

Ofgem Data Best Practice guidance and Digitalisation Strategy and Action Plan guidance consultation

We welcome the chance to respond to your consultation. The topic of digitalisation for the UK energy sector is critical, with the potential benefits covering every aspect of life – environmental, social, and economic. It is great to see Ofgem recognising shared Data Best Practice as fundamental to effective digitalisation, as well as acknowledging that achieving a diverse set of outcomes requires listening to a diverse set of voices.

About us

Anmut is a data asset management business, our purpose is to enable organisations to get the best return from their data assets. We believe in the power of data-driven decisions to make people's lives better, be they customers, employees, suppliers, shareholders, local communities, or future generations. We do this by helping organisations manage data like any other strategic asset.

Feedback summary

There are two themes in our responses that we wanted to pull out for you, to make your job of reviewing easier.

1. Prioritisation

The content of the Data Best Practice Guidance is thorough and comprehensive., delivering on all of it will create significant value, in many forms. But when those using the guidance start to prepare their Digitalisation Strategy and Action Plans, they won't be able to do all of it at the same time. When we put ourselves in the audience's shoes, we found ourselves asking 'where would you start?'. This is a very common question in any organisation and, as the proliferation of structured and unstructured data in the industry continues, risks inaction and procrastination.

At present, the guidance leaves the decision of prioritisation up to reader, with the exception of Principle 7 (although limited to the domain of data quality). Different stakeholders in the sector will have their own objectives and priorities. In the worst case, this could mean many different players all making progress on different fronts, individually. Instead of creating a more cohesive sector, this could do the opposite, by increasing gaps in maturity and standards of practice, rather than aligning them. All of which would only make everyone's jobs harder and progress more elusive.

2. Measurability

Ofgem do a remarkable job of regulating an incredibly complex industry, so knowing how progress is being made, who is making it and who isn't, will be challenges you have wrestled with before. In this specific guidance, we struggled to see evidence of

how progress will be measured, as well as associating that progress to the long-term objectives of the sector. While measurement and compliance will be addressed in the future, a helpful first step could be detailing how the recommendations directly contribute to the broader goals of the energy sector. This will avoid a situation where broad principles could be deemed to be met, but the impact on sector digitalisation and subsequent stakeholder value-creation could be negligible.

General feedback

In the consultation, you asked us for general feedback. Here it is.

1. Do you have any comments about the overall process of this consultation?

It was very simple and straight forward, which no doubt took a lot of work, thank you.

2. Do you have any comments about its tone and content?

None, we had everything we needed to respond.

3. Was it easy to read and understand? Or could it have been better written?

It was very clear.

4. Were its conclusions balanced?

Yes.

5. Did it make reasoned recommendations for improvement?

Yes.

6. Any further comments?

No.

Question 1: Do you have any recommended improvements to the Principles, Explanations, Techniques or Examples?

Yes, consideration of how the principles contribute to the overall goals of energy sector transformation, and guidance on the priorities within the principles and the areas they will be applied to, would be welcomed. Clarity on how Ofgem plans to measure adherence to these principles, along with the impact of adherence on energy sector transformation, will ensure those using them as guidance can continually monitor progress internally.

Question 2: Are there any other Principles and Explanations you believe should be included?

Yes, the aspiration for an energy sector that manages data like a strategic asset and reaps the significant rewards from doing so. While Principle 7 highlights prioritising user needs in the domain of data quality, it was difficult to find mention of the tried-and-tested mechanisms of prioritisation in asset management - measuring the value, cost and condition of the asset. Answers to the following three questions are critical when applying the principles of asset management to any asset:

- How much is this asset worth?
- How much does it cost to run and maintain?
- What condition is it in?

Businesses need to answer the above questions to determine where, and how much, to invest in data. Integrating such questions into the best practice would, in turn, make it far easier for businesses to build and sign-off on business cases aligned to the full spirit of the guidance.

Question 3: Are there any additional Techniques or Examples you recommend we include?

Yes. For energy sector actors to adhere to these principles, they will have to decide what actions to take, then build business cases to secure the investment to get those things done. When it comes to data, building these business cases is not easy as the value data creates is very hard to measure, unless it's for short-term commercial results. To give data teams within energy sector actors the best possible foundation to deliver the sector's long term ambitions and the spirit of this guidance, then giving direction on how to value their data would be very helpful.

