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scottish renewables

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Dear LDES Team,

Actions to take on LDES Cap and Floor scheme

Scottish Renewables is the voice of Scotland's renewable energy industry. The sectors we represent deliver investment, jobs and social benefits and reduce the carbon emissions which cause climate change. Our 350-plus members work across all renewable energy technologies, in Scotland, the UK, Europe and around the world. In representing them, we aim to lead and inform the debate on how the growth of renewable energy can help sustainably heat and power Scotland's homes and businesses.

Scottish Renewables welcomes the opportunity to respond to Ofgem's Long duration electricity storage window 1: minded-to decisions. We set out our initial position on the broad outline of the project assessment in our response to the Long Duration Electricity Storage Project Assessment on June 25, 2025 and still hold to the positions set out in this document.

We acknowledge the considerable progress made in developing a structured support mechanism for Long Duration Electricity Storage (LDES) and fully endorse the objective of advancing large-scale, long-duration storage assets as integral to a secure, resilient and low-carbon electricity system. We were very pleased to see seven Scottish projects on the list of minded-to projects, representing 5.1GW out of the total 7.6 GW and support Ofgem's decision to award close to the top of the 2.7-7.7 GW window in the National Energy System Operator (NESO) Future Energy Scenarios (FES) recommendation.

However, we have some specific concerns around blockers and challenges that we believe could stand in the way of the LDES cap and floor scheme meeting the NESO FES recommendation of having at least 2.7 GW of additional long-duration electricity storage on the system by 2035, noting that the latest first operation of the minded-to decision projects is 2033. We would also like to see a clear pathway for any future or top-up procurement.

Our primary concern is that Ofgem must ensure that there is a realistic pathway available for enough of the projects on the minded-to list to reach Final Investment Decision and enter operation. This means:

- NESO and Transmission Operators must collaborate with projects on the minded-to list to ensure they have a viable route through the connections process to secure a connection date on or before 2033.
- The level of the floor must be set at a point that makes a viable business case for investment.
- Transmission Network Use of System (TNUoS) charges for storage should be resolved to remove the disincentive for storage cited behind constraints, via implementing CMP405[1] and making the necessary Reformed National Pricing (RNP) reforms.

[1] CMP405: TNUoS Locational Demand Signals for Storage | National Energy System Operator

- Regime variation requests or regime duration requests for projects on the minded-to list should be reconsidered if there is evidence that their refusal significantly reduces the likelihood of deliverability.

Given that the NESO LDES response to DESNZ Request for Advice states that their Capacity Expansion Models indicate that somewhere between the middle and upper bound of the recommended range is likely to be cost-optimal for Great Britain, Ofgem should also look at adding additional viable projects to the minded-to list (beyond the 7.7 GW upper limit) to ensure consumers experience the maximum consumer and economic benefits LDES can provide.

The ultimate measure of success for the Cap and Floor scheme will not be the award of minded-to status, but the delivery of operational assets. If the points above mean that a significant proportion of projects are unable to progress to Financial Investment Decision and construction, the scheme risks falling short of its objectives despite the strong pipeline identified through the assessment process, resulting in the electricity system and energy consumers missing out on the net benefits LDES can provide.

In terms of the future of the LDES Cap and Floor scheme, we strongly support further application rounds that build on what is learned from the Window 1 process. If you intend to propose any revisions to the evaluation system for Window 2, we would like them to be clearly set out and consulted on in full before a minded-to list is presented, particularly with regard to what factors will be considered, how they will be evaluated and which assumptions will be made. The existence of a minded-to list stating who has been successful under an assessment process makes it considerably harder to reach meaningful industry consensus on how any element of that assessment process should have been structured and carried out. Any consultation on the minded-to list should then be limited to whether there were any perceived errors in carrying out the pre-agreed and published assessment process.

We think a clear commitment to future LDES windows would help to support the required uplift in supply chain and workforce that will be required to deliver the minded-to list of Window 1. We would also like to see whole-system considerations in future LDES Windows, looking at the predictions of the Strategic Spatial Energy Plan and potentially increasing the capacity targets of future LDES Windows in response to any delays in the progress of technologies which perform a similar function, such as gas carbon capture and storage or hydrogen to power.

Scottish Renewables welcomes the opportunity to respond and would be keen to engage further with this agenda. We would be happy to discuss our response in more detail.

Yours,

A Macdonell

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