

Ofgem Access and Forward-looking Charges Significant Code Review

1 Minutes

Meeting name	Delivery Group – Meeting 9
Time	10.00 – 15:15
Date of meeting	21 November 2019
Location	ENA Offices, 4 More London Riverside, SE1 2AU

2 Attendees

Name	Initials	Organisation
Jon Parker	(JP)	Ofgem - Chair
Stephen Perry	(SP)	Ofgem
Andrew Malley	(AM)	Ofgem
Andrew Conway	(AC)	Ofgem
Amy Freund ☎	(AFr)	Ofgem
Lynda Carroll ☎	(LC)	Ofgem
David McCrone ☎	(DM)	Ofgem
Silvia Orlando	(SO)	Ofgem
Rebecca Cailles ☎	(RC)	BU UK
Mike Harding ☎	(MH)	BU UK
Jennifer Doherty	(JD)	ESO
Chris Ong ☎	(CO)	UKPN
Ross Thompson	(RT)	UKPN
Chris Barker ☎	(CB)	ENWL
Deborah MacPherson ☎(13:45-15:00)	(DMac)	SPEN
Simon Yeo ☎	(SY)	WPD
Angelo Fitzhenry ☎	(AF)	Electralink
Lee Wells ☎	(LW)	NPG
David Sykes ☎(13:45-15:00)	(DS)	Octopus Energy
Courtney Madden	(CM)	ENA Secretariat
Julia Phillips	(JPh)	ENA Secretariat
Paul McGimpsey	(PM)	ENA Secretariat

1 Welcome and introductions

- 1.1 JP opened the meeting and reviewed the agenda. An additional agenda item was added after lunch for Delivery Group members to ask questions about the Targeted Charging Review (TCR) decision that was announced this morning. It was flagged by Delivery Group members that the TCR decision may impact involvement in the SCR over the next few weeks. A SCR Resource Management and Issue Group (RMIG) call was scheduled to discuss the impact of the TCR and coordinate the response.

DG39: Action for ENA to schedule a supplementary RMIG call

2 Project Update

- 2.1 JP presented an update on the Access SCR project and the second working paper. The working paper will be published before the CFF on 18th December. Following publication, Ofgem will turn its focus towards the shortlisting. We are beginning to test emerging thinking with the subgroups.
- 2.2 As a result of resourcing changes the Ofgem leads for several workstreams have changed. The new structure can be found on slide 7 of the presentation slide pack. JP shared the high-level timescales for 2020 which can be found on slide 8. It is expected that the Delivery and Challenge groups will run until at least June 2020. The role of the Delivery Group will be to support the impact assessment work and assist with the qualitative assessment of the shortlisted options. JP stated that he expected the resource commitment to stay constant and that more information will be shared at the January Delivery Group meeting.
- 2.3 Several Delivery Group members asked questions on this topic. MH enquired about Ofgem's expectations for the subgroups. JP replied that there would be an ongoing requirement to retain the groups in 2020. RT asked if there will still be products or whether the approach will be more consultative. SP replied that it will likely be a combination of testing ideas and developing options progressed during 2019. LW asked about the plan for the connection boundary subgroup. JP responded that there is likely to be less work than the Cost Models group, but there may be some work around how the options and the transition could work. JD asked if there will be a new subgroup for the work being led by Patrick Cassels on flexibility. JP replied that there will not be a new subgroup on this.
- 2.4 JP provided an update on the impact assessment. JP explained how Ofgem intend to assess the options through tariff modelling, reference network modelling and the impact assessment. Ofgem have commissioned CEPA-TNEI as consultants for the impact assessment. They will attend a future meeting to provide further information on their proposed approach.
- 2.5 PM provided an update on the reference network modelling. The modelling is progressing well and the plan is to have an updated model from CEPA/TNEI and agreed network data by the end of next week. The following week CEPA/TNEI will deliver the final model and they are currently working on a report to accompany this. The fully quality assured model will be completed by mid-December and this aligns with the original work plan.
- 2.6 JD stated that the sooner we can have conversations about transmission and ESO involvement in the impact assessment the better, because there are urgent TCR modifications that need to happen at the same time.

