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Dear Chiara,

Consultation response to 'Clarifying the regulatory framework for electricity storage: licensing'

Thank you for the opportunity to respond to this consultation. This letter is provided by National Grid Electricity System Operator. Whilst we do not have a preference on exactly how storage is licenced we welcome proposals that provide greater regulatory clarity to electricity storage developers with the aim of removing barriers to storage deployment to help unlock flexibility and consumer value.

As Electricity System Operator, National Grid plays a key role in facilitating access to networks and markets for all parties. To this end we are transforming the way in which we procure balancing services and enhancing collaboration with distribution networks to enhance efficiency of network operations and investment across Transmission and Distribution. Given our technology and business model neutral approach this work naturally extends to ensuring electricity storage can play a full role in reducing costs to businesses and consumers.

To date we have clarified the position on Transmission charging for storage developers and undertaken work with industry on the Grid Code changes to recognise how the operation and technical characteristics of storage match or differ from other technologies. We are also working with industry to progress other necessary changes including some of those signalled through the Smart Systems and Flexibility Plan.

With regard to the 'clarifications on licence obligations' section of the consultation we believe that more detailed guidance on this section might be useful as there are circumstances where storage providers will need to accede to and comply with certain codes irrespective of whether they are covered by the existing licence exemption regime. For example, a storage provider which is less than 50MW but wishes to connect directly to the Transmission System will need to accede to and comply with CUSC and CUSC then gives contractual effect to provisions in the Grid Code. We are happy to discuss providing guidance to clarify the interaction between the licence and relevant codes.

With regard to the proposed definition of electricity storage the GC096 proposal deliberately started with the ESN definition to align with the definition being proposed by BEIS and Ofgem as part of the work on the Smart Systems and Flexibility Plan. However, the Grid Code Work Group for GC096 felt that the addition of 'in a controllable manner' would better describe the function of storage in the context of the Grid Code as

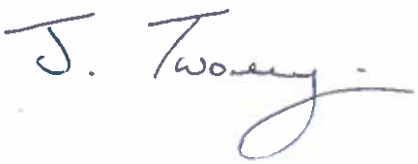
i. we would not wish to have power injected or taken from the network in an uncontrolled manner for reasons of system security, and
ii. certain types of storage technology such as synchronous condensers and some flywheels could be considered to deliver energy in an uncontrolled manner and therefore be unable to meet some of the proposed technical requirements which are necessary for system security.

However, we feel that unless a reason to differentiate in description for the purpose of the licence is found (e.g. if there is potential for 'uncontrollable' electricity storage which should still be covered by the licence, but which might not need to be covered by Grid Code) we would query whether using the same definition for the licence and the industry codes could be more appropriate to promote a more consistent application, although please note that the GC096 definition remains subject to work group consultation and the conclusion of the formal code modification process.

We will also need to consider whether any further clarification, given the characteristics of this subset of generation, would be needed in the CUSC and, if necessary, progress any consequential changes. For example, work has already started through CMP280 and CMP281 workgroups to explore some of the commercial interactions of storage with the current charging methodologies.

We look forward to reviewing the responses to this consultation and working with Ofgem and industry to provide greater clarity and a more level playing field for electricity storage.

Yours sincerely,



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