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Dear Marzia,

## **DATA SHARING IN A DIGITAL FUTURE – CALL FOR INPUT**

We welcome the opportunity to respond to Ofgem's call for input (CFI) on how best to empower consumers to share their energy data securely with market participants. Ofgem intends to consider whether and how it can best give domestic and microbusiness consumers the ability to share their energy data securely with trusted market participants. We have provided a detailed response in Annex 1 but summarise our position below.

We appreciate the need for consumers to be more engaged. As we move to a low carbon economy, we will see increasing demand for electricity coupled with a reduction of conventional, instantaneous generation. Enabling greater levels of demand side response is likely to be a necessity to balance the energy system and it will be necessary to reward consumers appropriately for their engagement. We have been working to improve our own offerings to encourage greater level of consumer participation, through our recent partnership with Equiwatt, and it is encouraging to be seeing the growth in the sector.

However, we do not believe that Ofgem's CFI demonstrates a sufficiently strong benefits case to justify an intervention on the scale of Ofgem's preferred option. We already have the tools in place in order to ensure our customers are able to share their data with those they might like to access it. Consumers have the right of portability with their data, meaning we can share their half hourly meter readings with third parties if requested, and consumers consent to share their data when participating in demand flexibility services. Ofgem considers that current arrangements lack convenience or consistent application in the sector, but if that is the case, it may be more cost-effective to increase awareness of the existing schemes and ensure they are applied consistently across suppliers, rather than implement another centralised system at significant cost (that may only benefit a subset of consumers). Based on current engagement levels, we do not believe that a technical solution such as a consumer dashboard could be viewed as good value for money.

We believe that more information is required in order to give a more considered response to this CFI. The options put forward are high-level; we have been given no indication of potential levels of cost, who they would sit with, or the responsibilities of the various parties involved. Based on this, we have found it very difficult to weigh up the costs and benefits of each option. We are surprised that Ofgem has reached a preferred option prior to conducting cost benefit or behavioural insights analysis.

Ofgem's plans for data sharing and the use cases put forward rely heavily on consumer engagement. We do not believe that it is a lack of 'streamlined' data sharing consent processes that is preventing higher levels of consumer engagement in existing arrangements. Although energy flexibility services have been available for years, they are still a new and innovative concept for most households. Consumers don't yet feel confident about signing up to these schemes; they are still largely seen as complicated, or the project benefits are not enough to motivate them to take part. We share Ofgem's goal of wanting to empower consumers to share their data efficiently, but we do not want them to face an undue cost to do so.

We await with interest the next stage of work Ofgem has planned in this area, notably its work with its Behavioural Insights Team and Citizens Advice. We are keen to see further details behind the options, and believe a more comprehensive cost benefit analysis will help stakeholders offer more informed feedback. We hope that when Ofgem next consults, it can see the benefit of keeping multiple options on the table alongside more detailed supporting evidence.

Yours sincerely,



**Richard Sweet**  
Director of Regulatory Policy

**DATA SHARING IN A DIGITAL FUTURE: CALL FOR INPUT  
– SCOTTISHPOWER RESPONSE**

**Q1: Yes/No: Do you agree that a Consumer Consent solution is required as per the taskforce's recommendation?**

No. We believe that improvements could instead be made to current consumer consent processes. In ScottishPower, we already have systems in place that enable consumers to require us to share their data. Under GDPR conditions customers have the right to portability with their data; if a consumer requests us to share their half hourly consumption data with a third party, we are obligated to share it in an accessible manner. ScottishPower has recently gone further in making this easier for consumers, in partnership with Equiwatt, which will make it easier for our customers to save money by flexing their energy usage away from peak demand. However, this industry is at a relatively early stage of development; simplifying and publicising the process could make it easier for consumers to access.

However, there is a risk that even if it was made easier for consumers to consent to share their data, it might not do anything to improve consumer engagement. Lack of trust or enthusiasm is preventing growth in this area. If a consumer wants to participate in NG ESO's Demand Flexibility Service (DFS), data sharing will not be a barrier for them even under current market arrangements. If a consumer is not yet engaged, making data sharing easier may not be enough to change this.

**Q2: Could you please provide any reasons why the current methods for obtaining consent from a consumer might be ineffective or inefficient?**

When a consumer wants to share their data, our methods for obtaining consent are effective for those who want to engage. When an opportunity arises for a consumer to participate in demand flexibility services, we inform all eligible customers (ie customers with smart meters who are engaged and/or have smart technologies) and give them an opportunity to join the scheme. By participating in these services, the consumer gives consent for their required data to be shared. We don't believe our current method disadvantages consumers who wish to share their data with others.

