

# Storage up front



**Policy** | The UK government and energy regulator recently outlined initial proposals for overhauling the country's energy system. Andy Colthorpe speaks to Anthony Price, director of the Electricity Storage Network trade group, about how the long-awaited document has been received and the key role it envisages for storage

In addition to excitement around the UK's Enhanced Frequency Response (EFR) tender, as outlined on the previous pages, the biggest topic in the UK as far as storage is concerned is the publication in November of a "call for evidence" on power network reform, published jointly by the national energy regulator, Ofgem, and the UK's Department for Business, Energy and Industry (BEIS). The pair has evaluated what it considers to be all of the issues around building a smart power system fit for the future – putting storage at the forefront of a flexible, low-cost and hopefully low-carbon network. Stakeholders have been asked to respond to the document by mid-January.

## **PV Tech Power: This call for evidence has been promised for some time. Have Ofgem and BEIS got it right?**

Anthony Price: It's actually quite a good document in that it explains the situation as Ofgem and BEIS see it and asks for information to support or contradict their views from industry. This has been probably one of the longest running document launches of all time. First talked about almost a year ago, back in January, ministers were talking about launching this early in spring and then we had hold-ups because other things were happening in the political world.

We are very pleased it has come out. We are disappointed it has taken so long but very pleased that actually it is going to address a number of important issues to do with flexibility and specifically put storage right up front.

## **The document talks about creating a competitive market for flexibility, including storage where possible – to what extent is that ironing out the kinks in the regulatory system versus an overhaul of the system?**

What you need to do is to identify all of the areas where there's a concern and I think we've got most of them on the table already; there are bound to be a few more that need to come out. There does need to be a massive overhaul of the whole sector. We are still dealing with issues or precedents that have been set a long time ago on the basis of old technology, and old methods just don't reflect the current changes in commercial activities and the change in technologies.

## **Is there enough recognition of storage to benefit the network versus storage to benefit individual users? Should the call for evidence be able to capture that?**

That's one of the things we need to bring out, because primarily storage should be a system asset, and if you don't have a

plan for storage and you don't have a strategy and a means of implementing that strategy, you are going to end up with unintended consequences. You could end up with a lot of stranded assets, with things that are not doing what was intended. That could have nasty implications for the system and these things will happen very, very quickly.

## **Currently UK distribution network operators (DNOs) aren't allowed to own storage assets. Why is that and what's your position?**

The argument against the network operating storage is that they would then be involved in buying and selling electricity, which seems to be counter to their distribution licence, but this of course is just to my mind a little bit of a red herring because everything that a network operator does concerns the movement of electricity. The network operators are trying to operate their network at the lowest cost because that's a condition of their licence; they need to offer best value to their customers and if by putting storage in they can lower the whole cost of operating the network, that's something they should do. There seems to be an argument that says, the network operator shouldn't be allowed to do that because he's got access to low-cost capital, he's got preferential planning rights, he can do things which a private developer couldn't do. Well my answer to that is, why hasn't a private developer already done it?

I am not saying that DNOs only should be allowed to put in storage, I'm not saying DNOs will put in the majority of storage but we are saying DNOs should be able to put in storage because it's a network tool which they need to have in their portfolio. To write it out now, we will live to regret it in 10 or 20 years' time when we go through the next iteration of market rules.

## **The call for evidence covers everything from a smart meter rollout to potential time-of-use electricity pricing to then much higher order things such as legislation and double-charging of storage asset. Is it perhaps a bit too wide ranging?**

It is a huge call for evidence but the nature of the electricity industry is that it's a huge undertaking and you can't do things in isolation. To give you another example, if we had real time-of-day pricing with dynamic charges, we wouldn't be having an argument about getting more storage on the system: everyone would put storage in to insulate themselves against price changes. ■

**Electricity Storage Network director Anthony Price**