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NESO response to Ofgem's Consumer Consent Solution consultation

Dear Energy System Digitalisation Team,

Who we are

NESO lies at the heart of the energy system as an independent, public corporation responsible for planning Great Britain's electricity and gas networks, operating the electricity system and creating insights and recommendations for the future whole energy system.

At the forefront of our efforts is delivering value for consumers. We work with government, regulators and our customers to create an integrated future-proof system that works for people, communities, businesses and industry, where everyone has access to clean, reliable and affordable energy.

NESO's primary duties are to enable the government to deliver net zero, promote efficient and coordinated systems for electricity and gas, while ensuring security of supply for current and future consumers. NESO will take a whole system approach, looking across natural gas, electricity and other forms of energy and will engage participants in all parts of the energy ecosystem to deliver the plans, markets and operations of the energy system of today and the future.

About this response:

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This is our response to Ofgem's consultation on a Consumer Consent Solution. We have included a summary of our views and more detailed replies to specific consultation questions in Appendix 1.

Our key points

- Consumers should only have to provide consent to sharing their data once, rather than every time they sign up to a new product or service.
- The chosen Delivery Body should make provisions in the consent solution for when the bill payer does not live or work in the property to ensure the appropriate consumer protections are in place.
- To be successful, the consent solution needs to be trusted by consumers and meet their needs, which means working with consumer groups as well as individual households and small businesses.

Key point 1: Consumers should only have to provide consent to sharing their data once, rather than every time they sign up to a new product or service.

The move to a more distributed, flexible energy system will increase the number of consumer products and services on the market and with that, consumer engagement with the energy system. The [Demand Flexibility Service](#), which encourages consumers to shift demand, saw more than 2.4 million households and businesses sign up for Winter 23/24, compared to 1.6 million in Winter 22/23. This shows a positive increase in consumer engagement with new products and services, which is likely to increase as the market continues to evolve, particularly with the increasing selection of Time of Use tariffs becoming available.

The consent solution should enable consumers to only have to provide consent to sharing each set of energy data once, rather than every time they sign up to a new product or service. This becomes particularly important when we move beyond the Minimum Viable Product (MVP) consent solution and iterate through Time to Use tariff data, Energy Smart Appliance Data (ESA) and further. It is likely that suppliers and Flexibility Service Providers will gain access to, and some control of, consumer's Low Carbon Technologies (LCTs) in the future and once consumers have consented to this, it should be carried between suppliers and/or service providers if a consumer chooses to move provider.

It is important to state though, that consent should always be amendable, and perhaps there should be periodic reminders of consent consumers have previously provided, with encouragement to review it if they would like. However, for those consumers who are time poor and happy to give consent, having to provide consent each time they switch supplier or energy service provider is likely to increase friction and could be a potential barrier to consumer engagement in the energy market.

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Key point 2: The chosen Delivery Body should make provisions in the consent solution for when the bill payer does not live or work in the property to ensure the appropriate consumer protections are in place.

As part of the consent solution being inclusive by design and meeting the needs of a wide range of consumer groups, demographics and living and working arrangements, the chosen Delivery Body should make provisions for when the bill payer does not live or work in the property. This might include, for example, individuals renting a property which the landlord pays the energy bills for, carers or family members managing the energy bills on behalf of an individual, or in the case of shared accommodation where one member of the household is the named bill payer on behalf of other tenants. This means that whilst the bill payer may consent to sharing data, other members of the household may not consent, may be unaware that the data is being shared, or may not understand what they are consenting to and how to withdraw consent. The chosen Delivery Body for the consent solution should make clear how they will address obtaining consent in such circumstances to ensure the appropriate protections for consumers are in place.

Key point 3: To be successful, the consent solution needs to be trusted by consumers and meet their needs, which means working with consumer groups as well as well as individual households and small businesses.

