

**MINUTES OF THE FOURTH MEETING OF THE
ENSG SMART GRIDS WORKING GROUP**
Held at BIS Conference Centre, Victoria Street, London, SW1H 0ET
14:00 – 16:30 Monday 12th October 2009

Present:**Co-Chairs**

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

Members

Centrica Energy	Steve Briggs
ERA	Jason Brogden
Intellect	Nick Kalisperas
Energy Networks Association	Alan Claxton
CE Electric	Alan Creighton
Smarter Grid Solutions	Bob Currie
Eon Central Networks	Jeff Douglas
National Grid	Michael Edgar
RWE Npower	Chris Harris
REA	Gaynor Hartnell
The Carbon Trust	Martin Johnston
RLTec	Paul Lazerevic
Electricity North West	Ian Povey
AEP Networks Group	Barbara Vest (by teleconference)

Also in attendance

Accenture	Robert Hopkin
Accenture	Simon Giles
DECC	John Christie
AEAT (Secretariat)	Chris Naish

Apologies

Scottish Power	Diyar Kadar
Centrica	Fiona Navesey
Electricity North West Ltd	Mike Kay
EDF	Dave Openshaw
ETI	Richard Knight
Energy Research Partnership	Charlotte Ramsay
Western Power Distribution	Nigel Turvey
DfT	Sachin Suchak

1 Welcome and Introduction

- 1.1 The Chairman welcomed the participants and introduced the new members; ERA represented by Jason Brogden; RL Tec represented by Paul Lazerevic and AEP Networks Group represented by Barbara Vest (by teleconference).
- 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 5 (review of CBA – ongoing), 11 (circulation of final version of the Vision to members); 13 (circulate draft priorities for proposed DECC Smart Grid Capital Grants programme for comment by members) and 14 (members to alert secretariat of companies they are aware of or are working with who may be interested in bidding for capital grant funding under the smart grid capital grant programme).

Action 1: Any members who are interested in participating in further development and refinement of the CBA should contact Rob Hopkin asap.

Action 2: DECC and Ofgem to complete review of Vision and supply to secretariat for transmission to the group.

Action 3: Secretariat to circulate smart grid capital grant programme priorities to group for comment.

Action 4: Members to alert secretariat to any relevant potential bidders and projects they are aware of (with e-mail contact details).

3 Feedback from the ENSG Meeting held on 30th September.

- 3.1 The Chairman asked the group's nominated representative to provide feedback from the ENSG meeting where he had presented the Smart Grid Vision and CBA.
- 3.2 The ENSG had welcomed the slide pack presentation of the Vision and had congratulated the group on the work it had done and its results. There had been a number of relevant points made and questions asked. In particular the ENSG had asked about the underlying assumptions in the CBA and how detailed it was at the current time.

Action 5: The Working Group team to determine and report back to ENSG on which parts of the analysis are robust under the complete or a wide range of scenarios and which are more dependent on other external factors being delivered.

- 3.3 During and following the summary the following points were made:

- The slide pack needs to bring out that the vision is at a relatively high level: each network company will have its own more detailed proposals – there is no uniform or one-size solution.

4 ENSG Vision Output

- 4.1 The Chairman invited Accenture to provide an update on the DECC Vision paper following the ENSG comments and further work carried out since the last meeting.
- The CBA slide presented at the ENSG has been expanded into 6 slides to address the questions raised by the ENSG and to represent further work carried out since the meeting.
 - The sub-group on the CBA had met earlier and had noted that:
 - the CBA needs to be more agnostic – at present it is too specific.
 - It needs to be recognised the data in the CBA is not based on wide scale UK experience – this does not presently exist.
 - Increased utilisation of the network with smart grid implementation will lead to an increase in losses but the CBA model does not presently go down to this level.

Action 6: Accenture to circulate revised slide pack to the group with a covering e-mail that explained the changes.

Action 7: Members to provide comments back to Accenture with copy to secretariat.

- 4.2 DECC agreed they would review the timescales and next steps in getting senior staff input and sign off within Government and Ofgem. The timescales for final ENSG SGWG and ENSG sign off could then be disseminated and agreed.

Action 8: DECC (and Ofgem) to determine final sign off plans and timescales.

- 4.3 The group then discussed the CBA in more detail. The following points were made:
- There are a set of assumptions behind the CBA – a key one of these is smart metering roll-out. This has implications for many other smart grid functions in the model.
 - A question was raised over the overlap in the CBA of costs attributed to smart metering and smart grid. It was agreed that costs attributable to smart meters should not be included in the smart grid CBA but the two could not be treated in isolation – some functions of the smart meter, if included in the functional specification, would facilitate a range of smart grid applications and services – if the functionality was not provided in the smart meter some smart grid functions would be lost or would need to rely on information and measurements made further up the electricity distribution system.
 - The present CBA indicates that there are +ve NPV measures existing now – the question may be raised as to why these were not being done? The point was made that some of these measures assume that smart meters in place.

