



# **REA Solar & Energy Storage Forum**

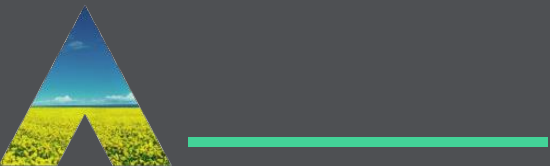
## ***Member Meeting***

***29<sup>th</sup> June 2023***



## REA Competition Law Policy

- REA's compliance with all aspects of UK Competition Law applies to all activities of REA including its subsidiaries Member Forums, committees, working groups, technical groups, and sub-groups and any other such meeting:
  - Members are not permitted to discuss competitively sensitive information, or to use REA as a conduit for such discussions
  - Competitively sensitive information covers any non-public strategic information about a business's commercial policy. It includes, but is not limited to, future pricing and output plans
  - Please note this session is being recorded for note taking purposes.





Update on Solar Taskforce from Julie Whiting (DESNZ, Renewable Electricity Directorate)

REMA Paper and Conference

Update on ENA and National Grid ESO Action Plans

Relevant Consultations for Solar & Energy Storage Members

ETRI Update

Solar & Energy Storage Forum Meetings: Future Dates



In the 'Powering-up Britain' report, the Government announced the establishment of a Government and industry-led Solar Taskforce, covering both rooftop and ground-mounted solar.

This taskforce will run up to February 2024 and publish its solar roadmap in 2024, for both rooftop and ground-mounted solar, that sets out a deployment trajectory to achieve 70GW solar capacity by 2035

The taskforce is now expected to be establishing several working groups, which we will be feeding into and looking for member engagement on. We have suggested relevant members for the taskforce, and our expectation is that the subgroups will be:

- **Electricity networks**
- **Skills**
- **Rooftop**
- **Supply chains.**

The REA has been invited to join the **electricity networks** and **skills** subgroups and expects to have representation indirectly through member participation in the working groups.



**Julie Whiting**  
**Head of Ground Mount Solar Team**  
**(Renewable Electricity Directorate)**

***Department for Energy Security and Net Zero***







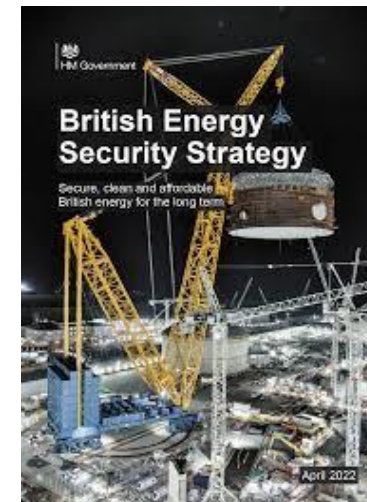
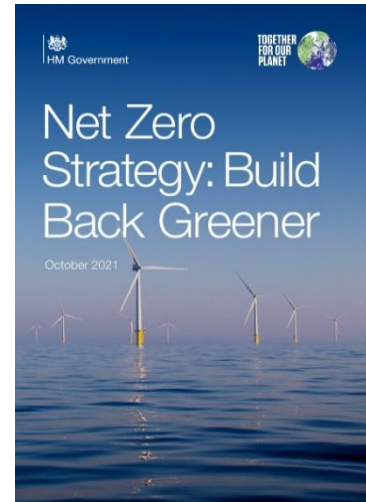
## Solar PV Taskforce : Presentation to REA Solar and Energy Storage Forum





# National policies and future ambitions for solar deployment

- **Energy White Paper** (December 2020) – Concluded that while difficult predict the exact energy generation mix in 2050, it will be **predominantly wind and solar**, complemented by technologies like nuclear which provide firm, low-carbon power.
- **Net Zero Strategy** (October 2021) – the Government committed to sustained increase in deploying renewable generation technologies, including solar, in the 2020s and beyond.
- **British Energy Security Strategy** (April 2022) – set out a number of policy interventions that could enable a fivefold increase in solar deployment, up to 70GW by 2035.
- **Powering Up Britain** (March 2023) –in line with the *Independent Review of Net Zero* recommendation, **the Government will publish a solar roadmap in 2024, setting out a clear step by step deployment trajectory. The government will establish a government/industry taskforce to drive forward the actions needed to deliver the 70GW ambition.**



# Solar Taskforce membership

Chairs	
<b>Joint Chairs</b>	
Rt Hon. Graham Stuart MP, Minister of State for Energy Security and Net Zero	
Chris Hewett, Chief Executive of Solar Energy UK	
Deputy Chair – Sarah Redwood, Director, Renewable Electricity Directorate, Department for Energy Security and Net Zero	
Deputy Chair – Gemma Grimes, Director of Policy and Delivery, Solar Energy UK	
Core Membership	
<b>Industry – Developers and Installers</b>	
Ben Fawcett	Head of Solar, EDF Renewables
Alexandra DeSouza	General Counsel EMEA/Head of Transactions, Lightsource bp
Liz MacFarlane	Director, Segen
Mark Wakeford	Chairman, EVO Energy
<b>Investment Companies</b>	
Adam Howard	Director, UK Infrastructure Bank
Ross Grier	Managing Director, Next Energy Capital
<b>Other Organisations</b>	
Ian Rippin	Chief Executive Officer, Microgeneration Certification Scheme
Lawrence Slade	Chief Executive Officer, Energy Networks Association



# Solar Taskforce- terms of reference

Following the announcement in *Powering Up Britain*, the Government has established a joint government/industry taskforce, covering both ground mounted and rooftop solar, launched on 25 May 2023.

## Purpose

To bring together key players from Government, industry, regulatory and other relevant organisations to drive forward the increases in rooftop and ground mount solar needed to meet the expectation of a fivefold increase in solar PV deployment (up to 70GW) by 2035, laying the groundwork for longer term growth beyond 2035.

## Key Objectives

**Strategic Roadmap:** Assisting in the development of, and securing cross Government and industry buy in to a UK roadmap for solar setting out a clear step by step deployment trajectory to achieve 70GW of solar by 2035.

**Taking Action:** Government and industry working together to identify and drive forward processes and measures to unlock deployment.

**Securing Investment and Value for Money:** As the sector grows, put in place structures to facilitate continued progress on cost reduction and ensure investment in UK supply chains, jobs, skills, innovation and infrastructure is enabled sustainably.



The Solar Taskforce is jointly chaired by Energy Minister, Graham Stuart, and Chris Hewett, CEO of Solar Energy UK



# Solar Taskforce Subgroups

## Subgroup 1: Electricity Networks

To drive forward actions needed to unlock regulatory and other challenges preventing timely and cost-effective grid connections for commercial rooftop and utility scale solar. The work of this group will align with wider relevant work being led by DESNZ, Ofgem and network companies.