To be successful, this consent solution must not only be trusted by consumers but also designed to meet their needs. A solution to share data from inside people's homes and businesses is likely to raise some concerns. We believe that the Delivery Body should collaborate closely with well-known consumer groups, such as Citizens Advice, in the design and development of a consent solution to help alleviate some of these concerns. Citizens Advice have previously carried out their own research on data sharing and consent, making them well placed to provide expertise on key aspects, such as the appropriate protections to put in place for consumers sharing their data. Furthermore, delivering a consent solution that has been approved by a well-known organisation advocating for consumers will increase consumer trust in the consent solution.

Additionally, as the first iteration of the consent solution is being designed, it should be tested by households and small businesses. The feedback gathered must then be used to improve the solution before it is released as the first MVP. Trialling the solution with a group of consumers first will help to ensure it meets the needs of those it is intended for. Without involvement from consumers, there is a risk that the industry will move forward with a technical solution that is not fit for purpose. This may result in a lack of consumer belief in the solution itself, leading to disengagement with the solution and potentially new products and services to come to the market in future.

We look forward to engaging with you further. Should you require further information on any of the points raised in our response please contact Jonny Gallagher, Head of External Affairs (Jonny.Gallagher@nationalgrideso.com).

Yours sincerely

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Jonny Gallagher

Head of External Affairs

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Appendix 1 Consultation Question Responses

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

We broadly agree with the design principles. We believe the ‘Transparent and Informative’ principle could be sharpened to ‘Transparent, Informative *and Consistent*’ to convey the need for consistent language across the energy industry on consent. Whilst clear and simple language is equally important, if an organisation seeking to become an accredited user of the consent solution will be able to design their own user interface for consent, the language they use should be consistent with all other accredited users. ESO employed this approach when setting up the Demand Flexibility Service, asking all Flexibility Service Providers to follow the same Communication Principles to encourage consistency in how the service was communicated to consumers. Adding consistency across the industry will help with consumer understanding of what they are giving consent to and what this means for them, increasing consumer trust and confidence in the consent solution.

Whilst we broadly agree with these design principles, we believe the Delivery Body should revisit these once selected to ensure they are fit for purpose. We would suggest the Delivery Body look to similar platforms that already exist outside of the energy industry to understand how and why their solution design has been successful. This will help to validate the principles and allow for a solution that is built for the needs of consumers.

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

We have no specific view on which model should be taken forward and suggest that design choice should be made by the Delivery Body and in collaboration with interested stakeholders. The work on the Data Sharing Infrastructure (DSI), and the capabilities it should create through its pilot and MVP stages should in theory support any model. We note the reference in section 5.10 of this consultation around the DSI sharing design elements with the consent solution. We believe that a task for the ‘Interim DSI Coordinator’ will be to ensure that any opportunities for alignment can be realised by the relevant delivery bodies supporting both the DSI and consumer consent work.

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?

No comment

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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?

No comment

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

Yes, we agree

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?

Yes, we agree, provided they work closely with consumer advocacy groups such as Citizens Advice throughout the design phase, as stated in our third key message.

We believe their not-for-profit status combined with the fact they have no products or services on sale in the retail energy market is important for building consumer trust in the body delivering the consent solution. Furthermore, their knowledge and expertise in consumer consent is promising, given they have spent over two years proactively working on their own consumer consent project.

If Smart DCC is not selected as the Delivery Body, we agree that they should be involved in the building of the consent solution infrastructure. Their knowledge and expertise, particularly around transferring and handling data securely, should be utilised and learnt from.

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.

No comment

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

Yes, we agree.

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

We are not convinced that SLC 0 is an appropriate mechanism. While it has broad remit and aligns well with the outcomes of a consumer consent solution – not all regulated parties who may

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have need of using the consumer consent solution fall under the supplier licence. Network operators for example, hold a Priority Services Register and would not be covered under SLC 0.

Similarly, future use cases of the solution may have flexibility service providers (potentially with licences in the future noted under the Smart Secure Energy System work) would fall outside of SLC 0's scope.