



DRAFT

Minutes of the meeting: European National Energy Storage Associations (ENESA)

Chairman: Patrick Clerens, EASE Secretary General

Date: Tuesday, 10 May 2016, 10:00–16:00 (CEST)

Location: EASE offices, Avenue Adolphe Lacomblé 59–2nd floor, B–1030 Brussels

Participants:

Cainey, Jill	ESN
Oliveira Paulo, José	EnergyIN
Pastleitner, Ralf	Österreichs Energie
Teschner, Helena	BVES
van der Spek, Hans	Energy Storage NL
Becker, Brittney	EASE
Clerens, Patrick	EASE
Gerus, Victoria	EASE

1. Welcome & Tour de table

Mr Clerens welcomed the participants to the meeting, and a brief tour de table took place. All of the presentations and meeting documents are available on the EASE website (<http://www.ease-storage.eu/european-national-energy-storage-associations.html>).

2. Meeting objectives

Mr Clerens briefly outlined the purpose of the meetings between EASE and the European national associations, highlighting the coordination of activities and information exchange.

3. Update on national/European activities, including on ownership of energy storage by regulated system operators

Each association gave an account of their recent and upcoming activities and of national policy and regulatory developments. In the national presentations, participants also touched briefly on their association's members' views on energy storage ownership.

BVES (DE)

Ms Teschner gave an overview of the developments in the German energy transition. Germany has set very ambitious renewables targets, but the grid cannot cope with the increasing share of renewable energy sources (RES).

Due to the difficulties of grid extension, the German public and policymakers are now recognising the need to invest in flexibility. Energy storage is therefore an increasingly popular topic, especially for self-consumption. The popularity of self-consumption is leading to new business models such as renting and leasing storage devices for residential customers. Trends in grid-level storage include increasing interest in batteries for the primary reserve market, thermal storage, and new technologies such as power-to-gas.

However, the regulatory framework is not yet fit for purpose, although the upcoming energy law supports flexibility options. The first priority is to lobby for the inclusion of an energy storage definition in the legal framework.

EnergyIN (PT)

Mr Oliveira Paulo presented the latest developments of ES projects in Portugal. The Sustainable Porto Santo project is investigating the value of flywheels and battery storage to provide system services to address the challenges of a fossil-free island. Another project focuses on the economic viability of Compressed Air Energy Storage (CAES). Project Sensible, a Horizon 2020 project centred on integrating different energy storage technologies into local energy grids, includes a demonstration of storage-enabled power flow, power quality control, and grid resilience in Portugal.

Energy Storage NL (NL)

Mr van der Spek began by noting that there is a lot of interest in energy storage in the Netherlands, so managing expectations is important. Energy Storage NL has been growing rapidly and has seen an increase in interest from law firms. The association has held several meetings, including a meeting on GridStor and the Universal Smart Energy Framework (USEF), which delivers the market model for the trading and commoditisation of energy flexibility.

The Dutch Government is increasingly interested in energy storage and has set up the National Task Force Flexibility, of which Energy Storage NL is a member. The recent court ruling against the Dutch Government, which found that it is failing to address climate change, will lead to more demand for RES and energy storage. A discussion is ongoing on whether to end the practice of net metering for retail billing. Meanwhile, support for smart metering is growing, and new technologies are gaining traction. The Government is attempting to change the regulatory framework for energy, but the Dutch Senate voted against the package due to resistance to further market liberalisation.

ESN – Electricity Storage Network (UK)

Dr Cainey presented a detailed overview of national policy and regulatory developments in the UK. She explained how the considerable policy momentum in autumn 2015 behind the mantra “We need energy storage, and we need it now!” has become diffused in the sometimes competing policy initiatives of the Department of Energy & Climate Change (DECC), the Office of Gas and Electricity Markets (Ofgem) and the National Infrastructure Committee. An important DECC call for evidence on energy storage has been delayed until summer 2016 due to the UK policy ‘purdahs’ for elections and the upcoming referendum on EU membership, meaning that its results may come too late to influence the ‘Winter Package’ proposals of the European Commission for revision of the Third Energy Package.

Dr Cainey also gave a status report on the UK’s efforts to formulate definitions for “electricity storage” and “energy storage” which would avoid them being deemed regulated activities, for example, which would be the case if they were classed as “generation” assets. Energy storage will likely be defined as a sub-class of generation, although this runs counter to the EU-level Requirements for Generators network code. Lastly, Dr Cainey described UK market developments, including a National Grid tender for Enhanced Frequency Response, which has created a great deal of interest but has created a connection ‘nightmare’ with those preparing to tender.

Österreichs Energie (AT)

Mr Pastleitner explained that the report of the Speicherinitiative des Klima- und Energiefonds (a project of the Austrian Government), expected in May 2016, is not yet available. He will present the report at the next ENESA meeting. In both Austria and Brussels, Österreichs Energie is lobbying for a regulatory framework that values energy storage and

addresses problems such as end consumer costs being placed on storage. Österreichs Energie has not yet agreed on the ownership question, but the prevailing view is that most energy storage should be supplied by generators/utilities. The DSOs and TSOs within the association, however, disagree with this view.

