

**MINUTES OF THE SIXTH MEETING OF THE  
ENSG SMART GRIDS WORKING GROUP**  
Held at BIS Conference Centre, Victoria Street, London, SW1H 0ET  
10:00-12:30 Thursday 10<sup>th</sup> December 2009

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

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

**Members**

ERA	Jason Brogden
Energy Networks Association	Alan Claxton
Intellect	Mike Collins
CE Electric	Alan Creighton
OLEV	Will Cutler
Smarter Grid Solutions	Bob Currie
Central Networks	Jeff Douglas
RWE Npower	Chris Harris
Carbon Trust	Martin Johnston
Intellect	Gavin Jones
Scottish Power	Diyar Kadar
RLtec	Paul Lazerevic
Centrica Energy	Fiona Navesey
EDF	Dave Openshaw
SEDG	Goran Strbac

**Also in attendance**

Accenture	Robert Hopkin
Accenture	Chris Maynard
Accenture	Rick Hanks
DECC (Smart Meter Team)	Geoff Hetherick
DECC	Andrew Perry
DECC	John Christie
AEAT (Secretariat)	Chris Naish

**Apologies**

National Grid	Michael Edgar
Intellect	Nick Kalisperas
Electricity North West	Mike Kay
ETI	Richard Knight
CLG	Bob Ledsoe
Carbon Trust	Gary Staunton
Western Power Distribution	Nigel Turvey
AEP Networks Group	Barbara Vest

## 1 Welcome and Introduction

- 1.1 The Chairman welcomed the participants, introduced those who were new to the group and outlined the objectives for what was currently planned to be the last meeting of the group. These objectives were: to sign off the ENSG Smart Grid Route Map slide pack; to receive an update on the launch of the DECC Smart Grid Opportunities paper and Smart Metering consultation response; to receive an update on DPCR5 (in particular the associated Low Carbon Network Fund (LCNF)) and to receive an update from the DECC Smart Meter Group.
- 1.2 Apologies for absence and alternates attending were noted (see previous page).

## 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 items were raised. The minutes were therefore formally approved and would be placed on the ENSG website.
- 2.3 The actions from the last meeting were agreed as completed or were addressed in the agenda items of this meeting. The actions were:

Action 1: Accenture to produce audio file to accompany ENSG Vision slides and circulate to the group. Accenture reported that they had completed an audio file and that they would send this out to the group via the secretariat. Members could comment as to whether they judged the file to be a useful addition to the Vision slides.

### **Action 1: Accenture to send audio file to secretariat for transmission to the group.**

Action 2: Secretariat to confirm the details for the 'Open Door' meeting on 30<sup>th</sup> November and the current meeting. This action had been completed.

Action 3: ENA to send a link or a copy of the EU Smart Grid Mission document to the secretariat for transmission to the group. This action was completed.

Action 4: Members wishing to make final changes to Vision slides to send to Accenture by am on 19<sup>th</sup> November. Completed.

Action 5: Members to prioritise barriers on slide 17 in the pack from the meeting. Completed.

Action 6: Members to note date and time of 'Open Door' teleconference meeting – 19<sup>th</sup> November and 10:00 to 11:00 am. Completed.

## 3 DECC Feedback on Smart Meter and Smart Grid Opportunities Launch and ENSG Vision Sign-Off.

- 3.1 The DECC Chairman reported that there had been a successful launch of the Smart Meter consultation response, the 'Smart Grid: The Opportunities' document and the Smart Grids Capital Grant Programme on 2<sup>nd</sup> December. The ENSG Smart Grid Vision had been published on the same day. The launch took place at General Electric (GE) Smart Grid demonstration facility at Bracknell. The facility consists of around 10-12 individual stations around a

conference room demonstrating various aspects of smart grids – devices in the home, smart meters, renewables, voltage control etc. There had been wide and positive press coverage with the BBC broadcasting an item from the NG control centre at Wokingham.