- 2.7 JP also updated the group on the very informative workshop with network planners that was held last month. There was an action on the ENA to share the notes from this meeting with the Delivery Group and SP took an action to share Ofgem's conclusions and takeaways. JD added that if there is a need for a follow-up meeting with transmission network planners they are happy to have one.

DG40: ENA to circulate the notes from the network planners workshop

DG41: Ofgem to share conclusions and takeaways from network planners workshop

- 2.8 SP provided an overview of the progress in the SCR Access subgroup. The Charging Futures website resource pages have been updated and should now be easier to navigate. A survey to network companies regarding flexible connections will be going out soon. The group have been looking at sharing and trading access rights. Trading access is quite well understood and the group is working on a report on sharing access. NB asked if the survey will be quantitative or qualitative and SP replied that it will be a combination.
- 2.9 JP provided an update on DUoS charging. He reviewed the progress on the different work areas. JP noted that network planning was discussed more thoroughly earlier in the meeting and that network monitoring will be addressed later in the meeting. JP highlighted that Ofgem is conducting a literature review which sits across different areas, but that it should provide very useful information for charge design.
- 2.10 AC gave an update on the reference network cost model work. He started by flagging that the updates on this had already been covered in the meeting and that the model is progressing very well and the group is beginning to get a hint of the outputs. They will have some finalised results in mid-December.
- 2.11 Next, AC expanded on the slides on network data and monitoring evidence. Ofgem want to circulate a request for information (RFI) around the cost implications of an incremental approach below EHV. This has been deemed difficult in the past and Ofgem would like some evidence to support shortlisting. The RFI will be for DNOs only and the expected turnaround is mid-January. There will also be questions around data availability to support an incremental approach at the lower voltage levels. NB discussed how much power flow analysis would reflect the activity on the ground. The group discussed whether the benefits would outweigh the costs, if we introduced an incremental approach to cost modelling at HV/LV. JP added that any policy questions should be fed back to Ofgem or the cost models group. JP noted that Ofgem will need clear evidence to support conclusions. This information could be included in the RFI but should be fed into Ofgem.
- 2.12 The next area of focus is generation connectivity. AC expanded on the slide. RT added that further consideration of conditions at each generation site, rather than just looking at the whole system, may or may not give further information about generation connectivity.
- 2.13 The third area of focus is the illustrative spare capacity methodology. AC said that the RFI will focus on questions around what data is required, what data is available and the cost. MH suggested that the work should also focus on how easily available data may be in the future.
- 2.14 The final focus area for the cost model group are the arrangements at LV. AC stated that Ofgem would like to better understand the feasibility of introducing more granular and dynamic charges at LV. If it is not feasible, we also want to better understand the alternative methods of encouraging LV connected users to be flexible. RT noted that the cost models group will need to build evidence to demonstrate the high cost of implementing granular and dynamic charges at LV.

- 2.15 AC stated that he will take away the points raised today and intends to send the RFI out by close of play tomorrow with responses to be returned in January 2020.
- 2.16 In closing off this section JP added that Beth Hanna will be the key contact for cost models going forward.

3 Transmission Network Charging Update

- 3.1 AM gave an update on the focused transmission network charging reforms. AM noted that there will be a webinar in the next couple weeks to allow for feedback, before the working paper is published. AM agreed that there is definitely a need for TO engagement. AM stated that the plan is to kick off the work now and invite the TOs to a webinar, which would likely be hosted by Charging Futures. JD flagged that there are a few webinars already scheduled over the coming weeks. PM asked when he expects to require TO engagement. AM replied that it will start in early December. PM flagged that if there will be a new resource requirement, the networks need to know as soon as possible.

