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By email to: digitalisation@ofgem.gov.uk

**Subject: Responding to Ofgem’s Call for Input** **Data Sharing in a Digital Future: Consumer Consent**

Dear Marzia

The Data Communications Company Ltd (DCC) welcomes the opportunity to respond to Ofgem’s Call for Input Data Sharing in a Digital Future: Consumer Consent.

The smart metering network we operate plays a multi-faceted role in supporting people to efficiently manage their energy usage. Today, smart meters are in over half of Great Britain’s homes, with c.15,000 new meters connected each day, helping consumers to understand their energy consumption and receive accurate bills.

**About DCC**

DCC has designed, built, and now manages the technology infrastructure that underpins the smart meter rollout. We operate and maintain the smart metering network on a 24/7 basis, securely transferring energy data from homes and businesses to our customers.

As an organisation, DCC sits at the core of a multi-layered ecosystem, connected to and, in many cases, directly integrated with critical segments of the energy sector (including distribution network operators, energy retailers of all sizes and a fast-growing category of ‘Other User’). At scale, it will support secure messaging across 55 million meters and 100 million devices in 33 million homes.

The smart metering system is a unique public asset that is available to help meet policy objectives, enable innovation, and deliver public benefit. The system's unique characteristics - GB-wide reach, scale, security and interoperability - can be leveraged as a platform for policy implementation, helping meet the urgent need for progress against our net zero objectives and obligations.

**Response to Call for Input questions**

Please find below a detailed response to the relevant questions outlined in the Call for Input. Key points within our response include:

* Our support for Ofgem’s preferred option of a single technical solution and the capabilities available through the DCC to develop this.
* The importance of exploring consumer consent holistically in context with other barriers to development of digital energy sector products and services
* Consideration of broader data legislation and data governance considerations including other lawful bases for data processing currently prohibited through the existing smart meter data privacy framework.

We would welcome an opportunity to meet to discuss our responses in more detail in due course. In the interim, we are on-hand to respond to any questions or provide any further information on our response.

Yours sincerely,

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**James Ringrow**

Director of Strategy

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

Much policy, including the energy digitalisation taskforce report, emphasises the criticality of consumers in the net zero transition– developing the energy system in a way that meets their requirements, protects their interests, drives their engagement, and garners their trust.

We agree that the taskforce recommendation for a ‘simple consumer consent dashboard’ and ‘simple consent methodology’ is a key improvement that will help in the transition to a digitalised energy system.

In alignment with the taskforce recommendation, we agree that any solution should start with smart meter data and be designed with applicability for other existing and future energy data categories. We note the taskforce report proposes that the solution could be implemented centrally ‘*through an entity such as Smart DCC’*. We are on-hand to provide the necessary capabilities – proven delivery of complex technology solutions, synergies and efficiencies with our existing operations and accountability through our regulatory framework – to support this delivery approach, whether in part or full development of the solution.

Delivering a central solution via DCC would hold potential to take advantage of advances in technology development. We are currently in the process of procuring a new Data Service Provider (DSP) - delivery is due for completion by 2027. Once implemented, the construct of the technology will be more adaptable - delivering change more quickly, more flexibly and more cost effectively than possible with the present DSP system.

From a regulatory perspective, DCC’s current licence term will end by 2028 (pending a decision on length of extension). Ofgem’s Licence Review activities have resulted in a series of likely provisions on the future of DCC, including for ‘additional mandatory business’. Embedding the solution into the new licence would ensure governance, accountability, value for money and may offer faster deployment compared to alternate development routes.

Irrespective of who delivers the solution, inherent technical functionality within the smart meter system and the data are already available today and could form part of a solution to avoid duplication and to maximise efficiency. For example, smart meter ‘system data’ provides a dynamic audit trail of which entities have accessed which MPAN[[1]](#footnote-2) to retrieve energy data and the Retail Energy Location addressing data (which forms part of the Central Switching Service), could help to triangulate the accuracy and validity of consent from a particular premise.

In relation to smart data access, we would also emphasise the importance of assessing the need for, and impact of, a consumer consent solution holistically in conjunction with a broader suite of considerations. Many of these are addressed in a recent paper produced by the Energy Systems Catapult and DCC ‘Data for Good’[[2]](#footnote-3) but of particular importance:

* Improvements to streamline the on-boarding approach for Other Users. Data privacy is a key element of this but there are other factors that drive complexity and extend duration which ultimately inhibit take up. These factors are being addressed through work undertaken by the DCC, the Department for Energy Security and Net Zero and the Smart Energy Code. These activities will require alignment with any future consent solutions.
* Broader data privacy and data governance considerations including the ability to enable standardised and scalable access to aggregated smart meter data (and system data) and the potential for inclusion of other lawful bases for data processing (other than consent). We believe that broader regulatory change in these areas can unlock several public benefit use cases relating to energy theft, fuel poverty reduction and acceleration of low carbon technology adoption for example.

