

Minutes

Meeting name	Forward Looking Charges Task Force – Meeting 5
Time	10.00 – 16.00
Date of meeting	21 March 2018
Location	ENA Offices, Horseferry Road, London

Attendees

Name	Initials	Organisation
Jon Parker	(JP)	Chair-Ofgem
Stephen Perry	(SP)	Ofgem
Dominic Green	(DG)	Ofgem
Nathan Macwhinnie	(NM)	Ofgem
Andy Pace	(AP)	Citizens Advice
Mary Gillie	(MG)	Energy Local
Tim Collins	(TC)	Centrica
Daniel Hickman	(DH)	Npower (supplier)
James Anderson	(JA)	Scottish Power Energy Management
Caroline Bragg (Dial in)	(CB)	Association for Decentralised Energy
John Tindal	(JT)	SSE plc
Tom Steward	(TS)	Good Energy
Michael Harding	(MH)	BUUK (IDNO)
Chris Barker	(CB)	Electricity North West Limited
Rob Marshall	(RM)	National Grid
Andrew Enzor	(AE)	Northern Powergrid
Nigel Bessant	(NB)	Scottish and Southern Electricity Networks
Chris Ong	(CO)	UK Power Networks
Tom Edwards	(TE)	Cornwall Insight
Laurence Barrett	(LB)	E.ON
Nick Sillito	(NS)	Flexible Generation Group
Nicola Percival	(NP)	Innogy Renewables UK Ltd
Nigel Turvey	(NT)	Western Power Distribution
George Moran	(GM)	Centrica
William Kirk-Wilson	(WW)	BEIS
Ian McDonnell (Part)	(IM)	Baringa
Nick Screen (Part)	(DS)	Baringa
John Spurgeon	(JS)	ENA Task Force Secretariat
Hena Ahitan	(HA)	ENA Task Force Secretariat

1 Welcome and introductions

1.1 JP welcomed the Forward Looking Charges Task Force members to the meeting and provided a brief update. JP also thanked them for their hard work since the last meeting. JP provided a summary overview of the discussions and outcomes of the Access Task Force Working Group meeting held on 20 March (see published minutes for details).

2 ENA – Update on Project Plan

2.1 JS delivered an updated project plan, highlighting key dates, outputs and deadlines for both Task Forces. Future key dates included two more Joint Task Force meetings, on the 17th April and 15th May. The submission structure for the Task Forces' Interim Evaluation paper was also outlined, with milestone dates being agreed.

3 Baringa Presentation – Assessment of Materiality

3.1 Baringa presented on the analytical framework they have developed for assessing the current networks access and forward looking charging arrangements. Baringa outlined their analytical approach, including the defining of impact areas and impact types. The assessment of impacts was conducted with both quantitative and qualitative information. The high materiality impact areas were presented as key areas, where there was a potentially stronger case for a network access and charging review. To conclude the slides, the relationships between the assessed impacts and the building blocks developed by the Task Force were presented to the Task Force. Baringa asked the group for comments by Monday 26th March.

Actions agreed under this item:

FTF23 - Task Force members to provide comments on the assessment work presented Baringa by Monday 26th March.

4 Updated Scenarios – following Task Forces and Charging Futures Forum Feedback

4.1 A Task Force member presented slides discussing the feedback received on the three umbrella scenarios (from the perspectives of both large users and small/domestic users) at the Joint Task Forces meeting and the Access workshops held in London and Glasgow. The assessment tool developed to assess the options was also discussed. Initial results of evaluations of the three umbrella scenarios were also set out and discussed (as outlined in the slides).

4.2 The group discussed feedback from the initial evaluations using the assessment tool, particularly the resource that will be needed to evaluate the wide range of options that had been developed by the Task Forces.

5 'Influences user investment' Cluster

5.1 A Task Force member presented slides on the 'influences user investment' cluster (which is a combination of building blocks that could influence a user's upfront investment (ie the connection boundary)). The slides ran through seven cluster options, including highlighting options that are similar to existing transmission and distribution arrangements. A number of broad conclusions on the evaluation of the different options were set out. The group discussed the options and conclusions.

