



Bringing Energy
Together

ADE response to Ofgem consultation on clarifying the regulatory framework for electricity storage | 25 July 2019

Context

The ADE welcomes the opportunity to respond to Ofgem's consultation on **clarifying the regulatory framework for electricity storage**. The ADE is the UK's leading decentralised energy advocate, focused on creating a more cost effective, low-carbon and user-led energy system. The ADE has more than 150 members active across a range of technologies, including both the providers and the users of energy equipment and services. Our members have particular expertise in demand side energy services including demand response and storage, combined heat and power, heat networks and energy efficiency.

Response

The ADE notes that the combination of requirement No.2 ("The licensee must publish on its website the information specified in accordance with paragraph 3 in relation to every electricity storage facility it owns or operates") and No.3 (the detailed requirements), under Condition E1, could create issues for owners and operators storage facilities, particularly at domestic scale.

Issues with publication

While the items discussed under No.3 will need to be shared privately with a supplier to ensure that FCLs are not levied on the storage part of volumes, the requirement to publish information online appears to be burdensome and unnecessary. It is unclear what benefit is provided to the industry from publication of this information, with a risk that the commercially confidential setups of customers could be revealed. Given that final consumers must agree for the information to be shared with a supplier and published, Ofgem should also consider any GDPR implications.

Need for de minimis threshold

Whether Ofgem maintain their position on publishing the above information or not, it is essential that a *de minimis* threshold is put in place for the requirements. Applying these requirements is likely to become extremely unwieldy if no threshold is applied, creating a situation where even owners of domestic batteries and EVs are required to undertake this reporting. Placing a capacity limit on reporting would ensure compliance with Ofgem's regulatory objectives while retaining a sense of proportionality.

Need for clarity on requirements

In addition, we believe that Ofgem should explicitly address whether storage assets of below 50 MW must be operated by an entity with a generation license. Under the Electricity Act 1989 and the associated class exemptions, assets under 50 MW are exempt from the need for a generation license. It would therefore appear to be inconsistent for Ofgem to require operators of storage assets below 50 MW to have a generation license, particularly for domestic batteries.

If this accurately reflects Ofgem's policy intent, we would welcome clarification on the additional requirements and obligations placed upon owners of sub-50 MW storage who are generation license holders compared to those operating as generation license exempt. This clarification will help owners and operators assess whether the benefits of avoiding FLCs outweigh the costs of the additional requirements imposed.

For further information please contact:

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