## Subgroup 2: Skills

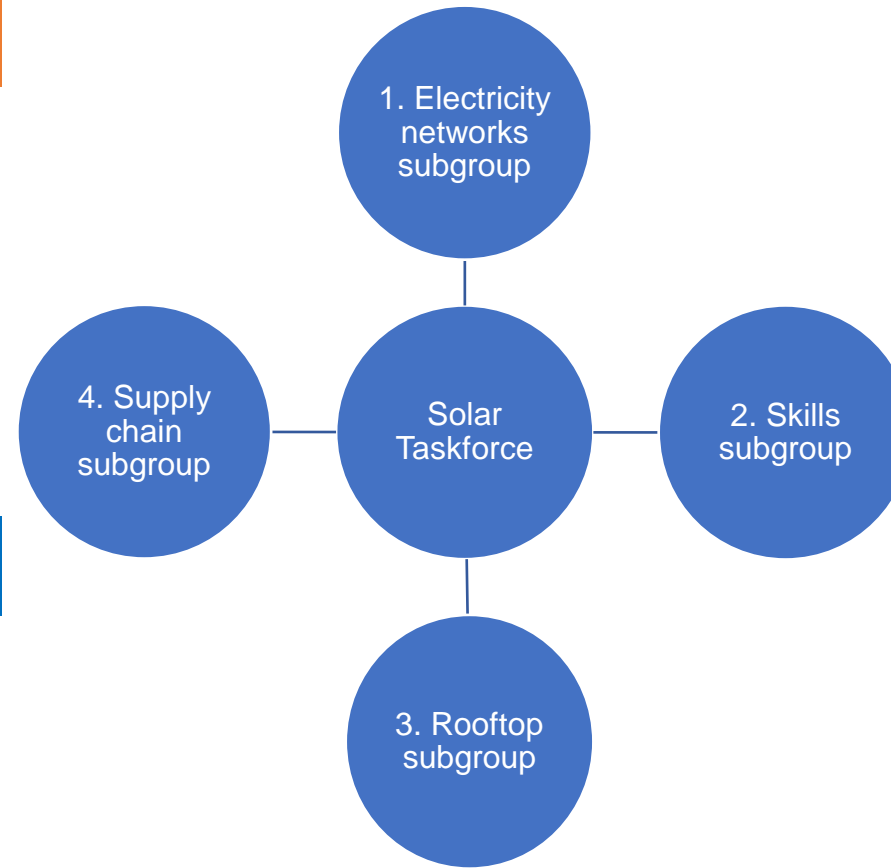
To identify and drive forward actions needed to develop and deliver the skills and training needed to upskill the solar workforce in both short and longer term. The work of this group will align with the work of the Green Jobs Delivery Group where appropriate.

## Subgroup 3: Rooftop

To identify and drive forward action needed to unlock non-grid related regulatory barriers and further incentivise deployment of commercial, industrial and domestic rooftop solar (including finance, leasing etc).

## Subgroup 4: Supply Chain and Innovation

To identify and take forward actions needed to develop resilient and sustainable and innovative supply chains for deployment of rooftop and ground mount solar.



**A further subgroup to develop and coordinate communications is also being established**



# Practicalities

- **Taskforce will be time limited** –will operate for around 9 months from 25 May 2023 to end February 2024
- **Meetings of core Taskforce group every two months**
- **Taskforce subgroups to meet more frequently (possibly monthly)**
- **The Secretariat** comprises officials from the Renewable Electricity Directorate in the Department for Energy Security and Net Zero and staff from Solar Energy UK
- **The Taskforce or its subgroups will seek additional advice from others where specialist input on a specific issue is required.**

# Further information and contacts

## **Solar Taskforce page on gov.uk website :**

- <https://www.gov.uk/government/groups/solar-taskforce>

## **DESNZ secretariat :**

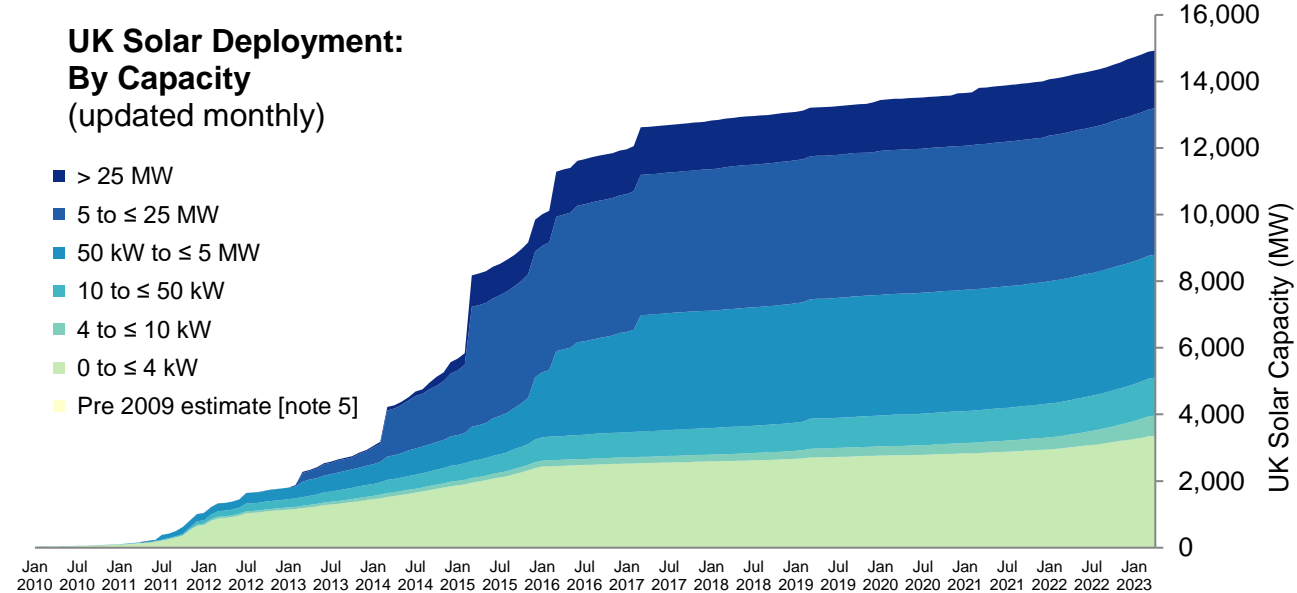
- Julie Whiting: [julie.whiting@beis.gov.uk](mailto:julie.whiting@beis.gov.uk)
- Alice Straker: [alice.straker@beis.gov.uk](mailto:alice.straker@beis.gov.uk)



# **Annex**

# Solar PV – current deployment and pipeline

- The UK has **nearly 15GW** of solar capacity currently installed.
- **Over a million homes** now have solar panels installed. According to MCS data, a total of 130,596 solar panels were installed on UK rooftops in 2022.
- Healthy pipeline of solar projects in various stages of development, which could be deployed very quickly, subject to planning consent and timely provision of grid connections.
- Utility-scale solar amongst the cheapest forms of electricity generation in the UK, with a levelised cost of £44/MWh (real 2018 prices).



Source: [UK Solar Photovoltaics Deployment](#), May 2023



# Rooftop: state of play and a look ahead

- **Fiscal incentives** currently offered by government include business rates exemptions and tax relief for businesses looking to install solar panels.
- In 2022, we **removed VAT** on solar panels, and solar panel and storage packages installed in residential accommodation in Great Britain.
- The **Smart Export Guarantee** (SEG) enables households and businesses with solar panels to receive payment for excess electricity that is sold back to the grid.
- **Warehouses, distribution centres and industrial buildings** with high electricity demand can offer significant potential for solar deployment, which can then rapidly pay for itself by means of energy bill savings.
- **Energy efficiency schemes** include solar as an eligible measure for households subject to certain criteria.



