

**MINUTES OF THE THIRD MEETING OF THE  
ENSG SMART GRIDS WORKING GROUP**  
Held at BIS Conference Centre, Victoria Street, London, SW1H 0ET  
10:00 – 12:30 Friday 25<sup>th</sup> September 2009

**Present:****Co-Chairs**

DECC	Giles Scott (Chair on the day)
Ofgem	Gareth Evans

**Members**

Intellect	Ben Anderson-Tuffnell
Energy Networks Association	Alan Claxton
CE Electric	Alan Creighton
Smarter Grid Solutions	Bob Currie
Eon Central Networks	Jeff Douglas
National Grid	Michael Edgar
Ofgem	Rachel Fletcher
RWE Npower	Chris Harris
REA	Gaynor Hartnell
The Carbon Trust	Martin Johnston
Scottish Power	Diyar Kadar
Centrica Energy	Fiona Navesey
EDF Energy Networks	Dave Openshaw
Scottish & Southern Energy	Stewart Reid
SEDG	Goran Strbac
Western Power Distribution	Nigel Turvey

**Also in attendance**

Accenture	Robert Hopkin
Accenture	Rick Hanks
Accenture	Chris Maynard
DECC	John Christie
AEAT (Secretariat)	Chris Naish

**Apologies**

Smarter Grid Solutions	Alan Gooding
Electricity North West Ltd	Mike Kay
ETI	Richard Knight
Energy Research Partnership	Charlotte Ramsay
The Carbon Trust	Garry Staunton
DfT	Sachin Suchak

## 1 Welcome and Introduction

- 1.1 The Chairman welcomed the participants and asked if everyone would introduce themselves as there were a number of new members since the last meeting.
- 1.2 Apologies for absence and alternates attending were noted.
- 1.3 The Chairman asked the members whether they had any items they wished to add to the agenda. None were raised.

## 2 Minutes of last Meeting and Actions

- 2.1 The Chairman asked the group if they had any comments on the minutes.
- 2.2 No substantive changes were noted.
- 2.3 The minutes were formally approved and would now be placed on the ENSG website.
- 2.4 The actions from the last meeting were agreed as completed apart from actions 1 and 7. No published information was available from the Smart Grid transmission activities in China so action 1 was agreed as closed. Action 7 was not complete – Accenture agreed to discuss with Simon Giles, who had offered at the meeting on 20<sup>th</sup> August to share a report on communication platforms for smart grids with the group.

**Action 1: Simon Giles to send a copy of the communication platform report to the secretariat.**

## 3 Membership of the Group

- 3.1 The Chairman reported that RLTEc, who have been developing dynamic demand technology for refrigerators and other appliances in the UK and were currently running a field trial of the technology under a CERT project, had expressed an interest in joining the group. The members agreed they should join the group for future meetings.
- 3.2 The Secretary reported that he had been approached by the project manager of the ERA's Smart Meter group to ask if they could be represented on the group. This was also agreed.
- 3.3 The Association of Electricity Producers (AEP) has a Networks Group – they have been receiving the papers etc from the meetings but had asked if they could join the group as members. This was agreed.

**Action 2: Secretariat to confirm with all 3 above membership and invite them to provide a representative for the next meeting.**

## 4 ENSG Vision Output

- 4.1 The Chairman reminded the group that the TOR for the group called for two main deliverables: (1) a Smart Grid Vision for the UK and (2) a route map to achieve the vision. In addition to the group's vision, DECC would use this to develop a DECC vision statement. The main purpose of today's meeting was to agree the vision to be presented to the ENSG at its meeting next week. He

then asked Accenture to present the slide set they had developed, with input from the group, for presentation to the ENSG and for members to comment on the slides with the aim of finalising the set for the ENSG meeting.

4.2 Accenture presented the slides (copies have been circulated ahead and, with revisions, post the meeting).

4.3 The key comments were:

**Slide 1. ENSG Smart Grid definition**

- The view was expressed that wind intermittency should not be presented as a major driver for smart grids. It was agreed that growing levels of intermittent generation, base load plant such as nuclear and demand side response could all be delivered at lower cost if smarter grids were implemented.
- A number of other text changes were suggested that Accenture agreed to incorporate.

**Slide 2: Vision**

- It was agreed that both a definition and vision slide were useful.
- It was suggested an 'issues' slide using the Government's carbon transition plan would be beneficial in setting the context for smart grids and the need for the vision.

**Slide 5 Transmission**

- There was significant debate on this slide. It was agreed that the issues should not be presented as purely technical – the wider commercial arrangements, innovation, skills and culture change aspects should be reflected.
- The distinction between T&D was diminishing – this should be reflected.
- Accenture agreed to re-work this slide based on the comments made.

**Slide 6 Challenges**

- There was too much emphasis on wind intermittency as a driver. It was agreed that enabling low carbon technologies was a better descriptor for this driver for smart grids. It was agreed however that intermittency of renewable technologies was a real issue and should not therefore be ignored.
- Affordability and cost effectiveness were important factors in taking forward smart grids.

**Slide 7 Investments**

- Remove 'roll-out' – it suggests technologies are all ready to be deployed - not correct.
- Confirm that a whole series of wider factors need to change – not just technology change.

**Slide 8 Technology Development**

- The slide should not suggest smart grids will involve a 'big bang' introduction – the reality will be an incremental development as network 'pinch points' occur and individual cases / areas across

the networks are analysed and cost effective solutions implemented.

- The slide should however give a feel for the aspiration and vision of how smart grids were likely to develop.

***Slide 11 Functionality in Place***

- The members offered a number of additional case studies – Martham, Norfolk and the Isle of Wight.

