

DECC/Ofgem SMART GRID FORUM

Second Meeting - 20th July 2011 – BIS Conference Centre

1. Present

The meeting was chaired by Stuart Cook (Ofgem) and Jonathan Brearley (DECC). Attendees are listed at Annex 1.

2. Introductions, welcome and opening remarks

Jonathan Brearley (DECC) summarised the key aspects of the Electricity Market Reform (EMR) White Paper, published in July. He mentioned that Forum Work Streams (WS) 1 and WS2 were referenced in the White Paper and mentioned that their work would help to inform the development of DECC's electricity systems document due to be published in summer 2012. The document will consider the efficient and flexible functioning of the electricity system, including the contributions that demand side response, storage and interconnection could make.

Stuart Cook (Ofgem) noted the importance of the Low Carbon Network (LCN) Fund Annual Conference which was underway in Newcastle. He noted in particular that the LCN Fund projects will provide real world experience of applying smart technologies to address network challenges.

Action: Steve Johnson offered to summarise the key points from the LCNF conference at the next SGF.

3. Work Stream 1 "Assumptions and Scenarios"

Adrian Butt (DECC) introduced the draft terms of reference of the work stream describing the proposed objectives, work plan and deliverables.

The general approach was agreed but members made the following points: trajectories should cover present day to 2030 (and not just 2020 to 2030); be inclusive (engaging suppliers and industry outside the energy sector e.g. Society of Motor Manufacturers and Traders); be broad (the underpinning assumptions and the scenarios developed should, where possible, take a whole energy system approach; and expose identified gaps in analysis. The Forum also noted the dependency of other work streams on WS1 (particularly WS2 and WS3) and therefore the need for early liaison to provide coherence.

Action: DECC to redraft the terms of reference and to liaise with other relevant work streams.

4. Work Stream 2 "Evaluation Framework"

Gareth Evans (Ofgem) introduced the draft terms of reference setting out the objectives, implementation steps and deliverables.

The general approach was agreed. A number of comments were offered as follows. It should be considered an objective of this project to identify 'no regrets' near-term investment opportunities; the relationship between network performance and value (i.e. to its users) should be taken account of; while the primary focus is distribution, the

impacts on transmission need to be understood as well as the value to the complete supply chain – there is a link here to the work of the ENSG. Finally, this project should be dynamic – the evaluation framework should have a life beyond the SGF work stream.

Action: Ofgem to redraft the terms of reference and liaise with other relevant work streams.

5. Work Stream 3 “The Ideal Network”

Steve Johnson (CEO of Electricity North West) introduced the draft terms of reference setting out the objectives and implementation of the work stream and its deliverables.

The terms of reference were agreed. Members made the following comments: the inputs from WS1, particularly the granularity and assumptions are important; the focus of this work stream is very much on RIIO-ED1; the dependency on WS1 and WS2 was recognised and good early coordination needed.

Actions: to coordinate activity with WS 1 and WS2.

6. Work Stream 4 “Closing doors”

Duncan Botting (PB Power) summarised the outcome of the first meeting of WS4. He raised the following emerging points: “closing doors” were defined by the group as short term decisions that can have impacts on longer term grid flexibility; decisions inevitably close doors. Potential closing doors include developments in: the EU; the Smart Meter programme (communications elements); RIIO; and Government policy. Potential areas that might have closing door elements are; the Green Deal, Big Society, local distributed electricity generation policy, data sharing and standards. Work is ongoing to further consider these elements. It is recognised that there is a strong linkage with WS3.

Actions: WS4 to draft terms of reference; continue to identify and prioritise issues; to bring these to the Forum to decide what action to take; liaise with other relevant work streams.

7. Work Stream 5 “ways of working”

Gareth Evans (Ofgem) introduced a discussion paper prepared by Ofgem and DECC.

Forum members made the following observations: on horizon scanning, the importance of contacts in other countries was emphasised and a proposal for a modest budget to do this was suggested. Many very good studies have already got valuable data (e.g. Irish Smart Meter Programme) and the LCN Fund will also develop valuable outputs. There was general agreement that a “Curator” of data in a University or other suitable organisation would be very useful and this will need resource. There was also agreement that there was much to be gained by members promoting the activity of the Forum and that a set of slides to assist them should be available.

Actions: Ofgem and DECC to consider whether there are resources to support a “curator”; officials to prepare a set of core slides for Forum members to raise the profile of the SGF at meetings in the UK and on the international circuit.

