# REA Response to Further BEIS Consultation on the Planning authority threshold for Energy Storage projects

**Introduction & Context**

The REA is the largest trade organisation for the energy storage industry, representing around 200 organisations involved in the market in some way, from manufacturers and developers to consultancies and academic institutions.

The treatment of energy storage under the planning policy framework should be fair and proportionate to the impact that energy storage projects may have on their surrounding areas and only escalated to the NSIP regime where its potential impact on the environment warrants such treatment, as such we agree with the proposals.

The REA agrees with the proposal to carve out electricity storage, except pumped hydro, from the NSIP regime. As such we are keen that the proposals go ahead and wish to re-state the benefits of energy storage and why we need more such projects in the UK.

Energy storage is a critical enabler for the UK’s energy transition. However, since BEIS’s original consultation on the treatment of storage in the planning regime, Ofgem’s decisions in its Targeted Charging Review (TCR) will introduce new barriers to the deployment of energy storage projects that will have a negative impact on the development of storage and new flexibility services in general. If the government is serious about delivering on its legislated emissions reductions target of net-zero by 2050, barriers to the deployment of energy storage – including other market barriers, such as lack of a clear route to market, difficulties securing suitable finance and grid connection constraints – need to be systematically reviewed and removed to provide consistent and coordinated, rather than conflicting, signals for the UK’s energy transition.

In terms of the financial importance of this change for developing projects, what is critical is the percentage costs of project planning applications compared to the development spend on a project, not the capital spend. As a developer only faces the full costs of a project if it achieves planning, in the developers eyes the most important consideration is to remove big risks as quickly as possible with finite resources. It is a huge risk to commit DCO funds to a project that might fail and therefore few try.

**REA Support the Proposals, because:**

* We need to vigorously and ambitiously plan for the Net Zero future by entirely exempting energy storage projects from the NSIP.
* There is a need to consider a dedicated Use Case for storage devices in the planning system – this would be enabled further by and closely relates to, the need for a dedicated legislative basis for storage in the electricity system (requiring primary legislation). Such a case would make it really clear and explicit what an energy storage application is and how it should be treated.
* The energy system is changing, and the energy transition needs energy storage. Therefore, it is essential that reforms whose purpose is to support the energy transition – like this reform – holistically considers the energy storage needs of the transition and works to remove barriers to their deployment.
* The REA would also like to raise awareness within Government and industry of some of the actions being undertaken by the REA with project partners to try and bring greater awareness and clarity to planning departments and the market on some planning and related issues, this includes the production of guidance briefings for local planning departments and homebuilders.

**Specific consultation questions**

**1. Do you agree that it is appropriate to carve out electricity storage, except pumped hydro from the NSIP regime in England and Wales? If not, please provide justification and evidence to support your answer.**

The energy system is changing, and the energy transition needs energy storage. Therefore, it is essential that reforms whose purpose is to support the energy transition – like this reform – holistically considers the energy storage needs of the transition and works to remove barriers to their deployment. The treatment of energy storage under the planning policy framework should be proportionate to the impact that energy storage projects may have on their surrounding areas and only escalated to the NSIP regime where its potential impact on the environment warrants such treatment.

Storage projects, and batteries in particular, have much lower planning impacts in comparison to other forms of generation, both in terms of the footprint of the facility as well as the total construction time. On this basis, our members explicitly tell us that energy storage projects should be entirely excluded from NSIP as the existing 50MW threshold represents an arbitrary boundary which disproportionately affects storage and forces developers to reduce the optimum size of new projects - we therefore agree with BEIS’ conclusion that the NSIP regime is not appropriate for storage and that storage projects (except for pumped hydro) should be excluded from the NSIP regime.

The limiting effect of the 50MW threshold on project size is evidenced by the experience with the threshold changing in Wales – prior to the lifting of the threshold above 50MW, the size of applications was around 49MW. But after the threshold was increased to 350MW we understand that project sized increased to 75-90 MW and above. We would argue that this was a case of projects finding their most efficient, optimum capacity (given the market and regulatory signals at the time) following the lifting of the threshold.

The risks and barriers to the NSIP process are numerous. These include the fact that the NSIP process can add 1-2 years to process, compared to a typical timeline of 8-16 weeks under the TCPA framework. In addition, under the NSIP process, an applicant often does not know how much they will spend until the process has ended. The number of inspectors has huge bearing on this, again not determined until the process has begun. In addition, when a DCO is active the local planning authority/council is still expected to do a considerable amount of work, but receives no payment at all, whereas under the TCPA process they can charge a fee. This does not appear to adequately resource a relevant local representation for the DCO process.