**Action 3: DO (Martham) and SR (IoW) to provide a paragraph of text on each of these case studies.**

***Slide 13 Smart Metering***

- To get full benefits of smart grid need real time information for network operators rather than information from central comms hub. ENA working with DECC on this. Not necessarily via sub-station as suggested in draft slides.

**Action 4: RH to liaise with DO for improved wording.**

***Slide 14 In the longer run.....***

- Text changes: embedded storage not a challenge – suggest ‘maximising embedded storage’ instead.
- It was suggested the process should start with the physics and the market system should follow from this.

***Slide 15 Need for immediate action.....***

- Suggest add something on the consumer aspect in phase 1 text.

***Slide 16 CBA***

- It was agreed this was a preliminary summary of work in progress and that it needed further significant input from the group. It was agreed that a sub-group of interested members should be set up to do this.

**Action 5: Group members who are interested and willing to refine and review the CBA to volunteer by e-mail to Rob Hopkins with copy to secretariat.**

- The following additional comments were made on the CBA:
  - Business case built on societal benefits and Markal modelling.
  - A key benefit of the CBA was the insights it provided from attempting the modelling assessment as much as the final result that was always going to be open to debate.
  - A range of different CBA scenarios should be considered to demonstrate the benefits of smart grids in comparison to attempting to deliver the LCTP without it.
  - The numbers coming out from the CBA are not too large in comparison to other initiatives – not a significant issue for the UK to make this level of investment for the potential benefits?

***Slide 17 Delivery***

**Action 6: Ofgem to provide agreed text for the Ofgem section in the slide.**

**Slide 18 Challenges**

- Need to align different elements in terms of commercial, regulatory, societal etc.

**Slide 19 Next Steps**

**Action 7: Accenture to circulate the current slide set immediately after meeting.**

**Action 8: If possible, members to provide any further comments by start of Monday.**

**Action 9: Accenture to issue final slide set for ENSG to Group on Monday pm.**

4.4 It was suggested that the presentation to the ENSG should come from a member of the group rather than Accenture or DECC, this was agreed. Jeff Douglas agreed to make the presentation on behalf of the Smart Grids Working Group to the ENSG meeting on 30<sup>th</sup> September.

**Action 10: JD to liaise with Accenture to agree background and briefing for the presentation.**

## **5 Discussion of Vision Document**

5.1 The Chairmen introduced the discussion of the latest Vision draft by thanking all those who had made inputs to date. There had been a very helpful dialogue with wide ranging inputs from many members who had turned round their comments in a timely manner. The strength of the document was in no small way benefiting from all these expert inputs.

5.2 The following comments were made:

- There is an apparent presumption over smart grid roll out in the document – this should not be taken as a given.
- There was a need to Monitor, test and bring forward appropriate solutions for given network locations and cases.
- The text needs to be clear that nothing is a ‘done deal’ – actions in the areas of markets, customers, regulations as well as technology need to be developed.
- It was suggested that a section on ‘What does this mean for the customer’ could be helpful. There was a subsequent discussion over customer focus and consumer engagement. It was agreed that the assumptions made in the document and CBA modelling in this area needed to be clearly stated and assessed for their impact on the overall result.

**Action 11: Accenture to circulate a final version of the Vision once revisions are complete.**

## **6 Presentation by ENA on the ENA Electricity Networks Futures Group Work on Smart Grids**

6.1 The Chairman invited the ENA to make their presentation. The slides used are available alongside the minutes.

6.2 Following the presentation the following point was made and agreed:

- Need more and continued dialogue between the suppliers and network companies to ensure an optimum smart grid solutions could be delivered and that the chance of regrets later were minimised.

## **7 The Smart Grid Route Map**

7.1 The Chairman introduced this item by explaining a bottom up approach was proposed – looking first at barriers followed by enablers, leading to a strategic output. He presented two slides summarising the way forward. These are available alongside the minutes.

7.2 Accenture would issue a draft paper on barriers on 5<sup>th</sup> October and members would be asked to consider and comment on this ahead of the group's next meeting on 12<sup>th</sup> October.

**Action 12: Accenture to issue draft barriers document to secretariat for transmission to the group on 5th October.**

## **8 DECC Low Carbon Investment Fund – Smart Grids Capital Grants**

8.1 The Chairman announced that DECC had provisionally secured a £6 million fund for capital grants for smart grid projects. The funds were available as £1 million in 2009/2010 and £5 millions in 2010/2011. All funds would have to be committed and spent in these years – they could not be carried forward beyond March 2011. The scheme was expected to be approved imminently and launched in October 2009.

**Action 13: Secretariat to circulate draft priorities for comment as soon as available.**

**Action 14: Members to alert secretariat to any relevant potential bidders and projects they are aware of (with e-mail contact details).**

## **9 AOB**

9.1 Centrica drew the group's attention to a recent report by Global Insight on Demand side Market Participation that was produced for DECC Energy Markets Group.

**Action 13: Centrica to send a copy of the paper to Secretariat.**

## **10 Summary and Next Steps**

10.1 The Chairman summarised the outputs from the meeting and the next steps which are as per the actions under the relevant sections in these minutes.

## **11 Schedule of Meetings and Close**

11.1 The Secretariat confirmed the next meeting would be held on 12th October from 14:00 to 16:30. The meeting will be held at the BIS Conference Centre.

- 11.2 Further meetings have been arranged by the secretariat for 18<sup>th</sup> November and 10<sup>th</sup> December. These meetings are to discuss the Route Map to deliver the Vision.
- 11.3 The Chairmen thanked the members for their attendance and input and closed the meeting.

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