8. ENSG update (working group)

Paul Hawker (DECC) provided a report on the outcome of the ENSG working group meeting. He made the following points: his group will focus on transmission rather than

distribution networks; will look to develop scenarios based on DECC's current analyses for 2050 Pathways; aims to lead up to a shared vision and a platform for future onshore transmission network investment; will make use of SGF analysis where it has implications for the onshore transmission system.

9. European Update

Gareth Evans (Ofgem) provided feedback on three European areas of activity:

- SGF members were encouraged to read the European Commission's Communication on smart grids. This sets out the Commission's thinking as a result of the work of its Smart Grids Task Force.
- Attention was drawn to the report published by the Commission's Joint Research Council which has mapped smart grid and smart meter activity across Europe.
- GE reviewed the work of the Council for European Regulators – a position paper was published in June last year and the results of a survey amongst regulators will soon be published as a follow up activity. This will be raised at the next SGF meeting.

Andrew Perry (DECC) provided feedback on three European areas of activity:

- The European Electricity Grids Initiative and the funding opportunities that will arise (FP7 funding) through potential linkage with existing projects (e.g. those in the LCNF programme).
- EU communications on standards: DECC has communicated its caution over standards because of the multiple interpretation of the term across the EU.
- On the European Commission draft Smart Grids and the Energy Efficiency Directive, DECC has requested clarity on scope (which is very broad) with a formal response underway.

10. DECC's heat strategy

Aaron Gould (DECC) described DECC's evolving heat strategy programme which includes policy and analysis on heating, cooling and CHP. He described current analysis underway and how this linked with the 2050 scenarios team in DECC and the work of WS1. Members raised questions over findings on the efficiency of heat pump trials which led to a discussion of an adequate supply chain and the importance of behavioural incentives to promote uptake.

Action: Secretariat to invite a representative of the DECC heat strategy team to the next meeting

11. Smart Grids GB

Petter Allison (British Gas) introduced the work of Smart Grids Great Britain (SGGB). In the discussion that followed, members made the following points: SGGB could bring deep practical knowledge and best practice advice and a complementary viewpoint to the Forum; it was important to work with SGGB to avoid unnecessary proliferation of activities. It was recognised that, where possible, efforts should be made to promote and contribute to a single body of work, for example through engaging them in the activities of the Forum's work streams.

12. AOB

Judith Ward (Sustainability First) introduced the work plan of the Sustainability First Smart Demand Forum, supported initially under LCNF as well as by other market actors and some of the consumer bodies over the next 3 years. The programme would have a strong practical and customer focus and look at commercial, regulatory, consumer and policy issues across the value chain for both electricity demand reduction and demand response. First year papers would contribute to the work of the SGF and would (1) establish a baseline and context for GB electricity demand in 2010; (2) develop a GB electricity demand model to 2025 (Brattle Group) to explore potential for flexibility; (3) analyse demand side services which customers could offer; and (4) consider what demand-side services could provide value to the electricity sector

Action: DECC/Ofgem to provide an opportunity for organisations to provide an update to the members of the Forum on the progress of organisations such as Sustainability First and Smart Grids GB outside of the formal meeting.

Gareth Evans (Ofgem) informed members that Scott McGaraghan (EnerNOC) had left the Forum and a replacement was needed.

Action: Ofgem and DECC to reapply the current appointment process to find a replacement.

Date of next meeting – October 20th 12:30-15:00 pm; hosted by Ofgem.

Annex 1

Second Meeting of the Ofgem/DECC Smart Grid Forum

20 July 2011

Stuart Cook	Joint Ofgem Chair
Jonathan Brearley	Joint DECC Chair
Mike Calviou	National Grid
Dave Openshaw	UKPN
Steve Johnson	ENW
Mark Mathieson	SSE
Chris Harris	RWE nPower
Ashley Pocock	EDF
Graham Meeks	CHPA
Roger Critchley	BEAMA
Chris Welby	Good Energy
Petter Allison	British Gas
Judith Ward	Sustainability First
John Scott	Chiltern Power / KEMA
Duncan Botting	PB Power
Nick Jenkins	Cardiff University
Michael Hurwitz	OLEV

Ofgem

Rachel Fletcher, Colin Sausman, Gareth Evans, Neil Copeland

DECC

Andrew Perry, Adrian Butt, Richard Leyland, Aaron Gould (heat strategy presentation);

Paul Hawker(ENSG working group update).

Apologies

Phil Jones	CE Electric
Gavin Jones	Intellect
Steve Unger	Ofcom