4 Connection Boundary

- 4.1 DM provided an update on the work of the Connection Boundary subgroup based on the slides. He summarised the findings of the subgroup's work. DM stated that comments on the report are welcome over the next week.
- 4.2 First, he discussed the evidence gathering and spoke about the data presented on the slides. DM flagged that there proved to be no link between connection project type and outcome. PM highlighted the work that the group had been conducting on charging scenarios and noted that the group intend to circulate emerging key messages. DM asked the Delivery Group if they had any thoughts on the evidence collected up to this point.
- 4.3 Next, DM spoke about the subgroup's assessment of the connection boundary options. A simplified version of the assessment RAG table was presented. JD asked if in the full assessment suggests that any weakening of connection charge locational signals should be replaced with stronger UoS locational signals. DM confirmed that this is discussed in the report and that as we move towards shortlisting Ofgem will be looking at combined connection and UoS options. JD challenged the last two boxes on the feasibility, if user commitment would be needed on both why is one red and one amber? DM responded, that there are simpler changes required to implement a shallower boundary. DM considered that moving to a shallow connection boundary would be a much larger change to the existing arrangements. JP added that the group assessed user commitment feasibility separately.
- 4.4 The group also assessed options for liabilities and securities. DM confirmed that there are no definite views on user segmentation at this point and this will be a part of wider assessments. Transitional arrangements have also not been considered by the subgroup. JD stated that there will be an SCR wide consideration about the application of our proposals to existing users. JP flagged that any review of transitional arrangements needed to consider several different issues. In closing, DM reminded Delivery Group members to send feedback by email by the end of next week, 29th November 2019.

5 TCR questions

- 5.1 An additional session to field questions on the TCR decision was added to the agenda. JD flagged that there are data requirements and that DNOs will need discuss this with other stakeholders (e.g. suppliers and Elexon). The DNOs planned to have a meeting on the following Monday to discuss the necessary DCUSA modifications. AFi stated that, in order to proceed with the required timelines, the modifications would need to be raised at the July

2020 panel, for Ofgem approval in August 2020. LW to follow up with Afi following the meeting on this topic.

- 5.2 JP advised that a new task force will be launched (the Balancing Services Charges Task Force) and it will be led by ESO.

6 Small Users

- 6.1 SO presented the small users update. She expanded on the slides on the consumer characteristics and the potential risks to consumers. As the subgroup has been divided into four groups to work and focus on the reforms (i.e. access, charging, connection boundary and wider retail options), each of these groups' chairs presented on their areas and their initial assessment of these options.
- 6.2 RT presented the initial assessment of the access options for small users based on the slides provided. He reviewed the options and adaptations on the slides and the access group's initial view on each of them. JD commented that she agreed with the opt-in approach, to minimise undue risk to vulnerable parties.
- 6.3 DS joined the meeting by phone to present the initial assessment of the charging options for small users. He reviewed the options and adaptations and preliminary views from the charging group as presented in the slides.
- 6.4 DMac also joined the meeting by phone to present the initial assessment of the connection boundary options for small users. The group will consolidate the list of option to align it with the main connection boundary workstream subgroup. DM presented the initial group's assessment and views as described in the slides.
- 6.5 NB presented the wider retail options and variants, including the wider retail group's initial views on the assessment of the options for small users, as described in the slides.
- 6.6 SO asked the Delivery Group members if there were any other considerations that may have been missed. JD stated that she struggled to understand how some of these options would work in practice and their implications. RT suggested that options could consider how to financially support customers, rather than excluding options for them. MH asked how DNOs could administer a financial support scheme for a large number of households in an effective way.

7 Non-SCR Update

- 7.1 PM provided the group with an update on the Non-SCR industry-led access working group progress. ENA will circulate the slides for this update following the meeting. The working group contributed to the SSEN market simulations which took place at the end of September/early October. The slides summarised some of the key findings. There was interest in DNO/DSO picking up the role of central oversight. The next steps will be to host a webinar in December. Following this responsibility for this work will be handed to Open Networks workstream 1A to deliver. PM noted that there is a potential for trials in late 2020. SP commented that feedback from the Charging Futures forum was really useful and it could be useful to present again. PM added that himself, NB and others met with BEIS last week and had a very positive reception.

DG42: ENA to share the Non-SCR Industry-led Access Working group update slides with the Delivery Group.

- 7.2 PM continued to update the group on the other products as described on the slides. Product 3, queue management is set for 2020 completion. NB asked when Ofgem expected these "quick wins" to be implemented. SP replied that he wanted reforms to be implemented as soon as possible.

