

ESN Policy Priorities 2021

	Progress in 2020	ESN's policy and innovation focus	Member opportunities to engage
Creating a fair regulatory framework for low carbon generation and technologies	<p>BEIS have committed to producing a Strategy and Policy Statement for Ofgem</p> <p>Ofgem published a Decarbonisation Action Plan</p> <p>RIO2 price controls have explicit considerations of net zero, including a 'net zero reopener'</p> <p>Carbon is regularly raised as a key issue at all Ofgem engagement events – by us and across the industry. This has increased pressure on Ofgem and BEIS and raised broader awareness of the issue, including at our recent webinar: Network Charging – a step forward for decarbonisation?</p>	<p>Aim: we need a regulatory and market framework that has net zero at its core. Ofgem and the network operators must have clearly defined statutory remits to prioritise decarbonisation.</p> <p>Through our work on network charging, our involvement in the RIO2 working groups, and feedback from members on REGOs and access to markets, we have seen the consequences of Ofgem's lack of statutory remit to consider decarbonisation.</p> <p>Similarly, as we work on market and network structures, we see how networks are making good progress to decarbonise, but are often constrained by policy limitations.</p> <p>This issue has steadily become more prominent over the last few years, and has resulted in a number of developments which could result in lasting change.</p> <p>Our actions in 2021 will be focussed on:</p> <ul style="list-style-type: none"> • network charging reviews • RIO price controls • ESO restructuring • a statutory remit for Ofgem to consider decarbonisation • Renewable Energy Generation of Origin certs (REGOs) • market structures 	<p>We sit on the network charging reform Challenge Group, influencing these reforms and understanding the impact for the industry– see our recent webinar: Network Charging – a step forward for decarbonisation?</p> <p>Regen sits on the RIO2 Decarbonisation and Environment Working Group and the Smart Systems Forum where these issues can be raised further.</p> <p>There are several policy opportunities for influence this year, and we always welcome member input and joint campaigns.</p> <ul style="list-style-type: none"> • BEIS' Strategy and Policy Statement to Ofgem • Smart Systems and Flexibility Plan • RIO2 business plans • Access SCR minded-to decision
Electricity markets for a net zero electricity system	<p>Regen published a position paper on Building flexibility markets for a net zero system</p> <p>BEIS policy work on measuring and valuing carbon in flex markets</p>	<p>Aim: markets that function effectively in a net zero system, incentivising the right kind of assets in the right places. This should include recognising the full value of low carbon assets, transparently reporting on carbon intensity of all markets, and ensuring markets and systems are fully accessible.</p>	<p>There are several policy opportunities for influence this year, and we always welcome member input and joint campaigns.</p> <ul style="list-style-type: none"> • BEIS call for evidence on net zero markets • Smart Systems and Flexibility Plan • HMT Net Zero Review

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	<p>has moved on significantly, influenced by our position paper and wider industry debate.</p> <p>Contracts for Difference funding has been extended and re-assigned to solar and onshore wind assets.</p> <p>BEIS are now seriously considering the future of net zero electricity markets, with a call for evidence released in Dec 2020.</p>	<p>Our work on markets over the years includes our insight papers on storage and local flexibility, regular community engagement work with DNOs on their local flex offerings, engagement with BEIS and Ofgem to improve the Capacity Market and working with the ESO to improve markets for storage. This has given us a practical understanding of how markets need to change to enable net zero.</p> <p>Our actions in 2021 will be focussed on:</p> <ul style="list-style-type: none"> • increased and improved data releases of market information • serious policy consideration and industry discussion of the methods for valuing carbon in flexibility markets • carbon pricing • considering how markets will function in a net zero system • ensuring markets are accessible for low carbon assets 	<ul style="list-style-type: none"> • BEIS' Strategy and Policy Statement to Ofgem • ESO restructuring <p>We engage regularly with the ESO from a storage perspective and we invite ESN members to input and attend these meetings, as well as furthering discussions at our Markets and Revenues Working Group.</p>
<p>Sustainability and ethics of the mineral supply chain</p>	<p>This subject has been increasingly raised at our Sustainability, Safety and Supply Chain working group. Through this group, we have engaged with the Fair Cobalt Alliance (FCA) and TDI Sustainability, with the possibility of further involvement in the FCA and commissioning a research project on utility storage and the mineral supply chain with TDI.</p>	<p>Aim: increased awareness and a position in the industry on the concerns with the mineral supply chain. This could include further research and working towards a standard for the industry.</p> <p>The ESN's Sustainability, Safety and Supply Chain working group has previously identified this issue as a key problem to address and has heard from experts in the field.</p> <p>As a member of the BEIS/BSI Health and Safety Governance Group, and our links to international standards bodies and academia, the ESN is in a good position to lead the debate on this difficult issue.</p>	<p>We sit on the BEIS/BSI Health and Safety Governance Group and welcome any input from members.</p> <p>Members are invited to attend the Sustainability, Safety and Supply Chain working group to input into this debate.</p>

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<p>Creating a legal framework for storage</p>	<p>Ofgem has now defined storage within the generation licence. BEIS has recommitted to bring forward legislation to define storage in the Electricity Act.</p> <p>This issues has now been recognised across the industry, including by the REA who are currently pushing this as a policy stance.</p> <p>The ESN ran an industry wide workshop in summer 2020 to explore the opportunities and challenges a separate storage licence may bring. You can read the outputs of the workshop here.</p>	<p>Aim: include storage formally in the electricity licence framework. This would be informed by a constructive industry debate on options available; defining storage as a subset of generation or creating a new licence.</p> <p>The ESN’s Markets and Revenues Working Group has regularly discussed the issue of a legal framework for storage, including putting together a paper outlining the issue in 2019. Our broad representation of industry types and technologies makes us well placed to understand and lead this debate.</p>	<p>Members are invited to attend the ESN Markets and Revenues Working Group to input into this debate.</p>
<p>Local energy planning and investment</p>	<p>Regen published paper: Local leadership to transform our energy system</p> <p>We are running event with local authorities on net zero action planning in March.</p> <p>Local authority ceiling for energy efficiency standards will not go ahead, following pressure from Regen and wider industry.</p> <p>Significant overtures in the National Infrastructure Strategy to greater devolved powers and leadership for local bodies.</p>	<p>Aim: we need a new model for local governance of energy which allows local bodies to plan for and invest in energy policies which can deliver their ambitious climate goals.</p> <p>Our delivery projects and advisory work with devolved governments, local authorities, and DNOs, have helped us identify where the barriers are to delivering low carbon energy and how such barriers can be addressed.</p> <p>Our recent paper Local leadership to transform our energy system lays out the structures, investment, powers and action needed to tackle the climate emergency. We will be following up on the specific actions laid out in this paper.</p> <p>Our actions in 2021 will be focussed around:</p> <ul style="list-style-type: none"> investment and business models for community projects 	<p>We invite members to engage in our events throughout the year, including our many DNO community engagement events and our local authority net zero action planning event in spring.</p> <p>There are several policy opportunities for influence this year, and we always welcome member input and joint campaigns.</p> <ul style="list-style-type: none"> Planning white paper National Policy Statement review RIO2 business plans Access SCR minded-to decision Future Homes/Building Standard <p>Regen sits on the RIO2 Decarbonisation and Environment Working Group, and the network</p>

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50 MW planning threshold removed for storage projects, meaning all sized projects (except pumped hydro) will now be decided at the local level.

- local planning policy development
- local priorities in the price control process
- network charging (including connection costs)
- heat and energy efficiency

charging Challenge Group, and we welcome input from members.