

ENERGY STORAGE ASSOCIATION

Driving the UK's transition to a secure,
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VIA email to ldes@ofgem.gov.uk

20th April 2026

Ofgem LDES Team
10 South Colonnade
Canary Wharf
London
E14 4PU

Dear Okon and wider Ofgem LDES Team,

Re: Long Duration Electricity Storage - Call for Input on Draft Special Licence Conditions

We are writing on behalf of the members of the Energy Storage Association (UK) (the “ESA”) to provide input in relation to the Long Duration Energy Storage (“LDES”) draft special licence conditions published by Ofgem on the 16th of March 2026.

The ESA is a dynamic new member-supported trade body. We represent the critical role of energy storage to support a cost-effective transition to a resilient and secure clean energy system. We envision a world where energy storage is the backbone of a resilient, affordable, and net-zero energy system. As the leading UK trade body for energy storage, we are committed to driving innovation, investment, and policy that accelerate the adoption of energy storage technologies.

We currently represent 26+ members, several of whom are members of our LDES working group including the British Geological Society, Durham University, Invinity Energy Systems, Keele University, Offgrid Energy Labs, Oxkem and Storelectric.

We are also pleased to collaborate with the LDES Council with whom we recently co-authored a letter (dated 23rd March 2026) to DESNZ and Ofgem regarding the LDES cap and floor Window 2 design.

In addition to the input provided via the Ofgem Microsoft Forms portal, we would like to take this opportunity to highlight a subset of the issues raised in the above-mentioned letter which we feel are equally relevant to ongoing work to develop and finalise the LDES special licence conditions:

LDES Lead time and procurement cadence

- A predictable deployment plan that works for LDES solutions with longer development timelines will reduce financing risk and accelerate investment into the UK. We would therefore like to see a long term LDES procurement roadmap

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published by Ofgem, including a process for review and update (where necessary) to the LDES special licence conditions between rounds.

- To reduce the cost of the energy transition to consumers it is vital that low-carbon electrons lost to congestion and/or capacity related curtailment are minimised. We would therefore like to see, starting with Contract for Difference Allocation Round 8, much closer integration between the low-carbon electricity generation and LDES procurement processes, and also to ensure that the LDES special licence conditions (including Schedule C) do not disadvantage co-location and/or behind the meter generation where there these are shown to be an efficient and effective means of minimising lost electrons and more generally optimising system benefits.

Valuing (LDES technology) diversity

- We fully support Ofgem's view that LDES technology diversity is extremely important. This will be required to ensure future UK system needs can be met, that LDES cost reductions are accelerated through earliest deployment of a diverse technology mix and that over concentration of supply chain exposure is avoided. We would therefore like to ensure the LDES special licence conditions (including SC4, SC9, SC12, SC20 and SC22) do not disadvantage any particular technology considered eligible under LDES procurement processes.

Maximising Economic Value to GB

- Many LDES technologies can be supported by existing UK domestic supply chains, supporting a just transition away from fossil fuels, economic growth and green job creation - a typical 500 MW, 8hr+ LDES project will create ~700 jobs across a 3-year construction period, plus ~40 direct jobs across the subsequent 50-year operating life. We would therefore like to see that, where a developer has included local content commitments in their LDES cap and floor application, the LDES special licence conditions (including SC22) ensure these commitments are actually met through procurement decisions made during the project, operating and decommissioning phases.

Cap and Floor Commercial Principles

- Whilst we very much welcome the proactive way in which Ofgem has engaged with industry in developing the framework for Cap and Floor Window 1, the underpinning commercial principles are yet untested in relation to the delivery of bankable UK LDES projects taking final investment decisions and achieving financial close. Consistent with previous industry feedback there remain a small number of important areas where we would ask Ofgem to remain responsive to industry feedback in respect of the bankability of the LDES special licence

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conditions. These include the approach to setting the administrative cap and floor (particularly the administratively set cost of capital and debt), the sharing rate of upside via the soft cap and the wait time for opex reassessment.

The ESA very much welcomes the opportunity to respond to this Call for Input and remains ready and available to facilitate discussions/workshops amongst Ofgem and our members should this be considered beneficial to the ongoing development and finalisation of the LDES special licence conditions.

Yours sincerely

john southern

John Southern

Operations and Strategy Director

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Attached:

Soft copy of ESA (UK) call for input response submitted via Microsoft Forms

Copied to:

LDES Working Group Members (ESA)

Jason Howlett – CEO (ESA)

Andy McNeill – Senior Policy Consultant (ESA)