

## DECC/Ofgem Smart Grid Forum Meeting 6

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The meeting discussed the progress of Work Stream 3 and Work Stream 6, focussing on deliverables and future direction.	From Date and time of Meeting Location	Ofgem 24 July 2012 13:00 – 15:00 BIS Conference Centre, 1 Victoria St.	6 August 2012
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### 1. Present

1.1. See Appendix 1 for the list of attendees. Apologies were received from Dave Openshaw, Duncan Botting, Phil Jones and Steve Johnson.

### 2. Introductions and opening remarks

2.1. Hannah Nixon (HN) thanked everyone for their attendance and summarised the agenda. She discussed membership of the Smart Grids Forum and said that all DNOs are now represented because the Forum's work is now focussed on RIIO ED1.

2.2. Sandy Sheard (SS) informed the group that the Electricity Systems Programme report is delayed and therefore will not be discussed. SS agreed to circulate the report once published before the next SGF meeting.

2.3. HN asked attendees to fill in the templates circulated by Adrian Butt (AB) so they can be uploaded onto the website. AB agreed to re-circulate the template.

#### Action

Circulate ESP report  
Circulate template

#### Person – By

SS  
AB

### 3. Minutes and Actions from 26 April Meeting

3.1. The minutes were approved without any amendments. HN talked through the actions and noted that Duncan Botting (DB) was not present to report on the activities of Work Stream 4.

### 4. Work Stream 3 Report

4.1. John Scott (JS) and Mike Kay (MK) presented slides on the Work Stream 3 model and report. They gave an overview of the project including the objectives and the context. They highlighted the granularity of the model and some of the parameters included. The model includes regional variation and allows DNOs to adapt it to the characteristics of their license area. Furthermore, it can establish what solutions may be best at any point in time and can be used to consider sensitivities such as clustering.

4.2. MK and JS discussed the limitations of the model. Asset replacement is currently not included in the model. There are still questions over how to maintain it and manage the large number of parameters. Ashley Pocock (AP) suggested that clarity/visibility of the assumptions is vital each time the model is updated.

4.3. MK and JS suggested that next steps would be to investigate how this can be used for RIIO ED1, in particular by looking at what top-down investments are beneficial during the price control period. It was noted that Ofgem were to host a meeting the following day to discuss the use and management of the model.

4.4. In response to a question from Chris Harris (CH) on the ramp up of investment into the RIIO ED2 period, MK said that big increases in loading are expected. Gavin Jones (GJ) added that investment lead time is not modelled so some investment will have to fall in the RIIO ED1 period. It was further noted that it is important to find out what enabling infrastructure would need to be deployed nationally rather than locally (i.e. in each DSA). SS highlighted that one of DECC's scenarios is not included in the model and that DECC want the report to mirror their importance.

4.5. Mike Kay (MK) told the group that the report is complete and ready to be published. Work Stream 3 will be continuing and comments on the report can feed into their work. He suggested that a review of the model may be useful at the time of business plan development for RIIO ED1. HN highlighted the importance of using the model in developing business plans.

<b>Action</b>	<b>Person - By</b>
Submit comments on WS3 report wrapper to MK	All
Publish Work Stream 3 report	WS3/Ofgem

## 5. Work Stream 6 Report

5.1. Dora Guzeleva (DG) talked through the briefing note on Work Stream 6. A wide range of stakeholders are now members including all DNOs, aggregators, suppliers and other stakeholders. DG explained the aims of the work stream and the working assumptions that have been made, highlighting that the issue of cost recovery for addressing power quality issues is being revisited. Key conclusions of the work stream thus far include that supply security standard ER P2/6 should be amended and that changes in the regulatory framework are needed to ensure notification of Low Carbon Technology (LCT) connections (i.e. at domestic level) and consistency around charging. A full report will be published in August.

5.2. Graham Meeks (GM) raised concerns over the process for development of EU network codes and asked how Ofgem can ensure issues are raised through ACER. DG said that there is an "open day" on 9 August that Ofgem will be attending. She highlighted that the Demand Connection Code (DCC) is at an earlier stage of development and therefore there is more chance of influencing this. Ofgem's European team are taking the lead.

