

Key Takeaways from Roundtable Discussions 01/04

BESS Table

Regulation & market change fatigue - people want a single source of truth

- There is overwhelming frustration with the volume and complexity of consultations, reforms, and policy updates
- Multiple people explicitly said they are struggling to keep up
- Strong interest in having a centralised, digestible overview of ongoing regulatory and market changes - something that would help everyone navigate complexity
- **Action:** EDF to share its internal tracker/summaries with the group regularly

The battery storage narrative needs reframing

- Acknowledgement that the public and market narrative around batteries isn't always positive or well-understood
- Key challenge: ensuring batteries are seen as system enablers, not as “making money off volatility” or “profiting unfairly”
- The group agreed this requires a thoughtful, long-term narrative strategy, not a quick fix
- A lot of the negative narrative around batteries is coming from within the battery sector itself - operators criticising other operators. This internal finger-pointing is feeding political scepticism.
- Focus areas:
 - Highlighting batteries' role in system stability
 - Addressing misconceptions
 - Positioning batteries as solutions to real grid issues
 - Clear explanation of constraints, system value, and fairness

New services & policy signals are boosting confidence

- New policies and service models are increasing investor and operator confidence
- GCO166 testing underway, could unlock larger-scale opportunities
- Expectation that the next 12–24 months could bring meaningful improvements, though change will take time
- Slow Reserve launch: Day-one observations:
 - Some gas peakers were notably absent, despite expectations that they would dominate
 - Clearing prices around £9/MW/day on day 1- stronger than anticipated
 - Some CCGTs participated; unclear whether peakers were unready or opted out commercially
- Batteries may have a temporary opportunity here, even if the service is not designed for them long-term
- Balancing Mechanism reforms: People want clarity on:

- 15-minute settlement
- BM reform timelines
- Digestible guidance, not more raw documentation

Battery visibility, trust & system use

- NESO still doesn't fully trust or understand battery capability
- GC0166 is seen as one of the most encouraging reforms, because it finally gives NESO real-time visibility of battery state-of-charge.
- Hybrid dispatch models and synthetic inertia remain major sticking points.
- NESO is cautious: they will not risk the lights going out, so they still lean on CCGTs for inertia and reliability.

Revenue volatility & investor anxiety

- Investors are nervous about:
 - Periods of low volatility
 - Quieter winter conditions
 - Limited progress from NESO on BESS utilisation
- Many feel the market still lacks transparent, realistic revenue outlooks – some of the more aggressive investment funds may now be recognising that they had relied on overly optimistic revenue projections in previous years. By contrast, more balanced BESS-focused funds (or those with a longer track record in energy infrastructure) tend to accept that periods of low volatility are a normal feature of the market cycle.
- There is a risk of a “two bad winters in a row” scenario triggering a pause in investment

Technical & Operational Realities

- Batteries are now visible on NESO's control room screens - a symbolic but meaningful step
- Duration mismatch is becoming more obvious:
 - Short-duration assets struggle in low-volatility periods
 - Long-duration assets may become more valuable
- Batteries represent a relatively new and distinct asset class within the energy landscape, and the market is still evolving in its understanding of how to utilise them most effectively

PPA Table

CfD Route-to-Market PPAs remain the dominant choice

There was clear consensus that the CfD continues to be the preferred route to market for new renewable projects.

50% of the table's participants secured CfDs in AR7/7a - reinforcing the continued dominance of the mechanism.

Why developers favour CfDs, and route-to-market CfD PPAs:

- Highly competitive balancing prices in GB compared with other European markets
- 20-year PPA tenor preferred by most, aligned with the CfD itself
- Simplicity of contracting relative to corporate deals
- Strong credit profile of offtakers (government and utilities, vs. corporates)
- Predictable costs across the full project life

Several participants noted that consultancy balancing-cost curves tend to overestimate costs, often sitting above what the most competitive GB offtakers are actually offering. A point of surprise: balancing fees do not materially increase for longer-tenor PPAs, which many expected they would.

Intraday optimisation is becoming an expected feature

Developers increasingly view trading optimisation (redispatching self-curtailed volume when Day-Ahead prices clear below £0, but subsequent prices turn positive) as something that should be included in CfD PPAs.

- Key points raised:
 - Not all offtakers currently offer this service
 - Many developers see it as defensive value, not a major revenue driver
 - It becomes more relevant as negative and zero-price hours increase
 - It helps mitigate volatility created by the CfD incentive to turn off during negative Day-Ahead prices

Participants referenced France as an example where widespread curtailment during negative prices has created very volatile intraday and balancing markets. However, there was recognition that if many GB assets adopt the same strategy, the value will inevitably cannibalise.

Corporate PPAs are struggling to compete with CfDs

The group agreed that CPPAs are currently at a disadvantage for new-build projects because corporates cannot match the price, tenor, or terms available through the CfD route.

Key friction points:

- Strict delivery obligations from data centres and hyperscalers
- High penalties for delays, including grid-related delays outside developer control
- An emerging trend of corporates refusing to pay during negative price periods
- Many corporates reject CPI indexation, creating long-term pricing challenges

Some participants also noted that advisors (law firms, consultants) are making CPPA contracts increasingly complex and onerous - adding cost, time, and friction for developers.

Policy intervention could materially improve CPPA uptake

We discussed the CPPA Call for Evidence.

EDF's proposal, supported by others around the table: provide an exemption from the CfD levy for the proportion of a corporate's demand sourced from new renewables.

Why it matters:

- Corporates would avoid "double paying" to support new renewables
- It would narrow the price gap between what corporates can afford and what developers need
- Participants agreed this could be a high-impact, pragmatic lever to stimulate CPPA demand

Where CPPAs still work well

Despite the challenges, several areas remain attractive:

Private wire / behind-the-meter CPPAs

- Avoid non-energy costs
- Can support very long tenors, sometimes exceeding CfD length
- Offer strong value for both sides

Corporates with strong CSR or sustainability missions

- Value additionality, named project links, and research partnerships
- Take a more collaborative approach to negotiation
- Are less focused solely on price

These buyers can still deliver compelling CPPA opportunities for the right projects.