- Government is working to publish the results of its recent [consultation on Permitted Development Rights](#). We are seeking to simplify planning processes for rooftop installations, introduce a new permitted development right for solar canopies, and better enable solar deployment.
- Government is also working to publish a full technical consultation later this year on the **Future Homes and Building Standard** to better incentivise the uptake of rooftop solar in new building development.
- The government will also publish practical guidance to support the installation of rooftop solar on its own estate and the wider **public sector estate**.
- We are looking at options for facilitating **low-cost finance** from retail lenders to help householders with the upfront costs of installation.



# Ground-mount: state of play and a look ahead



- **Contracts for Difference**, the government's main mechanism for supporting new low-carbon electricity generation projects in Great Britain.
  - Allocation Round 4 (2022) saw 66 ground-mounted solar projects, which totals to 2.2 gigawatts of solar capacity.
  - AR5 opened in March 2023, results to be announced in late summer.
- **Supportive planning regime** through local planning in accordance with National Planning Policy Framework (projects <50MW in England) and Nationally Significant Infrastructure Project Regime, supported by National Policy Statements (projects >50MW in England and >350MW in Wales).
  - In March 2023, government launched a [consultation on revised drafts to National Policy Statements](#), including EN-3 for renewable energy infrastructure. The consultation closed on 23 June 2023.
  - The government also recently consulted on provisions for repowering and life extension for renewable projects in the [National Planning Policy Framework](#).





## Q&A



# REMA Paper and Conference

@reassociation

The REA's REMA Conference took place on Tuesday 27th June and provided industry with an opportunity to get updates on REMA and discuss the best way forward.

The event saw the launch of the **REA's REMA report**, written in collaboration with Dr. Chris Harris (University of Bath). The REA has been gauging the views from industry and membership organisations on the different proposals to address the key challenges identified.

The report sets out how the UK should evolve the CfD and Capacity Market to better reward both flexibility and firmness ,

As such the paper sets out support for a more evolutionary approach rather than revolutionary 'split market' or 'green power pool'.



The graphic is a promotional cover for the REA REMA Report. It features a green and blue color scheme. At the top, the REA logo is displayed with the text 'THE ASSOCIATION FOR RENEWABLE ENERGY & CLEAN TECHNOLOGY'. Below this, the title 'Review of Electricity Market Arrangements (REMA)' is written. The main title 'REA REMA Report' is prominently displayed in large blue letters. Underneath, the subtitle 'Enabling a secure, flexible and decarbonised electricity market fit for the future' is written in smaller blue text. To the right, there are two hexagonal images: the top one shows a worker in an orange safety vest and white hard hat working on a large electrical component, and the bottom one shows two workers in orange safety vests walking on a path near power lines. At the bottom left, the E.ON logo is shown with the tagline 'Powering Business Worldwide'. At the bottom right, the text 'Supporting the Energy Transition' is written in white on a blue background. In the bottom right corner, there is a small text box stating: 'Prepared by Dr. Chris Harris (University of Bath) Edited by Mark Sommerfeld (REA) with input from the REA's REMA Working Group.'

REA THE ASSOCIATION FOR RENEWABLE ENERGY & CLEAN TECHNOLOGY

Review of Electricity Market Arrangements (REMA)

**REA REMA Report**

Enabling a secure, flexible and decarbonised electricity market fit for the future

Sponsored by **E.ON** Powering Business Worldwide

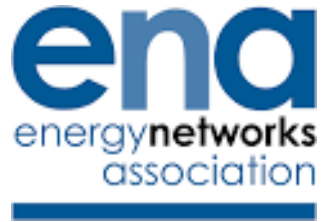
Supporting the Energy Transition

Prepared by Dr. Chris Harris (University of Bath)  
Edited by Mark Sommerfeld (REA)  
with input from the REA's REMA Working Group.



- Reward firmness within the CfD contracts – this can be done as an additional non-price factor premium within the contract.
- Explore evolving the Market Reference Price by gradual extension of the price horizon out to 72 hours
- Incentivise the delivery of accurate long-term and granular forecasts for generation and demand. National Grid ESO will then be able to use this information to deliver clearer market signals.
- Develop a Green Premium, and wider Non-Price Factors, in the CfD which reward externalities of generation beyond just low carbon power production.
- Enable CfD projects to also bid into, and benefit from, the capacity market to encourage flexibility.
- Have frequent CfD and Capacity market auctions, with a clear timetable for allocation rounds with a three-year rolling horizon and stipulated budgets.
- Consider how varying contract lengths could be provided in CfD contracts
- Develop a mechanism for using the CfD to extend the life of assets coming to the end of existing contracting arrangements, termed a 'repowering CfD'.





## Energy Network Association Connections Action Plan

**Action 1)** Reforming the distribution network connection queue

**Action 2)** Changing how transmission and distribution coordinate connections

**Action 3)** Greater Flexibility for storage distribution customers

*Expecting implementation of analysed solutions in second half of 2023*



## National Grid ESO – Five Point Plan and Connections Reform

1. Transmission entry capacity; Amnesty till Apr 23
2. Update modelling assumptions for current connection rates
3. Changing treatment of battery storage
4. Developing new contractual terms for connection contracts
5. Non-firm (stage) for all connections

Consultation on connection reform now out. Deadline 28<sup>th</sup> July



## Energy Networks Commission – Energy System Catapult

Government appointed review of connections issues.

Looks across whole process including strategic plan, standards, regulatory approval, planning, supply chain, skills and outage planning.

*Final recommendations expected in June*





**Susana Neves e Brooks**  
Head of Connections  
Networks

*National Grid ESO*

**David Boyer**  
Director  
(Electricity Systems)

*Energy Network  
Association*





# ESO Connections Update

The background image is a composite. The top left shows a city skyline with several skyscrapers. The middle and right sections show a green roof with solar panels. Overlaid on the green roof are several bright green, glowing lines that curve and flow across the panels, suggesting energy or data connections. The overall tone is futuristic and eco-friendly.

