

Ofgem
10 South Colonnade
Canary Wharf
London
E14 4PU

National Grid ESO
Faraday House
Gallows Hill
Warwick
CV34 6DA

via email to: DCCregulation@ofgem.gov.uk

Matthew.wright3@nationalgrideso.com
07866 065662
nationalgrideso.com

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National Grid ESO response to DCC review: Phase 1 Consultation

Dear Ms Gupta

We welcome the opportunity to respond to your DCC review: Phase 1 Consultation.

National Grid ESO is the electricity system operator for Great Britain. We move electricity around the country second by second to ensure that the right amount of electricity is where it's needed, when it's needed – always keeping supply and demand in perfect balance. As Great Britain transitions towards a low-carbon future, our mission is to enable the sustainable transformation of the energy system and ensure the delivery of reliable, affordable energy for all consumers.

The ESO holds a unique position at the heart of the nation's energy system. We use our unique perspective and independent position to facilitate market-based solutions which deliver value for consumers.

In terms of this call for evidence, whilst we are not providing any specific evidence or analysis for your consideration, we wish to share some overarching points that may assist your evaluation of the wider issues.

The key points we wish to share at this stage are as follows:

- Open data and digitalisation underpin the whole energy system thinking required to achieve net zero and are critical to navigating increasing complexity at lowest cost for consumers.
- In our role as ESO, and prospectively the FSO, access to smart meter data is necessary to better understand demand-side behaviours such as consumer turn-down, smart-charging, vehicle-to-grid and behind the meter generation. These demand-side activities are expected to play a significant role in a decentralised, democratised and digitalised energy system and, by comparison, inferring demand change and behaviour from metered generation data is of reduced value. Understanding the demand-side behaviours is a vital element in being able to develop market products that deliver value to customers through their Energy Smart Appliances (ESAs). This will help to continue to ensure economic and efficient balancing services.
- More/ better data is fundamental to better demand forecasting and predicting consumer behaviour, a key part of the path to Net Zero. At present, some half hourly metered data arrives from via Electralink systems but is not disaggregated down to domestic property level. Demand forecasting is therefore not based on actual demand, but on aggregate profile data.
- As we noted in our response the Market-Wide Half Hourly Settlement (MHHS) consultation¹, the ability to allow controlled use of consumption data to a wider range of market participants and innovators should also further consumers' interests as access to, and use of such data, will support

¹ <https://www.ofgem.gov.uk/publications/market-wide-half-hourly-settlement-mhhs-consultation-governance-funding-and-operation-event-driven-architecture>

the innovation of new product offerings and services. This, in turn, should enable the move to a smarter and more flexible energy system and support the transition to Net Zero.

- Data and flow of data is of critical importance to flexibility and dynamic pricing and we would welcome a greater focus on ensuring these data flows are sustainable and efficient
- Data ownership does not appear to be covered in this consultation. However, access to smart meter data enables innovation across the whole sector, not just ESO. Therefore, access to data should be a fundamental consideration as part of the DCC review.
- As well as ensuring data is accessible, developing a clear understanding of what roles and responsibilities all parties will bear in any new structure, including licencing arrangements, is of critical importance. At present, it's not clear where DCC responsibility becomes Electralink responsibility (or any other data handler) for data quality, for example. We would therefore value clarity on data ownership and the mechanisms by which data is accessed. This clarity would help feed into other industry change under way, such as Codes Reform and MHHS.
- We would also welcome more information on data privacy considerations in this space.

We would welcome the opportunity to discuss any of the points raised within this response. Should you require further information or clarity on any of the points outlined in this paper then please contact Amanda Rooney in the first instance at Amanda.Rooney@nationalgrideso.com.

Yours sincerely,

Matthew Wright
Head of Strategy and Regulation
National Grid ESO