

RIIO-ED2 Decarbonisation and the Environment (DEWG) Working Group

From: Ofgem

Date: 8 October 2020

Location:

Time: 10:00 – 13:30

Teleconference

This document sets out the high level minutes and actions from the Decarbonisation and the Environment Working Group 10. The aim of the document is to record the main issues and themes raised in discussion. All minutes and notes were recorded in conjunction with the Terms of Reference. For reference to the presentation material, please refer to the accompanying working group slides.

1. Present

Ofgem

UK Power Networks (UKPN)

Western Power Distribution (WPD)

Northern Powergrid (NPG)

Scottish Power Energy Networks (SPEN)

Electricity North West (ENWL)

Scottish and Southern Energy Networks (SSEN)

Scottish Hydro Electric Transmission (SHET)

Sustainability First

Citizens Advice

Enertechos

Campaign for National Parks (CNP) (item 6 only)

2. SF6 – IIG strategy

2.1. SSE went through slides on the options for a DNO Insulation and Interruption Gas (IIG) strategy.

2.2. Sustainability First asked whether there was some justification in treating SF6 at 132kV differently. SSE stated that splitting by voltage band is perhaps the greatest challenge in

this area. Ofgem asked whether DNOs would need us to put forward anything further in the EAP guidance to ensure an effective strategy.

- 2.3. Sustainability First asked what DNOs would incentivise differently if they had the opportunity. SSE flagged that Ofgem would need to ensure that any incentive does not have perverse impacts. There was a discussion on how a financial incentive would work. Citizens Advice stated that perhaps any incentive on SF6 should be contained within a wider incentive, ensuring a balanced approach to all areas.

3. Lessons learned from Transmission SBTs

- 3.1. SHET ran through slides on the lessons learned from SBTs in transmission.
- 3.2. ENWL asked about the validation process and whether it was valuable. SHET replied that it was a business decision, but that they found the independent review and scrutiny highly valuable. Ofgem will check in with T2 colleagues, but it appears a valuable addition to the minimum requirements.
- 3.3. SSE stated that it would potentially be more effort not to go down the SBTi path, given that the DNO would need to ensure the target was in line with climate science. Ofgem agreed, stating that be good to understand from any companies that do not think having a SBTi accredited target would be feasible. **Action: Ofgem sought views from the group on whether clarification was needed in the guidance regarding 1.5 versus 2 degrees warming.**
- 3.4. WPD asked for clarification on what scope losses fall under. Ofgem asked what the rationale would be for moving losses from scope 2 to scope 3. UKPN asked if there was scope for splitting out losses between scopes 2 and 3 like SHET have. Sustainability First suggested that the ESO role is the key difference between ED and T and that therefore losses should be scope 2. **Action: Ofgem to pick up under which BCF emissions scope losses should sit with DNOs (SSE and SPEN in the first instance).**

4. BPDTs

- 4.1. Ofgem went through a slide on plan for the BPDTs in regards to the environment. SPEN stated, and SSE agreed, that the cost table at the bottom of the sheet for transmission helped pull out the costs. Table 2 could do with tidying up. SPEN, SSE, ENWL and UKPN

asked to be involved for the next BPDTWG. **Action: Ofgem to share the agenda for 20 October WG**

5. Losses strategy

5.1. SPEN ran through slides on the criteria for a losses strategy.

5.2. SPEN stated that the only further clarity they would need from Ofgem would be a confirmation of the losses scope situation. There was a discussion on losses modelling. **Action: SSE to set up call amongst DNOs on modelling of losses.**

5.3. Sustainability First agreed that clarity on units is important. They asked if something akin to the LDR would incentivise losses reduction further than the losses strategy. SPEN's view was that it served its purpose in getting DNOs to look at losses etc, but wouldn't be averse to it coming back. NPg don't favour the LDR, and think the strategy work is a much better approach.

6. Further updates

FFC, Supply Chain, Resource Use and Waste, Air Quality and Biodiversity

6.1. UKPN stated that they will get agreement offline on which areas merit a common approach. **Action: UKPN will follow up with Ofgem via email.**

Embodied Carbon

6.2. WPD stated that there was an embodied carbon session at the Environmental Committee on 22 October.

6.3. ENWL went through slides on embodied carbon. Citizens Advice asked what measure is used for transmission. ENWL replied that m² seems to most commonly used. UKPN suggested looking at the Green Building Council work on this.

Environmental reopener and visual amenity

6.4. Ofgem went through slides on the environmental reopener and visual amenity. SSE asked whether a reopener application could be made at any point in the year. **Action: Ofgem to clarify this.**

6.5. **Action: DNOs to feed back on visual amenity WTP timelines.** SSE would be willing to share some of their experience on transmission WTP.

6.6. CNP stated that the TOs took a very conservative approach in T2 plans, which was lower than the WTP indicated, and feel that the DDs are far too conservative as a result. They are concerned that some DNOs are not spending as much as stakeholders want them to, given some are significantly underspending against their ED1 allowance.

7. Next steps

7.1. The next meeting will be on 29 October, at which we will discuss financial ODIs.

Appendix 1 – Summary of Actions

Action	Allocated to	Due date
<p>1. Science Based Targets</p> <p>Are there any views on whether Ofgem should clarify the degrees of degrees warming that SBTs should cover in the EAP minimum requirements? Is there any reason why Ofgem should not include this as 1.5 degrees in particular?</p>	All	Views shared with Ofgem via email by 22 October 2020
<p>2. Scope of Losses</p> <p>Ofgem to engage with DNOs on which BCF emissions scope losses should fall under (SSE and SPEN in the first instance)</p>	Ofgem to set up with SPEN and SSE	To complete before next DEWG
<p>3. BCF</p> <p>Provide more detailed update at 29th WG, including a more developed view on the</p>	WPD	Agenda item for more detailed update at 29 October WG.

Action	Allocated to	Due date
the use of a carbon intensity metric in this area.		
4. BPDTs Ofgem to share agenda for 20 October BPDTWG	Ofgem	16 October
5. Losses SSE to set up call between DNOs to share approaches to modelling losses. Provide update at next DEWG.	SSE	Call by 22 October, update/agenda item at next DEWG
6. FFC, Supply Chain, Resource Use and Waste, Air Quality and Biodiversity Continue development of common metrics and approaches to FFC, Supply Chain, Resource Use and Waste, Air Quality and Biodiversity through the ENA Environment committee. Follow up with Ofgem via email on how this work will be progressed through this committee and a proposed timeline.	All DNOs – led by UKPN and NPg	Provide views to Ofgem via email by 22 October
6. Reopener Ofgem to clarify when reopener applications can be made	Ofgem	Update at next DEWG
7. Visual Amenity DNOs to feed back on visual amenity WTP timelines	DNOs	Provide views to Ofgem via email by 22 October