



Tesla response to Ofgem Consultation – Clarifying the regulatory framework for energy storage: licensing

27th November 2017

Submitted by Tesla

Having installed electricity storage technology across multiple countries and market set-ups, Tesla welcomes the opportunity to share our expertise on the UK's regulatory framework for licencing storage. As we are an equipment provider rather than a storage operator, we have focused our input on the first section of the consultation rather than looking at the specific format of the application form.

Question 1: Do you agree that the form and content of the licence as proposed in this consultation will achieve the purpose and deliver what we committed to in the Smart Systems and Flexibility Plan?

Broadly speaking, Tesla agrees that it is sensible to use the generation licence as a short-term vehicle to improve the legal and regulatory standing of storage. We welcome this first step in including storage within the regulatory framework in the hope that this will improve the near-term conditions for our customers – storage owners and operators – across the UK.

However, to truly deliver the commitments in the Smart Systems and Flexibility Plan, a definition of storage must be enshrined in law. A definition with full legal basis is urgently required to provide certainty to the wider industry. While we appreciate that finding parliamentary time is challenging, every effort must be made to ensure this process proceeds at pace. Ofgem should work with the Government and industry to push for this to happen.

While we understand the practical reasons for why Ofgem is defining storage as a subset of generation, Tesla would still advocate that storage is not 'generation'. The broad spectrum of applications that can be achieved with energy storage are far too complex to be made to fit within an existing framework built around a single application. While we applaud Ofgem's efforts to move the market forward quickly, we believe a dedicated licence is the only appropriate means for storage to exist within the law if the full benefits of this technology are to be realised in the UK.

Question 2: Do you have any views on whether we should include 'in a controllable manner' in the definition of electricity storage?

Tesla does not have any immediate concerns with the inclusion of this language.

Question 3: Do you think there are any risks or unintended consequences that could arise as a result of our proposal? If so, please provide an explanation.

Within the proposed addition to Condition E1, Ofgem has proposed the following language: *'The licensee shall not have self-consumption as the primary function when operating its storage facility.'*



We would advise that the term 'self-consumption' is often used in the industry to describe co-locating storage with generation behind the meter in order to 'self-consume' as much of their generation as possible. In the context of renewable energy, co-locating storage enables renewable generators to maximise their assets, effectively reducing the intermittency of wind or solar generation. This is desirable for the UK as it will help to grow renewable energy use as a proportion of overall energy consumption and avoid otherwise expensive additional capacity being built.

We would advocate a clear definition of 'self-consumption' within this context to avoid future confusion over the regulatory purpose of this statement.

Question 4: Do you have any comments on the list of technologies that should be included or excluded from the definition of storage as set out in Appendix A?

Tesla does not have a comment on the list of technologies included within this appendix.