

DECC/Ofgem Smart Grid Forum Meeting January 2015

The meeting discussed what the Forum is doing on DSR, Horizon 2020, the Year 5 work programme, WS8 and WS9, BSI Standards and closing doors.	From Date and time of Meeting Location	DECC/Ofgem 20 th January 2015 13.30-16.00 Ofgem	January 2015
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1. Present

See Appendix 1 for the list of attendees.

- 1.1. David Capper (DC) (DECC) opened the meeting and welcomed members. There were no comments on the minutes and it was confirmed that actions from the previous meeting had been undertaken.

2. Demand Side Response – What is the Forum doing and is it enough?

- 2.1. DC asked those presenting to consider three questions when providing their updates: what more could we be doing in relation to DSR, what value this could add and what the barriers might be.
- 2.2. Dora Guzeleva (DG) (Ofgem) outlined the work of Workstream 6 (WS6) on DSR and the ongoing European work. WS6 was established to understand any potential barriers for the DNOs use of smart grids, including DSR, in the next price control period RIIO-ED1. The workstream is in the process of finalising work from six subgroups that are each investigating specific aspects of DSR: Distribution of Value, Smart Metering, Consumer Protection, DG and Storage, Visibility and Community Energy and Energy Efficiency. These groups will produce a collaborative report at the end of September.
- 2.3. DG described the work that Ofgem is doing in Europe. Ofgem has been working with Expert Group 3 of the European Commission's Smart Grid Task Force which is producing a report and recommendations focused on the use of DSR. Ofgem has also been involved in developing the CEER Public Consultation on the Future Role of the DSO. This consultation will close on the 27th of February. DG encouraged the group to contribute to this consultation as it could impact on the ability of the DSO to use DSR in the future.
- 2.4. David Openshaw (DO) (UKPN) updated the group on the Low Carbon London project, which was one of the first tier two projects to be awarded funding. This project looked at industrial and commercial DSR through contracts and residential dynamic time of use tariffs. The results from the residential dynamic time of use tariff trials found that the scope for residential tariffs is quite considerable, with strong consumer support. The project also found that contracted industrial and commercial DSR has the potential to defer major reinforcement. Ash Pocock (AP) (EDF) added that this positive outcome demonstrates that consumer engagement is possible, however it should be noted that incentives were used in the LCL trials and it was a self-selecting group of consumers.
- 2.5. Judith Ward (JW) of Sustainability First discussed her organisations 12th paper which focusses on how far GB demand markets are open to household DSR. This paper shows that there is a distinct evening and morning peak, which is mostly made up of lighting and cooking, with limited impact from wet white goods and electronics. The paper looks at the cost savings to the overall market on one hand and the benefit to the individuals on the other, and how to join up these values to make a worthwhile DSR offer. More work is needed to be done on consumer safeguards.
- 2.6. Sara Bell (SB) (DRA) explained to the group that she had attended the National Grid Special Operations forum to discuss balancing on critical days. SB noted that there is

still a need to keep conversations going with National Grid to ensure that all angles are being explored, for instance the use of increasing demand for balancing, and said that it is important to include the system operator in the discussion.

- 2.7. Audrey Gallacher (AG) commented that Citizens Advice supports DSR as long as the consumer gets benefits, however she had some practical concerns. These concerns relate to: the risk of the consumer paying more which would undermine confidence; questions regarding whether it would only be affluent consumers that would be engaged; and concerns over the complexity of offers.
- 2.8. Chris Harris (CH) (RWEpower) commented that a way to resolve these concerns could be to implement a public facing approach for instance, broadcasting energy prices in the same way as the weather forecast is broadcast. Chris Welby (CW) (Good Energy) noted the importance of focussing on the customer, and that customers should not be placed on DSR tariffs without their consent, nor should they be penalised for not being on these tariffs.
- 2.9. Gavin Jones (GJ) (Electralink) commented that there would be more opportunity for increasing value if half hourly settlement was brought in early and that this value should be achievable without waiting for the complete rollout of smart meters.
- 2.10. AP noted that it will be important to avoid presenting the consumer with competing offers or messages. He also stressed the importance of understanding the load curve – we need better visibility of the usage pattern of specific loads. This will help develop DSR mechanisms/tariffs that people are able to respond to. AG noted that even when some consumers are presented with the cheapest options and offers, they may still not engage, and that it will be vital to understand the reasons behind this.
- 2.11. DC asked whether the group thinks that there are certain enablers that might be missing. AP answered that one area might be smart devices that respond to price signals. One issue is how to get manufacturers to include this functionality in their devices.

3. Horizon 2020

- 3.1. Helen Fairclough (HF) of EU Energy Focus provided the group with background to the work the Commission is doing on Horizon 2020. HF noted that the UK was successful in securing €10m of Horizon funding in 2014 and that there is currently a call for 2015 projects where the European Commission has about €30-40m to spend. HF will be in Brussels in February to meet with other national contacts, and asked the group to contact her before 5th May if they have projects to propose. HF told the group that there is an opportunity to contribute and comment on the future work programme of Horizon 2020, and that she recommended the UK to engage at this stage.

Action

- Members to comment on the future work programme of Horizon 2020 and to feedback project proposals to HF.

4. Year 5 Work Programme

- 4.1. Gareth Evans (GE) (Ofgem) gave an update on the Year 5 Work Programme. He said that, due to the ongoing work of WS6, WS7, WS8 and WS9, DECC and Ofgem were not proposing any new projects at this point. John Scott (JS) (Chiltern Power) asked whether it had been considered to extend the group to appliance stakeholders. Vincent Thornley (BEAMA) answered that the group had focussed mostly on R&D, but that consideration should be given on how to engage other stakeholders. AP suggested to engage with the European Association and agreed to find a contact there. GE stated

that WS5 is continuing to address the challenge to better coordinate and disseminate smart grid RD&D. He drew attention to the briefing note provided before the meeting and explained that he would be sharing this with the Low Carbon Innovation Coordinating Group.

