

Energy Storage Forum Meeting Notes

6th April 2021

Attendees:

Members: BDB Pitmans, Bryan Cave Leighton Paisner LLP, Caburn Group, Capitas Finance, Carter Jonas, Eaton, Enel X, Erova Energy, Green Investment Group, Highview Power, Lux Nova Partners, myenergi, Octopus Electric Vehicles, Powervault, RWE Generation, Solar Clear, Storelectric, Sunamp, Swanbarton, Zenobe.

Forum Chair Vijay Shinde, Siemens Energy.

REA Staff Nina Skorupska CBE, Mark Sommerfeld, Daniel Brown and Isobel Morris.

REA Announcements

It was announced that REA's Daniel Brown is leaving the REA and that Mark Sommerfeld, previously a Policy Manager at REA, has been appointed Head of Power and Flexibility. This is one of the four new pillars unveiled under our REA Strategy. Mark introduced himself to all and Daniel said a few words of goodbye.

Updates

- Business Rates Review – a summary of responses was published in the spring, which noted that a large number of respondents raised the concern that the inclusion of renewables and clean tech in the Parts & Machinery Order disincentivised renewables. A full response will be published in the autumn.
- Smart Systems & Flexibility Plan update – Government intends to publish this by the end of spring.
- VAT Campaign update – REA & several members recently signed an industry letter calling for cuts to VAT on clean technologies. REA has also sent an evidence pack to Treasury. A report has recently been published critiquing an alleged lack of awareness at Treasury and HMRC about the importance of tax in the Net Zero transition.
- REA also explained that there is an ongoing discussion on the BEIS Health & Safety Governance Group about whether a PAS should be recommended for home energy storage or an industry-led guidance piece. One member queried whether this would include heat batteries –

this is not the case, it would only cover lithium-ion battery technologies. General concerns that regulation designed for lithium-ion batteries can be applied more widely with little regard to how those technologies are based. One person also noted that utility-scale and domestic-scale should be treated entirely differently as separate workstreams – this is the case for this workstream. REA also noted that Newcastle University is doing a research project on the safety of domestic energy storage and members interested in participating should get in touch for an introduction.

- Longer-duration Energy Storage paper – The report has been published and REA is in the process of arranging key stakeholder meetings with BEIS, Ofgem and National Grid ESO. (As of 19 May 2/3 of these meetings have now been held)
- Grid Securities Working Group update – REA updated that a meeting would be held with ENA to discuss the concerns raised by member. (As of 19 May this meeting has since been held and members have been provided with a list of issues around Grid Securities from ENA on which to feedback)
- New Queue Management Tolerance Periods for Milestones – REA has heard a number of concerns about the Tolerance periods proposed being too short to be realistic for many project timescales. REA is discussing this with ENA and is keen to hear from members. (The ENA has since held a webinar to discuss this and REA is collating member feedback on the issue)
- Future Buildings Standard Consultation - REA talked through key elements of the consultation for energy storage (and solar) members – these include the proposed metrics for the interim uplift and the Commissioning & information requirements. REA set out that it favours CO₂ as the primary metric rather than ‘primary energy’ as the Government proposed. One member noted that this should require heat pumps and solar on new homes – this is under the Future Homes Standard. It was also noted that onsite generation is not directly required under the Future Buildings Standard. Members supported the REA position that CO₂ should be the primary measure – there are times when there will be lots of excess energy on the grid and disincentivising people from taking the energy off the grid is contrary to that.

Discussion on separate definition for Energy Storage

- REA set out a range of barriers to energy storage and how these may or may not be resolved by a separate legislative definition, noting that getting a separate definition is likely to be a slow process. The Steering Group is currently examining this issue.
- Some members are of the view that energy storage should have its own separate legislative definition as soon as possible, whereas others believe it is a lower priority issue.
- One member argued that a separate definition could be based on a similar model to that applied to interconnectors.
- One member said that DNOs see storage as a threat to the network because they see it as additional generation, so a separate definition could help resolve this.
- Another member said that grid codes are very challenging to change, this would be a lot of work and could have unintended consequences that other parties would push back on. Many of the problems facing storage have been resolved already individually, so perhaps it is more practical to focus on individual issues for now
- REA's Mark Sommerfeld noted that these two roots are not mutually exclusive, most members seem to agree that at some point the separate definition is needed however there are different views on the iterative processes on how the issues reach the endpoint.
- One member noted that in this case it is probably only relevant to electricity storage.
- Has a judicial review been attempted on this issue?
- One member commented that they are concerned that getting a separate definition would take a significant amount of time and create investor uncertainty, furthermore how would it affect DNOs and DNOs ownership of storage?
- Dr Nina Skorupska noted that this is something REA would be watching very closely regarding DNOs ownership of storage, in the past REA has argued against this. REA will look very closely at the benefits of each path.
- Another member argued that this could be done via a Private Members Bill, and that the new definition would have an implementation date rather than a gradual implementation.
- A member replied that the grid code changes would have a transition period which could be disruptive.
- REA agreed to develop the Steering Group document further and this will be made available to members more widely when finished. This will demonstrate how pushing for a definition may/may not impact on specific

issues. It will also provide a clear list of issues that REA and members can focus on when it comes to pushing for change.

- A member reiterated a point they made about the superdeduction tax in the Solar Forum meeting, that storage must be included in that so it can benefit. Another member also noted that thermal energy storage should be included.
- At closing, Dr Skorupska asked whether members would be interested in a markets event. The response was very warm. One member noted that the European Commission is doing some work to look at the challenges to investors, along similar lines to work currently being done in the UK.