



Chiara Redaelli  
Energy Systems Integration  
The Office of Gas and Electricity Markets  
9 Millbank  
London  
SW1P 3GE

Drax Power Limited  
Drax Power Station  
Selby  
North Yorkshire  
YO8 8PH

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Dear Chiara,

**Clarifying the regulatory framework for electricity storage: licencing**

Drax Group is a UK-based energy company with businesses in both generation and retail. In recent years we have transformed Drax Power Station into the UK's single largest source of renewable power by upgrading its generation units to use compressed wood pellets in place of coal. Alongside our biomass units, we are considering the option to repower up to two of our existing coal fired units using gas, and build a battery storage facility of up to 200MW. In addition to this, our acquisition of open cycle gas turbine (OCGT) development sites is intended to allow us to play an important role in supporting a flexible power system that can reliably support wind and solar power generation.

Our retail businesses, Haven Power and Opus Energy, are actively engaged in helping businesses with their energy needs, improving efficiency and switching to renewable products.

We welcome this opportunity to provide comments on Ofgem's consultation on clarifying the regulatory framework for electricity storage. This response is submitted on behalf of the above businesses.

Whilst we generally support the consultation and the added clarity it brings to storage assets, we take this opportunity to raise the following points:

- The inclusion of the term 'controllable manner' requires a more thorough definition as to what is exactly required of a storage asset under this proposed licence.
- Further clarification is required on the Electricity Storage Network (ESN) definition of electricity storage and what constitutes storage as an assets 'primary function'.
- Greater clarity on exactly what would be required of storage BMUs connected to the grid and whether or not this would mirror the mandatory grid code requirements of conventional generators.

Detailed answers to the questions raised in the consultation can be found in Appendix 1. Please feel free to contact me, should you wish to discuss any aspect of this response.

Yours sincerely,

*Submitted by email*

Andrew McKenna  
Senior Regulatory Analyst

## **Appendix 1: Drax Group response to the consultation questions**

### **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?**

In principle, yes. Drax believes that the form and content of the licence fulfils the commitment that was made in the Smart Systems and Flexibility plan as it proposes changes to the generation licence to incorporate storage.

### **Question 2: Do you have any views on whether we should include ‘in a controllable manner’ in the definition of electricity storage?**

Yes – Drax believes that it is important to include this definition as uncontrolled dispatch of plant will add instability to the network. We would ask for further clarity regarding the definition of “controllable”. If the intention of the term is in reference to the rate of incremental MW output movement up and down, then the definition should be aligned with that in the Grid Code. If the inclusion of the term is intended to produce a different outcome, then this needs to be precisely defined.

### **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.**

Drax believes that there is still some ambiguity/vagueness in the definitions that could lead to misinterpretation or unintended consequences. In particular, it is not clear what exactly constitutes a ‘primary-function’ versus a lower order function. Similarly, the definition of ‘Electricity Storage Facility’ requires greater precision. It would also be useful to gain clarification on how a site would be classified if it were to have both conventional generation and storage assets co-located.

From the consultation it is ambiguous as to which additional services storage BMUs would be required to provide under the proposed licence. Although storage BMUs are to be included under the generation licence as per Ofgem’s proposal, one would assume that these BMUs would not be required to provide the same support services as a conventional BMU given the technical and operational differences of the plant. Additionally, storage assets that enhance the performance of existing generation BMUs should not be foreclosed from offering support services at the request of the SO.

### **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**

Drax has no comments.

### **Question 5: Do you have any comments on the proposed changes to the Application Regulations for electricity and gas licences?**

Drax suggests that on application, applicants provide a brief description of the activities they intend to carry out, specifying whether, to what extent and for what purpose, they entail the storage of electricity.

This would help Ofgem to determine whether or not storage (rather than consumption) is the primary purpose of the proposed solution.