As we have stated, we have systems in place that allow this process to happen smoothly. We believe that the issue is that demand or eligibility for these services is relatively low, more than that they are inefficient or ineffective.

**Q3: 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.**

We do not believe that consumers are sufficiently motivated to engage in the solutions proposed in this area. We have widely advertised the benefits of installing a smart meter to our customers, on both our website and in our customer communications, and yet as of 2023, only 55% of our customers have one for electricity or gas.

Evidence also suggests that certain consumer groups are more likely to engage, and therefore benefit, than others. Of the 1.6 million households that signed up to National Grid ESO's Demand Flexibility Service, it was found that respondents were typically older, White British, on a higher income or homeowners. Flexibility services are not generally seen as being

accessible or having appeal to people who may be facing barriers to participation, such as those who may be digitally excluded. We are concerned that there doesn't seem to be any way to implement a solution here that doesn't leave the digitally excluded behind, in contradiction of Ofgem's stated principles.

**Q4: Do you agree that the four use cases referenced (below) are high priority use cases? Can you describe any other high priority use cases?**

- **Retail Specialisation**
- **Energy system flexibility**
- **Reduced barriers to market entry and increased competition**
- **Consumer empowerment, protection and trust**

While we can understand the hypothetical benefits presented and even see a similar level of necessity for change, we believe the use cases put forward are fairly high level at this stage. As Ofgem states within its CFI, receiving data sharing consent from consumers requires a clear rationale for what the data will be used for, and by whom. Presenting an argument of hypothetical benefits makes it difficult to understand how much these can really be seen as 'high priority', as without high projected take up, they could easily end up costing more than they benefit. Many of these benefits cases are more related to greater levels of data sharing and demand side flexibility, and we do not believe a clear link has been presented between implementing a Consumer Consent solution and higher levels of participation.

We support the idea that it could be beneficial to standardise the way consumers give their consent, but this may not lead to a reduction in 'consent fatigue'. Even if, as Ofgem would prefer, a dashboard was created that allowed consumers to manage their consent themselves, it would still be the same engaged consumers that would search out the dashboard to do this. It is unlikely that other consumers would seek out the dashboard without requiring a significant and potentially expensive publicity campaign. Even with this, it could remain unlikely that many consumers will be energised enough about the potential benefits in this area to engage further. Again, at ScottishPower, there are already systems in place that allow energy consumers to benefit through sharing their data by deciding to sign up for specific schemes. It could arguably take more effort for consumers to search out a separate website to approve this sharing.

We would also want to caution against prioritising market entry for innovators at the expense of consumers. There is a risk to consumers from innovators entering the market if their business models are unstable and lacking resilience. The energy market has already seen the impact of numerous 'innovator' suppliers, and the additional costs faced by consumers because of costs of the supplier of last resort scheme. Depending on how these schemes are funded, we could end up in a situation where innovators who have faced no cost in setting up the scheme are able to benefit disproportionately.

When encouraging consumer participation, it is important to highlight a specific benefit case to this consumer. In using the example of Open Banking referenced in the CFI, there is a clear benefit to enabling this to consumers, and it creates a seamless experience. The use cases put forward must be more specific to show how a consumer could gain; the lack of specific use cases that would prove attractive to consumers weakens the argument for investing resource and time in developing a solution.

It is also worth considering that most benefits and opportunities in this space are geared towards consumers who are already engaged, who are typically on higher incomes and less likely to be vulnerable. Although Ofgem does cite potential benefits for vulnerable consumers once they have shared access to their data, they do not consider the additional difficulties in getting some consumers to engage in order to provide their data in the first instance.

**Q5: 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?**

Again, we don't believe that lack of consumer consent is what is holding back these use cases. We believe that gaining greater levels of trust and interest from consumers is key to enabling improvements in the wider energy sector. Arguably, it could be easier for a well-known supplier to gain this trust than an innovator. Based on the information provided in the CFI, we don't believe that the options put forward by Ofgem will automatically lead to this outcome.

**Q6: Do you agree with our method and scoring of options?**

Ofgem's methodology is qualitative and based on both the impact of the potential solution and the ease with which the solution can be developed, implemented, and maintained. We understand that these options have been scored primarily based on assumptions of what they could achieve and how they could be implemented, rather than fact or cost benefit analysis (which Ofgem has indicated is the next stage of this work).