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

In context with smart metering, a key area of growth in access to smart meter data relates to the ‘Other User’ (OU) role (broadly, any organisation other than an energy supplier or distribution network).

Within the Smart Energy Code (SEC), principles and requirements for consumer consent capture and management are set out in SEC Section I and the SEC Privacy Controls Framework. The framework is not a prescriptive process, rather an extensive set of principles that prospective OU’s must consider before submitting a proposed approach to the SEC panel.

There is currently no technical mechanism through which consent for smart meter data can be assured through the smart meter system. Instead, the process is undertaken through retrospective audit by a SEC appointed independent auditor. In our experience, in engaging many prospective organisations (80 during the year to 31 March 2023) and conducting research for improvements the DCC on-boarding process, we have heard that:

* The framework itself is regarded as complex to navigate and interpret; and unique to the energy sector which creates inefficiency as organisations must assess the implications and devise new processes.
* The absence of automated verification of consumer consent results in extensive manual auditing. This is resource intensive both on the part of the OU and the auditor, leading to unnecessary cost.
* The ability for an organisation to make changes to the consent management approach can result in a requirement for a further audit and review by the SEC panel, which is costly and takes time.
* The flow of obligations on consumer consent between OU’s, Managed Service Providers (third party intermediaries that provide services to help organisation on-board and integrate with the smart meter system) and the customers that they provide is reported as complex and uncertain in some cases (i.e. the certainty and accuracy of consumer consent and the purpose for which data is being processed, becomes more ambiguous as data passes down the chain away from the authorised Other User)

Broader observations around system ineffectiveness and inefficiencies include:

* The frequency of duplicated requests for access. In some cases, this includes requests by different parts of the same entity – with independent consent management solutions and storage. Interoperability of consent data is not a common feature of the energy sector which limits portability and drives additional efforts both for industry and consumers.
* General lack of standardisation in communicating consent to consumers. Consent requests and privacy policies are rarely comparable across the sector even when the underlying data processing may be.

# 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.

It is not clear whether consumers will be motivated to engage with the consent solutions, as this is primarily dependent on the attractiveness and perceived value of the product and service being offered. The development of these products and services will be more important to the consumer and the benefits easier to describe. Consumer engagement should focus on the benefits unlocked through consent, rather than solely on a consent solution.

As described above, there are broader barriers to development of data driven products and services than solely the mechanism through which consumer consent is captured and managed.

An ideal consent management process should integrate the solution seamlessly into customer journeys, providing appropriate information, choice and decision making without friction or additional effort. The solution must provide clear, accessible, information on how a consumer provides and withdraws consent. The CfI document is right to highlight that the solution must engage the digitally excluded.

It is possible that consumers are more likely to be motivated to engage with a consumer consent portal and review / revoke consent where levels of trust or transparency in underlying services are low. On this basis, low levels of engagement with a consumer consent solution may be regarded as a successful outcome.

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

Whilst we agree that the use cases are a high priority, from a perspective of improving consumer consent, there appears a degree of duplication. Retail specialisation and reduced barriers to market entry for increased competition are both focused on enabling new services (albeit for different reasons), both of which could increase development and delivery of new services that enable flexibility and improve consumer empowerment.

Likewise, the variation in maturity of services (e.g. in energy system flexibility) may inhibit the degree to which success of consumer consent solutions can be measured in a consistent timescale.

Much work is already in flight (or completed) on use cases that deliver impact through better data use in the energy sector (Modernising Energy Data Access, Smart Meter Energy Data Repository, Smart Data Challenge), many of which can be enhanced through improved consumer consent management.

The critical success factors (CSFs) described in Options Analysis / Testing are likely inherent in the priority use cases and explicit focus on the achievement of the CSF’s rather than enabling specific use cases could be considered as an alternative approach.

# 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?

We agree that a new consumer consent solution would enable improvements across the four use cases described. We would however emphasise the degree to which wider considerations will impact on the level of improvement realised. Whilst a better means of managing consumer consent is undoubtedly important it must be considered in context with other key enhancements.

**Energy Retail Specialisation and Reduced Barriers to Market Entry and Increased Competition**

We see synergies across these two use cases, irrespective of the differing outcomes each seeks. As described in Q2 we provided our views on how mechanisms around consent capture for smart meter data may create a barrier to access. In parallel, there are other considerations that require redress – particularly for new users seeking to address smart meter data.

