

## **Smart Grid Forum WS4 (Closing Doors)**

### **Terms of reference and work plan**

#### **Purpose**

To identify credible risks to the development of smart grids as a consequence of forthcoming (or foreseeable) policy decisions which might fail to take full account of (or ignore) the necessary enablers for smart grid development. Possible examples include: technological development, government policy, and market and regulatory frameworks where policy decisions, if suboptimal, could compromise the scope for beneficial smart grid development over the period to 2030.

The work stream will:

- Highlight to the Smart Grid Forum (SGF) and other SGF work streams issues relating to forthcoming or foreseeable policy decisions which could compromise (delay or limit the scope for) beneficial smart grid development<sup>1</sup>;
- Indicate the imminence and potential severity of the risk;
- Provide guidance on possible risk mitigation actions that the SGF could implement or initiate through relevant stakeholders;
- Where appropriate and with the approval of the Smart Grid Forum, initiate appropriate actions directly through WS4;
- Maintain a register of 'closing door' issues including emerging issues and progress with agreed risk mitigation actions;

#### **Rationale**

The pace of, and scope for, development of smart grids will be dependant on a wide range of drivers (including enablers and potential barriers) many of which are either not under the direct control of the primary actors (namely DECC, Ofgem and the electricity network operators) or driven by multiple actors independently pursuing objectives without consideration to the implications for beneficial smart grid developments.

Policy developments and decisions relating to these drivers might have a significant influence on the practical realisation of the energy and network scenarios that are being developed by SGF work streams 1 and 3. However, given the wide range of drivers, it would be impractical for the related policy developments and decisions to be fully assimilated and evaluated by those (or other) SGF work streams.

Work stream 4 will examine known areas of developing policy which might impact on the speed of, or scope for, development of smart grids across the UK and bring these to the attention of the SGF with recommendations for action. Currently live areas of policy

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<sup>1</sup> Note: in order not to delay actions which might require urgent attention, where appropriate, issues will be raised directly with the SGF and/or work stream chairs as they arise, rather than deferring until the next scheduled formal meeting.

development which could impact on smart grid development include (inter alia): smart metering specifications and related data communication standards; European Code development; UK Government Energy Policy (including Electricity Market Reform); EU Standards; and EU smart grid development strategy. Policy developments and decisions relating to these areas could be critical to the extent to which smart grids will be able to support the UK Low Carbon Transition Plan. The intention is that, where practicable, actions will be implemented or initiated by WS4 (with the approval of the SGF) to maximise the opportunity for influencing policy decisions.

### **Method of Working**

WS4 will maintain a register of identified potential 'closing door' issues, the actions taken or under way, and the anticipated outcomes.

In addition to reporting to the SGF, WS4 will maintain regular liaison with other SGF work streams in order to bring to their attention identified and emerging issues which might impact on their studies and outputs.

Where necessary in order to properly assess risk, deeper research and investigation will be undertaken which might, in exceptional circumstances, require limited outsourcing of work but it is envisaged that the WS4 membership (and/or where appropriate the wider SGF membership) will have sufficient expertise to assess the majority of issues arising.

While the main focus of WS4 will be to provide inputs to other work streams (WS1 and WS3 in particular) the process will involve some iteration; i.e. WS4 will look to WS1, WS2 and WS3 and any future work streams (for example work streams related to horizon scanning and market developments) to inform WS4's priorities.

### **Deliverables**

A continuously reviewed and updated register will be maintained, with a first version made available for sharing with the SGF membership in mid/late August.

WS4 will ensure that an up to date register of initial findings is available as an input to the proposed 14 September joint work stream meeting (WS 1, 2, and 3) which will check whether the direction of travel between work streams is consistent (WS4 will take stock of its priorities following the outcome of that meeting).

A draft report summarising and prioritising all identified issues and mitigations will be prepared for circulation to all SGF members by December 2011 for comment, with an updated report then made available for the 4<sup>th</sup> SGF meeting in early 2012.

### **Risks and Mitigations**

**Risk:** The work stream fails to identify key policy development and decision areas.

**Mitigation:** composition of WS4 membership to include sufficient areas of expertise (including selected work stream members who are not SGF members but contribute relevant knowledge) such that all conceivable areas of relevant policy are covered.

**Risk:** Focus of the workstream is suboptimal – output is not useful to other work streams engaged in scenario development.

**Mitigation:** Clear terms of reference and close liaison with other work streams - further supported by some WS4 members being directly involved in other work streams.

**Risk:** Progress is delayed to the extent that the work stream fails to provide adequate notification to SGF to implement or initiate mitigating actions.

**Mitigation:** Clear internal targets and milestones; strong links into policy decision forums (either directly or via the wider SGF membership).

### **Resources**

This bulk of the work will be carried out by WS4 members though some third-party outsourcing for research and investigation might from time to time be required.

**Risk:** The relative infrequency of SGF meetings will delay approval of initiating actions

**Mitigation:** Issues which need urgently to be brought to the attention of SGF and/or work stream members will be notified to the SGF and/or work stream chairs as they arise so that enabling actions (including arranged teleconference meetings to agree actions) can be implemented without delay.