5.3. CH discussed charging domestic customers for poor power quality equipment and suggested that as consumers do not understand power quality issues it will be difficult to put incentives on them. DG raised the issue that no single body is looking at the costs of connecting specific devices that impact power quality and the benefits of raising the performance standards of such devices. JW raised a concern that these cross-governmental issues may not be successfully moved on and HN said that Ofgem do and will try to ensure these are picked up. Gareth Evans (GE) highlighted that the European Commission has a standards working group and that the ENA is a member. NJ noted that charges for power quality can themselves cause problems and DG responded that work stream 6 has not yet looked at the charging structure.

<b>Action</b>	<b>Person - By</b>
Submit comments on WS6 paper	All – 07/08/12
Put the issue of charging domestic customers for resolving power quality issues on agenda at next SGF meeting	DECC/Ofgem – 23/10/12

## 6. RIIO-ED1 Overview

6.1. Anna Rossington (AR) presented slides on RIIO ED1. She explained the process and timeline for the development of the price control. She highlighted that policy is developed early in the process so that companies have clarity on the outputs and incentives when developing their business plans. Business plans and the longer price control period are

important as they get the DNOs to think longer term and more like commercial companies. Ofgem will consult on the policy and strategic framework in the Strategy Consultation which will be published in September 2012.

6.2. AR highlighted the role of the Flexibility and Capacity Working Group in finding ways of dealing with the challenge of LCTs and implementation of smart solutions. At low voltages, the group considers that the right behaviour will be driven by the network reliability incentive and the cost efficiency sharing mechanism. For higher voltages, a time to connect in combination with the existing broad measure of customer satisfaction should be strong incentives for those connections which are not in a competitive market segment. The group is also discussing what scenarios the companies should use to demonstrate that their proposals in their business plans provide the required flexibility to accommodate the uncertainty around LCT take up. This is combined with discussions around potential uncertainty mechanisms to fund potential reinforcement as opposed to ex-ante allowances.

6.3. Links with the SGF and its work streams were discussed. AR said that work coming out of the SGF will be used in the development of RIIO ED1. The work stream 3 model will prove useful in establishing a common framework to assess investment.

## 7. Any other business

7.1. AB discussed the draft terms of reference for Work Stream 1. He explained that they reiterate the group's purpose, rationale, deliverables and work programme. The purpose of Work Stream 1 is to ensure that DECC policy changes are fed into Work Stream 3 and RIIO ED1 as DECC's projections drive various costs in the Work Stream 3 model. The work stream will look at refining the scenarios for heat pumps, electric vehicles and solar PVs in the sight of any new analysis and evidence while trying to ensure delivery of the carbon plan.

7.2. As Duncan Botting (DB) was not present, HN asked for a note on the progress of Work Stream 4 to be circulated.

<b>Action</b>	<b>Person - By</b>
Circulate update on Work Stream 4	DB

7.3. GE gave an update of the work of Work Stream 5. The ENA is recruiting a dedicated resource that will focus on dissemination activities, in particular for LCNF projects. There have also been initial discussions with the IET about what they could contribute to engagement and dissemination. JW suggested that knowledge dissemination goes more broadly than LCNF trials and should involve data mining and other processes so lessons can be pulled out to inform policy. HN committed to ensuring that LCNF learning is disseminated and that the ENA will help with this. DNOs have to disseminate learning and Ofgem are making sure their processes can facilitate the sharing of learning.

<b>Action</b>	<b>Person - By</b>
Circulate update on Work Stream 5 and knowledge dissemination	WS5

## Appendix 1

Attendees:

Roger Critchley	BEAMA
Nick Jenkins	Cardiff University
Jim Sutherland	Scottish Power
Craig Dyke	National Grid

John Scott	Chiltern Power
Robert Symons	Western Power Distribution
Chris Welby	Good Energy
Chris Harris	RWE npower
Tabish Khan	British Gas
Judith Ward	Sustainability First
Stewart Reid	SSE
Marina Hod	Kiwi Power
Ashley Pocock	EDF
Gavin Jones	Electralink
Mike Kay	ENWL
Mark Drye	Northern Powergrid
Graham Meeks	CHPA

**DECC:** Sandy Sheard, John Christie, Adrian Butt, Tom Luff

**Ofgem:** Hannah Nixon (Chair), Dora Guzeleva, Anna Rossington, Gareth Evans, Colin Sausman, James Goldsack