Because of this, we have found it very difficult to judge the scoring of options. Option 1 in particular has been rated highly in several areas based purely on Ofgem's assertions, especially in the case of Consumer Empowerment (esp. Digitally Excluded) which makes no reference as to how digitally excluded consumers could use the dashboard. It has been marked 'down' against Value for Money with no included estimations of cost, and for Speed of Implementation with no suggested timeline. Given that this will be the most technical and potentially complicated solution, it is difficult to understand how Ofgem has judged this as their preferred option at such an early stage, given that it would add cost to consumers without necessarily resulting in corresponding efficiencies.

**Q7: Which of the options referenced in chapter three 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.**

Again, it is very difficult to make a judgement on this without a full cost benefit analysis, including the distributional impact of what customers stand to benefit from these changes.

There are many unanswered questions that would impact what response we feel would be most appropriate. It is still unclear how these options would be funded, and what level of cost is expected. Would consent continue to apply if the consumer changed supplier? Who would be responsible for providing consent, the landlord or the resident? Would it work for house shares, if not all consented? Is consent attached to the person, or the meter? Furthermore, who would quality control the dashboard; could consumers be in a situation where they are receiving multiple requests for consent every week? The answers to these questions would help to determine how well Option 1 could potentially work, and the likelihood of it being both expensive and potentially redundant. We do not feel that a full benefits case has been presented at this stage to justify a response as difficult to set up as Option 1.

**Q8: Please can you explain why you chose a specific option? Do you have any suggestions on how to improve this option?**

Again, we have found it very difficult to answer this question without an idea of the potential costs and benefits of each option.

Option 1 has the benefit of providing a consistent approach for all market participants in a more reliable way than the other options. Even in developing a set of principles, there may be different levels of compliance. It could also (potentially) be more trusted than the other options if owned by government. However, we don't believe that there is a sufficient benefits case that would justify the potential level of cost to consumers to set this option up, especially considering the type of consumer that is more likely to benefit from this service.

Options 2, which would lead to a more consistent approach to data sharing across industry compared to current market arrangements, could likely be achieved at less cost to consumers. However, the benefits case is also unknown. Crucially, further engagement from consumers would be needed before Ofgem could progress this level of solution - we don't feel the problem is yet at this stage.

Option 3 is unlikely to lead to the outcome of achieving a streamlined approach for all consumers, as there could be a lack of consistency in how suppliers adhere to the guidance. We do not consider this option is worth taking further.

**Q9: What barriers do you see to the successful implementation of a new consent solution?**

The customer journey needs to be as simple as possible. It is unlikely that even an easier process for granting permission will get people excited about their energy data or usage. This is the key problem that relates to all solutions put forward by Ofgem.

There is a fairness and inclusion element of data sharing itself that could impact the scale of proportional response. Benefits of flexible energy use are geared towards the more engaged/ those who can afford flexible technologies. If an expensive solution was imposed to make this easier, it could be seen to be creating disparities and further alienating those who are not as engaged.

In the CFI Ofgem puts forward the idea of streamlining consent helping vulnerable consumers, by allowing suppliers to monitor their usage looking for a change in pattern. The ability to monitor consumer usage would require consumers to have given their consent for suppliers to view their usage patterns and the installation of a smart meter, which could all be done under current arrangements. Furthermore, we are already working on improving cross-sector data sharing.

In recent Citizens Advice research, it was found that around 2.9m people (1 in 20 adults) in GB do not use the internet. Being digitally excluded prevents people directly accessing the benefits of digital services. Furthermore, around 11m people (1 in 5 adults) lack some of the essential digital life skills, like using email or search engines. Having no or low digital skills can make it difficult for people to make full use of digital services. Digitally disadvantaged consumers already find it hard to get the best outcomes in the current market. There are significant risks they'll fall even further behind in future through struggling to use more complex tariffs and smart energy technologies and, as a result, pay an unfair share of the costs of decarbonising our energy supply.

Ofgem references Australia's Consumer Data Right programme as an example of this already being done. This faced many barriers and was costlier than planned in aligning technologies for it to be implemented. Building the regulatory and technical groundwork needed to enable these possibilities is expensive, and right now, likely not going to be nearly proportionate to the (low) customer uptake. The current philosophy of "build it and they will come" needs careful consideration.

**Q10: What do you think are the roles of Ofgem, industry and other stakeholders in enabling a simple and effective consent solution?**

We believe the response should be proportionate to the level of the problem. If it was found that there were real failings in allowing consumers to give consent for their data to be shared, it could make more sense for Ofgem to regulate consent approaches to ensure consistent principles are applied to all market participants. However, if there is not a significant benefits case at this stage, it could make more sense for industry to lead to allow engaged consumers to continue sharing data as requested, without incurring significant additional costs that will need to be covered through consumer bills.

**ScottishPower**  
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