

A Smart Flexible Energy System

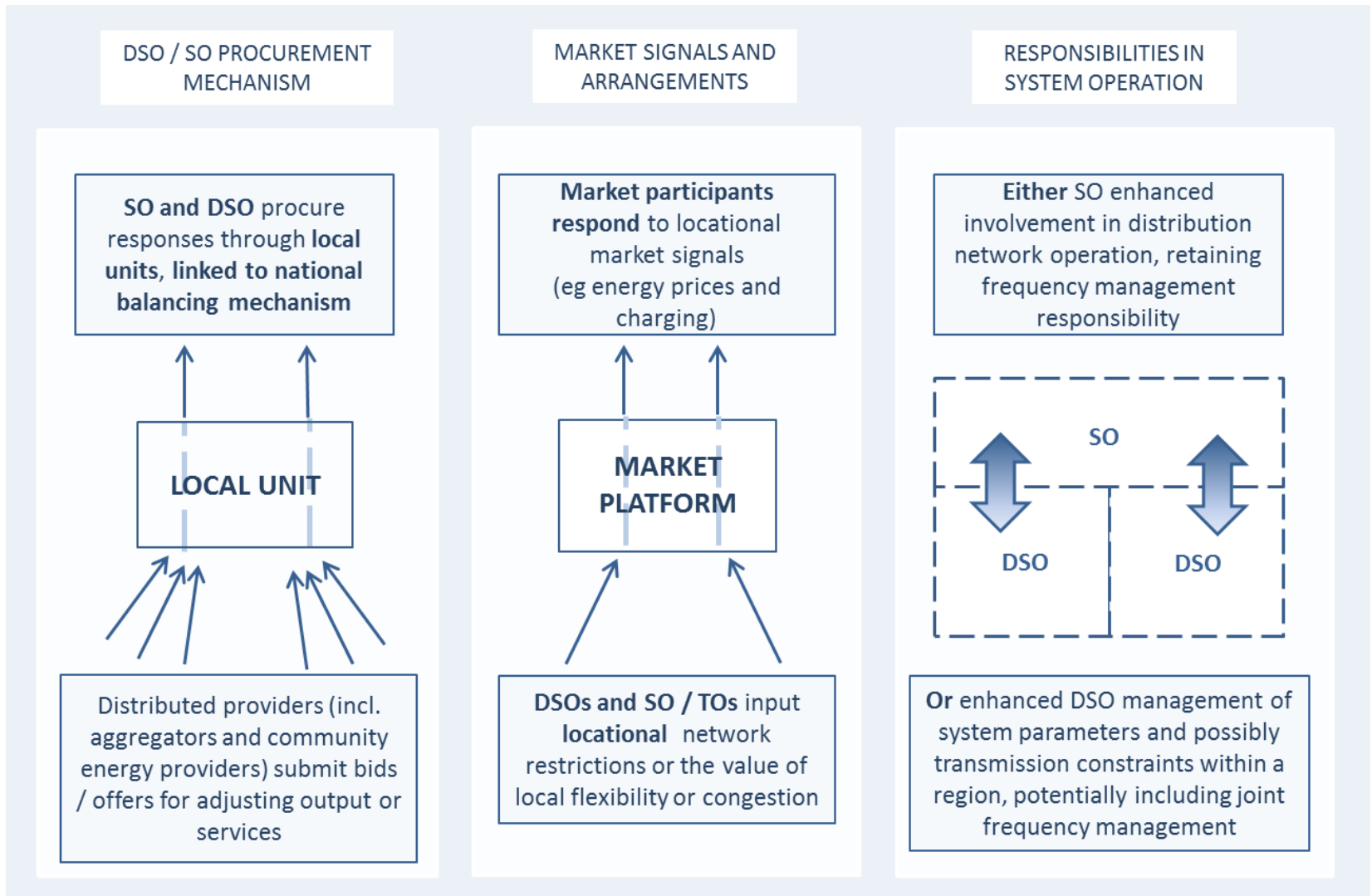
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ofgem

- Call for evidence set out our view that storage should pay network charges for import and export, but it may contribute too much towards residuals
- [Targeted charging review](#) sets out our view that network residual charging should be reviewed as it has the potential to distort outcomes and increase charges for some consumers.
- Consulting on initiating a Significant Code Review to address this
- We are also seeking views on specific changes to network charges for storage (stand alone storage and storage co-located with generation), which we think could be taken forward directly by industry:

Charge	Proposal
Transmission residual	Remove
Distribution residual	Remove
BSUoS	Amend (define storage as import or export BMU, or charges BSUoS on basis of gross imports or exports)



Evolution of roles in short to medium term

- 100 responses, vast majority agreed with the proposed evolution of roles
- However, some called for increased focus on role of third parties
- 1/3 considered increased transparency an important part of the transition
- Support for industry to lead progress, but at increased pace and with input from broader set of stakeholders
- Concerns raised over range of potential barriers including; incentives for delivery of best outcomes for system as a whole, efficient use of innovative solutions, connection and constraint management arrangements and charging

Longer term changes

- Majority view that further changes to roles and responsibilities likely to be necessary
- Future models felt to cover the right range of options
- No common view yet of the right longer term direction. Appetite for any future reform to minimise complexity/cost and deliver effective coordination.