



Data Sharing in a Digital Future: Consumer Consent

About myenergi

myenergi is a manufacturer of energy smart technology targeted at the domestic sector. Our mission is to promote energy independence through a range of innovative, eco-smart products, all manufactured and designed in the UK.

myenergi has more than 100,000 connected devices installed in UK homes, with an estimated total installed capacity of 600MW or more. As a manufacturer of energy smart technology targeted at the domestic sector, we are predominantly interested in the opportunity for demand side response services from residential customers.

Call for Input

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

myenergi agrees with the taskforce's recommendation to provide a Consumer Consent solution for data sharing. As we move forward towards a digitalised energy system, we understand the importance of a consumer consent solution that is convenient and simple for the consumer to use, allowing the consumer to easily provide consent for data access, allowing ease of entry to a range of energy services through different providers.

We also agree that there will be a range of benefits available to industry through implementing a Consumer Consent solution. myenergi have previously highlighted to the government and Ofgem barriers in the energy market for smaller players that are a direct result of the difficulties experienced obtaining consumer data. Energy suppliers are still the central link to most energy processes in the market, including the installation of smart meters and settlement method, which as a result, can provide them with an advantage in other markets such as the flexibility market.

Currently, access to data and connectivity between systems is not established enough to create a level playing field between retail energy suppliers and flexibility service providers, including aggregators and virtual power plants. There can be challenges for third parties accessing smart meter data via the DCC Other User links, such as cost, and quality of data received. A Consumer Consent solution would help mitigate some of the challenges lack of data access presents within the energy market, in turn, creating more competition and more consumer choice for different products and flexibility propositions.

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

The evolving energy transition requires consumers to become more engaged in the energy system, and with their energy data, providing consent to share and revoke their data with an increasing number of energy players.

As Ofgem have stated within this Call for Input, there is currently no single standardised process for obtaining consumer consent to allow energy data sharing. This could result in the consumer experiencing confusion, frustration and consent-fatigue, potentially resulting in consumers becoming less-engaged with the energy system due to the inefficient processes currently in place. For example, for the National Grid ESO Winter Demand Flexibility Service 2023-24, some providers have requested customers to opt into every DSR event. Some customers may simply wish to opt into all events, with the option of opting out, rather than having to specifically opt in each time and potentially miss out on the opportunities if they receive the notification too late, for example.

myenergi also understands that developing a consumer consent solution is paramount to developing consumer trust in the energy sector. We believe that lack of consumer trust is one of the main barriers to decarbonisation of the home, especially following challenges in the energy market that have been highlighted by the media in recent years (such as the collapse of several energy suppliers, and the forced installations of prepayment meters in vulnerable households.) There is a distinct lack of trust between the consumer and retail energy suppliers, which could result in a reluctance to engage not only with energy suppliers, but also with other market actors.

It could be argued that the development of a consumer consent solution is not the only prerequisite to creating an efficient and effective method of obtaining consent. A complete new understanding of data sharing is also a requirement to convince the consumer to engage with these proposals, ensuring they are confident with how, who and why their data is being shared, and that they have the ability to revoke consent if needed. Knowledge, transparency and consumer control is key for obtaining consent in an efficient and effective way.

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.

myenergi believes that some consumers may engage with the solutions proposed within this Call for Input (such as early adopters, consumers already engaged with flexibility services etc), but as stated above, we do not believe that simply creating a consumer consent solution will be enough to sufficiently motivate all consumers from different backgrounds to engage.

Historically, energy suppliers have not been successful in engaging inert consumers, and this has been evidenced particularly in tariff comparison and switching. It will be important to clarify to consumers that the Consumer Consent solution is not linked to their retail energy supplier, and that by providing their consent for data sharing to flexibility service providers, they will benefit from different DSR services that are specific to their needs and technologies.

There is currently a high level of suspicion and wariness from consumers around any topic that may involve the sharing of their personal data, therefore, we believe that Ofgem would

need to facilitate an education campaign around energy data sharing, should they decide to proceed with any of the options suggested. Arguably, Ofgem's role regarding consumer relationships and engagement should simply to provide a nurturing environment for a range of service providers and consumer groups. It should not be Ofgem's role to ensure that consumers are motivated to engage with the Consumer Consent solution, and this should be left up to market.

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

myenergi agrees that 'Energy System Flexibility' is a high priority use case. Domestic flexibility will have a huge role to play in the energy system as the number of connected assets grow in the UK, and we have already experienced the huge benefits and contributions flexibility can provide to the energy grid through flexibility trials. The shift to flexible energy assets could save customers several billion pounds in aggregate compared to the alternative of retaining fossil fuel-powered energy infrastructure. The Smart Systems and Flexibility Plan (2021) suggested that flexibility could save consumers £10bn per year in energy costs by 2050 and reduce the total cost of the Net Zero transition by up to £70bn.

A Consumer Consent solution would allow smaller aggregators and demand side response service providers easier participation within the flexibility market. As stated previously, at present, demand side response service providers cannot easily access smart meter data or energy tariff data that will support demand side response, therefore a simplified method of obtaining this data would highly benefit these energy market actors. It would also enable consumers to subscribe their individual energy smart appliances (such as electric vehicle charge points, heat pumps etc) to different speciality DSR services with a lot more ease.

