

## Meeting 27 – Smart Grid Forum Work Stream Six

Minutes from meeting 27 of the Smart Grid Forum work stream six (WS6).

From  
Date and time of  
Meeting  
Location

Ofgem  
Wednesday 07 August  
2.30pm – 5pm  
Ofgem, 9 Millbank

11 August 2014

### 1. Present

Yselkla Farmer (YF)	BEAMA
Adam Gillert (AG)	Bird and Bird
Tabish Khan (TK)	British Gas
Liz Laine (LL)	Citizens Advice
Solmaz Moshiri (SM)	EDF Energy
Andy Jones (AJ)	EDF Energy
Gavin Jones (GJ)	Electralink
Simon Brooke (SB)	Electricity North West
Paul Bircham (PB)	Electricity North West
Phil Proctor (PP)	Energy Technologies Institute
Laura Morris (LM)	Energy Technologies Institute
Jill Caine (JC)	Electricity Storage Network
Emma Pinchbeck (EP)	Micropower Council
Peter Smith (PE)	National Energy Action
Alice Etheridge (AE)	National Grid
Andrew Spencer (AS)	Northern Powergrid
Zoltan Zavody (ZZ)	RenewableUK
Jenny Rogers (JR)	Scottish and Southern Energy
Maria Liendo (ML)	Scottish and Southern Energy
Gaia Stigliani (GS)	Sustainable Energy Association
Adriana Laguna (AL)	UK Power Networks
Nigel Turvey (NT)	Western Power Distribution
John Christie (JC)	Department of Energy and Climate Change
Dora Guzeleva (DG)	Ofgem (Distribution)
Mark Askew (MA)	Ofgem (Distribution)
Keavy Larkin (KL)	Ofgem (Distribution)
Clothilde Cantegreil (GM)	Ofgem (Smarter Markets)
Chiara Redaelli (CR)	Ofgem (Smarter Markets)

### 2. Review of the previous minutes

2.1. DG invited the group to comment on the minutes from the previous meeting. CR and AJ took an action to prepare a note clarifying the ability of DNOs to use load limiting, referencing specific provisions. It was agreed to put this issue on the agenda for the next meeting. It was also agreed that this issue would be added to the consideration of the Visibility subgroup.

2.2. An action was carried forward to share the work plans of the subgroups to ensure consistency. The Consumer Protection subgroup took an action to check that the LCNF learning workshops have been included as a deliverable in their terms of reference. An action on Oliver Day (OD) to update the group on MIG was also carried over to the next meeting.

Action	Person – By
Add DNO domestic load limiting issue to Visibility Group	Ofgem (AF) -

	September
Prepare note clarifying the ability of the DNOs to use load limiting	Ofgem (CR) and EDF (AJ) - September
Add ability of DNO to use load limiting to agenda for next meeting	Ofgem (AW) - September
Share work plans of subgroups with wider group	Ofgem (all) - September
Consumer Protection subgroup to check that LCNF learning workshops are a deliverable in the terms of reference	Ofgem (KL) - September
Update to group on MIG	OD - September

### 3. Updates (Ofgem MA)

- 4.1 MA reported back to the group on the July 22<sup>nd</sup> SGF meeting where the group discussed the future work programme. WS4 is now shutting down and WS9 will be co-chaired by Duncan Botting. A new work stream has been created, WS8 which will aim to develop smart grid indicators. MA provided an update to the SGF on how WS6 would pick up the actions that were identified in DECC's Vision and Route map. The SGF accepted that WS6 would not pick up two actions: to look at the wider benefits of smart metering and; to look at the consumer aspects of retail market policies, as these two actions are outside of the remit of the work stream. The SGF agreed to extend the timeline of the work stream by six months because of the addition of actions.
- 4.2 DNOs are going to think about their membership of the SGF and whether it is necessary for all DNOs to be represented at each meeting.
- 4.3 DG then updated the group on the RII0-ED1 draft determination which was published last week. In Ofgem's view, the work of WS6 and the SGF is very important to maximise the benefits of smart grids. DG asked the group for their reaction on what Ofgem can do to help maximise benefits.
- 4.4 DG proposed to rearrange the agenda and to have item 5. Energy Efficiency directly after this agenda item. The group agreed.

### 4. Energy Efficiency (PS)

- 4.1. DG provided the background of the Energy Efficiency Directive to the group. Article 15.2 of the Directive has been translated into legislation and relates to a requirement that Ofgem reports to the Secretary of State by July next year on the energy efficiency potential of networks, and what actions can be taken to maximise this potential. DG took an action to share the exact words of the Directive.
- 4.2. PS from National Energy Action, a fuel poor charity, then presented to the group on his proposed way forward. He flagged to the group the government's move to replace the definition of 'fuel poor' which has been redefined to mean those with a low income and high fuel costs. The UK has a new fuel poverty target which seeks to see minimum energy efficiency standards across all premises by 2030. PS's analysis shows that fuel poor customers tend to live in the least energy efficient properties.
- 4.3. PS outlined a framework whereby DNOs assess the costs of network reinforcement and identify alternative actions they could take. These alternative actions can then be linked to other interventions in the area to make them costs efficient. PS proposed that DNOs prioritise interventions that have implications for fuel poor customers which would be tracked through annual reporting. Alternative interventions could be the permanent reduction in demand to reduce peak load, the replacement of inefficient heating systems, behaviour change or the installation of more efficient lighting for instance. The NEA is working with ENW to develop a model for how this framework may work within the timeframe of ED1.