- 3.2 The DECC chairman thanked the group for their significant efforts in delivering the ENSG Smart Grid Vision. This document was the key evidence base that supported the ‘consumer friendly’ and necessarily simplified DECC ‘The Smart Grid: Opportunities’ document.
- 3.3 A representative of the DECC Smart Meter team briefly summarised related smart meter developments: Ofgem have organised a briefing event on smart meters for 16<sup>th</sup> December where they will set out their programme for smart meter developments – Ofgem are managing implementation of this work for Government. They are building up their team and have consultancy support in place. There is now several months work to be undertaken before a ‘way forward’ prospectus is published in summer 2010. This prospectus should include details on the functionality of the smart meters etc.

#### **4 Ofgem DPCR5 Final Proposals**

- 4.1 The Ofgem Chairman introduced this item by saying he would focus on the Low Carbon Network Fund (LCNF) which was to be a key part of DPCR5 implementation.
- 4.2 The Chairman explained the approach taken by the LCNF. This was essentially to ‘de-risk’ LCNF projects to a level compatible with the returns available to a DNO. This route has been selected in preference to the alternative approach of offering a premium rate of return.
- 4.3 The fund would provide discretionary rewards based in-part on pre-agreed success criteria for projects.
- 4.4 There are to be two tiers of project. Tier 1 is for lower value projects and Ofgem plans to have the Tier 1 part of the fund in place by 1<sup>st</sup> April 2010. Tier 2 involves a competitive process and will require more detailed Governance, an assessment process, a panel of experts etc so will involve a longer timescale – the aim is to publish a Governance paper for consultation early next year.
- 4.5 The proposals at present involve creating a fund that supports a number of significant projects – it is felt the funds should not be spread too thinly across a larger number of smaller projects.
- 4.6 The group made the following comments:
  - There was concern that if ‘duplication’ was ruled out it would remove significant benefits from potential ‘distributed’ large projects where similar applications were trialled under a range of circumstances and in different DNO regions etc.
  - The value of ‘duplication’ was discussed. Ofgem confirmed that they had modified the current proposals to include the phrase ‘...avoid no unnecessary duplication..’ hence opening the door to similar projects in different locations where the benefits of carrying these out could be clearly demonstrated. Ofgem’s key test for an LCNF project is what new learning it will deliver. The group agreed that there were benefits from similar projects across DNOs as they were likely to bring benefits in

development of expertise, building up of delivery teams, cross fertilisation of ideas and experience etc.

- 4.7 The Chairman thanked the group for their input and introduced the next agenda item.

## 5 The ENSG Smart Grid Route Map

- 5.1 The Chairman asked Accenture to summarise the input received since the last meeting and in particular the results from the 'Open Door' teleconference session on 30<sup>th</sup> November.

- 5.2 Accenture opened their report by proposing to deal with the broader questions over the route map first and to move on to more specific, slide-by-slide comments afterwards. This was agreed.

- 5.3 The question was posed – 'was the document doing what was needed/specified (e.g.) in the Terms of Reference?'

- 5.4 The following comments were made:

- The route map contains all the key points and information however it is presented in a very information dense form that is not readily accessible by anyone not directly involved in the area.
- There was probably a need for a more accessible 'Executive Summary' type of document, summarising the key issues etc , most likely in text format but also possibly with a slide pack. There needs to be a 'story' to sell the route map in the same way as for the Vision.
- The ENSG will be asked to sign off the route map as they did for the Vision – need to bear this in mind and be clear on presenting a coherent story and exactly what they are being asked to sign up to.
- A number of members felt there needed to be a clearer definition of the actions required, who might own the actions and the timeline. It was agreed this was most important for the more immediate actions – setting this information for actions that may be required in the medium to longer term was not so important at this time and also probably (a) not easily done and (b) open to uncertainty and debate.
- There was a discussion over whether one slide from the pack could be selected to represent the route map in a basic form – a number of offers were made: slides 22, 27 and 28 all had elements of the overall plan but also shortcomings.
- It was agreed that the route map was the next stage from the vision already developed and that there was probably a further stage which was an 'implementation plan'. This raised the question of how specific the route map should be on implementation and whether it should remain a high level document. The implementation plan would definitely require ownership to be specified.
- Accenture made the point that 'surety' decreased with time, agreeing with the point above, that while short term actions, implementation and goals needed to be defined and owned, going further out there were rapidly increasing degrees of uncertainty and decreasing benefit in trying to define things to tightly.