EASE – European Association for Energy Storage (EU)

Mr Clerens presented an update on European activities, divided into three sections: Research and Innovation; Market design policy matters; EASE public affairs/communications.

In the Research and Innovation section, participants were informed about the European Technology and Innovation Platform for smart grids and storage (also known as the ‘integrated energy system’ ETIP). After its launch on 19.05.2016, EASE will forward the call for participants for the 30-seat governing board to the ENESA network. Participants were also given an update on the Grid+Storage project in which EASE is a consortium member, including a public consultation to be launched in mid-June to gather inputs for the Research & Innovation Roadmap (RIR) and Implementation Plan (IP) which are the main deliverables of the project. Participants also were informed of the update of the EASE/EERA technology development roadmap, initially issued in March 2013, which will be updated in 2016. ENESA network members will have the opportunity to provide input via an informal process to take place in the summer. To close the section, Mr Clerens informed participants about the own-initiative submission that EASE will be making to shape the Horizon 2020 work programme for the 2018–20 period. ENESA network members will be sent shortly the EASE questionnaire for soliciting research and demonstration project priorities to input to the European Commission.

In the section on market design policy matters, Mr Clerens informed participants about the EU-level policy initiatives that EASE is trying to influence through its advocacy activities and about opportunities for ENESA network members to engage in supportive advocacy. For example, ENESA network members were encouraged to contact their respective local members of the European Parliament (MEPs), who would be voting in early-July on an own-initiative EP report on energy market design, which is being amended to include positive support for energy storage (e.g., establishing a separate asset category for energy storage systems) after lobbying from EASE. Participants were also encouraged to share any ‘political intelligence’ related to EU-level policy matters (e.g., on electricity network codes or on definitions of energy storage being formulated) that they gain from national ministry and/or national regulator representatives at ENESA meetings but also in informal exchanges with the EASE Secretariat between meetings.

In the section on EASE public affairs, participants were informed about the EASE Student Award which would be launched this week and asked to disseminate that award announcement to their members and relevant student organisations. Participants were also thanked for their contribution to the new ENESA section in the EASE Activity Report 2015 which will be issued later in May. Finally, participants were informed about the EASE-organised 2nd Energy Storage Global Conference to held 27–29.09.2016 in Brussels. Participants were informed of opportunities for conference sponsorship, being part of the conference exhibition, and serving as a conference partner.

4. Discussion on Topic of the Day: Ownership of energy storage by regulated system operators

As mentioned above, during each association’s account of their national activities and of national policy and regulatory development, participants touched briefly on their

association's members views on energy storage. Generally, the national associations and EASE are encountering difficulties in formulating common positions due to the diversity of views being expressed across their membership base. Mr Pastleitner informed the participants that, in a recent meeting of the Austrian Energy Association with Unit B.2 of Directorate-General for Energy (DG ENER) in which he participated, DG ENER representatives indicated that revision of the Third Energy Package would not result in the permitted ownership of energy storage by regulated distribution system operators (DSOs) and transmission system operators (TSOs). It remains to be seen whether this position be unchangeable prior to the 'Winter Package' proposals for amending the Third Energy Package.

In terms of grounds for developing a common position, there seems to be potential in two areas: ownership for the self-supply of applications/services which are essential for system stability (e.g., voltage control); ownership in the absence of competitive supply in a given geographic market (e.g., on islands). Most discussion was had about applications essential for system stability. Firstly, questions were raised about the treatment in regulatory accounting terms about an energy storage asset of a DSO or TSO over time, e.g., when the system stability demand no longer existed or for which technological advances resulted in lower cost solutions (energy storage or otherwise) being available. Questions were also raised about situations where the energy storage asset would be under-utilised if only used for a given system stability need. If, for example, a DSO's or TSO's energy storage asset were contracted to a third party for alternative commercial purposes to maximise the utilisation of the asset (e.g., with stacked applications), how would the DSO or TSO manage that income (again in regulatory accounting terms)?

The complexity of the questions raised in the group discussion made it apparent that considerable policy debates would need to be had at EU- and national levels before any broad determinations on energy storage ownership by regulated system operators.

EASE and the ENESA network members will continue in their positioning exercises independently. If/when a few associations have arrived at a respective common position, this topic could be treated again within ENESA.

5. Topic of the day for the next meeting & Next steps

Date & time of the next meeting

A next meeting date of Thursday, 27.10.2016, at the EASE premises in Brussels, was agreed. For the ENESA meeting in H1 2017, Ms Teschner proposed that it be held in conjunction with the Energy Storage Europe conference in Düsseldorf, Germany. This will be decided upon receipt further information about the Energy Storage Europe conference (e.g., whether free admission would be available for ENESA participants). In this case, the ENESA meeting would be held on 13.03.2017. This will be confirmed at the October 2016 meeting.

Topic of the day

Mr van der Spek proposed the topic of "Aggregator business models to unlock the maximum value of energy storage." The proposal was unanimously supported by the participants.

6. Closing

Mr Clerens thanked the attendees for their participation, and the meeting was adjourned at 16:00.