

A EUROPEAN REGULATORY FRAMEWORK FOR STORAGE IS NEEDED

SUMMARY FOR POLICY MAKERS

Storage is a promising tool to provide more flexibility to the power system that needs to balance increasing amounts of variable renewables. ENTSO-E's position paper on energy storage therefore assesses the services that storage could provide to the system and pleads general principles for a required European framework on storage.

From a system point of view, storage solutions are gaining prominence: capacities and quality of technologies are fast 'learning' and thus able to provide a wide range of services, while at the same time the costs decrease. The uniqueness of storage includes the fact that it is possible to build, locate and operate concentrated electrical storage anywhere in the network, while small-scale devices can be aggregated to ensure large-scale deployment. Storage can improve the efficiency of the market and facilitate the integration of renewables by managing their variability not only on a daily but also on a seasonal basis.

It is time now to unleash the potential of storage and to set the regulatory framework that's needed for storage. Storage is neither exclusively generation nor demand. A specific storage regulation is thus justified, even if TSOs look at storage from the perspective of the services it could deliver.

Investments in storage should be primarily driven by the market via predictable and sufficiently remunerating price signals. However, current uncertainty on wholesale prices and on planning permission is severely hampering investments. As to stimulate investments without offsetting the market solutions such as tenders set up by TSOs on storage for certain system services (e.g. procuring a certain quantity of MW with long term regulated contracts) could help.¹⁾ In clearly defined cases of market failure offsetting any market

based investment TSOs could make a regulated investment. These would be approved on a case by case basis, considering such cases as exceptional.

ENTSO-E's position paper identifies **general principles** that should guide the future policy and investment framework for storage to be taken up on a European level:

- **Storage activities should be market based.** They should compete on a level-playing field with other technologies. As such tariff structures should ensure technology neutrality, while being fair and non-discriminatory towards storage;
- **Storage devices should not be restricted to a single service** as this would not be economically efficient and would disregard the unique service opportunities storage can deliver;
- **The transmission system operator (TSO) should have access to data** of central and distributed storage facilities for system security in all relevant time frames, as to fulfil their role in system stability.

¹⁾ Example National Grid tendering 200 MW to market participants, respecting technology neutrality