

## DECC working group on community energy grid connections – 1<sup>st</sup> meeting

The meeting focussed on identifying the issues currently being faced by community energy projects and on identifying the parties and/or fora best placed to take forward further work.

Date and time of meeting	9.30-13.30, 23 January 2014
Location	Ofgem Millbank

24 January  
2014

### 1. Welcome

1.1. The Chair (Sarah Harrison) welcomed the members of the group and reiterated the purpose of the working group: to discuss issues around grid connections that are currently being faced by community energy projects, and to identify the actions that can make a real difference to future community energy projects.

1.2. The Chair also reminded members that the working group has been convened at the request of the Secretary of State, and has been asked to report back with recommendations by July 2014. The Chair outlined a proposed work plan of three meetings to prioritise issues; discuss emerging findings and recommendations; and agree recommendations respectively. The Chair stressed the importance of not repeating work already being progressed by other parties, and of identifying other fora/ industry groups to drive forward analysis and solutions in between the three meetings.

### 2. Presentations

2.1. The working group then heard a series of presentations on the following subjects. The accompanying slides are available on our website.

- The Government’s Community Energy Strategy, Ian King, DECC
- RIIO incentives and connection charging policies, James Veaney, Ofgem
- Grid issues affecting community energy projects, Felix Wight, Community Energy Scotland (with input from Peter Capener, Bath and West Community Energy and Merlin Hyman, ReGen SW)
- A DNO perspective, Brian Hoy, Electricity North West

2.2. A subsequent question and answer sessions raised a variety of views<sup>1</sup> including:

- The importance of clear lines of communication between the three working groups established by DECC’s SoS. DECC confirmed that the Chairs of each group would be updated on the progress of other groups
- Whilst anticipatory investment may not be the most efficient solution when considering only distribution costs, it may have benefits when considering total system costs i.e. it could facilitate lower FIT levels.

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<sup>1</sup> Note – the views listed are not representative of all members of the group.

- Whether there is enough flexibility under the upcoming RIIO-ED1 framework to allow a full range of solutions to be considered. The group also acknowledged that some issues may be more relevant to ED2. Ofgem confirmed that the RIIO-ED1 framework had sufficient flexibility to accommodate necessary changes in DNO expenditure.
- To what extent Distributed Network Operators (DNOs) can treat community energy projects differently to other customers
- Whether there is evidence as to what level of price reductions in connection charges would affect the viability of different community energy projects i.e. 5%, 10%. There was acknowledgement that this information would differ between the different generation technologies and would be different with changes to FiTs tariff rates.
- The potential for controllable demand had not been considered in presentations but was an important consideration.
- Questions as to what extent best practice is already being shared between DNOs.

### 3. Terms of Reference

3.1. A draft Terms of Reference was circulated to members ahead of the meeting. Members agreed that the Terms of Reference were appropriate. The Chair also clarified that the progress made by the working group over the next 6 months should not prevent further work and solutions being taken forwards beyond this timeframe as appropriate.

### 4. Breakout discussions

4.1. Members took part in two breakout sessions:

- Priorities, potential solutions and fora for further work
- Feedback and next steps.

4.2. A variety of topics and issues were discussed and were captured in a draft issues log. Key areas identified for further work include:

- **Customer service** – with an emphasis on understanding whether work currently being progressed by the DG Forum and other fora takes sufficient account of the particular needs of community energy projects
- **The cost of connection** – including the potential for staged payments and different funding mechanisms/ access to finance
- **Capacity and investment policy** – insufficient understanding of the current policies and their implications amongst community energy projects. There was also interest in exploring the potential for community energy projects to participate in innovative grid consortia solutions and the potential for additional access rights for community projects.
- **Other potential regulatory and policy barriers** – the group discussed whether the FiTs scheme was a barrier to innovative community energy projects.

4.3. There were suggestions from various members of the group that ongoing work into these areas should include (as appropriate):

- Reviewing current processes and best practice
- Collecting data and evidence to support a case for change/ potential options, including evidence as to why community energy projects may require special provisions
- Could include the potential for trials with real community energy projects, although there was recognition that these would likely continue beyond the current intended timescale of the working group

4.4. It was suggested that the group may benefit by extending membership to a Transmission operator.

## **5. Closing remarks**

5.1. The Chair thanked members for their attendance. The date of the next meeting was not agreed however it is expected that members will meet again in late March/early April.

## 6. Attendee list

Electricity North West	Brian Hoy	Head of Market Regulation
Scottish and Southern Energy Power Distribution	Donald MacKinnon	Acting Head of Commercial
Scottish and Southern Energy	Stewart Reid	
Scottish Power Energy Networks	Paul McGimpsey	
Scottish Power Energy Networks	Paul Black	DG Pre-Contract Manager
UK Power Networks	Steve Halsey	Distributed Generation Development Manager
Western Power Distribution	Nigel Turvey	Design and Development Manager
ReGen SW	Merlin Hyman	
Bath and West Community Energy	Peter Capener (via telephone)	
Community Energy Scotland	Felix Wight	Head of Development
Energy4All	John Malone	
Consumer Futures	James Court	
DECC	Ian King	Senior Policy Analyst, Projects Team, Strategy
DECC	Robert Kinnaird	Head of Onshore Electricity Network Investment
Ofgem	Sarah Harrison (Chair)	Senior Partner, Sustainable Development
Ofgem	Andy Burgess	Associate Partner, Transmission and Distribution Policy
Ofgem	James Veaney	Head of Distribution Policy
Ofgem	Alexander Belsham-Harris	
Ofgem	Laura Morris	Environmental Economist, Sustainable Energy Policy