

Smart Grid Forum work stream 6

Minutes for the Smart Grid Forum work stream 6 meeting on the 22 July 2013	From	Ofgem	29 July 2013
	Date and time of Meeting	Monday 22 July 14:00-17:00	
	Location	Ofgem, 9 Millbank	

1. Present

1.1.

Ofgem	Dora Guzeleva (DG)
Ofgem	Mark Askew (MA)
Ofgem (Sustainable Development)	Jeffery Hardy (JH)
Ofgem	Keavy Larkin (KL)
Ofgem	Andrew White (AW)
BG	Tabish Khan (TK)
Consumer Focus	Sophie Neuburg (SN)
E.On	Glenn Sheern (GS)
ENWL	Paul Bircham (PB)
National Grid	Lilian MacLeod (LM)
Northern Powergrid	Andrew Spencer (AS)
SPEN	Euan Norris (EN)
SSE	Brian Shewan (BS)
UKPN	Adriana Laguna (AL)
WPD	Nigel Turvey (NT)
Sustainability First	Judith Ward (JW)
Engage Consulting	Andrew Neves (AN)
SmartGrid GB	Rob McNamara (RM)
Electricity Storage Network	Anthony Price (AP)
BEAMA	Yselkla Farmer (YF)

2. Apologies

2.1. Zoltan Zavody, Steve Cox, Marina Hod, Craig Dyke, Stephen Passmore

3. Agenda Item 1 – Review of minutes from last meeting

3.1. The minutes of the last meeting were reviewed and agreed.

4. Agenda Item 2 - Updates

4.1. Flexibility and Capacity Charging sub-group

MA reminded the group that this sub-group was established to implement the decision made in RIIO-ED1 to 'socialise' connection charges for existing domestic and small business customers on a transitional basis. MA updated the group on the progress of the sub-group and commented that it is currently looking at the DCUSA changes and wording to implement Ofgem's decision. The group will produce a table of all necessary amendments which can be handed over to a DCUSA working group.

4.2. European Network Codes

MA updated the group that the Demand Connection Code and the Requirement for Generation Code are both with the EU Commission for review prior to Comitology. Ofgem is following the process closely and working with DECC on the implementation side. A first meeting with National Grid occurred last week on how engagement with stakeholders will take place. Further updates will be given in due course.

5. Agenda Item 3 – Commercial customer matrices

5.1. PB presented the Commercial Customer matrices for non domestics and generator sectors in ZZ's absence. The standard DUoS charging methodology has been used to highlight all customer types on the vertical axis, while the range of different options and markets that customers may participate in is shown on the horizontal axis. A key was then used to highlight where any regulatory, commercial, or technical barriers exist preventing customers engaging with services offered. The services included products offered by National Grid, suppliers, aggregators, and DNOs. PB noted that the matrices were driven by consumer types and not technology type. The matrix tries to compile learning from the LCNF to develop the template. The matrices can be used to highlight commercial constraints inhibiting smaller non-domestic user involvement in DSR schemes and physical or technical constraints which prevent participation in similar schemes. It was noted that the list of customer types may be aggregated down, particularly once the matrix has been completed and it is possible to see where there is commonality between different customer types.

Action	Person - By
To fill in the matrices rows	PB and ZZ - September

6. Agenda Item 4 - Review of smart grid options paper (Ofgem)

MA and KL provided the group with an overview of the smart grid options paper. PB requested that a summary of the options or a contents list be provided at the beginning of the document.

Options for all customers (universal)

6.1 On the DUoS charging, AL noted that the paper should recognise the complexity of setting up a DNO billing system to support this option. SN pointed out that consumers may object to having two tariffs if DUOS were to be charged directly. JW noted that it is necessary to capture the adjustment that suppliers would need to make and the impact on the supply profile if DNO tariffs changed behaviour. AP pointed out that the retail peak and network peak might not correlate. SN commented it would be difficult for customers to understand if tariffs reflected different peaks.

6.2 On the appliance standards option, SN noted that it is important that the paper more clearly differentiates between demand response and frequency response. In addition, SN noted that a central assessment criterion should be whether the measure will deliver benefits for consumers or not, even where additional complexity will necessarily arise. SN further justified this on the basis that benefits do not accrue only to consumers – e.g. DNOs benefit through the RIIO efficiency incentive mechanism.