- 4.4. AJ asked whether the business case of this framework overlaps with the smart meter business case and whether the issue of double counting has been looked at. PS answered that benefits are incremental and so in his view, there is no overlap.
- 4.5. PS then asked where this framework could sit in regulation and how it could be reflected in the ED1 framework. TK answered that under ED1, if the DNOs save overall on reinforcement costs, then they are already incentivised to use alternatives to reinforcement. DG added that Ofgem is already funding these types of projects and highlighted that the role of the group will be to develop an energy efficiency draft that specifies roles and responsibilities and how costs and benefits are shared.
- 4.6. PS took an action to provide feedback on how to quantify his framework and provide some numbers. AL pointed out the Low Carbon London LCNF project is compiling an energy efficiency report, and JR added that the SAVE project is also developing a specific energy efficiency report and that SSE has put its expected savings into its business plan. DG asked DNOs to identify LCNF projects that involve energy efficiency. GS will also provide details of what SEA is doing in this area. Ofgem took an action to expand the Community Energy subgroup to take into account Energy Efficiency. This group will now be called the Community Energy and Energy Efficiency subgroup.

<b>Action</b>	<b>Person – By</b>
To share the EU Energy Efficiency Directive	Ofgem (DG) – September
To provide quantification of the benefits of alternative investment framework	NEA (PS) – September
To provide details of LCNF projects that involve energy efficiency	DNOs (all) – September
To provide details of the work of SEA on energy efficiency	SEA (GS) – September
To expand the Community subgroup to take into account Energy Efficiency	Ofgem (CC) - September

## **5. Sub-group updates (sub-group chairs)**

- 5.1. ZZ updated the group on the progress of the Storage and Distributed Generation subgroup. The objective of the group had been to compile a list of services. A question was asked as to whether the services listed could be used by TOs over the coming years.
- 5.2. The Distribution of Value subgroup has met a couple of times and has looked at whole sale prices and the capacity market. It was noted that it has been difficult to compare costs as these costs are measured over different timeframes. The group is currently putting together a framework to convert costs into a comparable form. Jon Bird (JB) will take over as Chair of the group in September.
- 5.3. KL gave an update on the Consumer Protection subgroup. The group has developed a template to assess the impact of each option on consumers according to a set of criteria (developed from the WS6 Options Report). The group has then used these assessments to develop an assessment of consumer attractiveness for each option. The group will use learning from the LCNF projects to augment this assessment where applicable.
- 5.4. TK updated the group on the Visibility subgroup. The group has looked at the options for smart grid engagement with consumers and identified areas where visibility is needed, and how it can be addressed. This has been done both from the DNO side and the Supplier side.

- 5.5. CC gave an update on the Community Subgroup. The next step for this subgroup will be to revise the TOR to take into account energy efficiency work. This group is in the process of cutting down the options in the report to just two or three options that could be taken forward as Community Energy options.
- 5.6. DG closed this item with a reminder to the work stream that Ofgem expected active participation in the subgroups.
- 5.7. The Smart Metering subgroup has developed a list of network benefits that smart metering could achieve, and are now considering what else could be added to the list.

## **6. Feeding subgroup outputs into WS6 objectives (Ofgem)**

- 6.1. MA presented on how the outputs of the subgroups can be fed into WS6. By the September meeting, a core set of options will be identified which will allow the group to capture key requirements from the subgroups perspectives, as a basis to be built on in subsequent work. By the October meeting, the group will stock take options, and roles and responsibilities to ensure all groups are on the same page and are ready to complete an assessment of commercial arrangements. A template has been developed to take this forward, which the groups will fill out by the November meeting.
- 6.2. A question was raised on the timeframe by TK as the groups are at differing stages of development, with some being advanced in their work, and some only just beginning. An issues log has been developed which hopes to capture the need for coordination between different groups, and it was pointed out that as MA or DG sit on all the groups, there is a low risk that issues that need coordination will be missed.

## **7. Any other business**

- 7.1. There was no other business to discuss.

## **8. Date of future meetings**

Friday 5 September (12noon – 3pm)

Thursday 9 October (tbc)

Tuesday 11 November (tbc)

Tuesday 9 December (tbc)

The next meeting will take place on the 5<sup>th</sup> September at 12:00, lunch will be provided.