This links into the use case 'Reduced Barriers to Market Entry' use case, which myenergi also agrees is a high priority. We need to ensure that frameworks that are put in place to encourage consumer participation do not encourage centralisation of the flexibility market by giving automatic advantages to energy retailers. The residential DSR market is already at risk of energy suppliers becoming the 'default' DSR provider for consumers, due to the existing relationships that they have, and this expectation has been reiterated to myenergi by a DSR representative from the UK's largest retail energy provider. myenergi agrees with Ofgem's analysis stating that a consent solution would reduce barriers from smaller players that require energy data for their business models, increase competition, and lead to a healthier energy market by providing consumers with more choice. myenergi believes that non-energy retailers will play a more active role in the market, as technology and flexibility experts have a much more significant role to play in the market of tomorrow, opposed to the conventional mono-directional relationships retailers hold with consumers.

myenergi also agrees that 'Consumer Empowerment, Protection and Trust' is a high priority use case. Consumer's need to develop trust in the energy market again, and we believe that primary relationship holders with consumers who have energy smart appliances, and will be most likely to participate in flexibility services, will be with device manufacturers and

technology experts, not energy suppliers (in which Ofgem themselves have said that public trust has declined).

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?

myenergi agrees that a new Consumer Consent solution would assist in providing improvements to the energy system as described in the four use cases. However, as we have previously stated, simply creating a Consumer Consent solution alone is not the panacea for data sharing and obtaining consent. Consumers need to be engaged and motivated to participate, and trust in the energy sector needs to be established.

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

N/A

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.

myenergi believes that option three – ‘an industry-developed code of conduct’ would be the most appropriate Consumer Consent solution for industry, the government and the consumer at this early stage in the market.

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

myenergi has chosen the option of an industry-developed code of conduct as the most appropriate Consumer Consent solution, as this would allow the market to evolve organically and determine how consumers should be engaged without intervention from the regulator. As Ofgem have stated, this option also provides scope for development into the end product of either option one or option two, should a more technical solution be required in the future.

An industry code would require limited intervention from the regulator, and allow collaboration and innovation within industry. There is evidence of Ofgem and DESNZ prematurely over-regulating the market by proposing systems and infrastructure to address perceived barriers and customer risks which in reality do not exist. In this case, the

option that Ofgem seem to be leaning towards (the technical solution) would take the most time to implement and cost the most to finance. Ofgem themselves have stated that Open Banking was a result of a government mandate following a market investigation, whereas the technical consent solution is simply a recommendation, and that there may be work to align industry and other regulators in their support.

Ofgem have also stated that the supplier/ consumer relationship is already established (whilst the consumer relationship with Ofgem has not been) and that this can be a benefit within the code of conduct option, however, could also be a disadvantage due to the already mentioned perceived lack of trust between consumers and energy suppliers. myenergi believes it important to again reiterate that as the energy market evolves, consumers will develop important relationships with flexibility service providers and aggregators, therefore the lack of trust between the consumer and the supplier should not be reason to dismiss this option as being a viable consumer consent solution.

We have seen examples of where a code of conduct has been successful within the market. This is seen in the Third Party Intermediaries market. Historically, they have dominated the switching market, and Ofgem have monitored this market through a code of conduct, and TPIs remain unregulated. We see no reason why a code of conduct solution would not be successful in this case.

Whilst we understand and appreciate the arguments for creating a technical Consumer Consent solution; myenergi are concerned that this option may result in further challenges and technical barriers within the market, which would have a direct impact on the consumer and smaller players.

Ofgem have not provided the cost and timescale of implementing a technical solution, with no understanding yet of how the solution will be funded. A code of conduct will be much more cost-effective for both the consumer and industry.

Realistically, a decision on what Consumer Consent solution to proceed with should not and cannot be made until industry have all of the information required, such as a cost-benefit analysis, to make an informed choice.

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

The relationship between consumers and energy suppliers has become increasingly hostile over the last few years, with a reported one-third of consumers dissatisfied with their energy supplier according to Ofgem's May 2023 'Household Consumer Perceptions of the Energy Market' report. myenergi believes that lack of consumer trust and confidence in the energy sector will be a huge barrier to the successful implementation of a new consent solution, and consumers will be reluctant to engage without a deeper understanding of how their data will be used, and who by.

A lack of knowledge and understanding from consumers regarding the evolving energy system may also become a barrier to rolling out a new consent solution. Although there has

been a huge uptake in energy smart appliances, and innovative new energy tariffs over the last few years, there are still consumer groups who are not incentivised to engage or are simply unable to due to financial reasons, property type etc. These types of consumers may require further education and encouragement to engage with energy data sharing, and perhaps participate in services such as demand side response.

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

Ofgem's role in enabling an effective consumer consent solution is to provide industry with an accurate overview of the costs, labour and timeline that would be involved in implementing this solution. This is especially important if Ofgem decide to proceed with option one, which appears to be the favoured and most recommended option. However, they have not yet ascertained who will own and govern this solution, and how it will be funded.

If the technical solution is chosen, there is also a duty to ensure that the consumer does not face any additional burden if they choose to use this system. Ofgem need to ensure that this solution would be accessible to all, including those who are digitally excluded and digitally unmotivated. It is important that government and regulators provide education to customers, regarding what data sharing is, and how the Consumer Consent solution will work and benefit them. There is perhaps a role for government and the regulator to consider information campaigns, in a similar way that there were information campaigns for the Switch to Digital, Smart Metering, Covid etc, to help educate consumers and clear an easier path for energy market actors to recruit consumers to the consent solution, with less need to educate as part of that process.

Demand side response service providers and aggregators will also have a role in enabling a simple and effective consent solution, by engaging consumers to use the solution, providing attractive propositions in the market.