- 5.5 The Chairmen agreed that ownership and implementation were key issues going forward and should be considered by the ENSG Executive. While DECC and Ofgem could take overall responsibility for taking forward the route map as signed off by the ENSG, it was open to discussion whether there would be potential benefits from other parties, such as the network operators (e.g. ENA) and suppliers (e.g. ERA) owning parts of any implementation plan rather than a completely 'command' type approach downwards from DECC and Ofgem.

**Action 2: DECC and Ofgem to put forward proposals for an Implementation Plan to the next ENSG meeting planned for early in 2010.**

**Action 3: Accenture to revise the Route Map slide deck to incorporate the results from the discussion (including list of acronyms/glossary).**

**Action 4: Accenture to draft a text Executive Summary of around 5 pages.**

**Action 5: Accenture to, in co-ordination with DECC and Ofgem, produce a 'next steps' document with draft Terms of reference and start and finish points and including proposals for a joint Government/Industry framework for taking forward Smart Grid implementation.**

- 5.6 The group moved on to discuss particular points within the route map slide deck. The following points were discussed:

- Is the set of example projects in the slide deck appendix comprehensive? It was felt this was an illustrative list of projects rather than a fixed 'recommended' set that might be seen to exclude other possibilities.
- It was agreed the example projects covered a wide range of the issues that needed to be addressed in taking forward the smart grid route map and implementing smart grids in the UK.
- It was agreed that there was potentially a benefit in mapping the projects, via a 'tick-box' matrix onto the issues to be addressed from the barriers assessment within the route map to assess completeness of coverage and to illustrate which issues each project could potentially address and to what degree.

**Action 6: Accenture to create a matrix of projects against issues addressed with tick boxes indicating how directly the project addresses the issue.**

- 5.7 The point was made that the route map focussed on the distribution networks – while it was accepted that the transmission system was 'smarter' than distribution at the current time, it should not be ignored. As NG were not represented at the meeting the representative from SP offered to lead on taking this comment forward with the transmission operators (SPTO, SHTL and NG).

**Action 7: Transmission operators to consider the route map and comment on whether the transmission system is suitably addressed and what additions may be required.**

## **6 Next Steps and Smart Meter Implementation**

- 6.1 The Chairman invited the representative from the DECC smart meter team to provide an update on developments and the plans in this area.

- 6.2 Following the publication of the Government response to the smart meter consultation, there is to be a period of engagement between DECC and Ofgem officials and the various stakeholders. This includes the Ofgem smart meter briefing event planned for 16<sup>th</sup> December. There are a series of work streams to be taken forward with either DECC or Ofgem leading. These will include:
- Consumer protection
  - Data access
  - Data protection
  - Network grid issues
  - Functionality (ENA are involved/will be involved with this).
- 6.3 In the area of functionality there is a key decision to be made around costs and benefits. Other issues are how the non-domestic sector sits in the smart grid future, the need to resolve some issues around EU standards and the timescales for their definition and approval.
- 6.4 The comment was made that functionality can be defined reasonably quickly (with a caveat around the cost/benefit issue raised above) but the communications system issue needs further consideration.

## **7 AOB**

- 7.1 In relation to the Smart grids Capital Grants Programme, AEA reported that a small number of potential applicants to the scheme had asked whether DECC could assist them in identifying potential DNO and/or supply company partners. AEA (who are managing the scheme on behalf of DECC) asked the members from network and supply companies if they would be agreeable to being passed details of these projects (along with the contact details). If they were interested in taking any of the projects further they could contact the potential partners. The representatives present agreed that this would be acceptable. In the case of the suppliers, as there is incomplete representation on the ENSG, it was agreed AEA would send partner enquiries to ERA.

## **8 Schedule of Meetings and Close**

- 8.1 It was agreed that as there were a number of outstanding issues the group should convene by telephone conference to discuss the revised route map and the documents to be produced under the actions listed above in these minutes.

### **Action 7: Secretariat to arrange a telephone conference at a date TBA.**

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

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