- DECC confirmed it would be important that government presents smart meters and smart grids as a coherent package.
- DECC confirmed that the smart meter specification had been reviewed over the summer to ensure the network operator and smart grid functionality was being considered and integrated into the assessment for the final agreed specification to be agreed later this year/ early next.
- ENA confirmed they were contributing to this work around smart meter functionality, communication platforms and likely requirements in terms of bandwidth and latency.
- The options of delivering the smart grid through smart meter comms or sub-station comms needs to be considered further to assess the costs and benefits.
- Finally, it was agreed that it would be important that the DNO representatives on the ENSG Smart Grid working group were comfortable with the Vision and the CBA and felt able to sign up to it in the broad context.

Action 9: All group members and in particular DNO representatives, to review next issue of slides to assess the overall vision and CBA presented and either indicate their agreement or raise concerns or questions.

5 UK Smart Grid Route Map and Barriers

- 5.1 The Chairman invited Accenture to introduce the discussion on barriers that was to be the first stage in developing the working group's UK smart grid route map.
- 5.2 The following points and comments were made:
- The route map does not need to define the final 2050 electricity system (and it can't).
 - The primary aim should be to assess and set a route for what could be delivered under DCPR 5 and its successor. i.e. the emphasis would be on delivery from the Low Carbon Networks Fund, developing capability and knowledge and robust data that could inform further technical, regulatory and commercial decisions.
 - The scenarios have a broad set of objectives: low carbon systems, low cost (in context of change), energy security.
 - At the local level there will be a need to look DNO by DNO and circuit by circuit for the optimal solution in a given circumstance.
 - High level barrier examples are – cyber security, consumer engagement, economic policy and regulation and standards. These will be in addition to the technical delivery issues around smart grids.
 - The comparison was drawn with Xcel in Bolder but it must be recognised that Bolder is a trial in a very encouraging environment: vertically integrated utility, receptive and captive customers etc.

- Dis-aggregation of the value chain in the UK is a key issue in making the case for a given investment – allocation of risk and reward will be a key issue for the regulator and others.

5.3 Accenture summarised the way forward after this meeting. A number of open door meetings would be held. These are proposed for October 26th and November 30th. It was also suggested conference calls with smaller groups of interested members could be arranged. There would be an initial set of slides circulated to the group to prompt discussion and feedback later this week and, as previously done for the Vision, it is proposed to re-issue on a weekly basis and feedback and comment is incorporated.

Action 10: DECC to book rooms at DECC Whitehall Place for Open Door Meetings

5.4 Accenture made the point that they were looking for input across the wider industry represented on the group and beyond:

- DNOs
- Transmission operators
- Suppliers
- Innovators

The final output would be a set of slides with points for representatives of all on the group:

- What can be done – potentially
- Why it is not possible now
- What needs to change
- How it can be changed.

5.5 The question was asked whether the inputs will be from a stakeholder perspective? It was agreed they generally would be but some will be outside stakeholders.

5.6 The point was made that a voice over to accompany the slide set would be helpful especially for use with wider audiences. This was agreed.

Action 11: Accenture to investigate developing an audio file to run alongside the slide pack.

6 AOB Item 1: Update 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. The ENA presentation further developed the ideas and work presented at the last meeting. The use of ‘Lighthouse projects’ i.e. demonstration/pilots but with associated marketing and promotion to make the projects more accessible to a wider audience and sell them the benefits of the smart grid. The idea of a ‘70 smart villages’ project was put forward as a concept that would bring out a wide range of smart grid options and applications given these would range from remote weak network locations through to urban environments.

- 6.2 It was confirmed that no CBA had been developed for the scheme at the present time.

7 Schedule of Meetings and Close

- 7.1 The Secretariat confirmed the next meeting would be held on 18th November from 10:00 to 12:30. A further meeting has been arranged for 10th December also from 10:00 to 12:30. Both meetings will be held at the BIS Conference Centre at 1, Victoria Street.
- 7.2 Following the discussion today, the DECC chairman asked the group if it would be useful to have a presentation from the DECC smart meter team at the next meeting. This proposal was welcomed. DECC agreed to arrange.

Action 12: DECC to invite DECC Smart Meter team to make a presentation at the next meeting of the group.

- 7.3 The Chairmen thanked the members for their attendance and input and closed the meeting.

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