

**MINUTES OF THE FIFTH MEETING OF THE
ENSG SMART GRIDS WORKING GROUP**
Held at BIS Conference Centre, Victoria Street, London, SW1H 0ET
10:00-12:30 Wednesday 18 November 2009

Present:**Co-Chairs**

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

Members

Scottish and Southern Energy	Dave Brogden
ERA	Jason Brogden
Energy Networks Association	Alan Claxton
CE Electric	Alan Creighton
Smarter Grid Solutions	Bob Currie
Central Networks	Jeff Douglas
National Grid	Michael Edgar
Scottish Government	Rona Hamilton
RWE Npower	Chris Harris
Scottish Power	Diyar Kadar
Intellect	Nick Kalisperas
Electricity North West	Mike Kay
Centrica Energy	Fiona Navesey
EDF	Dave Openshaw
AEP Networks Group	Barbara Vest
Western Power Distribution	Phil West

Also in attendance

Accenture	Robert Hopkin
Accenture	Chris Maynard
DECC	Ben Catermole
DECC	John Christie
AEAT (Secretariat)	Chris Naish

Apologies

RLtec	Paul Lazerevic
Western Power Distribution	Nigel Turvey

1 Welcome and Introduction

- 1.1 The Chairman welcomed the participants, introduced those who were new to the group; Dave Brogden from Scottish and Southern Energy and Barbara Vest from the Association of Electricity Producers (Networks Group) and outlined the objectives for the meeting, namely to sign off the ENSG Smart Grid Vision slide pack, to discuss the latest version of the route map slide pack and hear a presentation from the DECC Smart Meter Group on progress with their Smart Meter work.
- 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 under AOB. The ENFG Smart Grid representative offered to provide an update on their work – this was welcomed. No other items 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 It was agreed an action on the ENA and ERA to arrange a meeting to discuss co-ordinating activities in the area of smart meters and smart grids had been omitted – this meeting was taking place (later on 18 November). It was agreed this would be added to the minutes.
- 2.3 No other items were raised the minutes were formally approved (with the addition in 2.2) and would be placed on the ENSG website.
- 2.4 The actions from the last meeting were agreed as completed or where addressed in the agenda items of this meeting.

Action 1: Accenture to produce audio file to accompany the Vision slide pack and circulate to group for comment.

Action 2: Secretariat to confirm details for (i) the next 'open door' phone conference meeting on 30th November and (ii) the details for the next and final meeting of the Smart Grids Working Group on 10th December.

3 DECC Update on Policy Development and announcement timings for Smart Meter/Grid Area

- 3.1 The Chairman reported that the Vision text document was currently being edited by Government to form the basis of the DECC Vision for Smart Grids. It was currently planned to launch this document in early December.
- 3.2 The current plan is to hold a launch event to accompany the publication alongside the possible publication of the ENSG Vision Slide Pack, the Low Carbon Investment Fund Smart Grids Capital Grants Programme and the Government response to the Smart Meter consultation held in the summer of 2009.
- 3.3 The group's attention was drawn to the EC TREN Publication on Smart Grid Policy. It was agreed this would be circulated to the group for information.

Action 3: ENA to send link or document to Secretariat for onward transmission to the group.

4 ENSG Vision Sign-Off

- 4.1 The Chairman introduced this item by inviting the group to make any final comments on the ENSG Smart Grid Vision slide pack that had been developed with significant inputs from the group members over the last couple of months.
- 4.2 He invited Accenture to outline to the group the latest revisions to the pack.
- 4.3 Accenture described the key change that had been introduced was the introduction of two scenarios under the CBA section – one with a 2020 time horizon for technologies and one to 2030. These had been widely discussed through the open door session and wider e-mail communications and one to one discussions between Accenture and group members.
- 4.4 In the subsequent discussion the following points were made:
- The CBA probably needs further explanation to underpin its conclusions as presented in the slide pack. This was discussed at some length and various options considered. It was agreed that there should be a text document summarising the approach and the key assumptions made.
 - The view was expressed that there should be more emphasis on consumer benefits – the pack at present could be seen as too network oriented.
 - On slide 18 the emphasis should be on smart grids allowing the utilisation of the full range of voltage on the network rather than emphasising voltage reduction benefits. Accenture responded that the voltage reduction data in the CBA is based on a very conservative interpretation of data from US trials and does relate to voltage reduction – it was therefore not possible (or misleading) to change the wording at this stage. It was agreed this should stay as it is.
 - It is clear from the work to date that the implementation of smart grids will require co-ordinated actions from suppliers, network operators and consumers. Unilateral action by one party will not be sufficient and could cause more problems than solutions. The meeting taking place today between ENA and ERA was therefore very timely.
- 4.5 The Chair drew the discussion to a close, asking all members to provide any proposed final text changes to Accenture by tomorrow am.