We are exploring a series of on-boarding improvements to streamline administration, reduce cost and improve technical access to data. We are also considering reforms to DCC charging structure, with one possible outcome that Other Users would be charged for data access as means of managing network constraint (at present, Other Users do not pay to use the smart meter network). Including potential changes to consumer consent management need considering in tandem with this activity to help understand future profiles of demand that could be realised through a more streamlined approach.

In context with lack of trust as an identified barrier, better consent management alone may be insufficient to garner greater consumer trust. Many organisations, particularly new and innovative companies remain unknown to consumers and trust toward the sector remains low generally[[3]](#footnote-4).

As part of a future offer, there may be scope to incorporate information about organisations and the validation undertaken (for example, in on-boarding to the DCC) which provides greater certainty to the consumer of the legitimacy of their offer.

Whilst a streamlined consent solution could enhance consumer engagement and transform passive and disengaged consumers – a key function of any future solution deployed will be designing an approach that can assess the degree to which this requirement has been achieved.

Smart meter system data may provide a mechanism through which consumer engagement can be evaluated, helping to understand the efficacy of consent solutions. For example, the frequency of data retrieval from households (MPANs) and by which types of entity and indicators of active participation in new services or tariffs (through visibility of change of supply, change of tariff, load control transactions and meters operating in export for example).

**Energy system flexibility**

We agree that consumer consent is a key component of enabling energy system flexibility services. Data exchange will be required across a multitude of organisations to enact both sides of the flexibility market, emphasising the need for efficient and effective flow of consent across multiple parties.

Energy system flexibility is also a key area in which consent from all occupants within a household or premise may be beneficial, as the potential for negative consequences for consumers may be exacerbated. For example, if bill-payers are rewarded for committing to automated Demand Side Response Services that don’t align with occupant needs.

Beyond consumer considerations, there may be merit in exploring ways in which a potential solution can help to mitigate duplicate attempts to access the same service. For example, in context with the Demand Flexibility Service, the Electricity System Operator worked with energy suppliers to identify those taking part by linking MPANs to a specific supplier reward scheme to prevent duplication.

In context with the Automatic Asset Registration programme, we agree with the criticality of a consent solution to contribute both at the point of asset registry and in context with access to data made available via a centralised asset registry.

Use cases relating to Automatic Asset Registration (AAR) will require consent to be shared at an asset level in order to support granular data on low carbon technology usage to then be shared with third parties. Consent needs to be viewed in broader terms than solely at a household level, as remote monitoring and load control of assets will be required to enable flexibility use cases. As described in the call for input document, different services in the home that consume energy may be provided by different service providers/energy suppliers, e.g. “heat as a service”. This may require a consumer’s heat service provider to be able to view data and remotely control usage of their heat pump but not other appliances in the home.

**Consumer empowerment, protection, and trust**

We agree and support this use case as a priority. We are continuing to progress several activities which focus on reduction of fuel poverty and support to vulnerable households through increased access to smart meter and smart meter system data. These are relevant to this use case and include:

* Providing access (with regulatory approval[[4]](#footnote-5)) to anonymised smart meter ‘system data’, relating to pre-payment meter transactions and ‘self-disconnections’. This data will be accessed by 11 organisations, primarily, local authorities, charities and academia, to help improve the accuracy and efficiency of fuel poverty intervention schemes.
* Exploring, through the Strategic Innovation Fund ‘VIVID’ project[[5]](#footnote-6) the potential for alignment between smart meter system data, consumption data and other local authority data-sets to help identify and support vulnerable households.
* Establishing the potential for backhaul of data from temperature and humidity sensors through the smart metering system, which holds potential to help identify and mitigate the risks of self-rationing and chronic under-heating of home – which contributes to an additional cost of £900m pa on the NHS[[6]](#footnote-7).

In context with consumer consent, considerations emerging from these projects include:

* The need for more holistic data governance for public benefit use cases that are reliant on access to aggregated smart meter data (whether system or consumption). This requires complex alignment of data compliance obligations across energy suppliers and recipient organisations. A longer-term solution, as recommended in Data for Good, (noting the recent formation of the SEC data privacy sub-committee) may be the development of a data trust / data institution that assumes central responsibility and liability for public benefit use cases.
* Consideration of the consumer relationship with energy suppliers. In context with financial difficulty in particular, greater levels of consumer trust may be prevalent with organisations other than energy suppliers (local authorities, charities and independent bodies for example) and routes of engagement, consent capture and flow of consent data between parties will be key to enabling impact.
* In context with the VIVID project;
  + A registered DCC Other User has been required to undertake a further privacy audit to reflect proposed changes in consent capture required to meet the project approach. Whilst understandable, there appears insufficient flexibility in the process to enable this audit to take place within the timeframe of the current 6-month Alpha phase of the project.
  + The importance of exploring other lawful bases for data processing. At present, explicit consent is the only mechanism allowable under the smart meter data privacy framework. Whilst the original rationale for this is understandable, the position is misaligned with GDPR, and other channels of vulnerability support provided in the public sector.
* Ensuring any flow of data from additional devices via the smart meter system (temperature and humidity data for example) is aligned both with future consumer consent solutions and accessible in aggregated, anonymised form to support the broadest array of public benefit use cases.

