

## DECC/Ofgem Smart Grid Forum Meeting 7

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The meeting discussed RIIO ED1 Strategy consultation ENSG work programme, WS6 Report, WS3 paper, WS5 Update, next steps for WS3 and implications for WS3 & WS6.	From Date and time of Meeting Location	DECC 23 <sup>rd</sup> October 2012 10.00 – 12.00 BIS Conference Centre, 1 Victoria St.	November 2012
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### 1. Present

- 1.1. See Appendix 1 for the list of attendees. Apologies were received from Hannah Nixon, John Scott, Steve Unger, Robert Symons and Petter Allison.

### 2. Introductions and opening remarks

- 2.1. Sandy Sheard (SS) thanked everyone for their attendance and summarised the agenda. She confirmed the minutes had been approved by email and that all actions from the previous minutes had been taken forward.
- 2.2. SS reminded members to send completed SGF membership templates to John Christie.

#### Action

- Members to send membership templates to John Christie by 9<sup>th</sup> November;
- Ofgem to place the templates on the SGF website by 14<sup>th</sup> November.

### 3. Electricity distribution price control (RIIO ED1) strategy consultation

- 3.1. Anna Rossington (AR) talked through Ofgem's RIIO ED1 strategy consultation document published on 28<sup>th</sup> September. The consultation runs until the 23<sup>rd</sup> November.
- 3.2. Working groups for the development of incentives and outputs had been in operation since the launch of the Price Control Review in February and were continuing to meet to further develop these. The strategy will be published in February 2013 and DNOs are due to submit their business plans in July 2013.
- 3.3. AR highlighted the prominence given in the proposed strategy to smart grids, the smart grid cost benefit evaluation tool, and the need for DNOs' to develop narratives on how they can move efficiently between the DECC scenarios to accommodate the DECC scenarios consistent with meeting the government carbon budgets.
- 3.4. No substantive questions were asked about the consultation.

#### Action

- Responses to the Strategy consultation to Ofgem by 23<sup>rd</sup> November. **All**

#### **4. Energy Networks Strategy Group (ENSG) Update**

- 4.1. Paul Hawker (PH) informed members that the ENSG had agreed a new work programme and highlighted a project to look at future interactions and changing roles across onshore and offshore electricity networks over the coming decades.
- 4.2. National Grid had agreed to chair this group and are currently scoping the terms of reference.
- 4.3. PH emphasised the need for good coordination between the ENSG and SGF to ensure the work was complementary. Ashley Pocock (AP) asked if this group would be looking at the future potential role of a DSO, Mike Calviou (MC) of National Grid felt that this issue would be more within the scope of the Smart Grid Forum. In response, Gareth Evans (GE) said that Ofgem was considering whether more fundamental work might be required to assist this discussion. He highlighted that we are moving from a grid which had a relatively small number of active devices but millions of passive ones to a world with millions of active devices. There is no experience of operating such a grid system and there would seem to be a need to 'go back to the physics' to better understand how this might be most efficiently and securely managed. He referred back to the LENS report and suggested that something similar might be required but with a focus on operational scenarios, rather than structural ones.
- 4.4. PH agreed to share the project scoping document and invite members to nominate either themselves or colleagues to join the ENSG working group. MC agreed to provide progress reports at SGF future meetings.

#### **Actions**

- Project scoping document circulated to members. **PH**
- Nominate members for the working group by 9<sup>th</sup> November. **All**
- Progress report at the next SGF meeting. **MC**

#### **5. Smart Grid Commercial and regulatory barriers report (WS6)**

- 5.1. Dora Guzeleva (DG) introduced the WS6 phase 1 report. The workstream had established that there were not a large number of regulatory barriers to DNOs implementing smart grid solutions over the next price control and the main ones that do exist centred on engineering recommendations and charging methodologies. There did appear however, to be a lack of commercial enablers to support smart grid solutions particularly where DNOs needed to interact with third parties.
- 5.2. Colin Sausman thought the report could be read as if it assumed that customers would become actively involved in the market. He highlighted that recent debate about the complexity of bills raises questions about this assumption. AP felt that the report needed some recognition that consumers are at the end of the value chain.
- 5.3. It was agreed that the main body of the report did not need changing, but that Ofgem should look at the report again to see how these aspects could be highlighted in the conclusions or through a short covering note.
- 5.4. DG updated members on the issue of charging domestic customers for resolving power quality issues and how the workstream was taking forward this work.

