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Dear Balancing Services Team

I write on behalf of Ecotricity in reply to the **informal consultation of the development and procurement of two new balancing services.**

Ecotricity's mission is to change the way energy is made and used in the UK. It was the founder of the green energy movement within the UK, and the first company in the world to be a fully integrated green energy supplier. Today we are the largest independent green power company in Europe. All the key elements of the electricity industry from developer to generator to retailer are managed in-house.

We have over 74,000 customers, all of who actively choose to buy their energy from us so we can continue to build new sources of renewable energy to combat climate change and realise a more sustainable future. We strive to develop innovative projects and new business models as evidenced by the success of our Merchant Wind scheme and Electric Highway.

We are currently developing a domestic energy storage device, which we believe will meet the requirements of the Demand Side Balancing Reserve (DSBR) services you are looking to procure. We intend to perform domestic trials with our customers in 2014 and would welcome the opportunity to discuss these trials with you in more detail.

We have reviewed your consultation document and attended the workshop held on the 17th of July. We have the following specific comments on your proposals to procure Demand Side Balancing Reserve services.

DSBR1 Do you agree with our proposed participation criteria?

The scope of participation is very narrow. The period over which you are seeking demand reduction coincides with winter domestic tea-time peak in demand. However, your consultation document makes it clear that you are seeking to procure DSBR services from energy users which are half-hourly metered and whose data is used in settlements. These energy users are not typically domestic customers.

It would be more beneficial and sustainable to seek demand reduction from domestic customers during this time.

In addition, due to the delay in the mass roll out of smart meters, we are concerned that the requirement to be half hourly metered will prohibit participation of domestic customers and their suppliers.

Currently, uncertainty about the role energy storage and demand response technologies will play in the future is hindering its commercial development. NG should use the problem of narrowing plant margins as an opportunity to define a role and stimulate innovation in these technologies. This would provide greater long term system benefits which would endure beyond the mid-decade security of supply concerns.

DSBR2 Do you agree with our proposed product definition?

Yes we agree with the requirement that the product be able to provide demand response for at least two hours between 4pm and 8pm, on a non-holiday workday, November to February. We would also suggest that NG look to use DSBR during other less critical stress events as demand response (or reduction) could be useful to the grid at other times.

DSBR3 Do you agree with our proposed payment arrangements? Do you have any views on the proposed level of set up payment?

We believe that the proposed level of setup payments of around £5-10 per kW is too low for service suppliers and would not cover the costs of implementing the processes required to provide DSBR services.

We would like to know your proposals for determining the appropriate level of utilisation payment for domestic customers as the VoLL cannot be calculated from disruption to commercial activity.

DSBR4 Do you agree with our measurement and baseline proposals?

We agree with the methodology however, we are concerned that it may prohibit entry for domestic customers and their suppliers due to the mass roll out of smart meters not taking place until autumn 2015. The delay to the smart meter roll out means customers and suppliers will not have data from the previous winter to calculate the baseline demand.

To mitigate this, we suggest that an alternative baseline methodology be developed specifically for domestic MPANs to enable domestic customers (and their suppliers) to participate in the DSBR service.

DSBR13 Do you have any comments on our procurement options.

We prefer option b) *Procure a service, with a significant de minimis level, from aggregators, suppliers, DNOs and larger users only. With this option, we could use existing systems for despatch,*

i.e. EDT/EDL or STOR Despatch, and rely on aggregators to develop the necessary arrangements that will facilitate participation by a broad scope of participants.

This would allow us to develop appropriate demand response arrangements that work for both NG and our customers.

Conclusion

We understand the need for NG to investigate additional measures to address concerns over narrowing plant margins and an uncertain mid-decade security of supply outlook. However, we urge NG to use this as an opportunity to stimulate the commercial development of technologies that will enable demand response in the domestic sector.

Should you require any further feedback regarding your proposals or if you would like to discuss our domestic energy storage trial, please do not hesitate to contact me.

Yours Faithfully,

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