Action agreed under this item:

FTF24 - Clusters to be prioritised (narrowed to 3 or 4 options) and key elements to be given a more thorough individual assessment in addition to the general assessment of the chosen cluster groups.

6 Operational Costs

6.1 A Task Force member presented slides on operational costs, which are not considered as a cluster. Specific questions were posed to the Task Force to initiate discussion around specific areas (for example, are DSOs incurring different types of costs, how does the increasing use of varying flexibility or DSR Storage affect network costs).

Action agreed under this item:

FTF28 - To identify the different costs that DNOs are incurring as a result of the transition from DNO to DSO. Clarification of how these different cost are being considered as part of the other work streams.

7 Charging Model Building Blocks

7.1 A Task Force member presented slides on the assessment of the charging model building blocks and various criteria within, on a scale from simplistic to highly cost reflective. For each building block, the scale had three increments, which were briefly explained and defined in more detail on the first slide. Examples were also included that related to the current transmission and distribution models. Group discussion was tailored around the pros and cons of each option, as well as views on any alternate models which could bring value.

Action agreed under this item:

FTF25 - Develop the general description of the building blocks with improved definitions and pro/cons. These are to be assessed individually.

8 Tariff Design Building Blocks

8.1 A Task Force member presented slides outlining the tariff design building blocks. It was highlighted that the tariff design is not currently considered as a cluster and will be impacted by other decisions that are made. Three main options were presented under the tariff design building

blocks. The group discussed the options outlined in the paper for the ‘basis of the tariff’, ‘the timing of the signal’ and how to send ‘temporal signals’. The group discussed the general pros and cons of each option.

Leading on from the discussion of development of the Tariff Design, the group discussed how to assess the options. An action was agreed to further develop the assessment tool so it can be distributed and used by all members to evaluate identified options.

Action agreed under this item:

FTF26 - Develop the general description of the building blocks with improved definitions and pro/cons.

FTF27 - Assessment tool to be reviewed and updated and distributed to the group.

9 Any Other Business

9.1 It was notified that the next Task Force meeting would be a joint meeting.

Time / Date	Location
10.00 – 16.00 Tuesday 17 th April 2018	ETC Venues, Prospero House, SE1 1GA

Forward Looking Charges Task Force - Actions from meeting held on 21st March 2018

Action	Option Area/Topic	TF Members
FTF23	Task Force members to provide comments on the assessment work presented Baringa by Monday 26 th March.	All
	<p>The following actions to be carried out consistent with the way forward agreed at the meeting:</p> <ol style="list-style-type: none"> 1. Definition of options - Better define the building blocks that are being assessed. These do not need to be fully formed options, but do need to give stakeholders a good understanding of what is being assessed. 2. Options to be assessed <ol style="list-style-type: none"> a. Assess all building blocks individually, unless there is an obvious “cluster” of building blocks that would be more efficient to assess. b. For the building blocks that form part of a “cluster” – identify the 3 or 4 options that highlight key different viable alternatives. Choosing options that are significantly different from each other should help clarify the important differences. Not every single possible plausible combination needs to be assessed. 3. Assessment process <ol style="list-style-type: none"> a. The options should be assessed against the assessment criteria to identify the pros and cons. An option can have a neutral impact on an assessment criteria (i.e. if it does not impact the criteria relative to the status quo). b. As part of the assessment process, any obvious links and dependencies with other building blocks should be identified. 	
FTF24	C1 Influences User Investment Clusters – clusters to be prioritised (narrowed to 3 or 4 options) and key elements to be given a more thorough individual assessment in addition to the general assessment of the chosen cluster groups.	NT/JT/NP
FTF25	C4 Charging Model Building Blocks – Develop the general description of the building blocks with improved definitions and pro/cons. These are to be assessed individually.	NB/RM/AE/JT /NS
FTF26	Tariff Design Building Blocks - Develop the general description of the building blocks with improved definitions and pro/cons.	NS/GM/JT
FTF27	Further improvement and development of the assessment spreadsheet to be undertaken and spreadsheet then distributed to the group.	AE
FTF28	To identify the different costs that DNOs are incurring as a result of the transition from DNO to DSO. Clarification of how these different cost are being considered as part of the other workstreams.	DNO reps