

## Ofgem Access and Forward-looking Charges Significant Code Review

### Minutes

<b>Meeting name</b>	<b>Delivery Group – Meeting 7</b>
<b>Time</b>	<b>10.00 – 15:00</b>
<b>Date of meeting</b>	<b>26<sup>th</sup> July 2019</b>
<b>Location</b>	<b>ENA Offices, 4 More London Riverside SE1 2AU</b>

### Attendees

<b>Name</b>	<b>Initials</b>	<b>Organisation</b>
Jon Parker	(JP)	Ofgem - Chair
Patrick Cassels	(PC)	Ofgem
Bethany Hanna	(BH)	Ofgem
Silvia Orlando	(SO)	Ofgem
Anna Jefferies	(AJ)	Ofgem
David Fogg ☎	(DF)	Ofgem
Rebecca Cailes ☎	(RC)	CNA
Mike Harding	(MH)	BU UK
Jennifer Doherty	(JD)	ESO
Chris Ong ☎	(CO)	UKPN
Ross Thompson ☎	(RT)	UKPN
Tony McEntee ☎	(TM)	ENWL
Claire Campbell ☎	(CC)	SPEN
Simon Yeo ☎	(SY)	WPD
Angelo Fitzhenry ☎	(AF)	Electralink
Nicholas Rubin	(NR)	Elexon
Chris Allanson ☎	(CA)	NPG
Gillian Hilton ☎	(GH)	SSEN
Richard Woodward	(RW)	National Grid
Katie Stanyard	(KS)	ENA Secretariat
Julia Phillips	(JPh)	ENA Secretariat
Paul McGimpsey	(PM)	ENA Secretariat

## 1 Welcome and introductions

1.1 JP started the meeting and explained that the focus of the morning session would be on providing feedback on the draft working paper that had been shared with the group on Monday. He set out the focus of the afternoon session, explaining that Ofgem had done some further planning to work out what evidence and analysis is required to reach the list of shortlisted options.

## 2 Actions

2.1 JP provided an overview of the actions agreed at the last session and asked the Delivery Group (DG) for status updates on the open actions (DG28 and DG32). In regard to DG28, SO explained that the work on the Small Users subgroup would be kicking off soon and that Citizens Advice would be in the group and so the action can be closed. DG32 remains open as BH explained this would be progressed during August.

## 3 Subgroup updates

3.1 JP gave an overview of the scope of the first and second working papers, explaining that the second working paper is currently due to be published in late 2019. JP confirmed that the first working paper will consider options for reforming transmission demand charges. JP stated that the rest of our focused transmission reforms will be considered as part of the second working paper. He explained that Ofgem had received a lot of feedback on the draft working paper from the Challenge Group (CG) which they are currently reviewing and taking into account. JP expected to be able to publish the document in late summer 2019.

3.2 **Access Rights:** SP informed the DG that three products had been shared for their review by the 31<sup>st</sup> July (on 1. feasibility of the options, 2. the ability of users with alternative access rights to participate in wider markets and 3. benefits of the options for system efficiency). A further product on monitoring and enforcement of access rights was still being worked on and would be shared with the DG before the next meeting.

3.3 **Cost Models:** PC explained that the subgroup was aiming to produce a report on 2<sup>nd</sup> August and will share with the DG in September. The report will cover conceptual cost model design choices, the strengths and weaknesses of the models, and the extent of locational granularity these models can be applied to. He explained the locational granularity section required substantial work to complete and needed updating to respond to the CG feedback. JP explained that the CG had challenged Ofgem where conclusions had been made (i.e. on discounting SRMC model) based on a lack of DNO network data. MH said he understood the CG questioning this but that the SCR is focused on implementation by 2023 and so this report needs to reflect the 'as-is' position. MH suggested that the SCR may need to implement changes that along with a direction of travel on how they can then be further improved in the longer term. PC agreed but added that the report needed a clear statement on what data is available now, in what format and what arrangements could be achievable by 2023. MH agreed that some information will be available but may be in paper records, and that the biggest challenge will be aligning topography of local network to a primary substation. PC explained that Ofgem would review the recent survey conducted with the subgroup on data availability.

3.4 **Connection Boundary:** JP gave an overview of the subgroup's progress. He explained that the subgroup had looked at user commitment in transmission but needed to make more progress on how it could be applied to distribution. JP also considered that the subgroup needed to gather further information about the extent to which the current arrangements create distortions between transmission and distribution. RW considered that any development on user commitment at

distribution needed to be done in alignment with transmission. PM explained that the Open Networks project compared charges for projects connecting at transmission and distribution. He took an action to find this work and share with the subgroup. RW suggested the subgroup should not be assessing connection boundary in isolation, as the unintended consequences might be overlooked. PC explained that he was due to meet with David McCrone (part of the Access SCR team, who is responsible for the connection boundary) to assess the compatibility of the connection boundary options and the use-of-system charge options under consideration in the Cost Models subgroup. JP also stated that the subgroup needed to reach a firm position on availability and quality of data sets of who has paid a shallowish data connection.

