

Rt Hon Ed Miliband MP  
Secretary of State for Energy Security and Net Zero  
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Rt Hon Ian Murray MP  
Secretary of State for Scotland  
Dover House, Whitehall  
London  
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Rt Hon Jo Stevens MP  
Secretary of State for Wales  
Gwydyr House, Whitehall  
London  
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July 30, 2024

**RE: Urgent delivery of a cap and floor mechanism for Long-Duration Electricity Storage**

Dear Secretaries of State,

Congratulations on your respective ministerial appointments. Scotland and Wales will play crucial roles in delivering on the new UK Government's mission to make Britain a clean energy superpower and we offer our wholehearted support in delivering on this objective.

As representatives of all major developers of Pumped Storage Hydro (PSH) in the UK, we are writing on the need for the urgent delivery of a cap and floor mechanism to enable the deployment of long-duration electricity storage (LDES). As a well-established and mature technology with projects being developed across GB, PSH will play a pivotal role in realising the UK Government's goals of kickstarting economic growth, achieving energy security and ensuring the UK leads the world in the race to net zero. Crucially, by prioritising the delivery of a cap and floor, there is an opportunity secure investor confidence by demonstrating a step-change in decision-making after years of delay and uncertainty.

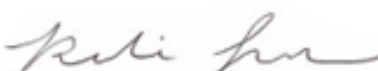
As variable renewable generation is deployed at pace, it is critically important that electricity storage, especially long-duration storage like PSH, is deployed in tandem so that this energy can be stored for when it is needed most. The [2021 BEIS Smart Systems and Flexibility Plan](#) stated that **long-duration storage is 'essential for achieving net zero'** and a recent [report](#) titled 'LDES: get on with it' by the House of Lords Science and Technology Committee concluded that **'the Government should, as a matter of urgency, finalise and set out the details of its business models to support commercial long-duration energy storage'**. Further [analysis](#) commissioned by DESNZ estimated that deploying up to 20GW of long duration electricity storage would result in system savings of up to £24 billion between 2030 and 2050. Additionally, a Scottish Renewables [report](#) found that **six PSH projects currently under development could deliver £5.8 billion GVA and almost 15,000 jobs by 2035**. However, despite the significant benefits of these projects, no new PSH capacity has been built in the UK in over 40 years due to insufficient policy support.

We were pleased to respond to the LDES consultation issued by DESNZ which concluded in March this year. Following the general election, we are keen to continue to work collaboratively with DENSZ to ensure that the commitment to have policy support in place by the end of 2024 to enable investment in LDES can still be met. PSH has a global supply chain, requires a global skillset and global finance so we must act without delay to capitalise on our early mover advantage and ensure that this is brought to the UK. To this end, we are calling on the UK Government to take the following steps as a matter of urgency to meet this target and unlock the multitude of benefits which PSH can deliver:

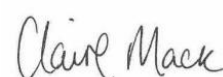
- 1. Publish the government response to the 2024 LDES consultation in August confirming the decision to develop a cap and floor mechanism to enable investment in LDES, building on the template of success set by the interconnector regime.**
- 2. Reaffirm the commitment to put in place a policy framework by the end of 2024 with a consultation on the scheme's detailed design published early in the Autumn.**
- 3. Commit to opening the first application window for LDES technologies during Q1 2025 at the latest.**

The signatories to this letter currently have a combined pipeline of over 9GW of new PSH projects with over 190GWh of storage capacity. Many of these are consented, 'shovel ready' projects which can begin construction soon after the delivery of an appropriately designed cap and floor mechanism that provides clarity on project economics. If progressed at pace to unlock the benefits of PSH deployment, the delivery of the LDES cap and floor will therefore play a key role in driving progress towards net zero and enabling Britain to indeed become a clean energy superpower.

Yours sincerely,



Kate Gilmartin, CEO, British Hydropower Association



Claire Mack, CEO, Scottish Renewables

# SIGNED BY:



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