

DECC/Ofgem Smart Grid Forum Meeting 4

The meeting discussed the progress of the Work Stream projects and future work of the Forum.	From Date and time of Meeting Location	Neil Copeland 12 January 2012 1300 - 1530 Ofgem, 9 Millbank, London	18 January 2012
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1. Present

1.1. See Appendix One for the list of attendees.

2. Introductions and Opening Remarks

2.1. Rachel Fletcher (RF) thanked everyone for their attendance. She summarised the agenda for the fourth meeting of the SGF and welcomed Richard Bruce who has replaced Michael Hurwitz as the Director OLEV.

3. Minutes & Actions from 20 October meeting

3.1. RF noted that the minutes of the previous meeting had already been approved by correspondence and are on the Ofgem website¹. RF noted that all the actions had been addressed and that the actions relating to the data repository formed an agenda item for this meeting under WS5: "Ways of Working".

4. Work streams 1, 2 and 3

4.1. AB summarised progress on the WS1 templates. These have been completed and circulated to the other WSs, in line with WS1's terms reference and the Forums guidance, for use by WS2 and WS3. AB noted that despite a general appetite to use DECC generation scenarios data, they have had difficulties in releasing this. However, it was agreed that this will not block the progress of the other work streams as alternative datasets are available. Dave Openshaw commented that the templates were the outputs WS3 was expecting, they will now work to disaggregate and regionalise the data. He commented that the task of converting energy forecasts to peak demand forecasts is challenging but achievable.

4.2. AB added that WS2 is on track to complete its work at the end of February. Ofgem will hold two workshops to present the model that has been developed. Gareth Evans (GE) added that Ofgem will host a workshop on 2 February to present the final report for the project. A second workshop will be arranged to explain how to use the model that has been developed. WS3 will take forward the work of WS2 and will complete its work and publish a report in May.

4.3. AB was asked whether the data circulated by DECC constituted the output from WS1. AB said that it did, and that the SGF's year-end report will contain a concise section of the work under WS1.

4.4. Discussion took place around the table following this summary. Particular emphasis was placed on the consideration of heat. Michael Edgar (ME) commented that the current combined heat and power (CHP) template mainly concentrates on what is happening at this moment in time rather than what may happen in the future. Graham Meeks (GM) commented that he was happy with the current documents for CHP and

¹ <http://www.ofgem.gov.uk/Pages/MoreInformation.aspx?docid=14&refer=Networks/SGF>

heat networks. However, he felt that consideration should be given to the storage of heat. Ash Pocock (AP) added that it would be useful to understand the potential materiality of heat storage in the future. Petter Allison (PA) stated it would be useful to have a paper setting out the issues associated with 'heat'.

- 4.5. Stewart Reid (SR) stated that the hot water tanks installed over two years offered an energy storage capacity equivalent to the Dinorwig pumped hydro station.

ACTION: - *The Forum agreed that it would be useful to produce a paper covering the issues discussed above with input from the DECC Heat team. Ofgem/DECC will seek volunteers to contribute to the paper to be produced before the next meeting of the Forum.*

5. Smart Meter Implementation Update

- 5.1. Teresa Camey (TC) summarised a paper updating stakeholders on the activities of DECC's Smart Meter Implementation Programme². She emphasised that DECC are planning to publish the technical specification of the smart meter in March before submitting the specification to the European Commission for its approval. Regarding the procurement of the Data and Communications Company (DCC) services. DECC has completed the pre-qualification questionnaire stage and the competitive element of the process will begin in the next couple of months.

- 5.2. AP enquired as to DECC's position on the different consultation documents regarding responses to the technical specification consultation and the DCC consultation. TC responded that the DECC response would be published at the same time as the technical specification with the DCC response following around a month later. John Scott (JS) asked where DECC were on the consumer facing aspects of the project. TC responded that DECC would consult on its policy for consumer engagement in the spring.

- 5.3. AB summarised some of the work that is being undertaken on the identification of the potential communications requirements for smarter networks and demand side response (DSR), requested by DNOs. DECC are undertaking an exercise to gather evidence to support the claims of benefits of smart meter functionality to support smarter grids and DSR. On smarter grids, DECC is scrutinising the evidence that has been submitted and may request more if there are gaps. On DSR, DECC has appointed a consultancy that will report its findings in mid February. Finally, AB noted that the Smart Metering team at DECC will be using the tool that WS2 is developing to undertake some of their cost benefit analysis.

- 5.4. PA noted that the outputs from the various Low Carbon Networks (LCN) Fund projects should be taken into account when completing this work and that some learning would be available by the end of 2012. DO agreed with this from the point of view of the Low Carbon London project. However, PA noted that consumers have still to be approached and there is still some concern regarding their willingness to make use of smart meters.

- 5.5. Discussion took place around the table regarding the possible uses DNOs could make of data from smart meters. AP queried the appetite there was at DECC to delay the publication of the technical specifications of the meter if learning develops that additional functionalities should be included. TC stated that the arguments made to date do not warrant further changes to the specification. Phil Jones (PJ) commented that the cost of 'optionality' (i.e. being able to add functions to the meters at a later date) should be considered. Sean Frisby (SF) commented that it was important for suppliers and DNOs to reach a common understanding of how demand side response might be used.

² <http://www.decc.gov.uk/assets/decc/11/tackling-climate-change/smart-meters/3978-smart-meters-imp-programme-delivery-plan.pdf>

ACTION: - ENA (with ERA input) to provide an update on Smart Demand Response.

