
ADE RESPONSE

OFGEM CONSUMER CONSENT SOLUTION CONSULTATION

4TH OCTOBER 2024

Context

On behalf of our mission Empowering Energy Demand, the ADE welcomes the opportunity to respond to Ofgem's Consumer Consent Solution consultation.

Our mission is to embrace the value of a decarbonised, demand-led energy system, creating a future where households, businesses and industry are properly rewarded. The current electricity system is creaking under the demands of a rapidly changing system. We must harness the millions of EVs, heat pumps and the immense industrial demand we have right now to lower bills and keep our electricity system operable. Instead, we're fighting against them. Even more than that, industrial energy is decarbonising with long-term consequences for our energy system – creating new infrastructure and unlocking even greater sources of flexibility. The Government, Ofgem, the CCC and others all recognise that households, businesses and industry should play an active role in a decarbonised electricity system. Now is the time to make this a reality.

Summary

The ADE supports Ofgem's intentions to make the customer experience of data consent provision more straightforward and we agree there is a strong case for change in this area. For this solution to be successful, the principle that 'Organisations need to clearly outline the value and benefits of data sharing in a way that all consumers can understand' is of particular importance. It is vital that the advantages for consumers are effectively communicated by Ofgem and the organisations of whom the consumer would directly be sharing their data with. Of equal importance is the principle that 'The consent solution should have the capability for cross sector operation with potential to benefit consumers within and beyond the energy sector'. Delivery of services and offerings from non-suppliers has been adversely impacted by uneven access to consumer data, which leads us to believe that a simplified solution to make dataflows less complex between delivery partners would be beneficial. Additionally, with an increasing diversity in the types of organisations offering flexibility services, a consumer consent solution enabling equal access to data is of high priority. Flexible technology deployment would help to stimulate this, increasing consumer accessibility to energy flexibility services, however this solution will also have a large role to play. In implementing the procedures laid out in the consultation document, ensuring that an additional administrative burden does not become the focal point of the campaign will be essential. Otherwise, there is a risk of a lack of consumer motivation to engage with the chosen option, regardless of whether it addresses Ofgem's main objectives. Consent-fatigue could have a detrimental impact on the success of the solution.

It is good to see that a clear timeline has been laid out in the consultation, yet the anticipated cost will be vital for industries' ability to participate and to ensure that no undue costs are passed down to the consumer. The ADE supports Ofgem's proposal for RECCo to be responsible for the delivery of the solution for the reasons laid out in the consultation, such as their independence from service providers, their previous experience and work on consumer consent and their adaptability to new services.

Question 1: Do you agree with these Design Principles? Would you recommend any additional Design Principles?

We agree with the design principles laid out in the consultation. In addition to these principles, making sure that this solution works for organisations who are not suppliers must be given equal consideration. As above, uneven access to consumer data would have a large effect on the flexibility service offerings that are available to consumers. Giving flexibility service providers the ability to demonstrate the value of such a solution through attractive customer offerings and the provision of a trusted and robust way for customers to access the solution is essential. Close coordination between the timelines of this work and the Smart Secure Electricity Systems (SSES) programme focussed on Load Controller licencing will be required as customer's data will be becoming available to an expanding pool of actors which introduces a high level of risk for both consumers and sector reputation.

Question 2: Do you have a preference between the centralised, decentralised or hybrid models? Please elaborate.

We are in agreement with Ofgem on the disadvantages of a centralised model and that a decentralised or hybrid model seem more appropriate for this solution. The risk to the consumer and reputational risks to the sector for mishandling consent are immense and these risks become heightened in implementing a centralised model. Additionally, high upfront costs could be a large barrier to successful implementation, particularly if these costs are passed on to the end consumer or the flexibility service provider. This could further risk reputational damage to the service provider that had originally gained the consumer consent and disincentivise consumers who feel organisations are able to access their data, without providing any direct benefit to the consumer. This will need careful consideration in the modelling process.

The introduction of a Usage Governance Mechanism and Trust Framework is crucial to ensure that consumers receive the full value of the solution. The chosen delivery body should work collaboratively with industry to determine what this should look like.

Question 3: Do you consider the security measures referenced in this section, including the access control measures, will meet the requirements of a consent solution holding consumer data? Which additional protections would you recommend?

We agree with the measures that have been laid out in the consultation.

Question 4: Do you consider these standards are sufficient parameters to ensure inclusivity, accessibility and interoperability for the consent solution? Which standards would you recommend?

Until the Usage Governance Mechanism has been published, it is difficult to comment on the extent to which the measures imposed would be effective in ensuring 'clear, concise communications' from flexibility service providers. In theory, we agree that FSPs should be able to communicate with customers

using their own tailored consumer facing applications, with the Usage Governance Mechanism in place to ensure the security objectives.

Question 5: Do you agree with the options assessment conducted by Ofgem? If not, why?

We agree with the options assessment that was carried out by Ofgem.

Question 6: Do you agree with Ofgem's minded-to position that RECCo should be selected as the Delivery Body for the consent solution? If not, which of the three proposed organisations should be selected as the Delivery Body for the consent solution, and why?

We agree with Ofgem's proposal for RECCo to be the Delivery Body for this solution. Given Ofgem's work on energy code governance and the potential licencing of code managers, a licenced entity providing the solution is reassuring for industry. Their independence from industry participants would help to avoid 'a market participant operating a monopoly solution for consent provision', which will better help achieve the objectives of the solution. The stakeholder engagement that RECCo already undertake is also of merit, as this solution should be designed in close collaboration with the rest of the industry to achieve the set-out objectives. We agree that the previous work that has been conducted by RECCo on a consumer consent solution is valuable and could help to deliver the solution at pace but must not entirely influence its development. Collaboration with flexibility service providers must be conducted from the beginning of the solutions establishment. Their agility to take on new systems and services also puts them in good stead to take on this role.

As a part of the Smart Secure Electricity Systems (SSES) programme, the REC has been proposed as the home for the tariff data interoperability standard. To see alignment across this work would be beneficial.

Question 7: Do you hold any views as to how the proposed solution should be funded? Please consider the points regarding fairness raised in paragraphs 4.12-4.14 and Ofgem's duty to consumers when providing your answer.

Question 8: Do you agree with our position to make sharing consent data with consumers (via the consent solution) an obligation for licensees?

Yes.

Question 9: Do you consider SLC 0 an appropriate route for implementing these changes, or should Ofgem create a bespoke licence condition?

Yes. Consideration will need to be given to the requirements on flexibility service providers who are not suppliers, which could be done through the load control licence being implemented by the SSES programme run by DESNZ. As above, customer's data will be becoming available to an expanding pool of actors which introduces a high level of risk for both consumers and sector reputation.

FOR MORE INFORMATION, PLEASE CONTACT:

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