## 4 Feedback on 1<sup>st</sup> Working Paper

4.1 Ofgem requested feedback on the draft first working paper that had been shared in advance of the meeting. The group went through each chapter and provided feedback:

- *Case studies chapter:* JP explained that the CG had reviewed the case studies and had suggested that there should be a storage example. NR acknowledged that the fleet of EVs case study was very useful but that it didn't explore the effect of the changes on domestic EV users. JP explained this type of analysis, on small users, would be included in the second working paper. NR also suggested there should be a case study for aggregators, particularly to assess the practicalities of implementing shared access. JP undertook to take this away as an aggregator example had not been considered previously.
- *Flexibility:* JP explained that the CG feedback on this chapter varied. Some stakeholders expressed preference for charging signals over flexibility procurement as the latter is not sufficiently mature or standardised yet. Others preferred flexibility procurement due to the level of accuracy. BH explained that some CG members did not see access rights as a way of sending signals for flexibility and were worried that access rights could limit flexibility. The group had a discussion about the role of access rights in flexibility. JD raised that one of the paragraphs in this section refers to 'trading in real time' and considered that this didn't align with the non-SCR work. JP explained he also had a question on this as, if flexibility is relying on access, then the role of trading of curtailment has a big impact. Ofgem confirmed that there would be future work to determine the respective roles of "sharing" and "trading" access.
- *Access Rights:* JD gave feedback that the section focused on distribution, and that it should provide further information about future transmission arrangements. TM highlighted the importance of compliance with access rights and suggested that there was not enough focus on enforcement of access rights. AJ confirmed that the Access Rights subgroup's Monitoring and Enforcement note will provide more information on this topic. MH asked whether any analysis had been done on the price differential required for users to accept different access choices than they receive at the moment. AJ answered that the stakeholder survey suggested a 20 per cent price discount was the threshold for users to consider alternative access choices. The group had a discussion on the feasibility of the Financially Firm access option and the difficulties given interactions with planning standard development.
- *DUoS Cost Models:* SY asked why the chapter didn't include an option to extend CDCM upwards onto higher voltage levels. PC explained the analysis suggested that there was more merit in extending the Transport Model down, rather than extending CDCM up. PC acknowledged that this option could be included in the report, with the associated disadvantages included. PC explained that to finalise the report he needed further information on the data availability across the DNOs. PC explained that initial assessment indicated that 20 per cent of the "all the way" tariff was associated to a primary substation

and could therefore be made locationally targeted without changing the downstream methodology. BH explained that the subgroup needed to assess what level of locational granularity was feasible, and then the Small Users subgroup will assess whether any protections are required.

- *DUoS and TNUoS Charge design*: TM suggested that this chapter needs to link more with the other chapters, as complicated charge design is not feasible without the supporting cost models. JP agreed and noted that more time would be spent on ensuring consistency across the whole document. Feedback was also provided on the need for the chapter to reference the availability of aggregated half-hourly data, and the associated confidentiality issues. The group discussed how this data could be used to support the creation of seasonally and locational varying tariffs.

## 5 Future Project Plan (each policy lead)

5.1 BH gave an overview of the planning work that Ofgem had conducted, explaining that it was still in draft form and that further development was required. JP gave an update on the Analytical Framework activity, explaining that Ofgem would shortly publish a tender requesting consultancy support on this. JP explained that they were considering using external support to develop the Network Reference Models (RNMs) and the tariff modelling. TM raised a concern that the DNOs and Cost Models subgroup hadn't been directly involved in the discussions on this and that the tariff model needed to be simple and in a format that can be shared. JP confirmed that Ofgem wanted the DNOs to be involved and that the DNOs had suggested that WSP could help support this work, given they are working with the ENA. TM and PM took an action to speak to WSP to progress this.

5.2 The respective Ofgem lead for each workstream gave an overview of their plan. In respect of the Access Rights plan, NR asked to what extent the subgroup could use the case studies to help assess the options. JP confirmed that the subgroup could use case studies to help inform their analysis. BH suggested that, whilst case studies are a useful way of assessing user behaviour, they should not be used to assess every issue. MH considered that all the plans should better consider the links with IDNOs.

## 6 Non-SCR Update – ENA Update

6.1 PM explained that the Open Networks Steering Group had approved the request by the group to start work on Product 2 (Capacity Trading). PM gave a status update on Product 1 and Product 2, explaining that the initial report which includes draft rules and principles has been shared with Project LEO and Transition to begin the "war gaming". PM explained that the war games were being initially being undertaken internally, but that this would then be opened up later in the year to include external stakeholders. With regard to Product 4, PM explained that the charging modification to facilitate flexible connections had been approved by the DCUSA panel and had progressed into the definition phase. JP asked at what point trading and curtailment trading can be tested. PM explained that there would not be any real trialling this year other than the war gaming.

## 7 Close and AOB

7.1 JP explained that the next meeting will be in September and that a Charging Futures Forum (CFF) will be also held in September. JD asked if it would be possible to hold a webinar before the next CFF. JP agreed that Ofgem would consider the potential timings of a webinar once the working paper has been published.

**Next Delivery Group meeting:**

<b>Time / Date</b>	<b>Location</b>
10.00 – 16.00 3 <sup>rd</sup> September 2019	ENA Offices, 4 More London Riverside SE1 2AU

**Annex 1: Ofgem Access and Forward Looking Charges Significant Code Review****Delivery Group Actions**

<b>Meeting held on 26<sup>th</sup> July 2019</b>			
<b>Action</b>	<b>Description</b>	<b>Lead</b>	<b>Status</b>
<b>DG33</b>	Ofgem to determine whether to hold an SCR webinar in advance of the next Charging Futures Forum	<b>Ofgem</b>	<b>Ongoing</b>
<b>DG34</b>	Paul to locate work done as part of Open Networks Programme on the different connection types between Transmission and Distribution	<b>ENA</b>	<b>Closed</b>
<b>DG35</b>	Tony, Patrick and Paul to progress work on the network models, and set up a meeting with WSP	<b>TM, PC, PM</b>	<b>Closed</b>