

From: Irish Energy Storage Association
Sent: 20 February 2020 14:39
To: Jim Gannon
Subject: Ofgem Proposal on Wires Double Charging for Storage

Dear Jim,

When the Irish Energy Storage Association (IESA) met you last November we spoke at length about the current double charging regime for wires for the storage sector. Since then Frank Burke has sent you some material supporting a change in this area.

At our meeting we referred to the work on wires double-charging then underway by Ofgem, which we were following closely. I am attaching the link to an article on this, which states inter alia:

“The biggest regulatory obstacle it [storage] has faced for long enough is the problem of double charging: storage sites must pay demand charges on the electricity they take off the grid, and then pay generation charges when they export it back onto the system.”

“In order to achieve a more level playing field with generation, Ofgem has taken a number of steps. The first was to propose a licensing system for storage sites by modifying the generation licence. Generation licensees are exempt from final consumption levies, so licensing would extend this to storage operators”

“Secondly, Ofgem has concluded under its Targeted Charging Review that only “final demand” should pay residual network charges. Final demand is assumed to be demand which will not later be exported onto the network, so would not include storage – hence storage would be exempt from residual network charges”

You will recall that, at our Nov meeting, we put forward the proposal and urged that CRU to introduce an interim measure regarding wires “single-charging” for storage in Ireland – consistent with demand sites, generation sites and autogeneration sites. IESA again asks the CRU to give serious consideration to this matter of an interim arrangement, pending a major review of all storage matters down the road.

If you need to come back to us at any time don't hesitate to do so.

Regards

Irish Energy Storage Association

