

## **REA response to Consultation on licence conditions and Guidance for network operators to support an efficient, coordinated, and economical Whole System**

The Renewable Energy Association (REA) is pleased to submit this response to the above consultation. The REA represents renewable electricity, heat and transport, as well as Electric Vehicle companies and Energy Storage. Members encompass a wide variety of organisations, including generators, project developers, fuel and power suppliers, investors, equipment producers and service providers. Members range in size from major multinationals to sole traders. There are around 550 corporate members of the REA, making it the largest renewable energy trade association in the UK.

### **Include Decarbonisation as key element of revised Licence Conditions Response to Questions 2, 4, 5 & 7**

The REA believes that the above consultation represents an excellent opportunity to amend network operators' licences in such a way as to better enable and manage the low carbon, smart energy transition.

Currently largely unaccounted for carbon costs are the major externality arising from operation of the UK network, in terms of the impact on 'UK Plc', and there is a need to transition to a near-zero emission energy system under the legally-binding Committee on Climate Change (CCC) Carbon Budget targets.

With this in mind, we suggest that a requirement to consider and where possible enable the decarbonisation of the UK's electricity network should be added as a new licence condition as a result of these proposals.

The network companies and ESO have a critical role to play in ensuring the sustainable progression to a low-carbon, smart energy system. Many policies and regulations at present can appear in isolation to be contrary to the acknowledged need to decarbonise the energy system, and including a formal reference in licence conditions should help lead to a more joined up and consistent approach to the issue. To a certain extent, market actors are moving in this direction in any case and supporting the move to a more flexible, decarbonised system, one example is the development of new DSO-led markets for flexibility and another is the recent ENA commitment to investigating innovative flexibility options first prior to investing in traditional network reinforcement techniques.

A formal licence condition would have the effect of simply formalising and reinforcing such existing action, while driving further action.

This requirement should be added to the licences for all DNO/DSOs, IDNOs, TOs and the ESO in order to provide the maximum possible impact on the system and ensure a level playing field.

*Whole System Licence Conditions consultation – REA response*

This requirement could be inserted directly into the proposed amended Licence Conditions (Annex A), or as a key component of the Guidance on Whole System outcomes (Annex B).

This recommendation relates to Questions 2, 4 and 5, as well as Question 7 in the consultation document.

We would be very happy to discuss this response in further detail.

**REA, February 2019**