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06 June 2022

Statutory consultation on proposals to modify electricity supply licence condition 47: “Smart Metering – Matters Relating to Obtaining and Using Consumption Data”

EDF is the UK’s largest producer of low carbon electricity. EDF operates low carbon nuclear power stations and is building the first of a new generation of nuclear plants. EDF also has a large and growing portfolio of renewables, including onshore, offshore wind and solar generation, and energy storage. With around six million electricity and gas customer accounts, including residential and business users, EDF aims to help Britain achieve net zero by building a smarter energy future that will support delivery of net zero carbon emissions, including through digital innovations and new customer offerings that encourage the transition to low carbon electric transport and heating.

Market-Wide Half-Hourly Settlement (MHHS) is vital step on the journey to net zero, and a key enabler for the development of a smarter, more flexible energy system. It is therefore critical that the benefits of MHHS are maximised by enabling the new settlement framework to have access to as much half-hourly (HH) data as possible.

EDF remains concerned that Ofgem’s policy regarding access to data for settlement purposes, and the potential for customers to ‘opt out’, puts at risk the benefits of the transition to MHHS. It also makes the process of managing the collection of consumption data more complex, resulting in a higher cost that will ultimately be borne by customers. A more complex process also increases the likelihood that the use of HH data for MHHS will be misunderstood by customers. We urge Ofgem to monitor ‘opt out’ rates and their impact on the benefits case for MHHS, and to mandate HH data collection for settlements purposes for both domestic and microbusiness customers if required, in order to secure the benefits of the transition to MHHS.

We also have concerns regarding the proposed changes to electricity supply licence condition 47.

Old System vs New System Distinction

While we acknowledge Ofgem’s reasoning behind the creation of the distinction between Old System and New System Customers, this approach makes the implementation of Ofgem’s policy decisions more complicated for energy suppliers and could create confusion for customers who will

be treated in an inconsistent manner. Suppliers will need to manage multiple different customer journeys and multiple sets of communications to obtain the same data from meters. It also increases the risk that HH data will not be obtained if customers are required to 'opt in' (or not 'opt out') to their HH data being accessed, which could place at risk the achievement of the benefits of MHHS.

It would be far simpler to remove this distinction and have a single, separate notice that is issued to all customers ahead of the commencement of the transition to MHHS. We are already required to inform customers how their data will be obtained for use in settlement processes and provide them with the option to opt out as appropriate. Removing the New System/Old System Customer distinction and replacing it with a single, uniform "opt-in"/"opt-out" purpose (i.e. settlement, business readiness and forecasting) allows customers to retain control over how their data is used, while making the implementation simpler, cheaper and easier to communicate to customers.

Clarity of legal drafting

The legal drafting is not easily readable or understandable. It contains large numbers of cross references to other requirements which make the document more difficult to understand. Any regulation that has such a direct impact on customers should be clear and comprehensible by both suppliers and customers.

Ofgem must ensure that any new regulation is clear and easily understandable, as well as being technically precise; in our view the draft legal text does not achieve this. This creates a risk that suppliers may not fully understand their obligations, or that there is inconsistent interpretation across suppliers, creating confusion for customers.

If it not possible to simplify the legal text, we would welcome the publication of guidance material that would support suppliers and customers in understanding the new data access rules. The consultation document has been very useful in understanding the intent of the changes to the legal text and what suppliers would need to do as a result. This information could form the basis of such guidance documentation.

Data granularity

The changes being made to the licence condition for settlement data assume that a supplier will be able to obtain data at the granularity for which they have appropriate consent, i.e. if the customer has opted in to HH data (or not opted out), then the supplier will always be able to obtain that HH data from their meter. We know from our experience of communicating with smart meters that may not always be the case, and that data may not always be available for a variety of technical reasons.

In these instances it would be useful to have a 'back-up' set of data that could be used in settlement, for example, daily consumption data which can be used if the HH data is not available or can't be used for any reason. However, these licence changes are silent on this, and require suppliers only to obtain the most granular data for which they have appropriate consent.

In our view, suppliers should be required obtain the data for which they have the appropriate consent as well as any less granular data. For example, if the supplier has consent to obtain HH data, they should attempt to obtain HH, daily and monthly consumption data from the meter; if they have consent for daily data, they should be able to receive both daily and monthly consumption data.

This approach increases the potential for having alternative 'actual' consumption data that can be used in settlement if the primary set of data is not available for any reason. We understand that this approach aligns with the estimation hierarchy that is part of the design of the Smart Data Services in the MHHS Target Operating Model. This is designed to, for example, use load shaped daily data in the event that HH data is not available, or can't be used. We also understand that the changes that the DCC is planning to make as part of Smart Energy Code (SEC) Modification MP162 (SEC changes required to deliver MHHS) assume that suppliers will always collect HH, daily and monthly data where they have permission to access HH data. Requiring this less granular data to also be collected would not have an impact on the DCC's solution or projected costs.