Action 4: All members wishing to propose final changes to the slide pack text to improve and / or clarify it should do so directly to Accenture by am on 19th November 2009.

5 UK Smart Grid Route Map and Barriers

- 5.1 The Chairman introduced this item, thanking all the members for their timely and informative inputs into the work to date. He confirmed that a group industry representative would present the route map to the ENSG meeting scheduled for next week. He then invited Accenture to introduce the latest

version of the slide pack that formed the working group's UK smart grid route map.

5.2 The following points and comments were made:

- The view was expressed that the objectives as currently presented are too short term and too focussed around the Ofgem LCNF. They needed to look longer term with higher objectives – e.g. building 'smart UK'.
- Alongside this first point, it is clear that the developments will be phased. There will be a more limited set of objectives in the next ten years or so centred around (e.g.) accommodating growth in renewables, microgeneration, limited demand side response and nuclear capacity. In the longer term when heat pumps and electric vehicles could become ubiquitous, the smart grid would move into a second phase and show its full benefits in relation to the current systems and their ability to accommodate such a paradigm.
- The route map, in its phased form, should focus on what is appropriate to deliver at a given time and stage of (e.g.) development of new generation, smart metering and customer requirements.
- A key issue remained the communications system model and the assessment of benefits of different levels of implementation of comms in terms of (e.g.) bandwidth and latency. Further work on this would be taken forward by DECC early next year.
- There was a discussion of consumer engagement and to what degree this was required or desirable. There were differing views on this point. It was agreed that the requirements for network control and consumer DSM would be different.
- There was also a discussion around the need to incentivise various parties including consumers and whether the incentives likely to be provided by the current market structures would be sufficient. It was generally agreed that while some current incentives would drive action there was likely to be a need to modify the market in some form to optimise smart grid operations and responses and to reduce possible disbenefits to wind generation in the current system.
- The question was raised as to whether optimising the system to respond to the energy market signals could run counter to optimising for network operation. The discussion centred on the general local network design parameter of 1.5 to 2kW max/domestic customer and how this could be threatened by (e.g.) possible smart grid load shifting, heat pumps and electric vehicles.

5.3 It was agreed that the members would review the list of barriers on Slide 17 and submit them in priority order to Accenture with copy to the secretariat.

Action 5: Members to review the list of barriers on slide 17 and put the list into their view of the priority order. They should also consider whether any other key barriers are missing from the list.

5.4 The point was made that the issues around new billing systems, data flows, processes, etc could form a significant barrier to timely smart grid implementation.

5.5 Intellectual capacity was also raised as a possible barrier. The UK Power Skills Academy was mentioned. This organisation presented to the ENSG in June and was due to start operation early in 2010. The ENSG should

consider an update report on progress in this key area for the whole power sector in 2010.

- 5.6 The role and requirements for wider local authority, community and societal engagement was referred to along with engagement with consumer goods manufacturers and ensuring they developed and marketed smart grid / smart meter compatible goods in a timely way.
- 5.7 The Chair drew the discussion to a close and reminded the group that there would be a further telephone conference discussion on the route map on 30th November [the time for this is confirmed as 11:00 to 12:00 details for dial in were confirmed to the group by e-mail on 19 November 2009].

Action 6: Members to note date and time of second route map phone conference on 30th November from 11:00 to 12:00 – dial in details as circulated on 19 November.

- 5.8 Finally, the chair made the point that the group should bear in mind that the meeting on 10th December was scheduled to be the last for the group and it should consider what monitoring and review processes (if any) should be put in place following the completion of the group's present tasks as set by the ENSG.

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 update presentation. The ENA representative reminded the group of the ENFG smart grid work and its proposals for 'lighthouse projects' that were aimed to raise the profile of smart grids with a wide range of stakeholders including the general public. The group had moved on to consider wider roll out of smart grids and plans for smart grid applications in rural, urban and city scenarios. It was looking to work with the Ofgem LCNF to take this forward and asked that clarity on the scope of the LCNF could be provided as soon as possible to enable suitable plans to be developed and timely schemes to be brought forward.

7 Presentation from DECC Smart Metering Team

- 7.1 Following from action 12 from the last meeting of the group, a representative of the DECC smart meter team gave an update on the developments in this area. The team hope to publish the Government's response to the consultation on Smart Metering in early December. Ofgem are gearing up for the implementation of smart metering.
- 7.2 Key issues are:
- Developing the level of functionality
 - Communications functionality
 - Supplier requirements
 - Customer requirements
 - Network requirements
 - Costs and benefits balance

A key question remains what benefits can be delivered at what cost?

8 Schedule of Meetings and Close

- 8.1 The Secretariat confirmed the next meeting had been arranged for 10th December [from 10:00 to 12:30 – see e-mail to group 19 November] at the BIS Conference Centre at 1, Victoria Street.
- 8.2 The Chairmen thanked the members for their attendance and input and closed the meeting.

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