

## **DECC/Ofgem Smart Grid Forum**

### **Draft Terms of Reference**

**1 May 2011**

The Forum aims to bring together key opinion formers, experts and stakeholders in the development of GB smart grids to provide strategic input to help shape Ofgem and DECC's thinking and leadership in this area. It should also help provide the network companies with a common focus in addressing future networks challenges and provide drive and direction for the development of smart grids.

The Forum will focus on the role that the electricity network will play, both technically and commercially, in the low carbon transition. However, where appropriate, it will address the broader system issues that are directly related to network development (such as how to encourage DSM or what are the appropriate smart metering communications models).

The Forum's key aims can be summarised as follows.

#### **Drive policy change:**

- Develop a common understanding of the value that smart grids can deliver. This will allow DECC/Ofgem to evaluate policy options with a clear understanding of the technical (in the broad sense) potential and the value that smart grids can bring relative to alternative approaches.
- Identify barriers to network companies adopting smart grid solutions. These barriers could take a number of forms, including legal, regulatory, institutional or economic. Identifying the causes of the barriers will help specify the work programmes to address them.
- The Forum will put smart grids in the context of wider policy developments. It will consider how smart grid policy should impact on the wider work programmes of DECC and Ofgem (for example when developing the detail of the smart meter roll-out).

#### **Provide a common basis of understanding and disseminate learning:**

The Forum will collect and disseminate information to ensure that government, regulators, industry and other stakeholders are informed of critical issues which will form an input to effective policy and other decision making.

- It will review the output of trials and smart grid initiatives in GB, Europe and elsewhere (with a focus on aspects relevant to policy formulation rather than technology itself).
- It will review the international policy landscape to see how smart grid development is being promoted or hindered.
- It will, where beneficial, facilitate the exchange of information and knowledge between key parties, including those outside the energy sector.
- It will report at least once a year on what the Forum has done and what progress has been made in GB to delivering smart grids.

**The operation of the Forum is intended to:**

- assist government and Ofgem to identify the priorities and focus their work in creating an enabling framework for smart grid development, and work that has an impact on smart grids;
- help industry or other stakeholders to identify activities that they need to prioritise and to help identify work that might be best delivered jointly; and
- help network companies better understand future developments in the industry that they need to be preparing for.

**Ways of working**

- the Forum will publish the notes of its meetings and any reports/studies that it carries out or commissions from other parties.
- material from the reports/studies will be made available to GEMA and DECC.
- the group can establish sub-groups to address specific issues and any such groups will adopt an open approach consistent with the operation of the Forum.
- alternates will only attend the meetings in exceptional circumstances (participation in any sub-groups will be flexible and needs driven).