

Power Responsive Steering Group

Updated Terms of Reference for Year 2

On 18 June 2015, National Grid launched the Power Responsive campaign to promote the delivery of demand-side flexibility in GB electricity markets and reduce barriers to participation, particularly for industrial and commercial (I&C) customers.

National Grid has been working collaboratively with stakeholders across the energy and I&C sectors – including through the high-level Steering Group – to drive and steer progress.

The initial focus for Power Responsive in Year 1 was awareness raising and market making – for market actors and for Industrial & Commercial (I&C) customers.

For Year 2, the suggested overall focus is on: Demand-side flexibility in GB markets – building customer confidence; clearer information and products for Balancing; and developing a better understanding of market intersects.

Purpose: To promote demand side flexibility activity in GB electricity markets; ensuring coordinated delivery of objectives to achieving increased scale by 2020.

Objectives and focus

The group is responding to the challenge: “What will it take to achieve demand side participation at scale in the GB electricity markets by 2020?” The focus in Year 2 is on:

1. **Customer engagement:** awareness raising and clearer information. Deepen with sector specific I&C customers, widen to other flexible technologies (e.g. storage).
2. **Products, services and customer confidence:** simpler, more accessible Balancing products. Informing Shared Services Framework. Supporting the development of a code of conduct for demand side providers.
3. **Evolution of flexibility markets: critical intersects today:** what success looks like for demand side flexibility in GB electricity markets today and in future. Considering the critical intersects and boundaries for networks (transmission, distribution) and for different markets (balancing, capacity, wholesale and networks). Future market arrangements and the transition.

The group will have a primary focus on awareness raising and problem solving for existing and future balancing schemes, but will also cover awareness and coordinate input where appropriate to other schemes outside of balancing.

Scope

- **Demand side flexibility** – activities that offer demand turn down, demand turn up or flexibility. Including distributed generation/back-up, buildings & equipment response, energy storage, and, where appropriate, demand reduction.
- **Market price signals** – development of market price signals to which consumers can respond.
- **Demand side markets** – balancing, capacity, wholesale, networks. Direct influence on National Grid schemes (esp. balancing). Will work to advocate change in other markets, e.g. Capacity Market.
- **Business customers initially** – particularly I&C customers, but potentially also domestic/small & medium-sized enterprises at a later stage.
- **Next 5 years** - to 2020, in the context of developments/outlook to 2030

Approach and remit

Output Driven: The group will be: small, nimble and focused on outputs; able to lead and shape a programme of work; and represent the main interested parties at a high-level, with a transparent process enabling wider stakeholder participation. The group will make proposals, in line with the objectives and scope, for the following to consider: National Grid – on programme facilitation and new/existing products and services; BEIS – on new and existing demand-side policies; Ofgem – on the regulatory regime, review of codes and processes; market actors and customers.

Delivery: By participating in the group, members agree to consider and, where appropriate, take forward proposals, through their own internal processes and report back on progress/outcomes.

Decision Making: The group will have no formal decision-making power. But members will be able to take forward proposals to bodies with formal decision-making power as appropriate.

Membership of the group

- **Chaired by National Grid** – Cathy McClay, Head of Commercial Operations.
- **Membership** – approx. 18 members for a term of 1 year initially, or on a rotating membership as agreed with a sector-representative body.
- **Representing cross-section of interests in demand side flexibility** – including: BEIS, Ofgem, I&C customers from different sectors (e.g. transport, public, industry, water and retail), large and small suppliers, aggregators, the system operator, transmission network operators, distribution network operators; third party intermediaries; renewable/distributed generators; electricity storage providers; consumer champions, technology/communications providers and Elexon.
- **Senior representatives** – able to make decisions and commit time / resources, but with a strong understanding of the subject matter.
- **Alternates** – a nominated alternate will be agreed. This should be an individual of equivalent seniority within the organisation or from a different organisation in the same sector. To ensure good I&C customer representation two senior representatives will be agreed for each business sector, either one or both can attend meetings.
- **Wider reach** – the intention is individuals will represent their sector as well as their own company views. Trade bodies will support to ensure coordination of wider sectoral involvement via company representatives; members are responsible for disseminating group updates to their sector.
- **Guests** – guests will be invited to present and participate in discussions on certain topics.

Ways of working

- **Meeting frequency, duration and location** – meetings held quarterly, for approx. 3 hrs, either at the offices of National Grid, another steering group member or venue arranged by National Grid.
- **Agenda & background papers** – there will be an opportunity for members to put forward agenda items prior to meetings – either at the previous meeting or direct to National Grid. The agenda and background papers will be sent one week before the meeting.
- **Meeting minutes & actions** – a note of the meeting will be taken by National Grid or their advisors (e.g. Sustainability First), and sent within one week after the meeting.
- **Publishing papers** – meeting minutes, presentations and other relevant documents will be published on the Power Responsive website.
- **Sub-groups** – there are two working groups chaired by National Grid which sit under the Steering Group. These groups have a wider reach of attendees, with no formal limit on size, and will focus on more detailed problem solving with specific stakeholder groups. The themes introduced at the Steering Group can be detailed further at the working groups. These groups are:
 - **DSR Provider Group:** aimed at I&C Customers and Aggregators participating in, or looking to participate in, DSR.
 - **Storage Working Group:** aimed at providers looking to participate using electricity storage technologies.

Where necessary, ad-hoc, time limited groups to deliver particular outcomes will be established, for which terms of reference would be agreed by the steering group.

- **Managing agreements & disagreements** – the chair will seek to reach agreement amongst group members on the approach taken and any publications. Relevant working papers will be sent to group members for comment before publication. If disagreements arise, the chair will work to resolve them. If it is not possible to resolve the issue, then a member can itself from a particular activity or report and appropriate wording can be agreed with the chair to include in relevant documents.
- **Competition** – in taking part in this meeting, participants agree that they will not discuss matters that would or might lead to any breaches of competition law.

Reporting

The steering group will demonstrate progress through an Annual Report to Customers. Metrics for measuring progress will be agreed by group.

Finance and resourcing

- **National Grid funds group administration** – it is intended that National Grid will cover the costs associated with running the steering group, incl. room hire, catering, expenses and staff support. Other members may offer to host meetings on occasion.
- **Work programme resourcing** – at an early stage the group will agree on what is deliverable with the resources available. Resourcing is likely to come from: a) In-house support National Grid; b) In-kind support from other actors/group members; and/or c) Possible funds for commissioned consultancy (by National Grid or other members as agreed). The work programme will mostly be delivered through a), with b) and c) likely to be limited.

TOR Review: These Terms of Reference will be reviewed annually.

Steering Group members

List of sectors and organisations currently represented on the steering group:

	Sector represented	No. of Representatives
	Policy & Regulation	2
Electricity Market	System Operator / Transmission	1
	Large Supplier	2
	Smaller Supplier	1
	Supplier/Renewable Generator	1
	Distribution Network Operator	2
	Aggregator	1
	Distributed Generator	1
	Electricity Storage Provider	1
	Electricity Market Operation	1
	Third Party Intermediary	1
Customers	Water & Utilities	1
	Retail, food & hospitality	1
	Public sector	1
	Industry	1
	Transport	1
	Enabling Technology	1