

Ofgem Access and Forward-looking Charges Significant Code Review

Minutes

Meeting name	SCR Challenge Group
Time	10.00 – 16:00
Date of meeting	25 November 2019
Location	ENA Offices, 4 More London Riverside SE1 2AU

Attendees

Name	Initials	Organisation
Jon Parker	(JP)	Ofgem - Chair
Andrew Self	(AS)	Ofgem
Stephen Perry	(SP)	Ofgem
Andrew Malley	(AM)	Ofgem
Amy Freund	(AF)	Ofgem
Lynda Carroll ☎	(LC)	Ofgem
David McCrone ☎	(DM)	Ofgem
Silvia Orlando	(SO)	Ofgem
Beth Hanna	(BH)	Ofgem
David Sykes	(DS)	Octopus Energy
Graz MacDonald ☎	(GM)	Green Frog Power
Joseph Dunn ☎	(JD)	Scottish Power
Keith Evans ☎	(KE)	ENWL
David Bird ☎	(DB)	Octopus Investments
Courtney Madden	(CM)	ENA Secretariat
Julia Phillips	(JPh)	ENA Secretariat
Paul McGimpsey	(PM)	ENA Secretariat
Martin Baker	(MB)	Amber Infrastructure
Chloe Dyson-Bird	(CD-B)	Ameresco
Mark Tarry	(MT)	AMP PLC
Mike Ryan	(MR)	Anesco
Andy Hadland	(AH)	Arenko
John Parsons	(JPa)	BEAMA
Keith Munday	(KM)	Bryt Energy
Lee Priestley	(LP)	Conrad Energy
Andrew Enzor	(AE)	Cornwall Insight

Matthew Cullen	(MC)	E.ON
Peter Dennis	(PD)	Ecotricity
Paul Mott	(PM)	EDF Energy
Richard Partridge-Hicks	(RP-H)	Eel Power
Jon Ferris	(JF)	Electron
Andy Heald	(AHe)	Energise Barnsley
Mary Gillie	(MG)	Energy Local
Joseph Underwood	(JU)	Energy UK
Simon Lord	(SL)	Engie
Amir Alikhanzadeh	(AA)	ES Catapult
Graham Pannell	(GP)	Fred. Olsen Renewables
Kit Dixon	(KD)	Good Energy
Graham Oakes	(GO)	Graham Oakes
Nicola Percival	(NP)	Innogy
Eddie Proffitt	(EP)	MEUC
Daniel Hickman	(DH)	NPower
David Sykes	(DS)	Octopus
Elizabeth Allkins	(EA)	OVO/Kalluza
Frank Gordon	(FG)	REA
Poppy Maltby	(PM)	Regen
Yonna Vitanova	(YV)	Renewable UK
Bill Reed	(BR)	RWE
John Tindal	(JT)	SSE
Andy Scott	(AS)	Swan Barton
Alison Meldrum	(AM)	Tata Steel Europe
Caroline Bragg	(CB)	The ADE
Ross Thompson	(RT)	UKPN
Thomas Cahill	(TC)	Veolia
Chris Wickins	(CW)	Welsh Power

1 Welcome and introductions

- 1.1 JP welcomed everyone to the meeting and announced some changes to the Ofgem Access SCR team. JP noted that Andy Burgess has now left Ofgem and his replacement will be announced soon.

2 Project Update

- 2.1 JP provided a recap of where the project is to date. JP stated that the past year was focused on developing options for reform and next year will be focused on the shortlisting these options, undertaking a detailed assessment of these options, and developing the draft decision. Ofgem intends to publish a minded to consultation in late summer and make a final decision in early 2021. Ofgem are expecting to continue to need input from the Challenge Group during 2020 (e.g. the modelling work). JP flagged the importance of the Challenge Group feedback and how it has been highly valued. JP welcome feedback on involvement from members of the group over the lunch break today.
- 2.2 JP provided an update on the impact assessment and modelling. CEPA/TNEI have been appointed by Ofgem to work on the impact assessment. They will be coming to the next SCR Challenge Group meeting to get input and explain their plans.
- 2.3 JP updated the group on the Access subgroup, providing an overview of the areas of work and progress to date, as described in the presentation. A note on monitoring and enforcement of access rights has been finalised and will soon be available on the CFF website. The group has been assessing the access options to improve clarity and choice of options for small users. A meeting with network planners was held to understand the impact of the proposals on the development of an efficient network. A survey will also be circulated to better understand the impacts of flexible connections on network capacity. An additional survey will be circulated to DNO connection teams to better understand the interest in flexible connections. The subgroup is also working on two new reports, distribution connected users' access to the transmission network and the respective roles of sharing and trading.
- 2.4 BH provided an update on the charge design work-stream. The network planning session was also very informative for the charge design workstream. Ofgem will be issuing a request for information to DNOs shortly to gather evidence to support decisions based on the level of network data available around network monitoring.
- 2.5 BH also provided the update on the cost model subgroup. CEPA/TNEI is working with the subgroup to build the reference network model. They have been contracted by ENA to do this work. The group is pushing ahead with the data and modelling and it is all progressing well. A Challenge Group member asked how this is happening with the different DNO models and missing data. BH responded that the model is being built from the ground up. There is variable data at the low levels, so they are setting up to the primary level and asking how to get better data at the HV/LV levels through the use of archetypes. The group and CEPA/TNEI are working on options to do this assessment. DS asked how open this modelling is going to be. JP replied that they trying to be as visible as possible and are asking DNOs if there are any sensitivities involved.