Finally, we note the call for input reference toward energy companies and water companies sharing data as well as broader Ofgem exploration of a cross-sectoral Priority Services Register (PSR). In context with DCC’s operation of the Centralised Switching Service, there may be scope for consumer registration to the PSR to be transferable between energy suppliers at the point of switch (to avoid the need for re-registration) and potentially into other utilities.

# Do you agree with our method and scoring of options?

We agree with the method of scoring and the identified Critical Success Factors (CSF). However, further information on the weightings for each CSF would be helpful.

On scoring, we appreciate that this is an initial analysis which will be further informed by the responses to this Call for Input and cost-benefit analyses. The value of scoring options based on costs, benefits and other considerations may therefore be somewhat limited until further detail of options is available, especially for criteria such as Value for Money.

Equally, further information on the interaction between qualitative feedback received in response to the CfI, future iterations of the scoring and Ofgem’s decision and prioritisation for options would be welcomed.

Further information would also be welcomed on each of the options and the rationale for scoring given. On speed of implementation, for example, whilst Option 2 and 3 have both received a score of 4, Option 2, which would be driven by Ofgem, with fixed timescales, could potentially be implemented faster than Option 3 which will require agreement and alignment across multiple energy sector organisations, with limited levers to accelerate progress.

As identified, in the CfI the approach would be similar to the Energy Data Best Practice. This obligated (amongst other things) that distribution networks to publish aggregated smart meter consumption data in an interoperable format by 28 February 2024 and the degree to which this obligation is met may prove a valuable reference point.

# 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?

Based on the information presented and building on our own experience, we believe that option 1 will provide the most appropriate consumer consent solution for industry, government, and the consumer. We would, however, encourage Ofgem to keep all options open to ensure the benefits and delivery considerations are fully understood and shared with stakeholders in any subsequent consultation.

In addition, we don’t see all three options as mutually exclusive. Each option implemented will need aspects of the other options to be successful. For example, if progressing the technical solution (Option 1), aspects of the industry-led approach to develop principles and guidelines proposed within Options 2 and 3 are likely to be required.

Whilst Option 1 best aligns with the taskforce’s recommendations, there may be benefits to developing principles around consent management and consumer engagement, contained within Option 2, before committing to Option 1. The technical requirements for a consent solution (Option 1) can therefore be developed to align with the principles developed (Option 2). This would help ensure the technical solution has industry buy-in and is fit for purpose.

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

We agree with the benefits of Option 1. A technical consent solution is well aligned with the broader direction of travel for data standardisation and the role it will play in underpinning the digitalisation of the energy sector. A single approach can help to mitigate the impact of multiple, fragmented approaches that increase rather than reduce complication in an area that is already proving to be highly complex for consumers to engage with.

We also see potential for a solution to drive faster adoption of smart meters. Data privacy concerns remain for some consumer segments and ability to provide greater confidence, transparency, and trust through consent management (particularly if accompanied by targeted campaigns from Smart Energy GB for example) may help to reduce barriers.

Whilst we are supportive of option 1, we recognise that further detail and industry engagement is needed to support decision making and as identified above, we would encourage Ofgem to keep options open until this point.

Equally, how the consumer is engaged and impacted will be important to the success of the chosen option. The call for input references consumer research to be undertaken to inform development of the solution. It would be useful to share the outputs of this research with stakeholders before progressing with a preferred option. Furthermore, the chosen solution needs to be seamlessly incorporated into customer journeys to be effective, ensuring there is as little friction as possible for consumers. Ofgem could begin engaging with industry to understand how each option would fit within customer journeys, considering the benefits and risks of each option, to help with decision making.

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

A robust Cost Benefit Analysis needs to be undertaken to help choose between options.

Option 1 will likely come with considerably higher costs than Options 2 and 3. At present consultation document is not clear on how the costs of the solution will be paid for.

