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Marzia Zafar
Deputy Director, Ofgem
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By Email Only

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Dear Marzia,

OVO's response to Ofgem's Call for Input: Data Sharing in a Digital Future

Thank you for the opportunity to respond to the Call for Input on Data Sharing in a Digital Future. OVO supports the steps that Ofgem are taking to review and introduce changes in this space.

Following our review of the options laid out in this Call for Input, we believe there are several areas where clarification is required from Ofgem prior to the planned consultation. For example, further detail needs to be provided regarding customer data protection, such as compliance and assurance processes to ensure there is adequate protection of sensitive data. Future proposals must also include clear escalation routes in the event of any data breach.

We note that Ofgem reiterates the goal to remove barriers to entry for third party flexibility providers, and increase competition in the flexibility market. While we welcome increased competition and innovation, it is essential that these parties are appropriately licensed, and have similar consumer protection requirements as suppliers, to protect consumers and ensure a level-playing field between suppliers and third party flexibility providers. From our evaluations of the energy market, maximising competition does not necessarily lead to positive outcomes for consumers.

We would be happy to discuss our response further, and should you have any questions please contact policy@ovoenergy.com.

Kind regards,

Samantha Cannons
Regulation Manager, OVO

Appendix - OVO responses to Call for Input questions

1. Yes/No: Do you agree that a Consumer Consent solution is required as per the taskforce's recommendation?

Yes, OVO supports a Consumer Consent solution. This will provide a trusted source for consumers to engage with and control their consent to sharing their data safely. At the same time, this will support further innovation with energy flexibility propositions and services to benefit consumers and the wider energy system.

2. Could you please provide any reasons why the current methods for obtaining consent from a consumer might be ineffective or inefficient?

Currently there are multiple touchpoints where a consumer is asked to provide their consent to energy-related data, such as engagement with suppliers and third party services. This results in different approaches and processes, ultimately leading to situations where consumers may not be fully aware or recall consents that have been previously provided.

In addition, there are different data consents required for the Smart Data Access and Privacy Framework and those introduced for the Settlement New Data Access Framework. This results in complex and inefficient processes, and does not lend itself to providing a clear, simple message to consumers.

3. Do you believe that consumers are sufficiently motivated to engage with the consent solutions proposed in this Call for Input? Please elaborate on your answer.

OVO has concerns that the consent solutions proposed may not be able to reach a significant proportion of consumers required in the short- to mid-term. This is based on our extensive experience in engaging with customers on the smart meter rollout, and the resulting take up on data consents. Therefore, any proposal must be streamlined and provide a simplified approach to existing processes.

Ofgem will need to consider current consumer engagement with digital infrastructure, the reasons for barriers that inhibit take up, and to ensure that the approach is equitable to all cohorts of consumers. It must also align with the messaging for future workstreams, and associated Government initiatives, that set out the overarching journey to net zero and the steps that will be required by consumers along the way.

Suppliers will be critical consumer partners throughout any transition, but may not always be the most trusted voice, particularly for those customers who are wary of being "sold to". Additionally, due to marketing constraints that suppliers are bound by, we are not always able to engage with consumers in the way that we believe would be beneficial. As a result, there will need to be a cohesive messaging campaign through multiple trusted channels, highlighting the benefits to consumers and clearly setting out their data-sharing rights.

4. Do you agree that the four use cases referenced are high priority use cases? Can you describe any other high priority use cases?

OVO agrees that the four use cases referenced are high priority use cases.

5. Do you believe that a new Consumer Consent solution would enable the improvements to the energy system described in the four use cases? If not, could you please elaborate?

OVO believes that a new Consumer Consent solution would enable improvements to the energy system where:

- a. The solution is robust and agile to ensure it can adapt to changing market conditions;
- b. There is a high customer uptake from the outset;
- c. Costs are reflective of user activity and not dependent on funding by a specific set of energy market actors.

6. Do you agree with our method and scoring of options?

OVO broadly agrees with the Ofgem methodology and option scoring. With regards to scoring costs, we would like further clarification on funding and recovery, with associated management and administration. In addition, Ofgem needs to incorporate measures for the successful outcomes of such a scheme, e.g. customer uptake, when assessing scoring.

7. Which of the options referenced in this chapter do you believe would be the most appropriate Consumer Consent solution, for the industry, the government, and the consumer?

- **Option One: A single technical solution to obtain consent, such as a Consumer Consent dashboard. This proposal builds on the Energy Digitalisation Taskforce's recommendation to deliver a technical consent solution.**
- **Option Two: A set of principles outlining a consistent way for trusted market participants to obtain consent, such as Data Best Practice.**
- **Option Three: An industry-developed code of conduct outlining a consistent way for trusted market participants to obtain consent, such as the Confidence Code.**

OVO believes that Option One would be the most appropriate for industry, government and the consumer.

However, as with any centralised solution and noting our points raised in response to question 5, careful consideration must also be given to:

- 1. Clarity of design:** consumers must have the ability to choose different data-sharing between the services they receive from providers, marketing options and data to potential offers;
- 2. Governance regimes:** clarity on how governance will be applied to the data held in relation to Licence and Legislation - signalling clearly to consumers and parties how this is applied;
- 3. Consumer requests:** how quickly consumer requests will be applied for initial consents, changes or revocations, audit trails and when associated access, or revocation to data, by parties will be applied;
- 4. Security:** ensuring the solution will apply strict and robust controls.

As a result of these areas to consider, we believe that Ofgem must also evaluate the need for an interim solution, whilst the technical solution is being developed; this could resemble a combination of options 2 or 3.

8. Please can you explain why you chose a specific option? Do you have any suggestions on how to improve this option?

OVO views that Option One provides greater interoperability, data security and the opportunity to enhance for future market changes. However, this will be dependent on the centralised solution being developed as an agile and adaptable framework.

OVO would prefer to see an API solution that is scalable, responsive and efficient; any future solution must ensure that trusted parties can update and maintain the proposed dashboard. Future proposals should also cover the relevant industry processes that can result in changes being required, such as Change of Supplier or Change of Tenancy.

As noted in our response to question 7, Ofgem should also evaluate the need for an interim solution, whilst the technical solution is being developed; this could resemble a combination of options 2 or 3.

9. What barriers do you see to the successful implementation of a new consent solution?

OVO believes that further information must be included in the planned consultation for Spring 2024 for the new consent solution proposals:

- **Compliance and Assurance:** processes required to ensure the integrity and protection of sensitive consumer data;
- **Funding, Management and Administration:** How will this centralised solution be funded, managed and administered? In addition, will this require procurement for a provider of this service?

10. What do you think are the roles of Ofgem, industry and other stakeholders in enabling a simple and effective consent solution?

OVO will consider this once further information is made available in the upcoming consultation.