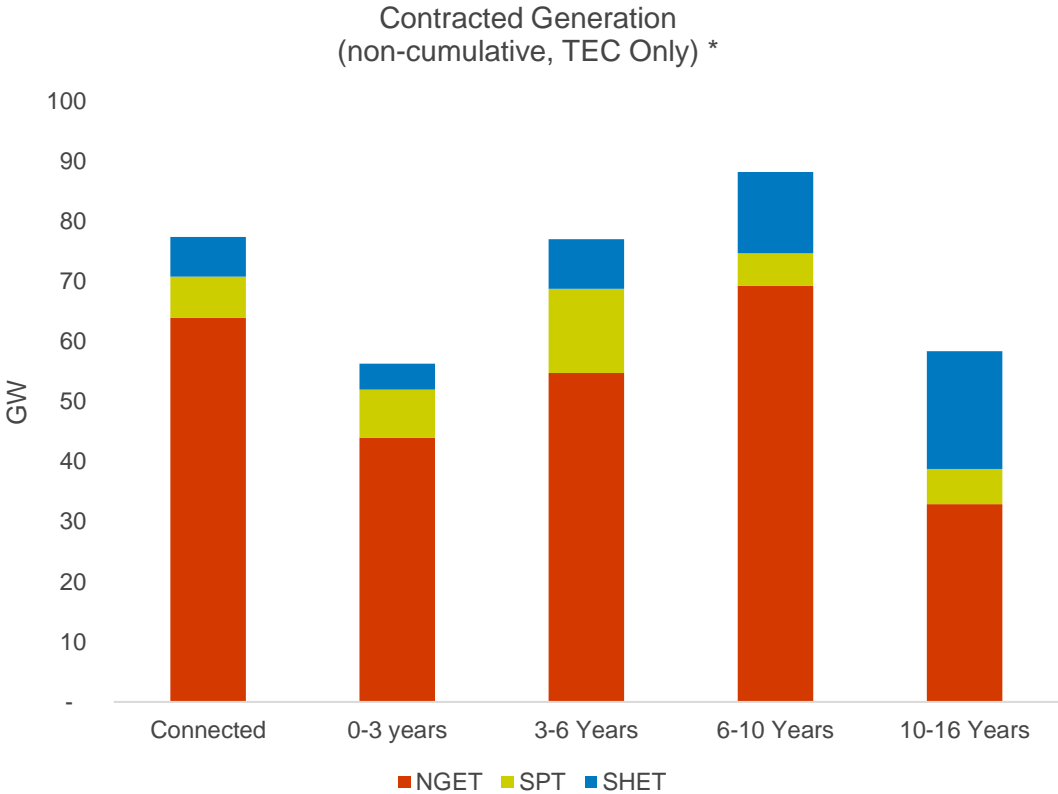
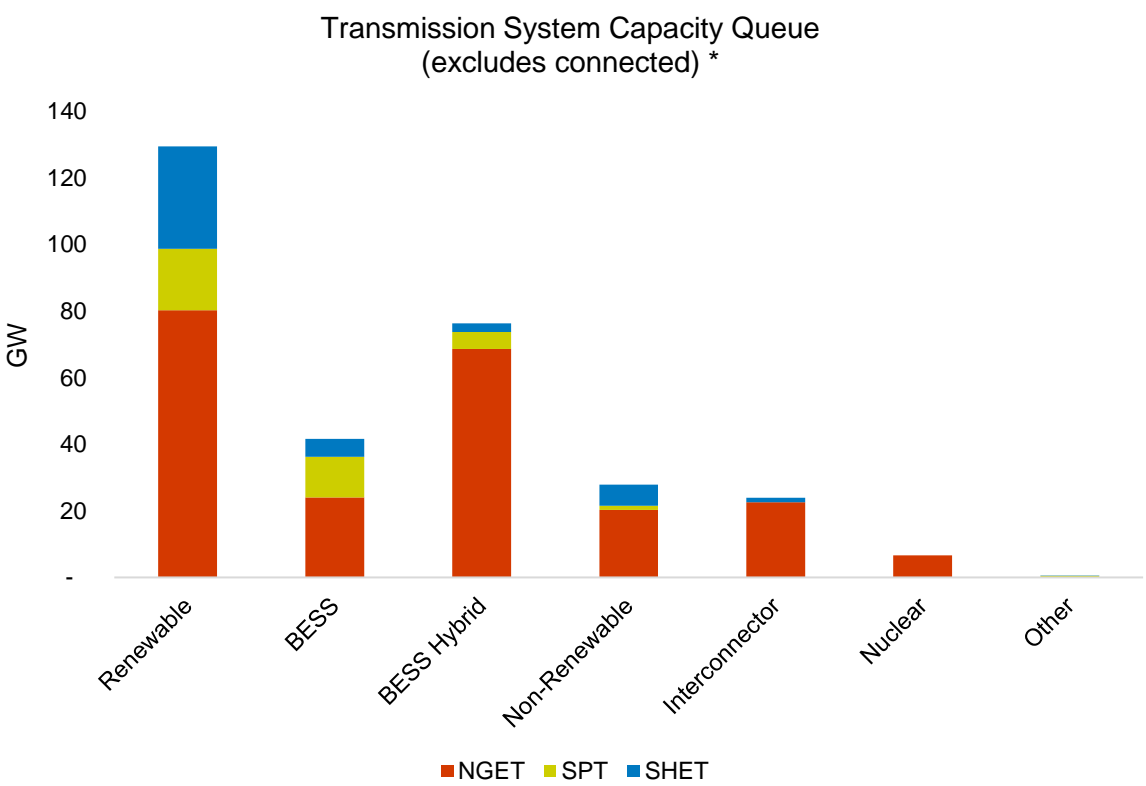
June 23



# Connections Queue

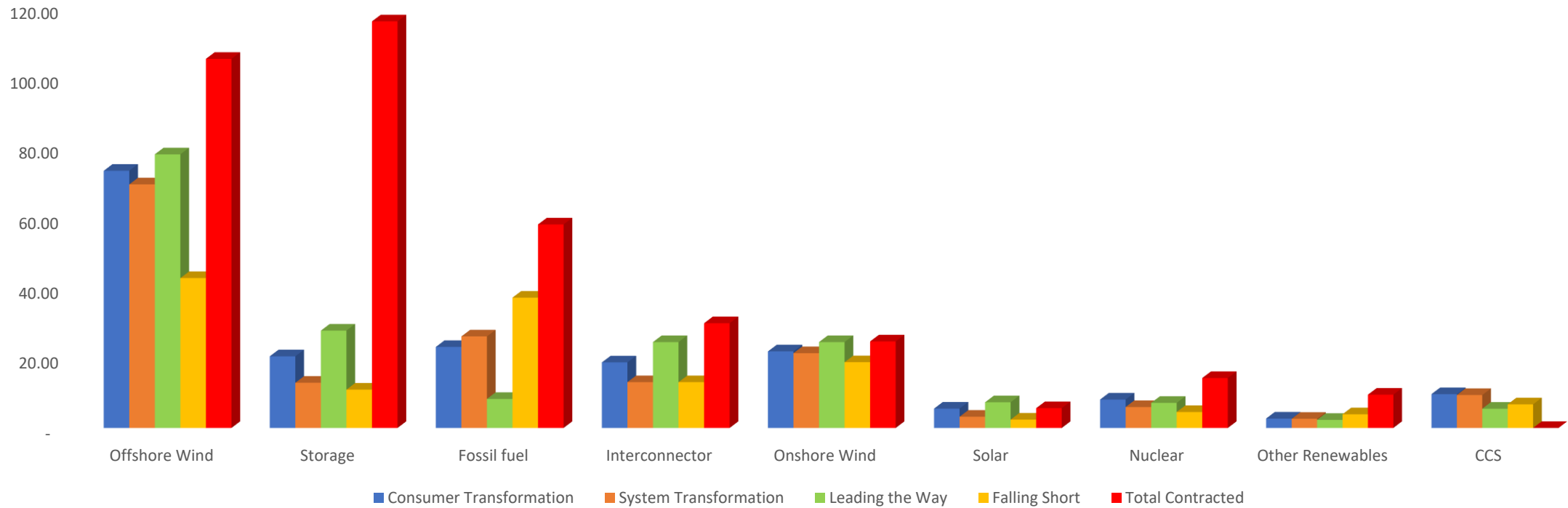
The contracted background is still growing, with more applications offsetting a falling acceptance rate to result in a process with more wasted effort.

Over **306 GW** of generation projects are currently seeking to connect to the electricity transmission system, yet our data shows that up to **70%** of those projects may never be built.



