



Markets and Revenues Working Group

1 December 2020

Policy update

Policy announcements

- [10 Point Plan](#)
- [Spending Review](#)
- [National Infrastructure Strategy](#)
- [Contracts for Difference](#)

Key announcements for storage

- £1bn Net Zero Innovation Portfolio
 - £200m 2021/22
- £100m for energy storage and flex innovation challenges (potentially long duration)

- floating offshore wind
- nuclear advanced modular reactors
- energy storage and flexibility
- Bioenergy
- Hydrogen
- Homes
- direct air capture and
- advanced CCUS
- industrial fuel switching
- disruptive technologies such as artificial
- intelligence for energy

Governance, networks and regulators

- Possible change in statutory duty for Ofgem
- Structural changes for the ESO – removal of ESO from National Grid
- Moves to improve how regulators conduct price controls and plans to legislate to improve competition, in a similar way to offshore wind connections

Contracts for Difference

- How should storage be treated in the CfD regime?
 - No concrete decision in the document, but lots of interesting suggestions which would warrant further discussion amongst members
- CfD payments removed during periods of negative pricing
 - What is the opportunity for storage here?
- CfD document and NIS refer to a review of renewable support and how the power market will function with increasing zero marginal cost generation. This could point to a wider review and we're already beginning to discuss within the ESN.

What to expect from the Energy White Paper

- Structural reform for the Electricity System Operator
- Governance changes: setting out the role for decision makers in the sector
- Measures to ensure 'strategic alignment' of policy (BEIS) and regulation (Ofgem)
- Changes for network investment decisions, including legislation on competition
- Clearer plans for nuclear investments

What we want from the Energy White Paper

- A clear vision of a smart, flexible and high renewables power system
- A clear direction set out for the role of storage and flexibility role in the system as it decarbonises, with storage defined in legislation and reforms to flexibility markets
- Reform of the regulator and the system operator to ensure they are aligned with government policy - for example ensuring our energy infrastructure is ready for more renewables and the electrification of transport and heat