

## Demand Side Working Group Minutes – 8<sup>th</sup> February 2013

---

Agenda for the February 2013 Demand Side Working Group.	From People Invited	Ofgem Demand Side Working Group	8 <sup>th</sup> February 2013
	Date and time of Meeting Location	1000-1200 8 <sup>th</sup> February 2013 Room 9, Ofgem	

---

### Attendees

#### External Attendees

Aily Armour-Biggs (Global Energy Advisory – by phone)  
David Brogden (SSE)  
Jane Butterfield (Gemserv)  
Tom Edwards (Cornwall Energy – by phone)  
Joanna Furguson (Northern gas network)  
Grant Holland (BOC)  
Nicky Maclaurin (Utility Partnership Ltd)  
Sophie Neuberg (Consumer Focus)  
Audrey Nugent (CIA)  
Eddie Proffitt (MEUC)  
Charles Ruffell (RWE Npower – by phone)  
Esther Sutton (E.ON)  
Nick Sturgeon (CIA)  
Steve Wilken (Elexon)  
Mike Wilks (Poyry)

#### Ofgem Attendees

Reuben Aitken  
Robyn Daniell  
Thomas Jones  
Dipali Raniga  
Phil Slarks (Chair)  
Natasha Smith

### 1. Introduction

1.1. Phil Slarks welcomed the attendees.

### 2. Agenda Item 1: Review of the minutes of the last meeting

2.1. Phil Slarks apologised for the minutes not being distributed prior to the meeting and promised to circulate them after the meeting.

### 3. Agenda Item 2: European Demand Connection Code: Update (Dipali Raniga)

3.1. Ofgem gave a presentation on [The European Network Code \(ENC\) on Demand Connection \(Link – Opens in a new window\)](#), including a brief background and framework for the European Network Codes, an overview of the ENC development process, interactions between the codes, a timeline and summary of the provisions of the Demand Connection Code submitted to ACER on 4 January for its Opinion and Stakeholder Interactions.

3.2. Members questioned how the European Demand Connection Code fitted in with existing codes within the GB. It was explained how it supersedes existing GB codes and aims to harmonise the many different networks within Europe. It is directly applicable in GB as it will form an integral part of EU legislation.

- 3.3. It was the view of some members of the group that some provisions of the code (such as for Demand Side Response System Frequency Control) have been drafted to suit networks in Europe that have a greater concern about frequency management than the GB system. Specifically on DSR SFC, Ofgem explained that DSR SFC is not mandated up front in the code, but allows TSOs to propose a list of devices to be considered to provide DSR SFC through the existing Eco-Design process. This is a robust 3-5 year process that considers modifications to e.g. white goods, in relation to energy savings and improved efficiency.. The group was also informed that all views are welcome to be fed into Ofgem and DECC to understand the key issues for GB stakeholders, through upcoming stakeholder events such as the DECC-Ofgem stakeholder workshops to identify priority issues for GB stakeholders.
- 3.4. The group discussed concerns they had about the code potentially presenting an additional hurdle to participants wishing to enter the Demand Side Response market as it creates a new industry standard across Europe to parties wishing to offer Demand Side Response. (The code sets out the technical requirements that must be met for certain DSR requirements to be provided.) In particular, some stakeholders felt that the Cost Benefit Analysis to support the provisions that are to go through EcoDesign is insufficient to justify these capabilities as well as drawn widely enough to recognise that costs would be borne by DSR providers, not just industry participants. Ofgem noted that similar comments have been made previously, and it is being flagged that improved CBAs would be required to justify these provisions through EcoDesign
- 3.5. Ofgem requested specific examples as soon as possible of participants that will face costs from this new code or have specific concerns that they feel need to be resolved, to inform the GB position ahead of Comitology. Stakeholders were also invited to raise concerns and potential solutions to these concerns at the upcoming DECC-Ofgem stakeholder workshop and Joint European Standing Group.
- 3.6. Some members of the group noted that they had not been aware of the Demand Connection Code or had only recently become aware of it. . Both members of the group and Ofgem explained that there were a number of forums for stakeholder engagement concerning the European Network Codes, including National Grids Joint European Standing Group and the DECC-Ofgem Stakeholder Forum (for electricity and for gas). Ofgem also explained the process for the year long stakeholder consultation in the presentation and that the group had previously received an Ofgem presentation on the Demand Connection Code in Spring 2012. A member of the group noted that similar issues had been raised at previous stakeholder events recently and encouraged the other members to get involved with the other events. Phil Slarks offered for members of the group to contact him with any requests to be included in any Ofgem events that he could pass onto the relevant Ofgem representative.