\*Data from TEC Register on 31/05/23

## FES 2035 VS Contracted Generation



	Offshore Wind	Storage	Fossil fuel	Interconnector	Onshore Wind	Solar	Nuclear	Other Renewables	CCS
Consumer Transformation	73.50	20.49	23.16	18.75	21.90	5.53	8.12	2.70	9.67
System Transformation	69.61	12.93	26.18	13.10	21.39	3.21	5.98	2.63	9.42
Leading the Way	78.18	27.83	8.30	24.55	24.55	7.35	7.18	2.32	5.51
Falling Short	42.85	10.96	37.26	13.10	18.80	2.40	4.57	3.92	6.76
Total Contracted	105.42	116.12	58.19	29.95	24.75	5.67	14.28	9.52	-

\*Data from TEC Register on 31/05/23



# 5 Point Plan



# Our 5 Point Plan

Our 5-Point Plan is helping to manage some of these immediate challenges

## 1. TEC Amnesty

This was the first TEC Amnesty since 2013. We received a total of 8.1GW of applications and are currently working with Ofgem to allow the termination/reduction of TEC process from connection agreements.

## 2. Construction Planning Assumptions Review

We are reducing the assumptions around how many projects in the queue will connect. We expect this will allow some connection dates to be brought forward and reduce works in existing agreements.

## 3. Treatment of Storage

We are revising the way storage connections are modelled using insight resulting of a better understating of its behaviour. These changes will allow storage to connect quicker and support unlocking more capacity to connect others.

## 4. Queue Management

There is currently no mechanism in the CUSC to terminate projects that are not progressing. If changes are approved, it would allow us to terminate projects that are not progressing against their contracted milestones and agreed timescales.

## 5. Non-firm Offer Development

The policy aims to accelerate the connection of energy storage projects by removing the need for non-critical enabling works to be complete before they connect. We continue to look at the opportunity to roll out this approach to other connections.



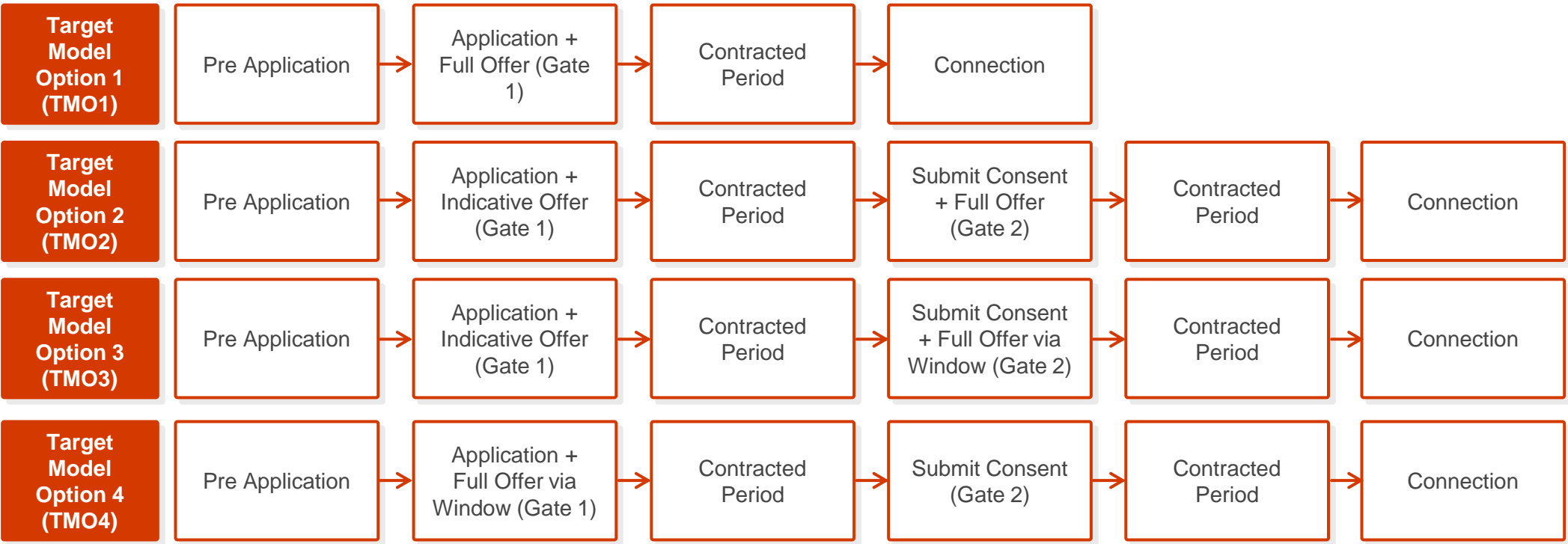
# Connections Reform



# Options Summary

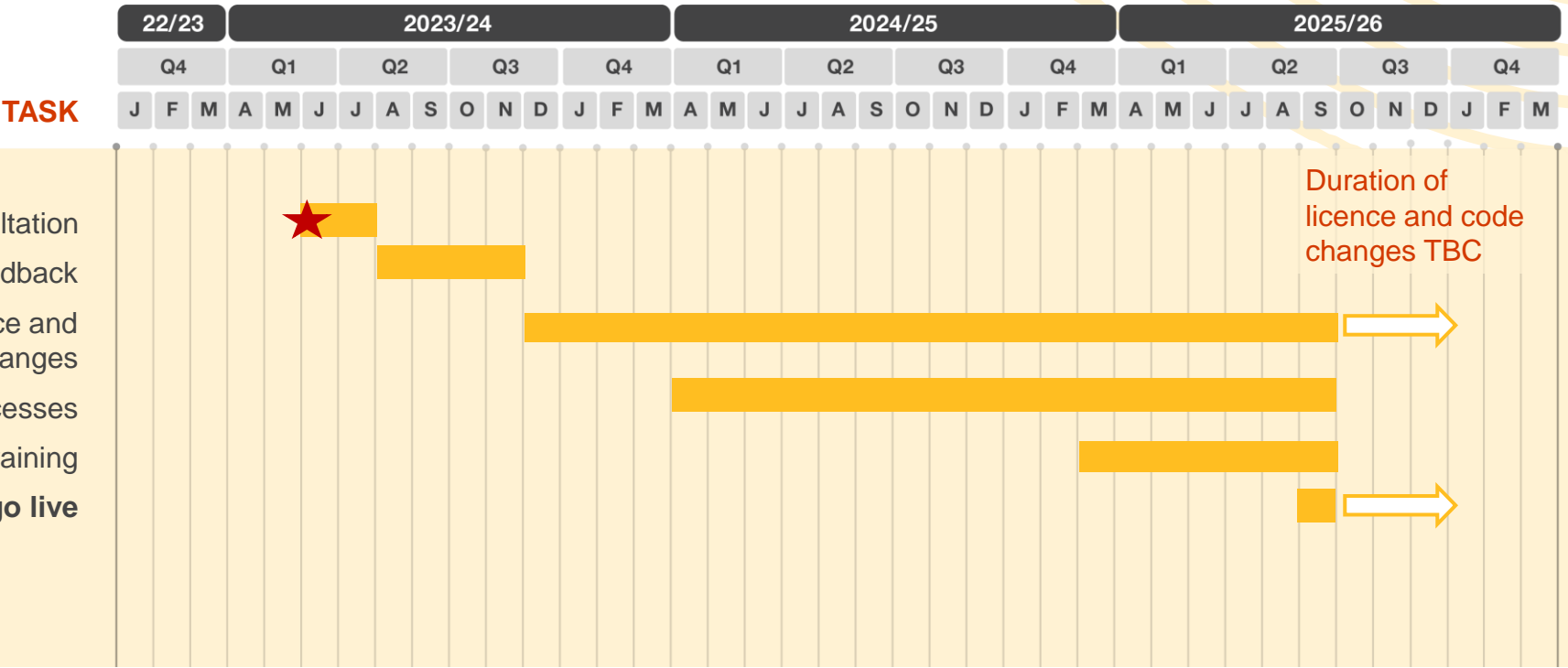
Feedback and evolution of our thinking during Phase 2 of the connections reform project led to 4 Target Model Options (TMOs) being developed