### **Action**

- **DG** to reflect on the discussions, send an amended report or a covering note to workstream members and publish it on the SGF website.

## **6. Model Governance (WS3)**

- 6.1. Steve Johnson (SJ) introduced a paper to approve the governance arrangements for updating and ensuring version control of the Smart Grid cost benefit model created by WS3 and EATL, that will be used by the DNOs and Ofgem as part of the RIIO ED1 price control process. EATL own the intellectual property rights of the model.
- 6.2. There was agreement on the central purpose of the governance arrangements and members endorsed the following:
- WS3 forms the review panel for approving updates to the model.
  - The GB model will be kept up to date with policy and analytical developments from SGF (WS1) to ensure that its assumptions and scenarios of electricity demand and supply are consistent with delivering the Government's Carbon Budgets.
  - DNOs should progress arrangements with EATL for formal governance of the model.
- 6.3. Phil Jones (PJ) felt it was also important to find out if this governance arrangement was unique, or whether lessons and best practice could be learnt from other industries.

### **Action**

- WS3 to consider governance precedents elsewhere - **SJ**
- WS3 to keep governance arrangements under review to ensure that they satisfy SGF needs - **SJ**

## **7. WS5 Update - development and launch of the knowledge portal**

- 7.1. GE said the work had not progressed as quickly as had been hoped as other dissemination activities (e.g. in relation to LCN Fund projects) had taken priority within the ENA and SGGB. However, the ENA had now agreed to take the lead on this project following completion of the LCN Fund work which would be launched at the LCN Fund conference later this week (25-26 October). This will form an important element of the wider knowledge portal. GE would be arranging another meeting of this workstream to progress this work and asked SGF members to let him know if they wished to attend the meeting.
- 7.2. Judith Ward (JW) agreed that this was a step forward, but still felt that there could be a benefit in some kind of continuing 'curation' of large legacy data-sets – be it from LCNF and / other publicly or customer-funded smart trials. It would be helpful to bring funders together e.g. DECC, government departments, research councils, TSB & others for an exploratory discussion.
- 7.3. It was agreed that this should be a key agenda item for the next workstream 5 meeting.

### **Actions**

- Members to let GE know if they wish to attend WS5 meeting by 9<sup>th</sup> November – **All**

- To ensure curation is an agenda item at WS5 meeting and report back on options to the SGF- **GE**

## **8. SGF Next steps**

### ***Smart Grid Forum: Maintaining Strategic Direction***

- 8.1. AB introduced a paper proposing a process to enable the SGF to take a strategic look at where future priorities lie. He suggested that ideas for potential future Smart Grid Forum work could be captured in a Future Work Log for a fuller discussion at the next SGF meeting in January. This discussion would also address the future role and make-up of the SGF. Members agreed.
- 8.2. SS explained that the current years focus has been and continues to be supporting RIIO ED1. A number of proposals for additional work such as those from WS6 had been tabled but more thought is needed to prioritise the work, maximising the 'value add' of the Forum and matching availability of resources.
- 8.3. PJ thought it would be useful for DECC and Ofgem to give a clear indication as to the future of the SGF at the January meeting.
- 8.4. Dave Openshaw felt that one of the existing workstreams e.g. WS4 might act in a horizon scanning role to help identify future priorities.
- 8.5. PJ emphasised that lots of valuable learning will be coming out of the LCNF projects in the next 3-6months. The challenge will be to ensure that this comes into the SGF process to help shape the programme.
- 8.6. It was agreed that AB would collate a list of the potential future work areas drawn from members' inputs and draft a prioritisation paper in advance of the next SGF meeting in January. The paper will be circulated for comment in advance of the meeting.