We agree that there is a risk that Option 1 will also take longer to implement than the other options – and that this could be outpaced by a market-based solution that is developed in parallel. If Option 1 is chosen it would need to be flexible to meet new requirements, to ensure it remains fit for purpose in an industry undergoing a fast pace of change.

For Options 2 and 3 there are potential barriers around ensuring compliance with whatever is principles or code of practice are agreed, as the regulatory levers are not clear. Historically, we have seen challenges arise from comparable approaches. In smart metering for example, the initial SMETS 1 programme, despite being developed around common standards, resulted in lack of interoperability and poor consumer experience.

Without regulatory oversight or compliance there is a risk the objectives of the consent management solution are not achieved.

Whichever option is selected consumer engagement is important to ensure it meets consumer requirements and achieve their buy in. Furthermore, the chosen solution needs to be seamlessly incorporated into customer journeys to be effective.

We would encourage Ofgem to assess broader barriers to product and service development across the industry, beyond consumer consent, including for example the need for greater regulatory flexibility within the SEC to support trialling and testing of new solutions.

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

As identified in our response to Question 1, DCC offers the necessary capabilities and expertise to deliver a centralised solution. Doing so would drive efficiencies through alignment with existing industry processes (including cost recovery – subject to the funding approach taken) avoid duplication and enable accelerated deployment. The existing and future regulatory framework, through re-set of the DCC licence provides a robust yet flexible mechanism through which governance, accountability and value for money can be assured.

The roles of Ofgem, industry and other stakeholders should centre around ensuring delivery of Ofgem’s three objectives for empowering consumers to share energy data, and the necessity of benefits accruing to consumers themselves, the energy system and the wider public good.

In line with the objectives to improve consumer trust and access to data, Ofgem’s role is to create a coordinated policy and regulatory framework that enables delivery of an effective solution. As we have noted in previous answers, a consent solution alone is unlikely to engage and empower consumers to the level needed. Ofgem should therefore coordinate delivery of a consent solution with broader data privacy considerations, regulatory change and other limitations to greater data access. These wider considerations will ultimately impact the level of improvement realised by any consent solution alone and therefore the effectiveness of that solution.

Considerations and regulatory changes specific to access and better use of smart metering data include improvement to the onboarding process for Other Users and changes to the SEC’s smart meter data access regime. Likewise, Ofgem should coordinate creation of a consent solution with programmes on better use of data in the energy sector, including those on Modernising Energy Data Access, the Smart Meter Energy Data Repository and the Smart Data Challenge. These programmes all seek to enable greater delivery of benefits to consumers and the energy system, with potential for application to the wider public good. It is imperative these benefits are then clearly communicated and drive enhanced levels of engagement and trust.

Furthermore, to ensure that consumer trust is improved, there may be a role for consumer organisations such as Citizens Advice to closely inform policy development to deliver this objective. Areas for consideration include inclusive design of solutions and how automation will be engaged with, principles for communication with consumers, in particular on how and why their data will be shared, and on whether additional consumer protection measures beyond GDPR are required.

Finally, to ensure the benefits of a consent solution are accrued as widely as possible by consumers, prior to a solution being delivered, greater insight is required on establishing why many consumers do not engage with the energy system to begin with. Appropriate use of smart metering data (for example on visibility of households on emergency credit and those who have self-disconnected) combined with other data sets allows for up-to-date consumer segmentation and profiling which can enhance the policy development and delivery of the decided consent solution.

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1. Meter Point Administration Number [↑](#footnote-ref-2)
2. [Data-For-Good-Final.pdf (esc-production-2021.s3.eu-west-2.amazonaws.com)](https://esc-production-2021.s3.eu-west-2.amazonaws.com/wp-content/uploads/2023/10/02105855/Data-For-Good-Final.pdf) [↑](#footnote-ref-3)
3. [Which Survey March 2023](https://www.which.co.uk/policy-and-insight/article/consumer-trust-in-business-august-2022-agqR01l7Aohw) – only 16% of consumers say they trust the sector to act in their best interests, [↑](#footnote-ref-4)
4. [Consent granted to DCC under Conditions 9 and 10 of the Smart Meter Communication Licence, and Section M4.3 of the Smart Energy Code - August 2023 | Ofgem](https://www.ofgem.gov.uk/publications/consent-granted-dcc-under-conditions-9-and-10-smart-meter-communication-licence-and-section-m43-smart-energy-code-august-2023) [↑](#footnote-ref-5)
5. [VIVID | SSEN Innovation (ssen-innovation.co.uk)](https://ssen-innovation.co.uk/sif/vivid/) [↑](#footnote-ref-6)
6. Health inequalities: Cold or damp homes - House of Commons Library (parliament.uk) [↑](#footnote-ref-7)