- Each TMO consists of a core process and a selection of changes from **18** addon categories.
- Other core processes were considered but not progressed (e.g. more / later gates and multiple window processes)





# Potential Timeline



This is our indicative implementation plan which is dependent on the consultation and following existing processes for updating of codes and regulation. ESO will continue to work with Ofgem and DESNZ to accelerate where possible any of the deliverables associated with implementation of the new processes.

★ We are here



## How do we get there

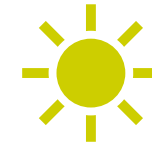


### ESO 5-Point Plan

Tactical measures to address current queue pressures and connection timescales, and align with initiatives at distribution level being led by ENA.

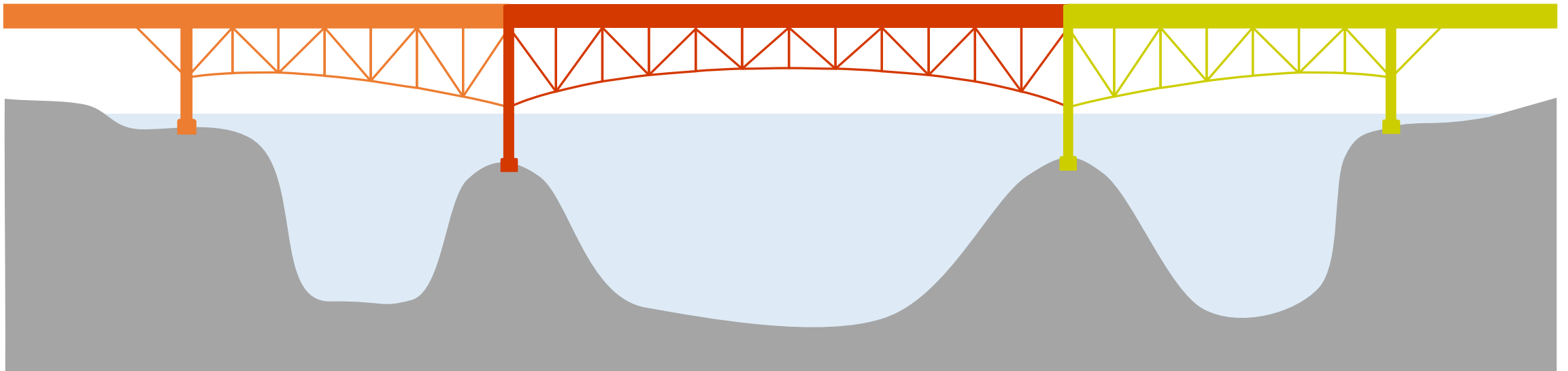
### Implementation and Transition

ESO working with Ofgem, Government and industry to implement reformed process in phases, ensuring this is delivered at speed.



### Reformed Process

New connections model in place with relevant licences, codes, policies and procedures in place. This model is adaptable to future government policy.



# Connections Action Plan briefing ENA Strategic Connections Group

June 2023

# ENA Connections Action plan

David Boyer (Director of Electricity Systems, ENA)

# SCG Connections Action Plan - Action we're taking now

## ACTION 1

### Reforming the distribution network connection queue

- **Spring clean.** Starting this spring, we'll identify accepted connection offers made prior to 2017 that are still in the connection queue but do not have progression milestones in their agreement, and we will follow a three-step approach to migrate those projects to milestones or remove them from the queue.
- **First ready, first connected.** Connections which are 'shovel ready' and are reaching agreed milestones will be prioritised for connection where there is no detrimental impact to others ahead of them in the queue.

- ✓ *Ofgem confirmed support for both solutions (Open Letter)*
- ✓ *Spring Clean letters issued and promotion invitations following for 'shovel-ready' projects*
- *Est. 7 GW to be accelerated or removed from the queue*

## ACTION 2

### Changing how Transmission and Distribution coordinate connections

- **Clear & consistent boundaries.** We're creating clearer, more consistent technical boundaries between Transmission & Distribution
- **Co-ordinating the queue.** A coordinated approach to how the queue is managed between transmission and distribution networks will be implemented for generation/exporting distributed energy resources

- ✓ *Designs complete – joint with DNOs, TOs, & ESO*
- *Focused on Implementation Planning for beginning Phased Implementation in July*
- *30 GW queued behind T constraints*

