

# CONSULTATION ON A PROPOSAL TO MODIFY THE STANDARD TERMS OF ALL GENERATION LICENCES

This document has been prepared by Cleve Hill Solar Park Ltd (“CHSPL”) and New Stream Renewables Ltd. CHSPL, a joint venture between Hive Energy Ltd, and Wirsol UK, is currently in the planning and consenting stages of a large solar development project, connecting to the NETS at Cleve Hill Substation in Kent in the early 2020s.

The Cleve Hill Solar Park project intends to deliver a large-scale, zero-subsidy, co-located solar plus storage generation asset. It will help GB meet its legally binding carbon emissions targets, and it has the potential to support operation of the National Electricity Transmission System through the delivery of an integrated electricity storage capability. A planning consent application for a transmission-connected generation asset with the following technical characteristics is currently under assessment by the Planning Inspectorate:

- 350 MW of solar generation, with panels oriented East-West;
- Up to 350 MW of battery storage, C-rates and energy storage capacity to be confirmed.

Our responses are set out in this document. We confirm that this consultation response may be published in full by Ofgem.

## Summary in support of the consultation

We agree that the work being undertaken by BEIS, Ofgem and others in clarifying the regulatory framework for electricity storage, in particular in relation to terms defined within the standard generation licence, is of paramount importance for the development of this important integration technology.

We acknowledge that, as an energy asset with many different opportunities for deployment, a broad and inclusive framework for electricity storage must be established. We agree that this framework must be technology-neutral, future-proof and proportionate.

We also acknowledge that, with electricity storage technologies continually developing, a broad definition of electricity storage, and electricity storage facility, is both necessary and helpful, and we agree with the definitions as proposed in the consultation.

Further, we welcome Ofgem’s intent to ensure that storage operators are not subject to the overpayment of final consumption levies, and therefore agree that information must be made available to relevant registered electricity suppliers (and Ofgem) in order to facilitate the correct calculation of relevant charges.

## The coming into force of proposed Condition E1: Requirement to provide storage information

In Ofgem's consultation letter dated 26 June 2019, it is stated that: "the new licence conditions would automatically apply [to storage providers who already hold a generation licence] at the time of their implementation (i.e. 56 days after publication of [Ofgem's] decision)", and that licence holders would be expected to comply with the conditions of the licence under these timescales.

The draft text for Condition E1 states in paragraph 4 that "the licensee must comply with [the requirement to provide storage information]" within, either (a) This condition coming into force; or (b) The electricity storage facility becoming operational (whichever is sooner) ..."

We believe that the requirement to comply to Condition E1 within these timescales may cause difficulties for developers of some storage projects, and that as it stands, to this requirement may be to the detriment of the bringing forwards of the best available technology in some cases.

As an illustration, considering that Condition E1 has been in place for over 56 days, and considering the case of a planned electricity generation facility where the developer has applied for a generation licence and intends to include storage as part of its generating asset. Once the generation licence is granted, it appears from the draft text that the developer would be expected immediately to comply with Condition E1 and publish information on the storage facility on its website.

Critically, projects above the 50 MW threshold (i.e. those which require a generation licence) often require multi-year development and construction times. Generation licences are often applied for (and granted) early in the process (as a de-risking activity for the developer), whereas the level of detail described in Condition E1 may be confirmed for the electricity storage facility only significantly later in the process.

The developer would confirm its final "as built" design for an electricity storage facility post grant of DCO and prior to construction of that facility, providing only that design fits within any parameters described within the DCO (e.g. the "Rochdale envelope") and is compliant with any conditions of the DCO. It appears therefore that the detail set out as required to be published in Condition E1, may not (legitimately) be available for publication to a generation licence holder's website, at the time when compliance with the Condition must be demonstrated. In which case the licence holder may find themselves to be in breach of their licence, or they may be required to publish information about an electricity storage facility which has not yet been fully designed.

One consequence of the text as it has been presented is that developers may lock down the detailed design of their electricity storage facilities early, in order to meet the conditions of a generation licence prior to the planning stage. This could potentially be years ahead of the construction and commercial operation of the site. As a consequence this may restrict the opportunity to deploy the best available technology to the site, either at COD or later in the life of the asset.

We support the notion that there should be no delay to the requirement for generation licence holders to comply with conditions which are designed to support the accurate calculation of final consumption levies, particularly for storage facilities which are already in operation when Condition E1 is introduced. We believe however that more clarity could be provided on the compliance requirements for new developments. We believe two possible ways to provide this clarity could be:

- To change the condition on 4. (b) from “whichever is sooner” to “whichever is later”. Critically, this would require a licensee to meet the requirements of the condition no earlier than the date the storage facility commences commercial operation; and / or
- To introduce a definition of “storage provider” which differentiates between storage which is, and which is not, commercially operable, providing a similar outcome.

## Publication of Information

We support the requirement to make information available to relevant parties to ensure that a transparent and accurate approach to charging can be taken. However, we do not believe that the best place for this information, is on the licence holder’s website. We also believe that the information required to be published should be the minimum possible to provide the required transparency and should be as consistent as possible across all licensees. The development and provision of detailed guidelines and templates to this support this belief would be incredibly helpful to all market participants.

We would support the development of a central repository for relevant information related to the electricity storage asset, complete with a set of standards, requirements and templates for that information. We note that much of this information would also be required for Capacity Market prequalification purposes and some may be available through the bmreports website. We therefore believe that the development of a central repository should not be a complex task.

We would be concerned that if information was held outside such a central repository it may be difficult to find, and information published may differ significantly in quality and structure from facility to facility. This may introduce complexity into the final consumption charges calculation process and may not deliver the transparency foreseen by this draft condition. We also believe that it would make the licence condition difficult to enforce.

A set of information standards and structures, and a central repository for such information, could meet all requirements set out above, and could also be a valuable stepping stone in the efficient development of flexibility services between DNO and electricity storage providers, which will require this information in order to identify and instruct capabilities and services from such assets in due course.