

LCN Fund Full Submission

Supplementary Answer Form

Tick if this answer is Confidential: ☐

Tick if this answer has been provided verbally: ☐

Project code:	SNS	Question Number	UKPN037
Question date	02 October 2012	Answer date	04 October 2012
Submission section question relates to	Section 3		
Topic	Project Business Case		
Question	Please provide cost information on the recent international experience and ongoing storage trials you presented at your bilateral meeting with the Expert Panel.		
Notes on question	Note this information was provided as an appendix to our response for UKPN030 prior to receiving this question, but is further provided for completeness below.		
Answer	<p>Comparisons based on £/MW can be misleading due to lack of consideration for energy duration which is a significant driver of cost and system value, the uncertainty in scope of costs included, and increases in power electronics prices over the past year. Several international installations, including those which were quoted on Slide 8 of the presentation materials at the second Expert Panel meeting, and where prices have been made public, are provided as an attachment to this answer.</p> <p>Accurate information on the actual cost of projects is not always possible, as manufacturers and developers tend to obfuscate accurate data in order to maintain commercial confidentiality. Where costs are quoted in the public domain, these need to be considered with caution, as they may not necessarily carry all associated costs, including the costs of permitting, connection and commissioning. While costs shown against projects supported by ARRA grants or loan guarantees are likely to indicate total project costs, an assessment of the economic viability of revenues is complex, for often the grant has been made to encourage the demonstration. Additionally, substantial tax credits are available which tend to make comparison of projects' economic returns more complex.</p>		

Attachments	 UKPN037 - Appendix - Storage Installation:
Verbal Clarifications (Consultants)	