

## Papua new guinea energy storage

In the fourth in our series of briefings following the passing of the Energy Act 2023 (the Act) on 26 October 2023, our energy experts at Norton Rose Fulbright look at the implications of the Act on regulation of the electricity storage sector.

In an effort to rectify this issue, various calls for evidence and consultations were published by both Ofgem and the UK government over the space of a couple of years to clarify the regulatory regime surrounding electricity storage and enable the competitive deployment of electricity storage.

The outcome of these consultations, in a nutshell, was that it was deemed correct that electricity storage should, for regulatory purposes, be treated as a subset of electricity generation and therefore be subject to the overarching generation licensing and exemptions regime already in place.

To implement this decision, Ofgem proposed modifications to the electricity generation licence, to including a definition of 'electricity storage' and 'electricity storage facility' and to introduce a new standard licensing condition (SLC) E1, applicable to licence holders that operate/own storage. At the time, Ofgem stated that relevant changes to the Electricity Act 1989 (EA 1989) would also be made (when parliamentary time allowed) to give these modifications a statutory grounding in primary legislation.

Modifications to the SLC took effect on 29 November 2020. The Act amends the EA 1989, with effect from 26 December 2023 to provide that generating electricity from stored energy is included as a definitive subset of generation. The Act also inserts a new definition of "stored energy", being energy that has been converted from electricity and is stored for the future reversion into electricity.

The cumulative effect of regulatory changes has been significant for the sector, providing clarity on the requirement for large scale electricity storage to hold a licence under the EA 1989. It also resolved the fact that the exemptions regime already in existence for small scale generation (under the Electricity (Class Exemptions from the Requirement for a Licence) Order 2001 and EA 1989, s 5) would apply equally to electricity storage operators.

Coupled with the changes introduced by the Infrastructure Planning (Electricity Storage Facilities) Order 2020, which amended the Planning Act 2008 to allow battery storage to bypass the Nationally Significant Infrastructure Project process in England and Wales, the EA 2023 now solidifies the regulatory framework surrounding electricity storage.

BPP Renewables (UK) and Future Value Global (AUS & PNG) are collaborating to electrify an entire small village of 20 households with renewable energy in the Kikori District, Gulf Province, Papua New Guinea (PNG). This is supported with funding from Innovate UK's Energy Catalyst.



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This project will identify and demonstrate a reliable, low cost and low carbon energy storage system for deployment in remote, poorly electrified communities with significant constraints, including geographic isolation.

The objective is to test a demonstrator solar-battery system against efficiency, efficacy, reliability, affordability, and modality measures specifically for isolated areas. A scalable business model will enable ongoing deployment in PNG and replication to other Indo-Pacific

Remote communities in PNG face a multitude of development challenges, including high rates of monetary poverty, low educational achievement, and 82.1% having no access to electricity.

In the Gulf Province, and Kikori District in particular, just 1% of households use electricity for lighting, with almost all other households using open fires for cooking and lighting. Some households rely on carbon intensive diesel gensets, which are costly to run and maintain.

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