

Meeting 26 – Smart Grid Forum Work Stream Six

Minutes from meeting 26 of the Smart Grid Forum work stream six (WS6).

From
Date and time of Meeting
Location

Ofgem
Wednesday 09 July
2.30pm – 5pm
Ofgem, 9 Millbank

09 July 2014

1. Present

Simon Brooke (SB)	ENWL
Matthew Scott (MS)	Senergy
Yselkla Farmer (YF)	BEAMA
Alice Etheridge (AE)	National Grid
Rhiannon Grey (RG)	National Grid
Conrad Steel (CS)	Citizens Advice
Liz Laine (LL)	Citizens Advice
Jon Bird (JB)	Sustainability First
Andrew Neves (AN)	Engage Consulting
Adam Gillert (AG)	Bird & Bird
Tabish Khan (TK)	British Gas
Jenny Rogers (JR)	SSEPD
Zoltan Zavody (ZZ)	RenewableUK
Adriana Laguna (AL)	UKPN
Jill Caine (JC)	ESN
Mark Hughes (MH)	Element Energy
Joris Besseling (JB)	Element Energy
Nigel Turvey (NT)	Western Power Distribution
Andy Jones (AJ)	EDF Energy
Phil Proctor (PP)	Energy Technologies Institute
Gaia Stigliani (GS)	SEA
Sam Street (SS)	Frontier Economics
Chris Allen (CA)	Elexon
Dora Guzeleva (DG)	Ofgem
Grant McEachran (GM)	Ofgem (Smarter Markets)
Chiara Redaelli (CR)	Ofgem (Smarter Markets)
Mark Askew (MA)	Ofgem
Dr Jeff Hardy	Ofgem (Sustainable Development)
Amy Freund (AF)	Ofgem

2. Apologies

Emma Pinchbeck (SEA), Judith Ward (Sustainability First), Felix Wight (Community Energy Scotland), Tamar Bourne (RegenSW)

3. Review of the previous minutes

3.1. DG invited the group to comment on the minutes from the previous meeting. The group commented that there was an omission (JC) from the attendees list. ZZ asked that the previous minutes reflected his request to reference how the group could make recommendations which Ofgem or DECC could take forward to implementation. DG committed to amend this.

3.2. The group carried two actions forward. Electralink are working on the review of options and data flows and would report back in August/September. Ofgem are to add a DG option similar to Baringa model 4 to WS6 report.

Action	Person – By
Update previous meeting's minutes to reflect ZZ comment and JC attendance	Ofgem - July
Review WS6 options for smart grid engagement against current data flows to identify where new data flows are needed.	Electralink – End of July
Add DG option similar to Baringa model 4 to WS6 report	Ofgem - July

4. Smarter Markets update on Capacity Mechanism DSR options

4.1. CR presented slides outlining six options for engagement with customers to provide DSR in the capacity mechanism (CM). Primarily I&C customers were considered.

4.2. CR noted the options do not represent an assessment of merits of which parties should provide DSR, but just a range of possible options to inform the group's thinking. Key points of discussion included:

- The role of DNOs operating as aggregators and participating in the Capacity Mechanism. DG questioned DNOs' involvement in the CM and highlighted the capacity would need to be available when called under the CM. CR responded that DNOs or other parties would need to assess the risks involved and reiterated this was not an assessment.
- JC suggested it would be useful to highlight which party holds the capacity obligation, where the capacity and presumably income rests. CR confirmed she could do this.
- The point was made that use of term the term DSR 'provider' needed to be consistent in terminology 'contracting' vs 'providing', such as when referring to providing to the Capacity Market.
- There was discussion on whether the options presented allowed for an aggregator to contract directly with the consumer. CR confirmed as aggregators could source demand from I&C or domestic, the same diagrams could apply to aggregators or suppliers.
- There was a discussion over whether I&C customers were more likely sources of DSR for the CM than domestics. It was highlighted that EVs or heat pumps connected at domestic level, could provide a significant level of response. An LCN Fund project (My Electric Avenue) was referred to as an example of this scenario.
- DG reiterated that the question of whether DNOs were allowed to participate in any other market was one to be discussed at another point.

4.3. CR noted they were keen to have industry input to inform their work and invited the group to contact her.

Action	Person – By
Verify regulations applying to I&C customers opted in to service from DCC – check whether the same criteria apply regarding access via the DCC for an I&C customer opting in as for domestic consumers	CR - August
Update slides, including to indicate who holds the capacity in the Capacity Mechanism options	CR – ongoing
Include new CM options presented in the report	Distribution Policy - ongoing

5. Ofgem perspective of Frontier report

5.1. MA led a discussion on the conclusions from the Frontier paper presented at the May WS6 meeting due to some confusion about the assumptions and key messages.

5.2. MA presented the key conclusions Ofgem took from the presentation were:

- Only the impact of dynamic, not static DSR was presented (albeit that static DSR was included in the base case).
- There is value in dynamic DSR for DNOs, at times greater than for suppliers.
- However, visibility and sharing are needed so that value can be maximised.
- DNOs can realise significant benefits according to the report's figures.
- These conclusions support the work of the work stream.

6.3 ST commented that the conclusions taken are right. He also stressed the importance of suppliers and the value they get. The takeaway point was that some form of sharing mechanism, such as a market, can help maximise the value of DSR.

6.4 DG commented that the work showed that we need to take care to ensure that suppliers don't lock in the whole value of DSR.

