

# Long Duration Energy Storage (LDES)

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Following the LDES Call for Evidence, DESNZ consulted on the intention to develop a cap and floor scheme. They believe developing a cap and floor mechanism is the most appropriate policy to meet their public commitment to enable investment in LDES technologies.

DESNZ originally consulted to support established and more novel technologies by offering two distinct routes for applying:

**Stream 1:** Established technologies with a Technology Readiness Level (TRL) of 9, a supply duration of at least 6 hours at a minimum capacity of 100MW

**Stream 2:** Novel technologies with a TRL of 8, a supply duration of at least 6 hours at a minimum capacity of 50MW

- The Department for Energy Security & Net Zero (DESNZ) asked Ofgem to administer the cap and floor regime to encourage investment in LDES.
- This regime, similar to Ofgem's interconnector cap and floor regime, ensures a minimum amount of revenue for LDES operators.
- This helps developers manage the high capital costs and long build times required for LDES. Conversely, the cap on revenue helps lower costs for consumers in return for their support in guaranteeing the minimum revenue.
- Ofgem plan to approve LDES cap and floor projects by Q2 2026

**DESNZ are exploring setting the following high-level assessment principles (subject to final approval):**

- Giving priority to projects that can **deliver by 2030**
- Prioritising projects with **existing planning permission and grid connections**

**DESNZ are further exploring the following eligibility criteria:**

- **Stream 1:** increasing duration limit from 6 hours at 100MW rating
- **Stream 2:** potentially increase duration limit from 6 hours and hold 50MW power rating (TBC)

Will support significant refurbishment projects, but not maintenance or simpler replacements

Since DESNZ published their LDES consultation response, NESO have released the **Clean Power 2030** report:

- This report sets out the need for between 4.6GW – 7.6GW by 2030 (including existing 2.8GW)
- Future needs 11.5 - 15.3 GW by 2050 (*NESO Future Energy Scenarios*)
- DESNZ are minded to assess projects more favourably that can deliver by 2030
- This would apply to both stream 1 and stream 2, noting stream 1 is more difficult to achieve by 2030

NESO have been asked to provide support on the minimum duration, capacity of streams and the range of LDES capacity to approve, in addition to analysis and advice to support Ofgem in assessing eligible individual and combined LDES projects in Window 1 for whole system and consumer benefits.