

Andrew Burgess, Energy System Transition, Ofgem  
4<sup>th</sup> Floor, South Colonnade  
London, E14 4PU

**Subject: Statutory consultation on electricity generation licence changes**

Dear Andrew,

The ESN welcomes this change and the adoption of our proposed definition. In the short term, defining storage in the electricity generation licence brings some advantages, including an increased legitimacy for storage and the removal of some charges. The ESN does question some of the longer-term benefits, but these concerns are out of scope of the current consultation and we will address them separately and would welcome the opportunity to engage with Ofgem at that point.

We do have some specific queries and concerns about parts of the proposal and would welcome some clarity. Further detail is included below.

**1. The publication requirements for condition E1**

- a. We recommend creating a central data repository for the information collected
- b. We recommend joining up with the Energy Data Taskforce to ensure data collection is standardised and centralised

**2. Exempting Final Consumption Levies (FCLs) for storage sites without a generation licence**

- a. We ask Ofgem to clarify:
  - i. that the same exemptions will apply to storage
  - ii. the routes that will be available for those not applying for a generation licence to remove FCLs

**3. Addressing metering for behind-the-meter assets**

- a. We ask that Ofgem clarify that these requirements will be adequate for this purpose

**4. Clarification on the exact charges included under this measure**

- a. We ask that Ofgem provide more detailed guidance and clarity on the exact charges that apply and the routes for exemption for storage imports, including whether Contracts for Difference, Capacity Market and Climate Change Levy charges are included.

**The publication requirements for condition E1**

This proposal is an improvement on the suggestion in the 2017 consultation to prohibit self-consumption as the primary function of an asset. We also welcome that this is supporting the move to more transparent, open data.

The data publication requirement does raise some specific issues regarding commercial sensitivity, data protection and logistics:

- The information required to be published could be commercially sensitive for some projects, particularly the condition to publish the detail behind the relationship and connection between the storage premises and final consumer. This data could reveal information about the business model which might be commercially sensitive.
- If domestic assets are required to publish this information, as is alluded to in the consultation, this might create data protection issues for individual households.
- The physical collection and reporting of this data could be onerous, particularly for domestic installations. Further work should be done to assess the cost impact of such collection and who would bear that cost which, in all likelihood, would ultimately be the consumer.
- The publication of this information on the licensee’s website could prove logistically difficult and would not be in the best interests of transparency. This would create a disparate set of information, which we understand would need to be sent to the supplier separately regardless of publication.

To overcome the above issues, we would recommend that a central data repository be created for this information. This would enable data to be anonymised where necessary to avoid the issues of commercial sensitivity and data protection. Licensees would of course still be required to provide this information directly to their supplier, but a central repository would ensure that the aims of making data transparent are better fulfilled. This work is currently being pursued by the Energy Data Taskforce and we would recommend that any initiative to collect and collate this data are done in conjunction with the Taskforce proposals. This would ensure it is done in a standardised way and would avoid creating multiple asset registers and requirements for data submission by licensees – this is one of the key issues identified by the Taskforce.

This issue is demonstrated in the requirements suggested under code modification P383 which require data submission to avoid residual network charges. This modification is suggesting similar data collection requirements to those under the generation licence and we would ask that these two initiatives be joined-up to improve consistency and avoid additional work. Again, this initiative should co-ordinate with the Energy Data Taskforce to ensure this is done in line with their recommendations.

**Exempting Final Consumption Levies (FCLs) for storage sites without a generation licence**

Not all storage assets will want or need to apply for a generation licence as there are many exemptions to the requirement for a generation licence (assuming those same exemptions apply). In this case, storage assets would not then be exempt from FCLs. We ask Ofgem to clarify:

- that the same exemptions will apply to storage
- what route will be available for those not applying for a generation licence to remove FCLs

**Addressing metering for behind-the-meter (BTM) assets with multiple uses**

Many storage assets provide multiple services to generate a revenue stack. BTM assets are increasingly doing this, using part of their import for self-consumption, and part for export back to the grid. These proposals would need to ensure that the information supplied, i.e. submetering arrangements, is adequate to ascertain what import is liable for FCLs and what is exempt. We ask that Ofgem clarify that these requirements will be adequate for this purpose.

The proposal to include storage in the generation licence has been in train for some time now and we appreciate Ofgem now taking this forward. However, in the time since it was first proposed in

2017, it has become clear that the industry has sought other routes to remove FCLs on import. In addition, this proposal will only exempt licence holders from Renewable Obligations and Feed-in Tariff charges with the Contracts for Difference and Capacity Market charges being addressed separately by Elexon and the Low Carbon Contracts Company. It remains unclear how charges from the Climate Change Levy would be avoided. We ask that Ofgem provide more detailed guidance and clarity on the exact charges that apply and the routes for exemption for storage imports.

Yours sincerely,

Madeleine Greenhalgh  
Policy and advocacy manager