A case study from a member-company indicates that one third of their total development spend to date has been due to progressing through the NSIP process, whereas this would have been under 10% if taken through the LPA route. The question of how many planning inspectors would sit on the case proved critical as these come at a cost of £350k per inspector. The DCO/NSIP process also added two years to the development process, as opposed to a number of months.

The Progress Update to the Smart Systems and Flexibility Plan rightly sets out an intention to consider a ‘fair’ treatment for storage in the planning framework. In this context, while it may be convenient to nominally consider storage as generation (at least while there is no explicit provision for storage in the planning regime), it is not clear that it actually makes sense to do so in the planning context. We note:

* 50MW of most types of storage do not have the same visual or land use impact as 50MW of solar or wind for example. Members have reported estimates that energy storage occupies much less than 1% of the land space needed for a solar installation of the same output power capacity (MW).
* Energy storage projects can be delivered in much faster timeframes than many other types of generation. For example, the 100MW/129MWh Honsdale battery installation in South Australia was delivered in 100 days. We believe that reasonably reflects the timescales for delivering UK battery projects as well.
* We know that there is an urgent need to more generally facilitate more flexible capacity on the system to transition to a low carbon, lower cost network. As such, it is important that thresholds for triggering the much longer and more expensive NSIP process for electricity storage should be proportionate so that the framework does not unnecessarily create barriers to deployment.
* The majority of energy storage projects (particularly battery storage) have very little similarity to the types of projects that would generally fall for consideration under the NSIP regime – such as the construction of airports, harbours, LNG storage facilities, railways, dams and reservoirs and hazardous waste facilities (see section 14 Planning Act 2008). Electricity storage installations are in many ways similar in size and impact to electricity substations which are not subject at all to the NSIP framework. Given the similarities, BEIS should consider that electricity storage should be treated in a similar way and be entirely excluded from the NSIP regime.

We note that the proposals probably have in mind battery storage projects in the majority but that there are a range of energy storage technologies to consider, many of which have yet to be commercially deployed in the UK. As such, where a particular type of storage technology does raise significant planning or environmental impact concerns that warrant consideration under the NSIP regime, the REA considers it makes sense that the Secretary of State should retain a power to call in projects where it is necessary and proportionate to do so.

**2. Do you agree that we should carve out electricity storage, except pumped hydro, from the offshore planning regime (NSIP and s.36 consent)? Please provide evidence to support your answer where appropriate.**

Yes, for the reasons provided above.

**3. Do you have any comments on the draft legislation or transitional arrangements? Please specify which areas of the legislation you are referring to.**

We urge BEIS to reconsider its proposed transitional arrangements to ensure that storage projects receive a ‘fair’ treatment under the planning regime whether or not they are already being considered within the planning regime. For the reasons provided above, the REA agrees with BEIS that it is much fairer to carve out electricity storage, except pumped hydro, from the NSIP regime than to continue to apply the 50MW threshold for ‘generation’. Therefore, BEIS’s proposal to keep storage projects that are already in the NSIP regime when the changes are introduced is logically inconsistent with the overall direction of the latest proposals and would extend and perpetuate the ‘unfair’ treatment of those projects.

As such, we call on BEIS to revise article 5 of the draft Infrastructure Planning (Electricity Storage Facilities) Order together with any necessary consequential amendments so that where an application for DCO under the NSIP has already been accepted but not decided, that the application should be decided under the new regime introduced by these proposals.

Finally, we reiterate that in our view there must be a separate asset class or definition enshrined in primary legislation for energy storage. The REA will gather further evidence on this to inform the debate.

**Conclusion**

The REA strongly welcome the proposal regarding storage projects in the planning regime and support the work BEIS has done in this area.

We believe the case is strong for exempting storage entirely from the NSIP regime, based on the disproportionate impact of development costs for storage projects (a case study shows this to be a third of total development costs), relatively uncontroversial nature of most technologies, the vastly reduced visual, land and environmental impact of storage projects compared to other types of generation of a comparable MW size, additional time required that this results in for such projects and enhanced system benefits that they provide.

This will help ease the pressures on projects from continued lack of route to market, grid connection and use of system charges, and higher level economic changes.

The REA would also like to see an update to the Smart Systems and Flexibility Plan in 2020 that provides a holistic and fully coordinated program of reform that provides consistent signals for flexibility, building on the positive work by BEIS and Ofgem here, and would be happy to assist with the development of this where possible. We believe this should include a commitment to develop a standalone definition or asset class for energy storage in the energy system.

Please do not hesitate to contact us (Frank Gordon) to discuss any of the content in this response further.

**REA, December 2019**