Putting an economic and societal value on data will enable data teams to assess the investment needed to adhere to the full spirit of the requirements, rather than attempt to just meet the letter. In places, the wording of these principles could be misinterpreted, e.g. principle 11, 3.21, '*the Licensee must take all reasonable steps to...*'. Interpretations of what's "reasonable" will, commercially, come down to cost and return. Without a clear measure of value, it is highly likely that any returns from implementing principle 11 will be undervalued and, therefore, what's considered "reasonable" will be below potential levels.

If you accept the above, it is critical to note that, given the significant social and environmental impacts of the sector, we strongly recommend any form of data valuation includes measures of broader economic and societal value, not just short-term commercial returns. For example, this is clear when considering the enormous value created for low-income households from effective data management on energy efficiency. For a business unit head only interested in meeting their targets, unless this broader value-creation is priced into total asset value, these factors will not be considered in decision making.

Whether you have accepted the above or not, we do recommend explicit guidance on how you plan to measure progress on the principles is included. This will give you data on who is making progress and who isn't, providing you with the information you need to better fulfil your role.

Question 4: Do you agree with our treatment of data literacy and skills and of data governance as pre-requisites to compliance?

Yes, we do agree that data literacy is a pre-requisite for compliance. We note that there is tremendous variation in the levels of data literacy across the industry, and in general the levels are low.

Governance is, perhaps, more pertinent. For example, inconsistent definitions and contractual obligations are a significant risk to an interoperable energy data ecosystem. Even in heavily-standardised areas, variations in data definitions and user data requirements can be common. When they do exist, they create fragmented data which prevents a single-view of the industry and, thus, effective policy. Whether these variations are due to human interpretation, mistakes or deliberate framing doesn't matter. Mandating this to thus avoid the problems they create is, in our view, a very effective investment and the responsibility of the regulator. Indeed, for Principle 8 to hold, consistency is essential, if it isn't mandated, then it sends the signal that it is a nice to have, not an essential. Of course, here we're talking about broader definitions in the industry, rather than just the ones listed in the consultation.

Question 5: Do you have a suggestion for improving our definition of Energy System Data and therefore the scope of data assets energy network companies must use in compliance with DBP?

Yes, at present our reading of the definition isn't as forward looking as it could be. For example, there could be new data assets that a company creates and owns, that become hugely important in achieving overall sector or societal objectives. Yet, at present, we feel these would be excluded. This will hold particularly true as the sector continues its digital transformation, unlocking an enormous number of new, IoT-enabled use cases.

Question 6: What are your views on DBP guidance and DSAP guidance being used as our data and digitalisation standards and, if you agree, what applications do you envisage for these standards?

We agree there's a need to link DBP and DSAP guidance to outcomes, as strong data practices form the foundation to effective digitalisation, however, believe the Principles may be too broad to apply as standards.

In terms of applications, to us at Anmut, it is a question of prioritisation of outcomes. Pick the most important outcomes, associate to the applicable Principles, develop standards for those Principles and measure their outcomes while continually actioning subsequent priorities.

Question 7: What is your view on the Electrical Engineering Standards Independent Review (EESIR) recommendation for “presumed capture and publishing of data” in relation to our default positions (DBP guidance and DSAP guidance)?

1.45 in the Consultation states that –

“The EESIR proposes industry develops all future standards with a presumption that they will do all that is possible to enable greater real-time visibility of data about the network and system state at all levels.”

The statement above highlights a potential danger that significant effort and expense is invested in achieving real-time data visibility levels when it may not be necessary. Of course, in some areas, data visibility is essential, but in others achieving real-time visibility may not be appropriate for the jobs required. It would be a case of investing to make data more fit for purpose than it needs to be, thus, potentially creating wasted investment.

Or it could lead to underinvestment, if people interpret the phrase ‘all that is possible’ to mean ‘possible without extra effort or investment’. Instead, we would suggest the guidance directs people to make significant progress, by focusing first on a small set of priority areas (the highest value ones), then moving onto the next level of priority areas.

1.47. states –

“The “presumed capture and publishing” of data for speculative purposes will raise complex challenges regarding regulatory requirements about the associated data quality (such as the range of measures, recording cadence and precision) versus expenditure.”

As experts in data valuation, we can attest to the complex challenges being referred to above. It is one of the benefits of valuing data, in terms of the role it plays in delivering multi-stakeholder value, that allows one to navigate this complexity with greater certainty, and with the evidence to prove decision making.

Question 8: Which gas and/or electricity market products/services (existing or planned) should be included in our upcoming data and digital monopolies review?

No response.