

## Meeting 24 – Smart Grid Forum Work Stream Six

Minutes from meeting 24 of work stream six (WS6) of the Smart Grid Forum

From  
Date and time of  
Meeting  
Location

Ofgem  
Tuesday 20 May 2014  
2.30pm – 5pm  
Ofgem, 9 Millbank

28 May 2014

### 1. Present

Nigel Turvey (NT)	Western Power Distribution
Yselkla Farmer (YF)	BEAMA
Olaf Islei (OI)	Apxgroup
Judith Ward (JW)	Sustainability First
Alice Etheridge (AE)	National Grid
John Christie (JC)	DECC
Gavin Jones (GJ)	Electralink
Anthony Price (AP)	Electricity Storage Network
Tabish Khan (TK)	British Gas
Adam Gillert (AG)	Bird and Bird
Brian Shewan (BS)	SSE Power Distribution
Joris Besseling (JB)	Element Energy
Mark Hughes (MH)	Element Energy
Andrew Spencer (AS)	Northern Powergrid
Adriana Laguna (AL)	UK Power Networks
Brian Robinson (BR)	CGI
Euan Norris (EN)	Scottish Power
Liz Laine (LL)	Citizens Advice
Andrew Jones (AJ)	EDF Energy
Emma Pinchbeck (EP)	Micropower Council
Chris Allen (CA)	Elexon
Sam Street (SS)	Frontier Economics
Sarah Deasley (SD)	Frontier Economics
Alex Whittaker (AW)	Frontier Economics
Philip Twiddy (PT)	Pi-cubed Consulting
Dora Guzeleva (DG)	Ofgem
Bart Schoonbaert (BSc)	Ofgem (Consumer Empowerment Programme)
Chiara Redaelli (CR)	Ofgem (Smarter Markets)
Mark Askew (MA)	Ofgem
Amy Freund (AF)	Ofgem
Keavy Larkin (KL)	Ofgem
Andrew White (AWH)	Ofgem

### 2. Apologies

SmartGrid GB

### 3. Review of the minutes from meeting on 29 April

- 3.1. DG invited the group to comment on the minutes from the previous meeting. There were no comments. DG noted that Ofgem had updated the interim report based on the comments offered by the SGF. She noted that Ofgem would review the document from a consumer perspective before publishing it on the website. This review will focus on language, accessibility and public perception. DG invited members of the group to also review the report for this purpose and to provide comments to Ofgem.

Action	Person – By
Review interim WS6 report from a consumer perspective	Ofgem/ all – 6 June
Upload interim WS6 report to Ofgem website	Ofgem – next meeting

## 4. Updates

- 4.1. DG updated the group on a number of the European smart grid initiatives with links to WS6's activities.
- 4.2. The EU Commission's Directorate-General for Energy (DG Energy) formed Expert Group 3 (part of the Smart Grid Task Force) to develop a set of regulatory recommendations for the deployment of smart grids. DG noted that a range of stakeholders are represented in the expert group.
- 4.3. Expert Group 3 will produce a paper with three chapters on –
- Flexibility
  - Regulatory and commercial arrangements
  - Incentives and tariff structures.
- 4.4. DG informed the group that Ofgem, as a CEER (The Council of European Energy Regulators) representative, is leading the first chapter on flexibility. This chapter is at an advanced stage and Ofgem will circulate the draft to WS6 as soon as possible. The outline for the 'regulatory and commercial arrangements' chapter was agreed in early May. Another member of CEER will lead the drafting of this chapter. The aim is to finalise this chapter by September. The third chapter on incentives and tariff structure will be drafted by the end of the year. DG noted that Ofgem could present the flexibility chapter to WS6 if there is still interest in discussing it after it has been circulated.
- 4.5. DG also informed the group that CEER has formed a group looking at the role of the Distribution System Operator. This group provided key input into the ACER 2020 bridge paper that will be presented to the Commission on behalf of both CEER and ACER (Agency for the Cooperation of Energy Regulators). This bridge paper is currently out for consultation.

Action	Person - By
Circulate Expert Group 3 chapter on Flexibility	Ofgem/ KL – Next meeting

## 5. Visibility of DSR Actions

- 5.1. SS presented slides summarising Frontier Economics' research into the potential uses of DSR and their cross-party impact. Elexon commissioned Frontier Economics to carry out this work. SS noted that a number of the organisations represented on WS6 provided input into the research.
- 5.2. SS explained that Frontier Economics' paper groups the challenges of DSR into two groups; 'Information Problems' and 'Inefficient Use of DSR'. SS also presented three potential market models which could support the use of DSR –
- Supplier to supplier trading of DSR services pre-gate closure
  - DNO and SO services sharing
  - A central market platform for wholesale and ancillary services provided by DSR.