6. Alternative Dual Port Options

6.1. Duncan Botting (DB) and DO provided an overview of an Institution of Engineering and Technology (IET) paper on "Alternative 'Dual Port' Data Flow Option" functionality for Smart Meters. This option would allow 'local' access to network data for the DNO whilst maintaining the currently proposed structure of the Wide Area Network. The paper has been sent to Smart Meter Programme and the SM Team and they will respond in due course. DO pointed out that the main benefit of this proposal is that it would reduce the latency of data transmission to DNO systems (i.e. data would get to the DNOs' systems quicker) and also reduce the amount of data needing to be processed by the DCC. AP pointed out that if this proposal was adopted it would require a re-examination of a number of other issues including data security.

7. Smarter Markets

7.1. Colin Sausman (CS) gave a brief presentation of the Smarter Markets Directorate. He drew particular attention to the consultation that is underway regarding moving to a smarter market making use of new technologies³. CS pointed out that proposition two (from the presentation) is probably of particular interest to the work of the SGF.

7.2. ME welcomed the piece of work and commented that it was particularly useful at this moment of in time. Chris Welby queried whether Ofgem's current message that there are too many tariffs, causing confusion, was in conflict with the message for the future. CS responded that what Ofgem is encouraging at the moment should allow for smarter tariffs to be understandable to consumers in the future.

8. Work stream 5

8.1. GE noted that since the SGF began, members have been aware of the need to collate data and learning in a single place so that it can be widely disseminated and made useful to stakeholders. Judith Ward (JW) emphasised this and voiced her concern that customers' money was being spent generating learning but that there was currently no central hub.

8.2. GE summarised a number of steps that have been taken regarding the creation of a repository for both the data and the learning that is coming from the various smart grids projects that are being undertaken including the LCN Fund.

8.3. Smart Grids GB are committed to developing its website as an information repository, for its members. It would like it to be seen as a "first port of call" for people seeking smart grid information. However, it would not intend to store third party information – rather it would direct users to other sources in an intelligent way.

8.4. The ENA has just re-launched its website. It sees it as having a growing role as a repository for information about the research and projects being carried out by the ENA and its members.

8.5. GE noted it is almost certainly not credible to create a single resource for GB smart grid information. It should however be possible for those key parties acting in this area to co-operate so that a network of resources can be developed in a coherent way making their use easy and effective. GE noted WS5 of the SGF offers an appropriate forum to take this forward. The first year reporting of the SGF provides a logical target date to deliver an output for this work.

³ <http://www.ofgem.gov.uk/Pages/MoreInformation.aspx?docid=9&refer=Markets/sm/strategy>

ACTION: - *There will be a meeting on 30 January at the ENA for those wishing to participate in this Project.*

9. Future work

- 9.1. RF noted that the original intent was that the Forum would run for one year. Because this period is almost complete, it was timely to hear whether the members felt that the Forum was adding value and whether it should continue. If the members felt the Forum should continue it would also be useful to know what the members felt the Forum should focus on in its second year.
- 9.2. The consensus around the table was that the Forum was very useful and one of the few opportunities for the number of stakeholders represented to come together and discuss issues of interest. PJ felt that the Forum was essential and should concentrate its efforts on issues that are important today. In effect learning the lessons of the LCN Fund and feeding into the ED1 process.
- 9.3. A wide-ranging discussion took place around the table regarding the issues that the SGF should focus on its second year. One issue that was supported by many members was the commercial frameworks that will be needed to be put in place to allow specific smart grid solutions to be implemented. The impact on consumers and their likely appetite for more sophisticated commercial propositions was also considered to be very important.
- 9.4. GE commented that storage has been attracting more attention recently and features in a number of LCN Fund projects. The deployment of storage raises market and regulatory issues that will need to be addressed.
- 9.5. RF thanked the members for the ideas put forward. She said that Ofgem would work with DECC to produce a 'straw-man' work programme bringing them together and proposing an outline work programme for year 2. This would be discussed at the next SGF meeting.

ACTION: - *Ofgem will circulate a 'straw-man' work programme for year two before the next meeting.*

10. European/International Update – post meeting notes

- 10.1. AB provided an update on activities under the International Smart Grids Action Network (ISGAN); the project areas under this implementation agreement where the UK is contributing; and the forthcoming Clean Energy Ministerial (26th – 27th April) in London.
- 10.2. The latest development on the European Electricity Grids Initiative is a draft report which identifies gaps in pilot projects, throughout the European Union, seen by the Implementation Team. This report has been sent round to participants for comments and recommendations for prioritisation for future Framework 7 calls. This has been copied for comments to the ENA.
- 10.3. The SGF should note that the European Commission has re-launched its smart grids task force. A full report will be given at the next SGF.

11. Date of next meeting

- 11.1. 26 April, 14:00 hosted by DECC.

Appendix 1Attendees

Rachel Fletcher	Ofgem (Chair)
Michael Edgar	National Grid
Dave Openshaw	UKPN
Steve Johnson	ENW
Phil Jones	CE Electric
Stewart Reid	SSE
Chris Harris	RWE nPower
Ashley Pocock	EDF
Graham Meeks	CHPA
Roger Critchley	BEAMA
Chris Welby	Good Energy
Petter Allison	British Gas
Gavin Jones	Intellect
Judith Ward	Sustainability First
John Scott	Chiltern Power / KEMA
Duncan Botting	PB Power
Steve Unger	Ofcom
Nick Jenkins	Cardiff University
Richard Bruce	OLEV

Ofgem: Colin Sausman, Gareth Evans, Ben Smithers, Dora Guzeleva and Neil Copeland

DECC: Teresa Camey, Tom Luff; Adrian Butt; Sean Frisby – OLEV