- 2.6 JP expects that Ofgem will provide an update on the work areas in detail at a meeting prior to shortlisting.

3 Transmission Network Charging Update

- 3.1 AM gave an update on focused transmission network charging reforms. The work is split into two phases separated by Ofgem's second working paper. There will be a webinar with Challenge Group members in the next couple of weeks to allow for feedback before the second working paper is published. After the working paper, Ofgem will be kicking off further work with ESO, TOs and other industry stakeholders. AM stated he will ensure all Challenge Group members receive invites to the upcoming webinar.
- 3.2 A Challenge Group member asked a specific question about CUSC zoning that has links with this SCR. The Challenge Group member questioned how ongoing CUSC modifications, the Targeted Charging Review (TCR) and Ofgem's Access SCR fitted together. AM replied that Ofgem is undertaking their charging work in a joined up and strategic approach, and that, in particular, TCR and the Access SCR are being undertaken in a coordinated manner. He also said that Ofgem will take an action to map out the interactions with other ongoing projects.
- 3.3 A Challenge Group member added a comment about triads, it doesn't mean they're not effective, just that they're difficult to analyse. AM responded that Ofgem are considering what is the best way to signal transmission network costs in the future, retaining triad in its current form is still on the table. This review will consider whether it remains relevant in the same way it has been historically, what the other options are and whether there are changes in transmission that need to be mirrored at distribution. Ofgem have not made up their mind yet. This is a neutral review of options.

4 Connection Boundary

- 4.1 DM provided an update on the final report from the Connection Boundary subgroup. He asked that any feedback be sent to the ENA by Friday 24 January. There will also be an opportunity to share feedback during the meeting today. DM provided an overview of the options for change and the assessment completed by the Connection Boundary sub-group.
- 4.2 PM spoke about the connection charging scenarios that were done under Open Networks. He noted that the Connection Boundary sub-group is updating the Open Networks work, focusing on relevant scenarios. The Connection Boundary sub-group plan to share this work. A Challenge Group member suggested that it would be very helpful to see these scenarios run in multiple areas. The group then had a breakout discussion and all comments were captured.
- 4.3 DM continued to present the simplified view of the subgroup assessment and current views. The full report was sent to the group for review offline. He explained that the Connection Boundary sub-group will be looking at the interactions with the other sub-group's options as well. The group had another breakout session to provide feedback on the assessment and emerging views.
- 4.4 DM presented the final slide on current views and sought views. DM stated that any views on transitional arrangements would be very useful.

5 Small Users

- 5.1 SO introduced the current thinking around small users and the update from the Small Users' subgroup. SO noted that feedback from the last Challenge Group had been taken into account by the Small Users' subgroup. SO introduced representatives from the subgroup that will present their draft assessment and initial views of the options.
- 5.2 RT presented the update for the small users' access group and their initial draft assessment. RT gave a high level overview of the options and adaptations for small users' access rights. RT highlighted these are in the conceptual stage and that the options required further thought if shortlisted.
- 5.3 As representative of the small users' charging group, DS provided a review of the charging options and adaptations and their initial assessment. DS highlighted the importance of taking diversity into account and the role of smart meter uptake. DS suggested that the group's view is that more dynamic options may be harder to quote and explain to customers. DS stated that further thought is needed to determine which solutions are viable and whether DNO or suppliers are best placed to deliver them to the market.
- 5.4 KE dialled in to the meeting to present the update for the Connection Boundary group. KE reviewed the key considerations of the options and emerging findings of their assessment. In particular, KE noted that the group believes that options will provide an incentive overall, but that some options risk that customers could request more capacity than they require, leading to inefficient network design.
- 5.5 EA presented the update on the emerging thinking of the subgroup around wider retail options and adaptations. EA highlighted that these options are not exclusive and complement each other but there may be clear trade-offs between standardisation and tailoring the options or, for example, complexity and ease of engagement.
- 5.6 SO closed the discussion by summarising the emerging findings. In particular, SO noted that relying on retail measures could mitigate many of the potential risks of undue detriment for small users (or groups of them); alternatively, introducing more prescriptive requirements could help consumers to understand and compare suitability of options, while relying on changes to the access and charging options could be a suitable approach to mitigate specific concerns with some options.

6 Non-SCR Update

- 6.1 PM provided an update to the group on the four Non-SCR access products. Slides were presented and will be circulated to the group following the meeting.
- 6.2 PM updated the group on products 1 and 2. The non-SCR access working group intend to hold a webinar with Charging Futures and Challenge Group members to gather feedback on whether there is value in progressing these products. This webinar will feed into the report being produced by the subgroup and that will be sent to the Open Networks steering group for sign off. Open networks will seek opportunities to trial these products in 2020.
- 6.3 PM also updated the group on product 4. The Authority decision is expected to be delivered in February. The only change from the original proposal was that

the implementation date should be extended to allow DNOs more time to assess changes to connection offers already in progress. A Challenge Group member asked if there has been any consideration for a similar CUSC modification. PM responded that this has not happened yet, as the transmission charging methodology is quite different.

7 Close and AOB

- 7.1 In closing JP informed the group that there is no set date for next meeting of the Challenge Group but that it will be in January. JP stated that a calendar invitation will be sent shortly.

Next Delivery Group meeting:

Time / Date	Location
10:00-16:00 20 th January 2020	ENA Offices, 4 More London Riverside SE1 2AU