5.3. SD stressed that the work aims to indicate the relative magnitude of benefits and where they accrue under these different potential models. It is not intended to be an all-encompassing answer to the challenges of realising efficient benefits from DSR.

5.4. AW explained the modelling approach set out in the slides. He clarified that the model does not take into account DSR action in the capacity market, because this was outside the scope of the work. AW also noted that only the benefits of new DSR are captured in the model – ie existing time of use tariffs (such as economy 7) are included in the base case. The model uses the central case of low carbon technology uptake from DECC's scenarios.

5.5. SS agreed to share a draft of the report with WS6.

Action	Person - By
Share draft 'cross-party impacts of DSR actions' report	Frontier/ Elexon – Next meeting

## 6. Future WS6 Work Programme

6.1. AF presented slides setting out Ofgem's draft proposal for the next stages of the WS6 work programme for discussion and comment.

6.2. JW noted that it would be useful to understand how the detail of the WS6 work plan fits against the smarter markets programme. MA noted that key interactions with the smarter markets programme are already included within the proposed work plan. DG agreed that it will be important to keep clearly in mind the two work programmes and how they interact.

6.3. There was some concern that the work plan may be overly ambitious. DG acknowledged that the plan is ambitious and agreed that Ofgem would revisit the timetable to ensure that it is realistic. The group also agreed that it would be beneficial for sub-groups with fixed membership to progress work away from the main group. DG agreed that Ofgem would review the work plan and recirculate it to the group for comments.

Action	Person - By
Update and circulate draft work plan to WS6 for comment	Ofgem – Next meeting

## 7. Customer Participation Sub-group

7.1. BSc updated WS6 on Ofgem's Consumer Empowerment Programme, which forms part of the Smarter Market Programme. BSc explained that the key focus of the work is to ensure that consumers stay protected as market arrangements change to help deliver the potential benefits of smart markets.

7.2. AF presented slides to update WS6 on the first meeting of the customer engagement sub-group. The group met to discuss whether and how WS6 will cover the customer engagement gaps identified in the SGF vision and routemap.

7.3. The sub-group concluded that four of the five customer engagement gaps identified in the vision and routemap fit into the existing WS6 plan.

7.4. The group agreed to refer the following gap back to the SGF–

- 'Explore the opportunities to articulate the wider benefits of smart grids alongside the roll-out of smart meters with the Smart Meter Central Delivery Body'

- 7.5. The group also agreed to draw the SGF's attention to how the other gaps will be covered within the WS6 scope. This will include noting that, while WS6 will cover most issues around understanding the factors which influence customer behaviour and any incentives that are need to achieve lasting change to ensure customers offers are tailored to customer needs, WS6 will not look at the simplicity of retail tariff offerings. The group agreed that this issue goes beyond the scope of WS6 and is a wider smart/ green/ retail question.
- 7.6. Following discussions, the group agreed that a sub-group with fixed membership should carry work forward on ensuring that the remaining three gaps are fully covered by WS6.
- 7.7. Volunteers for this group included; EDF, BG, Electralink, Citizens Advice, SSE, SP, Sustainability First and RenewableUK.

Action	Person - By
Facilitate meeting of customer participation sub-goup	Ofgem – After next meeting

## 8. Papers from Electricity Storage Network and RenewableUK

- 8.1. AP presented slides highlighting the ESN's concerns about the barriers to storage and setting out potential next steps for making better use of electricity storage. AP asserted the need for a supportive market framework which encourages take up of storage (and other non-demand) services.
- 8.2. ZZ supported AP's comments and drew the group's attention to two papers on the potential smart grid services that could be offered by distributed generators.
- 8.3. AJ noted that the group should avoid specifically encouraging one form of smart grid technology over another. He noted that the focus should be to promote a market framework that supports the most effective and efficient means of addressing challenges. The group agreed that this should include addressing barriers to storage on an equal basis with other smart grid solutions.
- 8.4. DG noted that it is within the scope of WS6 to identify and propose option to remove (where possible) barriers to all smart grid options – including storage and distributed generation. DG agreed that it would be helpful to ensure that non-demand services are explicitly referenced in the work programme. The group agreed that a sub-group should assess the work plan and identify where and how non-demand services need to be addressed.
- 8.5. Volunteers for this group included; BEAMA, RenewableUK, Electricity Storage Network, SSEPD, Electratlink and EDF.

Action	Person - By
Facilitate first meeting of Storage/ DG services sub-group	Ofgem – After next meeting

## 9. Any other business

- 9.1. The group raised no additional business.

## **10. Dates of upcoming meetings**

- 10.1. 2.30pm – 5pm Tuesday 17 June
- 10.2. 2pm – 5pm Wednesday 9 July
- 10.3. 2pm- 5pm Thursday 7 August
- 10.4. 12noon – 3pm Friday 5 September