### **Actions**

- Ideas on future work areas entered into future log template are returned to 16<sup>th</sup> November to AB- **All**.
- DECC/Ofgem Priorities paper circulated for comment at least 2 weeks before the January meeting - **AB**
- DECC present paper at January SGF meeting for discussion and endorsement -**AB**

### ***Revised terms of reference and next steps of the Commercial and Regulation workstream (Workstream 6)***

8.7 Members considered the draft terms of reference and noted that some of the work proposed took the work beyond the SGF second year. PJ suggested that the list of potential wider system work areas, including the lack of commercial enablers to support smart grid solutions where DNOs needed to interact with third parties, should be scoped out to provide greater detail. DG invited members to indicate their interest in contributing to this process. In addition, the work would need to take account of what is emerging from the Low Carbon Network Fund projects.

8.8 It was agreed that these proposals should be added to the 'long list' in the Work Log and taken into account in the January paper.

8.9 DG noted the enthusiasm and momentum of the workstream members and expressed a concern that this would be lost if work was put on hold until January or end of year 2. It was agreed that DG should work with WS6 to take forward near term actions from the WS6 paper that could usefully be completed in year 2. It was also agreed that WS6 will develop a scoping paper developing in greater detail the proposals for further work.

**Action:**

- WS6 to scope out in more detail the wider systems work areas that fall beyond this year and include them in the log of future work as an input to the SGF priorities paper for discussion at the SGF meeting in January. **DG**

***Next steps of workstream 3 (Low Carbon networks)***

8.10 Members agreed that priority work areas for the workstream were: the development of the WS3 model and its ongoing maintenance and governance, and the “no regrets” investment project.

8.11 Members also noted that International Smart Grids standards are an important area but it was not clear at this stage what role, if any, the Smart Grid Forum should play. It was agreed that Workstream 3 should consider this in more detail, as well as any other work areas, and enter these into the SGF Future Work Areas Log for full discussion at the January SGF meeting.

**Action:**

- WS3 to develop further and enter proposals into the Future Work Areas Log as an input to the SGF priorities paper for discussion at the SGF meeting in January. **SJ.**

**9. Any other Business**

9.1. AB provided feedback on the Assumptions and Scenarios workstream (WS1) meeting in September. The DECC renewables team will be providing further data on distributed generation trajectories in November.

9.2. Duncan Botting (DB) provided an update on the Closing Doors workstream (WS4) and said that following his presentation to Smart Grid GB about the work of WS4, he now had more people interested in joining the group.

9.3. DB agreed to work with AB to ensure the ideas of the working group are captured in the SGF Future Work Areas Log as an input to the SGF priorities paper for discussion at the SGF meeting in January.

9.4. Graham Meeks mentioned that The Combined Heat and Power Association was arranging a visit to Energinet DK (Denmark) and there were still places available if members were interested. AB agreed to circulate the information.

**10. Next Meeting**

10.1. The next meeting will be held on 22<sup>nd</sup> January at Ofgem.

## Appendix 1

### Attendees:

Roger Critchley	BEAMA
Jim Sutherland	Scottish Power
Nick Jenkins	Cardiff University
Mike Calviou	National Grid
Chris Welby	Good Energy
Chris Harris	RWE npower
Judith Ward	Sustainability First
Marina Hod	Kiwi Power
Ashley Pocock	EDF
Gavin Jones	Electralink
Steve Johnson	ENWL
Phil Jones	Northern Powergrid
Graham Meeks	CHPA
Dave Openshaw	UK Power Networks
Duncan Botting	PB Power
Ben Davison	OLEV

**DECC:** Sandy Sheard (Chair), Tom Luff, Adrian Butt, Paul Hawker, John Christie.

**Ofgem:** Dora Guzeleva, Anna Rossington, Gareth Evans, Colin Sausman, Mark Askew