ON THE PROPOSED CHANGES TO THE APPLICATION REGULATIONS FOR ELECTRICITY AND GAS LICENCES?**

We have no further comments to add on this.