#### **4. Agenda Item 3: Review of the Demand Side Working Group (Phil Slarks)**

- 4.1. Phil Slarks presented on a [review of the DSWG \(Link – Opens in a new window\)](#), covering the history of the group, the relationship of the DSWG to other workstreams, a summary of what the DSWG has covered in the last year and a proposal for the format of the DSWG going forward.
- 4.2. The Ofgem 'strawman' proposal for the group going forward was;
- The DSWG ceases to meet regularly in its present form
  - We consider measures to keep group members up to date with other workstreams that may be relevant to them – eg through a newsletter

- Where appropriate, we point group members in the direction of other forums through which they can engage with Ofgem
  - We keep under review the case for occasional ad-hoc DSWG meetings on issues of particular concern to demand-side participants and those with an interest in demand-side issues
- 4.3. Some initial views from the group agreed with the proposal, suggesting that if the group wanted to change the current format into a true “working group” then it would have to be more focused on detail, specifically focussing on the barriers and obstacles to DSR participation. Phil Slarks asked how the focus of the group could be changed to make it more of a working group. Greater engagement with National Grid was highlighted as one way of achieving this.
- 4.4. A number of members highlighted that a real benefit to the group in the current format was that it linked gas and electricity issues together and enabled the drawing of lessons from one to the other. It was also noted that the group used to be much closer to a working group. The members of the group agreed that in its current format, it is more of a communication forum.
- 4.5. Phil Slarks asked the group if it was valuable for the DSWG to replicate stakeholder engagement within the different work streams. The group highlighted that the DSWG is a different group of stakeholders to the individual workstreams and so brings different perspectives together to discuss current demand side issues.
- 4.6. The group discussed the benefit of the meetings to bring together issues across Ofgem, providing an overview of demand side issues in one place. Phil Slarks asked if it was best that the group suggested agenda items, which could form an agenda for meetings going forward. There was disagreement within the group on this question, with some members agreeing that they would like input, and others suggesting that Ofgem is best placed to identify agenda items.
- 4.7. The group discussed the possibility of continuing using this meeting as a communication forum, which highlights other work streams and events to get involved with. One member of the group suggested that if a workstream was vital to members, that they should be able to get involved with those workstreams themselves, while other members of the group explained that it was too time consuming to keep up-to-date with all and that the DSWG should provide an overview.
- 4.8. Phil Slarks suggested a new proposal to the group, of a 6 monthly meeting, as well as a more regular e-mail update of issues. Group members highlighted that there are an increasing amount of demand side issues arising at the moment and it was important that group members were kept in frequent touch with these issues.
- 4.9. Phil Slarks encouraged any members of the group to feed in any comments they had about the DSWG to himself after the meeting. He said that Ofgem would give further thought to the points raised in this meeting and report back to the group.

## **5. Agenda Item 4: DSR routes to market (Robyn Daniell)**

- 5.1. Robyn Daniell gave a presentation on [Smarter Markets Strategy regarding DSR \(Link – Opens in a new window\)](#) outlining the 4 areas of the smarter markets strategy, the objectives of smarter markets and the project scope. The project scope covers electricity is focused on temporary demand side response (rather than permanent demand reduction). Robyn also pointed to the intention of Ofgem to consult on the issue during Q1 2013.

- 5.2. Phil Slarks asked if there was any intention of including gas in the scope going forward. Robyn informed the group that electricity is the priority at the moment, with no immediate plans to look at the issue for gas.
- 5.3. A question was asked about the considerations for the project in taking note of current market arrangements, given that Electricity Market Reform, Network codes and Electricity Balancing Significant Code Review could all change current arrangements. Robyn assured the group that the project would take into account the key elements of the wider context as it progressed.

## **6. Agenda Item 5: Brief Update on other relevant issues (Phil Slarks)**

- 6.1. Phil Slarks highlighted the Other issues update - available in hard copy and that would be circulated to group members following the meeting. The note highlights a number of workstreams such as the Electricity Market Reform and Gas SCR. The note also highlighted industry news with the changing of wholesale market trading calendar and Ofgems consultation forward plan.

## **7. Any other business**

- 7.1. One attendee raised a concern about the ability of DSR through load curtailment to contribute to the developments arising from Electricity Market Reform.
- 7.2. A member of the group requested that Phil Slarks feeds back to the relevant people in the Gas SCR team that a tender process is preferable over an auction process for the allocation of DSR contracts.

## **8. Date of next meeting**

- 8.1. A provisional date was discussed for the next meeting, noting it was subject to feedback for the future of the DSWG. A provisional date was set for May 2013.