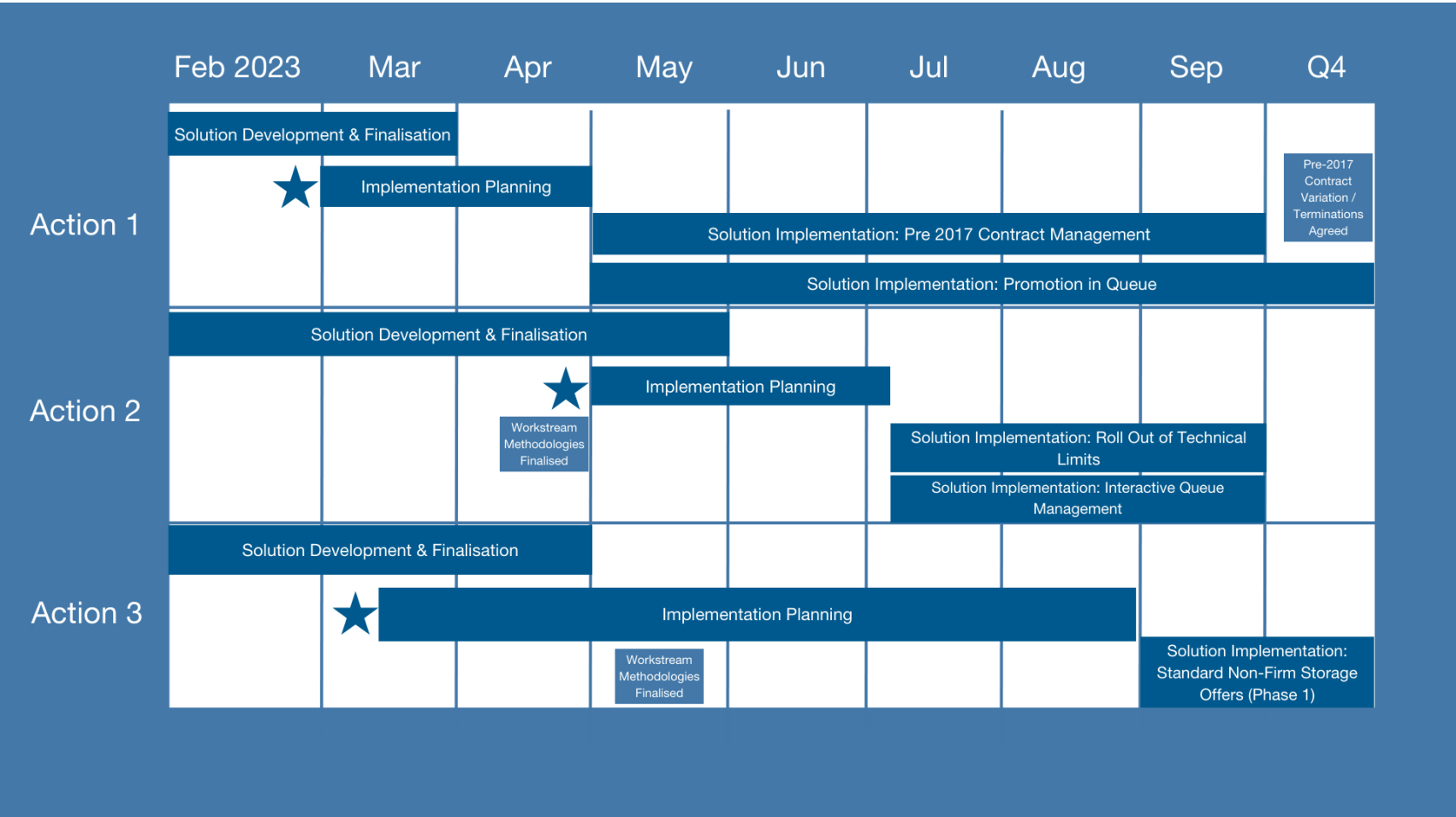
## ACTION 3

### Greater flexibility for storage distribution customers

- **Flex capacity.** Battery storage operators will be offered standardised 'non-firm' connections that allow the networks to connect them more quickly, whilst at the same time improving network's ability to manage that capacity and provide greater network access to other customers.

- ✓ *Designs complete and working with Ofgem to sign off and support solution details*
- *Implementation planned for this Summer*
- *50GW of storage queued for distribution connection*

# SCG Connections Action Plan - Timeline





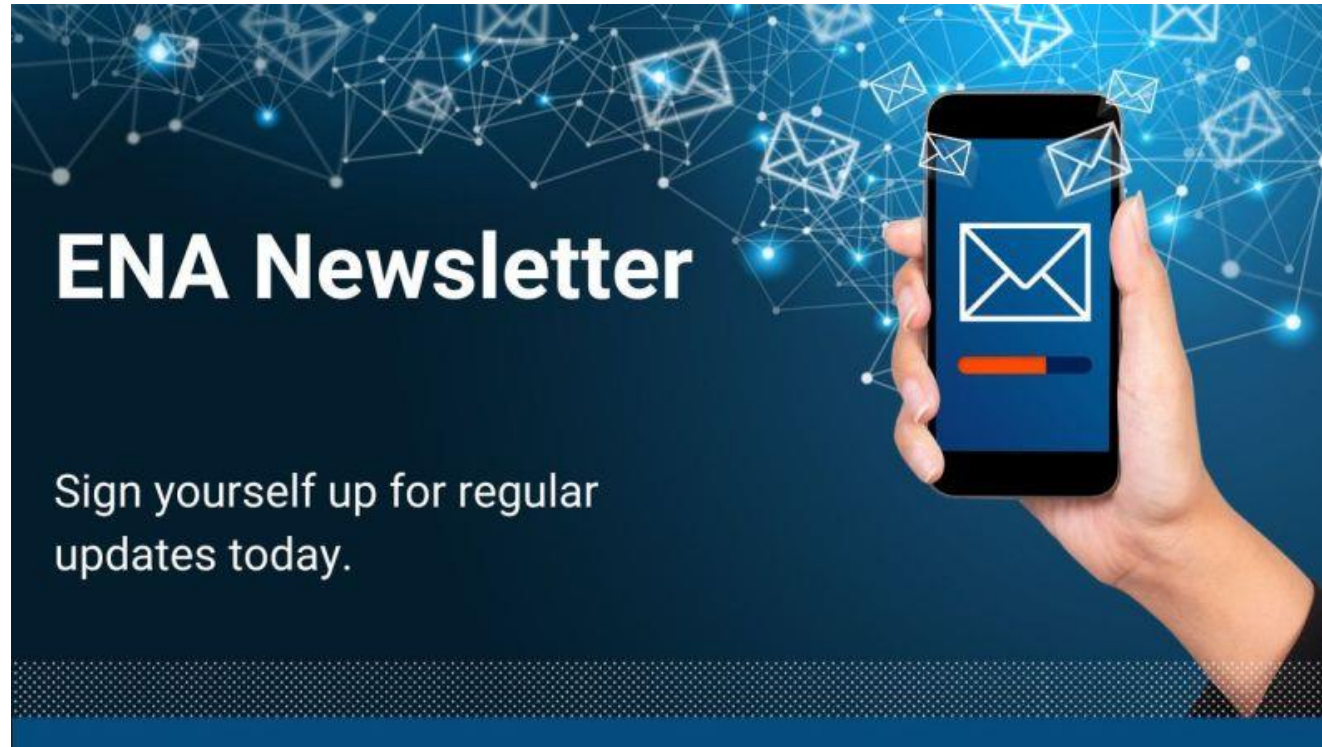
## **Next Steps**


- **Deliver solutions in a clear and consistent way across Britain**
- **Engage With Stakeholders**
- **Engage with Customers**
- **Track Solution Implementation**
- **Keep you informed**
- **Identify Further Necessary & Sufficient Reforms**

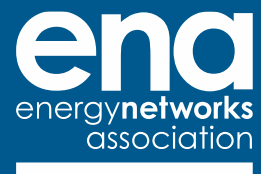
## Wider Relevant Activities

- **ESO Connections Reform** -> strategic reform to transmission connections framework
- **ESO 5 Point Plan** -> tactical initiatives to improve connection outcomes for transmission capacity
- **Access SCR** -> reducing the upfront cost of connection
- **Revisions to key standards G99, G100 relevant to connections**
- **Digitalisation of Connections Project** -> digitalizing the residential connections process

## Next Steps



Sign yourself up to the newsletter using the link on our homepage   
<https://www.energynetworks.org/>



**Energy Networks Association**

4 More London Riverside

London SE1 2AU

t. +44 (0)20 7706 5100

🐦 @EnergyNetworks

[energynetworks.org](https://www.energynetworks.org)

© ENA 2020

Energy Networks Association Limited is a company registered in England & Wales No. 04832301  
Registered office: 4 More London Riverside, London SE1 2AU

**The voice of the networks**

Q&A







## Strategy and Policy Statement for Energy Policy in Great Britain

Consultation

Closing date: 2 August 2023

May 2023

DESNZ has released a consultation on a [Strategy and Policy Statement for Energy Policy in Great Britain](#) to inform the first designated strategy and policy statement for energy policy by a Secretary of State.

