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25 July 2019

Andrew Burgess  
Ofgem  
10 South Colonnade  
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flexibility@ofgem.gov.uk

Dear Andrew,

**Clarifying the regulatory framework for electricity storage: Statutory consultation on proposed modifications to the electricity generation licence**

Drax Group plc (Drax) owns and operates a portfolio of flexible, low carbon and renewable electricity generation assets – providing enough power for the equivalent of more than 8.3 million homes across the UK. The assets include Drax Power Station, based at Selby, North Yorkshire, which is the country's single largest source of renewable electricity. Drax also owns two retail businesses, Haven Power and Opus Energy, which are actively engaged in helping businesses with their energy needs, improving efficiency and switching to renewable products. Together they supply renewable electricity and gas to over 350,000 business premises.

We generally support the direction of travel of the proposed changes and believe that it maintains the technology neutral approach of the initial consultation. We also support the approach that co-location of assets is underpinned by robust and clear metering arrangements and believe this unambiguous direction will be helpful in framing current and future requirements in industry code modifications.

We believe that clarity could be improved in the final drafting of the obligations in standard licence condition E1. It is not clear which provisions apply where the storage site is supplied electricity by an electricity supplier, and which apply where the storage site is supplying under its generation licence. We would suggest that Ofgem may clarify this by having conditions that apply to all storage sites and conditions that apply where the storage site is supplied by a relevant supplier.

Publishing the information provided to suppliers on the generation licensee's website is in our view unnecessary and may deter parties from adopting storage technology. It is not clear what this additional obligation is seeking to achieve, and as such is an unnecessary and inefficient regulatory burden. We recognise that the information provided to suppliers that supply generation licensee's storage assets is necessary to receive relief from charging and levies. However, in our view it is not justified to have an obligation to make public potentially commercially confidential information on the generation licensee's website.

**Drax Group plc.**

Registered Office: Drax Power Station, Selby, North Yorkshire, YO8 8PH  
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We also recognise concerns regarding the scope of application and in what circumstances assets would be captured under the provisions. It is our view that the licencing criteria needs to be clear on applicability and it would be useful to have either guidance or a workshop to provide relevant examples. It is our view that relief from either network charges or consumption levies should be dependent on the licensee:

- holding a generation licence for their storage assets, and
- where applicable, providing to their supplier the information identified in E1.

We welcome the direction of travel to clarify the regulatory framework for electricity storage and believe that addressing the concerns we have highlighted will encourage storage investment and deployment.

Please feel free to contact me, should you wish to discuss any aspect of our response.

Yours sincerely,

*Submitted via email*

**Paul Youngman**  
**Regulation Manager**