



**LOW CARBON  
CONTRACTS COMPANY**

**POWERING NET ZERO**

# Storage Co-location Generator Guidance

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November 2021

Version 1



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### Disclaimer

*This guidance does not and is not intended to supersede or replace the provisions of the CfD. This guidance does not constitute legal or investment advice and should not be relied upon as such. Generators should consult their professional advisors where they require advice, whether legal or otherwise. LCCC further reserves the right to amend this guidance and any associated guidance from time to time.*

*This guidance should not be viewed as in any way restricting LCCC in the nature, type and/or amount of evidence, information and documentation it will require to satisfy itself of the Generator's fulfilment of the contractual milestones, nor as to the nature, level and timing of our consideration or reconsideration of the evidence that is provided. LCCC reserves the right at any time to request further or additional evidence, and to review or reconsider the evidence already provided.*





## Useful Acronyms

AR4	Contracts for Difference Allocation Round 4
CfD	Contract for Difference
LCCC	Low Carbon Contracts Company





## 2. About This Document

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This document provides generators with guidance on the requirements for co-locating electricity storage alongside generation supported under the Contracts for Difference (CfD) scheme.



## 3. Introduction

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- 3.1 The deployment of storage within the electricity network provides essential flexibility to the system, it benefits consumers by helping to reduce the costs of operating the system and improving integration of low carbon heat, power and transport.
- 3.2 The Smart Systems and Flexibility Plan (SSFP) was originally launched in 2017 and sets out actions the government, Ofgem and industry will take to facilitate the deployment of flexibility, support clean growth, reduce the costs of the energy system, and help keep energy bills low for consumers. It sets out a range of actions to remove barriers and reform markets to smart technologies, including electricity storage.
- 3.3 In July 2021 government and Ofgem published the 2021 Smart Systems and Flexibility Plan (SSFP<sup>1</sup>), which includes an action to remove barriers to the co-location of electricity storage with generation projects supported under the Contracts for Difference (CfD) scheme.
- 3.4 In principle, storage should be able to provide grid services and store power from CfD generators, providing the metering arrangements can distinguish between the two (see section 6).

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<sup>1</sup> <https://www.gov.uk/government/publications/transitioning-to-a-net-zero-energy-system-smart-systems-and-flexibility-plan-2021>



## 4. Definitions

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**“CfD Counterparty”** is the Low Carbon Contracts Company Ltd (LCCC);

**“Electricity Storage”**, in the electricity system, is the conversion of electrical energy into a form of energy which can be stored, the storing of that energy, and the subsequent reconversion of that energy back into electrical energy;

**“Electricity Storage Facility”** means a facility where Electricity Storage occurs or can occur and includes all assets performing or contributing to any such Electricity Storage;

**“Facility”** means [the generating facility comprising all assets (including all Generating Units but excluding all assets forming part of an Electricity Storage Facility) which are used (or intended to be used) to generate or deliver electricity





## 5. Principles of Storage Co-location

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### Conditions

- 5.1 An electricity storage facility can be co-located with a project supported under the CfD scheme, provided the generator complies with certain conditions.
- 5.2 These conditions are set out in the [Contract for Difference Standard Terms and Conditions \(May 2019 template\)](#) - Part 7 – Representations, warranties and undertakings, section 31, paragraphs (E) and (F):

*(E) to ensure at all times that no Electricity Storage Facility shall be used by or otherwise associated with the Facility, unless:*

- *(i) such Electricity Storage Facility is associated with a separate BM Unit to the BM Unit associated with the Facility; or*
- *(ii) subject to Condition 31.1(F), such Electricity Storage Facility is associated with the same BM Unit as that associated with the Facility and the CfD Counterparty has issued a notice certifying that it is satisfied that the arrangement and installation of the Facility Metering Equipment is such that the Generator is able to comply with the Condition 31.1(F);*

*(F) to ensure at all times that any Electricity Storage Facility, where associated with the same BM Unit as that associated with the Facility, shall only store electricity generated by the Generating Unit(s) of the Facility using the Facility Generation Technology and shall not store electricity imported from any other source.*

### Facility Description

- 5.3 Paragraph (D) of Part A (Initial Conditions Precedent) of Schedule 1 (Conditions Precedent) to the [Contract for Difference Standard Terms and Conditions \(May 2019 template\)](#) states the generator must provide:

*(D) a description of any Electricity Storage Facility, in form and content satisfactory to the CfD Counterparty (acting reasonably), including details of any assets relating to Electricity Storage or Electricity Storage Facilities which are intended to be located within the Facility site or be used by or be associated with the Facility;*

- 5.4 The [LCCC Facility Description Guidance](#) sets out the requirements for generators to comply with paragraph D:



4.1 In compliance with paragraph (D), the Generator should provide:

- 4.1.2 a statement of whether the Facility is, or is not, intended to use or be associated with an Electricity Storage Facility.
- 4.1.3 a description of any such Electricity Storage Facilities, including details of the expected capacity of the Electricity Storage Facility and of any assets relating to the Electricity Storage Facilities which are intended to be located within the Facility site and/or be used by or associated with the Facility.
- 4.1.4 a statement as to whether the Facility Metering Equipment (including any BM Units associated with the Facility) are, or will be, separate from and not also constitute the metering equipment (including any BM Units) associated with any Electricity Storage Facilities.
- 4.1.5 where Electricity Storage is included as part of the Facility or associated with it, a brief description is required as to how it is intended that such Electricity Storage would operate.<sup>8</sup>
- <sup>8</sup> Please specifically note that the fact that LCCC, for the purposes of the Initial Conditions Precedent, accepts the provision of a Facility Description which includes a description of Electricity Storage or an Electricity Storage Facility does not and shall not be deemed to constitute an acceptance or agreement to any matter for the purposes of Condition 31.1(B) (E) and (F)."

## 6. Importing from the Grid

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- 6.1 Under Condition 31.1 (F), where the Electricity Storage Facility is contained within the same BMU as the Facility, it is only permitted to store electricity generated by the Generating Unit(s) of the Facility, using only the Facility Generating Technology, and is not permitted to store electricity imported from any other source.
- 6.2 LCCC acknowledges that Condition 31.1(F) is restrictive to the business case for co-location of storage assets. Therefore, LCCC will consider proposals from generators to relax Condition 31.1(F), where such proposals can show:
- 6.2.1 That only electricity generated by the Generating Unit(s) would be metered for CfD settlement;
  - 6.2.2 That such metering would ensure that CfD settlement happens at the time of generation; and

- 6.2.3 That under no circumstance would the Generator receive CfD payments for energy exported from the Electricity Storage Facility
- 6.3 Any such configuration will be evaluated on a case-by-case basis, and any agreement would require the Generator to be able to demonstrate to LCCC's satisfaction that the arrangement and installation of metering equipment ensures that, at all times, electricity generated by the Generating Unit/s of the Facility can be differentiated from electricity imported from other sources.
- 6.4 Initially, LCCC is intending to make contract amendments on a bilateral basis, where requested by the Generator. If there is a sufficient demand for this amendment, where Generators are able to show compliance with Paragraph 6.2 of this Guidance Document, LCCC may look to amend all contracts through a General Amendment contract change.
- 6.5 For the avoidance of doubt, this Guidance Document will be applicable to existing Generators, and those Generators that enter into contract through AR4.

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