6.3 TK noted that the use of mandated arrangements would need to be transparent and that options could be mandated only for a selection of customers or according to types of appliances, such as EV or HP. SN warned that customers will be unhappy with any type of direct control and that the way the paper is presented will need to be carefully considered. JW cautioned that it should be made clear that the options listed represent a range of

options and that mandated arrangements are at one end of the scale and may not be acceptable, or optimal.

6.4 PB/BS both noted that a load limiter would more likely apply to overall load of a property, rather than a specific appliance, given that most appliances operate at a set wattage. An exception to this would be EVs, which could be placed on a separate circuit. BS suggested that learning from use of load limiters on Isle of Eigg could be beneficial in assessing the viability of this option. GS pointed out that a key question for this tariff is how household limits/ tariff rates would be set for one-person households versus large family households.

Options for voluntary one-to-one engagement

6.5 SN commented that research has shown consumers do not find static tariffs as easy to understand as has been assumed and that the issue of complexity still applies to this kind of tariff. However it was noted that the CLNR project contradicted these findings, albeit with a section of engaged customers who volunteered for the trial. TK observed that static tariffs can lead to a 'new peak' when customers switch back on after set periods of 'on-peak' tariffs. He also noted that this problem can be addressed through the remote control automation of appliances. PB requested that the distinction be made between local and remote-controlled automation. Local automation refers to equipment being automated according to pre-set parameters such as time, price, or network load conditions, depending on the functionality of the device. Remote-controlled automation refers to the ability of a third party (DNO/ Supplier) to control devices within parameters agreed with the customer. PB further noted that while the usefulness of both forms of automation is good, the acceptability of local automation to consumers is likely to be much higher if they have control over the parameters for automation. It was agreed to split automation into automation at the premises and remote automation. JW commented that the paper needs to reflect that international studies have shown static tariffs to work well where there is controllable load and also that customers have tended to accept (remote-controlled) automation, where they have had an override capability.

6.6 Within the critical-event tariff option, PB suggested that a further option could be 'post-interruption', whereby customers who go off-supply could be compensated for coming back on-supply later to assist with load management. DG agreed to add 'post-interruption' as a sub-option to the paper.

6.7 TK noted that automation will be necessary to make a dynamic tariff option work since the majority of consumers are not in a position to constantly monitor price signals and/or manage their usage on an hourly basis.

6.8 JH commented that the rebound effect would need to be factored into the assessment of any potential benefits of the energy efficiency option. The rebound effect refers to a situation whereby people who install energy efficiency measures use the same amount of energy as was previously the case and have their premises warmer. SN noted that this option has limited potential because it has historically proven difficult to get consumers to improve energy efficiency. PB commented that there is the potential for DNOs to share the cost of energy efficiency devices in household, on the basis that DNOs benefit from their use as well. AN asked for clarification as to whether DNOs would be allowed to focus energy efficiency projects on areas where the network is constrained. GS questioned whether this approach would raise costs for all consumers to the benefit of a few. PB responded that the measures discussed would only be used where they offer a cheaper alternative to traditional reinforcement, which would accrue as a benefit to all customers through reduced costs to DNOs.

6.9 BS commented that the option to reduce energy consumption through information provision has potential for DNOs, especially with effective customer engagement strategy. JW noted that consumers will need some sort of reward for changing their behaviour. SN

supported this point, noting that the common good is not a strong enough incentive for changing behaviour, especially in an austerity environment.

EN noted that thought should be given to how community schemes can get the most out of local/ domestic generation.

6.9 DG stated that the options for engagement with commercial and industrial customers will be discussed at a later date. She agreed to update the paper and circulate it to the group for written comments.

Action	Person - By
Update the options paper with the comments from the group	Ofgem - September

7. Agenda Item 5 – Demand Side Response – Supplier Strawman

7.1 TK presented a paper on how suppliers might be able to use DSM. TK highlighted the two main uses of DSM for suppliers identified in the paper, a) to assist in balancing demand with contracted position of supplier, and b) network balancing to alleviate regional constraints/ surplus. This paper will be brought into the next stage of the work streams work on roles and responsibilities.

Action	Person - By
Share link of National Grid's report with group	Lillian McLeod - September

8. Any other business

YF asked attendees to consider the possibility of forming a working group to look at how learning from LCNF projects can be used from a technology development perspective.

JM updated the group on National Grids' UK Future Energy Scenarios Report which is available online and drew the group's attention to the section on electricity demand response.

9. Date of next meeting

9.1. Given that availability may be limited during the August holiday period, the next meeting will be held in September. Ofgem will circulate suggested dates in due course.