

25 January 2024

Flexitricity welcomes the opportunity to respond to Ofgem's Future of Data Sharing Call for Input.

### **Our expertise**

Flexitricity is an Edinburgh based demand response aggregator, which pioneered open-market aggregated demand-side services for electricity system balancing in 2008. Flexitricity firsts include aggregated STOR and FCDM; Footroom and demand turn-up; post-fault dispatch for distribution networks; demand-side Smart Frequency Control; and Balancing Mechanism access for demand side assets. We hold electricity and gas supply licences, as well as Virtual Lead Party (VLP) and Asset Meter Virtual Lead Party (AMVLP) licences to allow us to bring non-supply customers and/or their assets into the Balancing Mechanism and soon Wholesale Market. In January 2024 Flexitricity announced that our Virtual Power Plant (VPP) asset portfolio had exceeded one gigawatt, which is larger than the UK's latest large gas-fired power station.

Flexitricity is owned by Quinbrook Infrastructure Partners, one of the world's leading renewable energy and energy transition asset managers, focussed on the UK, US and Australia. The Principals and Senior Team Members have completed total equity investments of USD 8.2 billion into energy and infrastructure projects globally, equating to 19.5 GW of capacity.

### **Questions & Answers**

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

Yes.

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

At the moment restricted access to smart meter consumption data is stymying competition, particularly for customers who wish to provide flexibility through DSRSPs.

As Ofgem mentions in 1.4 of the Call for Input, customers can provide flexibility through the ESO's DFS service. However, the customer's ability to participate with a specific asset such as an EV charger through a DSRSP is subject to their supplier electively submitting the customer into HH settlement. Flexitricity has been unable to bring domestic EV chargers into DFS and the BM despite the customer having provided consent directly to their EV chargepoint company and being on a HH supplier tariff, as a result of this issue over which the DSRSP and ESO have no control. These customers are early adopters with a positive relationship with a service provider, who are willing to fill out additional consent forms, and they are *still* unable to participate in flexibility services in their preferred manner. The majority of customers would not be willing or able to attempt such an inefficient process: every additional complexity in onboarding loses potential customers. Multiple, complicated steps to provide consent increase the probability of consent-fatigue, particularly when the monetary value on offer from flexibility services is currently low.

- 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.**

The proposed consent solutions are all positive and in their absence we believe customers would be more likely to opt-out. However, we are mindful that consumers are being asked to engage in an additional step, so it is vital that the advantages for them in doing so are meaningful. If it is the case that opting out of consumer consent would restrict their access to energy services which could lower their bills and reduce the carbon intensity of their energy usage, then Ofgem must ensure that there are genuine signals to convey to consumers the short- and long-term value that sharing their data would bring. For those of us in industry, the simple consent solution proposed is preferable to the myriad of multiple and overlapping consents which may otherwise be demanded of customers, but for customers they may perceive this as one more task to complete in order to share their data as their energy bills rise.

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

Yes.

We believe that the use case 'Reduced barriers to market entry and increased competition' is critical in achieving the 'Energy System Flexibility' use case.

Presently, there are flexibility services which are, by National Grid ESO's public admission, significantly undersubscribed, including DFS and the Local Constraints Market, because aggregators face two-tier market entry and operational barriers to bringing in customers. For example, in DFS, aggregators cannot compel suppliers to centrally HH settle customers so that domestic assets can participate through the non-supplier route, so they must purchase boundary meter data, reducing competitiveness and increasing consumer consents required. Flexibility specialists face barriers to bringing domestic customers in pre-MHHS markets, and domestic customers are being implicitly educated that flexibility should be accessed through their suppliers. The lower rates of participation than hoped suggests that customers are not being offered the range of options necessary.

To achieve the GW of flexibility suggested in 2.11, an even playing field must be established for third party innovators.

**5. 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?**

This will be a prerequisite to achieve the use cases, however it cannot deliver the step change required without more attractive value signals to incentivise consumers to provide their consent.

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

**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?**

Flexitricity will work with Ofgem and industry to ensure that any of the three options empower consumers to access flexibility services. We believe that Option Three is the solution most likely to provide an effective process to ensure that customers understand the limits and purposes of the data they consent to share. We are comfortable with the overarching idea of Option One, but very uncertain about the viability of cost of this option, and have most concerns about Option 2.

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

Our preference is for the adoption of a simple and clear Code of Conduct, which ensures that the consent given by consumers is fully informed and based on simple, fair formats. The Code should require providers to explain the types of data being shared, the types of third-parties that the data will be shared with, how any data has actually been used, and the potential or realised benefits. There should be clear guidance in the Code as to the steps providers must take to protect the data. The Code should be managed by a trusted industry body, similar to Flex Assure.

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

Flexitricity has serious concerns about the deliverability of Option 1, and we would hope to see significantly more detail about the risks identified in 3.10 in the upcoming consultation. In particular, we would appreciate clarity on how a third party envisaged as developing and operating this solution would be governed as they design, build, maintain and operate such a data hub, especially regarding how access is granted and revoked.

We also question how non-suppliers could proceed if a customer opts out of the supplier-led consent process outlined in 3.7, but does want to grant an explicit consent to a single third-party company, for example to provide a route to market through a DSRSP. Will boutique consents be authorised for an otherwise unconsenting consumer?

In the absence of a load control licence, it is possible for unlicensed aggregators to provide flexibility for domestic customers. Consideration should be paid to what checks are carried out into companies that have access to the dashboard and therefore consumer consumption data. There is a legitimate concern that consumers will refuse consent in order to protect it from exposure to untrusted parties.

With Option 2, we believe the risks from lack of standardisation would be confusing to customers and potentially allow suppliers to create wording and processes which discourage sharing data with third parties. A non-technical solution could lead to significant compliance costs to provide assurance, which customers would ultimately have to bear.

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