Ofgem and the Future System Operator will be required to have regard to the strategic priorities set out by this statement. The consultation asks the following three questions:

- 1. Does the strategy and policy statement identify the most important strategic priorities and policy outcomes for government in formulating policy for the energy sector in Great Britain? If not, please provide details of the priorities that you think should be included.**
- 2. Does the strategy and policy statement effectively set out the role of Ofgem in supporting government to deliver its priorities? If not, please identify where these expectations could be made clearer.**
- 3. Given the Future System Operator does not exist yet but will need to have regard to the strategy and policy statement once it does, do you consider that we have effectively reflected the Future System Operator's role in this document? If not, please identify where these expectations could be made clearer.**

The REA plans to respond to this consultation over the coming months and plans to seek input from members in late-June/early-July.

**Deadline: 2<sup>nd</sup> August 2023.**



The REA has continued to have engagement with Ed Miliband's team on accelerating rooftop solar on domestic and non-domestic buildings. In our first briefing, the REA suggested reviewing planning rules to ensure all new builds (domestic and non-domestic) have adequate solar panels installed, reform the SEG to make tariffs more attractive, promote Local Authority-led solar 'group buying' schemes, including energy storage on the ESM list exempt from VAT, and providing no- or low-interest government-backed loans for installing solar panels and home energy efficiency measures.

Since then, the REA has briefed Ed Miliband's team on available loan and grant schemes to support households install solar. The REA examined and assessed the following schemes that could be used as models for a nationwide scheme:

- Home Energy Scotland Grant and Loan
- Private Rented Sector Landlord Loan.

We are continuing to engage the team as they develop their policies. In addition, the REA has continued to engage the Labour Party through responding to its leaked policy platform. We have sought meetings to discuss policy recommendations that could be adopted to support their manifesto aims. Members will have the opportunity to feed into these discussions once meeting have been secured.





Department for  
Energy Security  
& Net Zero

## Capacity Market 2023 Consultation: Government response

Strengthening security of supply and  
alignment with net zero

June 2023

The Government has responded to its consultation on improving delivery assurance in the Capacity Market and better aligning the scheme with net zero. The Government will take forward its proposals in two phases:

1. Proposals to be implemented prior to the 2024 CM auctions
2. Proposals requiring further analysis and development, with a view to implement from 2024 at the earliest.

The REA responded to the consultation when it was announced. In our response, the REA welcomed the proposed moves to:

- tighten emission thresholds within the scheme.
- proposals to better reflect a range of technologies, including options for retrofitting CCS or hydrogen production on existing CM units.
- introduction of a 3-year low carbon agreement, with a low capex threshold, but highlighted that this will mainly benefit demand side response (DSR) projects.

The REA is pleased that the Government remains committed to introducing an emissions limit reduction in the CM with a view to implementation from 2024 at the earliest. In addition, the REA welcomed that the Government is committing to offering a 3-year low carbon agreement with no Capex thresholds.



The REA responded to Ofgem's open letter on future reform to the electricity connections process. This letter sets out their position on electricity connections reform.

The REA regularly hears from its members about the delays caused by grid connections, where such delays are incompatible with meeting the Government's aim of a decarbonised power grid by 2035.

The REA submitted a response, broadly welcoming this letter and Ofgem's commitment to push ahead with reforming grid connections. We welcomed the approach that Ofgem has decided to take, alongside the action plans recently published by ENA and National Grid ESO. Our response highlighted a couple of points, including:

- highlighting the importance of a clear process for DNOs to go beyond RIIO 2 rulings when further investment in grid infrastructure is necessary;
- reviewing current DNO milestone dates and thresholds should be integral to the initial proposals on queue management;
- introducing a market facilitator should specifically consider the role that storage, at all durations and all technologies (not just batteries and including thermal storage), plays in helping to maximize current grid capacities;
- DNOs should be encouraged, as far as possible, to have standardised applications and process for grid connections; and
- how constraints at the TNO level could also lead to constraints at the DNO level.



## VAT Exemption for Energy Saving Materials

The Government released a Call for Evidence in the Spring Statement 2023 on expanding the list of energy saving materials receiving VAT relief. This Call for Evidence outlines the Government's objectives for providing this relief and singles out battery storage as a technology that the Government has received multiple requests to add to the list of qualifying technologies.

The REA have long been campaigning for the inclusion of storage in VAT relief. Our response advocated:

- extending VAT relief to both retrofitted and standalone battery storage, and has set out how these two forms of installation meets the Government's objectives.
- the case for thermal storage and EV charge points to be included in the list of ESMs receiving VAT relief.
- making the VAT relief permanent rather than time limited to 2027.

The REA has also published an article in Business Green to promote our campaign to expand the list of energy saving materials receiving VAT relief.

We will report back to members as soon as we hear the Government's response.

## CfD Non-Price Factor Consultation

The Government released a call for evidence to acquire views on mechanisms for implementing non-price factors into CfD auctions and potential non-price factors that should be valued in CfD auctions.

The call for evidence considers potential ways of rewarding activities, such as capacity deployment, delivering sustainable supply chains, delivering innovation, and driving skills development – all of which are broadly being termed 'non-price factors'

Three options for how these non-price factors could be included in the CfD are proposed:

- 'Top-up' Payments to the CfD Strike Price
- Bid re-ranking based on non-price factors during the auction.
- Amending the valuation formula to benefit non-price factors when considering a project's impact on the CfD budget.

The REA's response recommended that the second option is likely to be the most effective, striking the balance between incentivising building non-price factors into CfD bids and complexity.

The REA has called for changes that are made to the CfD auction process are done so transparently and provide confidence to the market.





# REA activities: Energy Transition Readiness Index

@reassociation

## Background

ETRI reports have been published in 2019, 2021 and 2022.

These reports assessed the readiness of 13 European electricity markets for the energy transition, from the perspective of investors in decentralised flexibility services that support the deployment of renewable power and decarbonisation.

## Performance

ETRI 2022 was covered by over 100 trade media from 17 different countries, especially popular in the UK, Germany and Ireland. The report has also been used at the party conference season for both the UK and EU parliaments, and COP 27 in Egypt.

5	Finland
4	Denmark, France, Netherlands, Norway, Sweden
3	Germany, Ireland, Italy, Poland, Spain, Switzerland, UK



## Proposals for 2023 ETRI report

- We aim to publish this year's ETRI in early November ready for COP 28.
- Deeper dive into the 13 countries with support from DBT offices.
- Potential interests in understanding the US IRA and its effect on their market.
- The report will present (where available) additional market data for each country, addressing (for the 2022 calendar year):
  - The flexibility gap to 2030 and progress to date.
  - Growth trends for distributed flexibility resources e.g., EVs, data centres.
  - Flexibility of market volumes/value.
- The survey questions will mostly stay the same, but we will be seeking further information in the policy section to address the effect of public funding.
- A comparison with prior years will be provided and where possible, we will seek to identify monetary benefits from flexibility market developments.
- Narrow down the cost of flexibility.



# Meetings of the Solar & Energy Storage Forum

@reassociation

## Member Meeting

Next Member Meeting: October/November 2023 (hopefully in person).

## REA Policy Team

### Mark Sommerfeld

Head of Power and Flexibility

[msommerfeld@r-e-a.net](mailto:msommerfeld@r-e-a.net)

### Frank Gordon

Director of Policy

[fgordon@r-e-a.net](mailto:fgordon@r-e-a.net)

### Jordan Dilworth

Policy Analyst, Solar and Storage

[jdilworth@r-e-a.net](mailto:jdilworth@r-e-a.net)