6. Sub-group feedback (Sub-group chairs -50mins)

6.1. Each subgroup presented an update on key developments. Key discussion points included:

6.2. **Storage & DG:** looking at possible services offered by DG and storage and prioritising these. There was some discussion of the requirement for commonality of terminology between subgroups.

Action	Person – By
Subgroups to ensure scope and definitions in ToR are clearly defined (particularly CE) and common across groups to enable comparability	Subgroup chairs / Ofgem
Share work plans between groups to ensure consistency	Subgroups
Adriana to join DG group to help with alignment of work	AL – August

6.3. **Visibility of DSR:** Chair not yet agreed and some comments being incorporated in ToR. Meeting planned for week following WS6.

6.4. **Distribution of value:** Initial draft table completed from all perspectives. Work ongoing to align basis for comparability of estimates.

Action	Person – By
Request update from MIG on relevant mods	Ofgem (AF) - August

6.5. **Customer participation:** CS asked how options which are identified to have consumer detriment would be handled. DG and CR responded that significant evidence would need to be presented and MA highlighted the options were to be prioritised, with necessary consumer protection measures identified. It could be highlighted if any barriers were difficult to remove.

6.6. CR and DG emphasised the importance of a robust analytical framework underlying any conclusions about suitability of options and DG highlighted it would not make sense to

rule options out at this stage. The group discussed potential changes in consumer perspectives going forward which could mean an option which currently appeared less suitable subsequently became a favourable approach.

6.7. DG highlighted learnings from LCNF which are being reviewed by the consumer group. This can ensure that results of real customer trials are fed into the work.

Action	Person – By
LCNF learning to be presented at November meeting	Consumer subgroup - November

6.8. **Community Energy (CE):** The group is developing a set of scenarios for community energy engagement with smart grids. They will also review all WS6 options to see if any could support Community Energy schemes as well as developing some specific community energy options.

Action	Person – By
Check whether a supplier is on the community Energy group	Ofgem (CC)
Tabish to ask new BG member to join CE group	TK
Define in Community Energy ToR what a smart energy scheme is, listing areas from DECC strategy we are / aren't including (notably, collective purchasing excluded)	Community Energy Chair

6.9. **Smart metering:** The group is reviewing potential benefits of smart meter data, planning to report back in August / September. From the baseline developed, they will continue to consider how SM data can be used to deliver the benefits. The group is in the process of confirming a chair.

Action	Person – By
Identify potential National Grid member interested in SM subgroup	AE

7. DG risk sharing and curtailment contracts

7.1. MA presented slides on risk sharing and curtailment contracts for DG.

7.2. The first part set out potential scenarios for sharing of risk. MA stated that at present most risk is borne by DG customer in order to protect DUoS customers. DG commented that work undertaken for ED1 indicated that DUoS customers were picking up around half of all customer specific reinforcement costs. She agreed to share this analysis.

7.3. JB and AE proposed reviewing Connect and Manage arrangements in Transmission to see whether parallels can be drawn on risk sharing. MA noted that the connection charging boundary was different in Transmission which might make drawing parallels difficult.

7.4. MA presented the second part of the discussion relating whether customers on a curtailed contract should have some obligation to contribute to future reinforcement which negates the need for curtailment.

7.5. There was a suggestion that the Electricity Charging Regulations (ECCR) could be amended to ensure that customers make a contribution to reinforcement within ten years of an initial connection.

7.6. The group agreed that the DG and Storage subgroup was best placed to this work forward. ZZ agreed that this group would look at integrating this into its work plan.

Action	Person – By
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To check what contribution the customer makes to connection vs DUoS, drawing on work done under the former Flexibility and Capacity Working Group in response to questions about investment ahead of need.	Ofgem
Consider whether learning from Connect and Manage possible for risk-sharing and curtailment work.	National Grid (RG)
Adjust DG/Storage subgroup work plan, ToR and deliverables to expand on options for risk-sharing and curtailment.	ZZ / JC

8. Consumer issues paper

- 8.1. MA summarised the Consumer paper to be presented to the SGF outlining areas of DECC's Vision and Routemap gaps which WS6 would take forward and which areas were beyond the scope of the group. He also commented that the paper proposed to extend the timelines for the group out by six months following discussions at previous meetings. MA requested any comments.
- 8.2. The group had seen drafts of the proposed plan and paper on more than one occasion and no changes were requested.

9. Any other business

- 9.1. AE highlighted that National Grid had just published its future energy scenarios report which might be of interest to the group.
- 9.2. Matthew Scott gave a presentation on the forthcoming EDCM charging review and potential implications for DSR. The group discussed the potential for interest, relevance and involvement of this review. Matthew and some DNO representatives discussed some background context to the review and debated the potential implications of the charging methodology for DSR price signals. DG requested updates to the group from members involved and suggested that DNOs consider whether involvement would be of interest and relevance. AN stated that he was involved in the EDCM review and would be happy to feed comments into it.
- 9.3. The group discussed the August meeting and noted agenda requests from several members due to holidays, notably AE and CS, confirming that the August meeting would take place.

Action	Person – By
Consider and discuss potential interest and involvement in EDCM review with Andrew Neves who already participates, to consider the DSR perspective in the context of review and update the work stream on developments	All (DNOs particularly)
Consider August agenda (bearing in mind CAB cannot attend and request from AE not to discuss SO incentives) to add detail and flag to wider group.	Ofgem

10. Date of future meetings

Thursday 7 August (2pm – 5pm)

Friday 5 September (12noon – 3pm)

Thursday 9 October (tbc)

Tuesday 11 November (tbc)

Tuesday 9 December (tbc)