Unless suppliers are required to also collect this less granular data, there is a risk of estimated data being used unnecessarily, reducing the accuracy of settlement and impacting the MHHS business case.

Our detailed responses are set out in the attachment to this letter. Should you wish to discuss any of the issues raised in our response or have any queries, please contact Paul Saker, or myself.

I confirm that this letter and its attachment may be published on Ofgem's website.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Denise Willis', written in a cursive style.

Denise Willis
Senior Manager of Industry Change

Attachment

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EDF’s response to your questions

Q1. Do you agree that the proposed changes are best calculated to deliver the intent of the data access policy decisions taken by Ofgem as part of its Electricity Settlement Reform SCR, enabling effective implementation of MHHS?

No.

We have a number of concerns regarding the proposed changes to electricity supply licence condition 47.

Paragraph 2.5 – the consultation document states that “After the point at which the new condition enters into force, customers having smart meters fitted or switching supplier/changing contract must be informed how their data will be processed once MHHS goes live.” This obligation is not reflected in the legal text, so we presume that there is no specific notification requirement beyond the “right to be informed” under the GDPR.

The legal text only states that for a customer to be a New System Customer, they either must have had their smart meter installed after the licence changes come into effect, or have entered into a new contract after the licence changes come into effect. It does not specify that anything needs to be communicated to customers as part of these events for them to be treated as a New System Customer.

We would welcome clarity on Ofgem’s statement and what mandates that this information is provided to customers.

Condition 47.4(c) – this paragraph creates the new term ‘MHHS Data Access Commencement Date(s) (MDACD)’ which is then not used elsewhere in the legal text. While this text is not incorrect, in order to keep the legal text as simple and straightforward as possible, it does not seem to serve any purpose and could be removed.

Condition 47.17(b) – the legal text in this condition and in others (such as Conditions 47.21(b) and 47.35(a)) refer to suppliers being required to obtain the data after seven days where the customer has not objected. The legal text does not specify whether a supplier could also obtain the same data where the customer has explicitly provided their consent for the supplier to do so, and whether the supplier could do so from the point at which that explicit consent is provided. We assume that this would be allowed, but as it is not specified in the legal text, we require clarification that this is the case.

If it is not possible for the customer to provide explicit consent and for suppliers to obtain data from that point in time, there will be numerous occasions, especially as a result of Faster Switching timescales, where the notice period of seven days will complete after the customer has already switched, or after their smart meter has been installed. If the supplier must wait seven days from the Notice being issued before they can obtain HH data in all circumstances, then that data will not be available for a period following a switch or meter installation, creating unnecessary inaccuracy in the settlement process.

Condition 47.20 – the legal text only states that a supplier must obtain daily consumption data where the customer has opted out of providing HH data. It is not specified whether a supplier is also able to obtain daily data for settlement purposes even if the customer has opted in to HH data. We require clarification on this point.

In cases where the customer's HH data is not available (for example due to a technical issue), having access to daily consumption information would enable a more accurate settlement than relying on a monthly reading. Therefore, suppliers should be required to obtain daily consumption data as well as HH data for settlement purposes.

Condition 47.33 – it is not appropriate that this condition states that a supplier 'must' obtain HH data where the requirements of Condition 47.35 are met. Condition 47.35(b) refers to situations where the supplier has no control over whether the HH data is being received by them or not.

Furthermore, Condition 47.35(b)(i) requires the supplier to ensure that any such data is not passed on to a third party, which is in direct contradiction of Condition 47.38 which requires that this data is used for settlement. This anomaly means that the obligation on suppliers in these situations is not clear, which must be addressed.

Condition 47.36 – this condition requires that suppliers 'must' obtain monthly consumption data from microbusiness customers where the customer has opted out of providing HH data. There seems to be an omission as this paragraph does not make any reference to obtaining daily data. It is not clear from the legal text whether a supplier would be able to obtain daily consumption data if the customer had opted out of HH data.

The obligation on suppliers should be to obtain daily rather than monthly data where the customer has opted out of HH data, as this will result in a higher level of settlement accuracy. The supplier should be required to obtain monthly data only where the customer has opted out of both HH and daily data.

Condition 47.40(b) – The reference to 'not object' in this Condition appears to be incorrect, it should only say 'object'.

Part C. Export meters – this section only refers to HH consumption data and is silent on obtaining daily and monthly export data from meters. We assume that the supplier would also be able to obtain this data without customer consent, however we require confirmation that this is the case.

In line with our comments above, to ensure settlement accuracy, it would be appropriate to require suppliers to obtain this daily and monthly export data from meters, for use in the event that the HH data is not available or can't be used

EDF
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