

Dear Andy Burgess

We would like to express our support for the proposals set out in the latest storage licensing consultation. This is an issue of critical importance to the deployment of storage technology and can comment that as a provider of battery optimisation that application (or not) of final consumption levies often has a greater impact on the economics than many other pressing policy items (such as access to the balancing mechanism).

While the approach of amending the generation license seems to achieve the stated objectives in this case there are some points worthy of consideration:

- Behind the meter (BTM) solutions must face the same economic drivers as front of the meter systems. BTM represents a more efficient use of resources, construction time, and network planning effort through the smart sharing of a connection with another electricity user. It would be unpalatable for government and the regulator to offer a tax break to front of the meter systems unachievable for BTM and incentivise inefficient deployment.
- Theoretically the regulatory solution proposed does enable BTM do avoid final consumption levies too. However, we still believe clarity is lacking somewhat in the latest document which could cause uncertainty in the market.
- It is important to remember that for BTM projects the application of the rules practically means a storage owner needing to persuade a supplier (who may have no involvement in the storage project or incentive for its success) to not apply these levies to metered consumption. We have experienced difficulty in the task above for various project as suppliers take a conservative approach if there is any uncertainty to the bill they will ultimately face for meters in their portfolio.
- Hence we would encourage Ofgem/BEIS to provide stronger and clearer wording to how such charges should be applied and make clear to suppliers it is their duty to charge correctly in this aspect. Otherwise, the deployment will be unnecessarily delayed as legal battles will be required to sort through what clear statement could resolve.

Again we applaud this key consultation on addressing a long standing issue which needed resolution and look forward to it's implementation.

Regards

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