- 4.2. JW voiced her concern regarding the need to engage with new ministers after the election on the work of the SGF. DC reassured her that ministers are engaged but that more could be done to communicate this.
- 4.3. GE asked for feedback on whether the WS5 group should be more formal and what more the group could be doing. GE asked for this feedback within 10 days.
- 4.4. Ideas for new work included gaining a better understanding of the role of 'smart' white goods and the issues of cyber security.

Action

- AP to find contact in the European Association, and DECC/OFGEM to consider membership.
- The group to feedback any ideas for potential new SGF projects to GE.
- The group to offer comments on the WS5 briefing paper by 30 January.

5. Workstream 8 Indicators

- 5.1. Adrian Butt (AB) (DECC) updated members on progress of the smart grid indicators working group (Workstream 8). This work is almost finished but has now been paused. A number of groups that are collecting this data have been identified. A list of 14 indicators have been identified, and the group are now looking at Ofgem's Regulatory Instructions and Guidance RIGs process to see how this develops before the list is completed. Maxine Frerk (MF) noted that data from the RIGs will only be available in 2016 and questioned whether it was right to pause the work until then. AB answered that the group is looking at the long term so the dependency on the RIGs data is not seen by the group as a significant problem within the timeframe that is being considered. However, some data will be available before then, and it may be possible to initiate the collection of this first. AB agreed to come back to a future meeting with the working groups view.

6. Workstream 9 update – TOR/ work programme

- 6.1. Duncan Botting (DB) outlined the work of Workstream 9 and noted that there has been very good engagement from SMEs, BEAMA and EON, who all lead new workstreams. A paper summarising the objectives of the workstreams had been circulated to members. The group has been looking at tools and standards for the supply chain. They have been looking at how to enable the supply chain, identifying issues and barriers and challenges and opportunities. The deliverable of this workstream will be a report.
- 6.2. DB presented the WS9 Terms of Reference which had been circulated before the meeting. The SGF approved the ToR. The workstream will provide an overview of resourcing needs at the next SGF meeting.

Action

- DB to submit the final TOR at next SGF meeting
- DB to submit an overview of resourcing needs at next SGF meeting.

7. ENA update on BSI standards

- 7.1 David Spillett (DS) (ENA) provided a brief update on the development of EU standards. Four reports have been submitted to the European Commission on the 31st December which identified 600 standards. The BSI has mapped this to see where it sits within these standards to ensure that the UK is engaged. More than 80% of standards being developed have a BSI committee shadowing them. The next exercise is to make sure these standards are delivering what we want them to and to make sure we are putting the right resources around them.

8. Network Codes

- 8.2 On network codes, the Distribution and Transmission network operators have established a Joint Industry working group GC0048 to coordinate translating the codes into practice. Details of Working Group GC0048 can be found [here](#). The ENA is holding an in-house overview of the EU network codes (30 January) and has extended the invitation to the SGF.

9. Closing Doors – Standing Item

- 8.1 DB asked the group whether there were any issues participants wanted to discuss under this session. MF warned that EU directives always have the potential to close doors, and highlighted the importance of the CEER public consultation on the future role of the DSO, as it includes questions on whether the DSO can contract with consumers for DSR. This closes on 27 February.
- 8.2 AP highlighted that SMETS 2 is in the final stages of its design phase so the door will soon be closed for including additional functionality. AP noted that cyber security poses a threat to DSR through the meter, but that innovation should not be stifled because of it. DO noted that the level of aggregation of consumption data considered necessary to ensure anonymity was still a live issue. It would be important to reach a balanced conclusion as excessive aggregation could potentially undermine the value of the data to DNOs. AP offered to present to the forum on what is available under SMETS 2, and who will have access to it.

Action

- AP to present a note to the forum on what functionality is available under SMETS 2 and who will have access to this functionality.

10. AOB

- 10.1. John Scott (JS) noted that Simon Harrison presented on system architecture at the last meeting and that it would be useful to have an update on this. He noted the activity by the House of Lords Select Committee on Resilience to which DECC's Secretary of State had given evidence, and that there has also been a letter from the ENA to the IET. JS suggested that the SGF might take an active role in this work. DO highlighted that some ENA members have concerns about the rapid progress being made that has been driven by the House of Lords. JS asked what position the SGF should take if these projects are taken forward. DC answered that the SGF should wait and see what the House of Lords say, and then consider the most appropriate way of taking this work forward.

Appendix 1

Attendees:

David Capper	DECC (Chair)
Maxine Frerk	Ofgem
Judith Ward	Sustainability First
Gavin Jones	Electralink
Dave Openshaw	UK Power Networks
Duncan Botting	PB Power
Stewart Reid	SSE
Mark Drye	Northern Powergrid
Ash Pocock	EDF
Chris Welby	Good Energy
John Scott	Chiltern Power
Vincent Thornley	BEAMA
Chris Harris	RWEnpower
Sara Bell	DRA
Helen Fairclough	EU Energy Focus
Paul Bircham	ENW
Audrey Gallacher	Citizens Advice
Ben Davidson	OLEV
Vandad Hamidi	National Grid
Phil Swift	WPD
Nick Jenkins	Cardiff University
Eric Brown	Innovate UK
David Spillett	ENA

DECC: Rob Kinnaird, Adrian Butt, Henrietta Issac, Sam Balch, Danae Marshall, Tom Slater

Ofgem: Gareth Evans, Dora Guzeleva, Keavy Larkin, James Goldsack

Apologies

Steve Johnson	Electricity North West
Mike Calviou	National Grid