Consumer Consent Data Solution

Q1. Do you agree with the proposed Design Principles? Would you recommend any additional Design Principles?

A1. While the current design principles are reasonable, they lack a critical focus on maximizing accessibility and engagement with a broad audience. To achieve this, it's essential to leverage multiple dissemination channels through various customer-facing organizations, not just traditional or emerging energy companies.

A key shortcoming of the proposed approach in the consultation is the suggestion of a single, centralized "portal" for consumers to review and withdraw consent. This 'one size fits all' method does not account for the diverse needs of different consumers. What is a low-friction experience for some can be burdensome for others. To be effective, design principles must accommodate varied user needs, especially when it comes to managing data sharing and control permissions.

The Smart Energy Code privacy framework and the work of "DCC Other Users" highlight the importance of integrating consent management into the customer journey with the relevant organization. This allows consumers to understand the context and purpose of their consent. Energy data extends beyond simply managing energy bills; it plays a role in education, social housing, elderly care, and green finance—areas crucial to the energy transition.

Historically, the development of large, complex centralized services has posed challenges for the energy sector, particularly in terms of cost-effectiveness, speed, and flexibility. Therefore, minimizing reliance on central components is essential for creating a practical and economically viable solution.

We agree with the consultation's design principles but emphasize that the solution must work for organizations beyond energy suppliers. Uneven access to consumer data could significantly impact the flexibility services offered to consumers. It's crucial to allow flexibility service providers to showcase the value of these services through compelling offerings and to ensure customers have a trusted, robust way to access these solutions. Additionally, close coordination with the Smart Secure Electricity Systems (SSES) program, focused on Load Controller licensing, is necessary. As more actors gain access to consumer data, the risks to both consumers and the sector's reputation will rise, making careful management of these timelines essential.

Q2. Do you have a preference between the centralised, decentralised or hybrid models? Please elaborate.

A2. As outlined in the response to question 1, a centralized solution is not viable from the perspectives of consumer experience, engagement, cost, or time efficiency. Conversely, a fully decentralized approach poses challenges in providing consumers with a complete and consistent view of which organizations have access to their data and what data is shared.

To address this, it is crucial to strike a balance by creating a solution that supports multiple methods of consumer verification while ensuring broad accessibility and availability of the service to as many users as possible.

Proposed Hybrid Approach:

We propose a hybrid solution that combines decentralized elements with minimal centralization, reducing costs and complexity. This approach would enable multiple organizations to engage with their customers in their preferred style while maintaining consistent underlying technical and legal standards.

Key aspects include:

- **Minimizing Central System Complexity**: By keeping the central system simple, implementation costs are lowered, and deployment timelines are shortened. This design allows any organization to participate and present data access information in a manner that aligns with their brand and user experience, authenticated in ways familiar to their customers. This avoids the need for new credentials or a centralized energy system that engages directly with consumers, something the energy sector has struggled to achieve in the past.
- **Leveraging Trusted Identity Providers**: Broad engagement with multiple trusted identity providers allows consumers to authenticate using credentials they already use daily. For example, energy suppliers could act as Trusted Identifiers by allowing consumers to use their existing login details for supplier portals. Other organizations, like retail banks, could also provide identity services as an alternative verification mechanism. This approach aligns with the work of the SSES Tariff Interoperability Working Group (TIWG) sponsored by DESNZ, and we strongly suggest Ofgem consider incorporating these principles.
- **Encouraging Participation through Simplicity and Value**: Regulation should be applied sparingly, with the emphasis on simplicity, ubiquity, and

clear value to drive engagement. Most data sources are already regulated, and additional requirements can be placed on them to participate in this new system. Trusted Identifiers could be verified using existing methods, such as those outlined in the Smart Energy Code (Section I).

- **Light Touch Verification for Data Users**: Verification for data users should be minimal, ensuring only that the organization's true identity matches what is presented to the customer. Any additional verification would duplicate protections already provided by general data protection regulations, creating unnecessary barriers for organizations wishing to engage with energy data.

This hybrid approach aims to maximize accessibility, engagement, and ease of use, creating a scalable solution that aligns with consumer expectations and existing regulatory frameworks.

Q3. 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?
A3. The approach outlined in this response minimizes the need for processing Personally Identifiable Information (PII) by centralized systems or organizations that do not already handle such data. As a result, the proposed security measures are excessive, adding unnecessary cost, complexity, and barriers to the service's success. Existing GDPR requirements are sufficient, and creating additional, industry-specific regulations will only discourage new participants and create confusion, hindering progress toward lower energy bills and carbon neutrality. Moreover, it would disregard the innovations made in this space over the past 4-5 years.

The proposed processes and verification methods in the consultation reflect theoretical principles that, like many other initiatives, are impractical to implement. Security mechanisms should be designed by experts with real-world implementation and operational experience. The current design is overly simplistic and risks introducing costly and complex systems with little actual benefit.

Q4. Do you consider these standards are sufficient parameters to ensure inclusivity, accessibility and interoperability for the consent solution? Which standards would you recommend?
A4. As previously mentioned, the proposed approach in the consultation introduces unnecessary complexity and creates barriers to consumer engagement. The central delivery body should oversee the delivery of the

centralized technical components and monitor the overall mechanisms and parties involved in the service. However, in the alternative approach outlined in this response, the delivery body should not impose requirements on the User Experience (UX) or User Interface, as there will not be a single service managed by one entity.

Instead, it would be beneficial for the central delivery body to develop a reference implementation that other organizations can review and adopt if they wish to participate in the system.

It is challenging to assess how effective the measures will be in ensuring 'clear, concise communications' from flexibility service providers (FSPs) until the Usage Governance Mechanism is published. In principle, we agree that FSPs like equiwatt should be allowed to communicate with customers through their own tailored consumer-facing applications, provided that the Usage Governance Mechanism is in place to safeguard security objectives.

Q5. Do you agree with the options assessment conducted by Ofgem? If not, why?
A5. Among the three shortlisted options, RECCo stands out as the clear choice. However, there are other organizations with significantly greater experience and expertise in the necessary areas that should have been considered.

The main concern with the current shortlist is that, while these organizations have experience in processing consumer data, none have substantial experience in consumer engagement.

Nevertheless, the approach outlined in this response could still be effectively delivered by RECCo.

Q6. 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?
A6. We support Ofgem's proposal for RECCo to be the Delivery Body for this solution. With Ofgem's focus on energy code governance and potential licensing of code managers, having a licensed entity is reassuring for the industry. RECCo's independence from market participants would prevent a single entity from monopolizing the consent provision process, helping to achieve the solution's objectives. Their established stakeholder engagement is valuable, ensuring that the solution is developed in collaboration with the wider industry.

While RECCo's previous work on consumer consent solutions is beneficial for rapid delivery, it should not solely dictate development. Flexibility service providers must be involved from the outset to ensure effective implementation. Additionally, aligning this work with the Smart Secure Electricity Systems (SSES) programme, where the REC is proposed to host the tariff data interoperability standard, would provide further value.

Q7. 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.
A7. Equiwatt is not placed to answer this.

Q8. Do you agree with our position to make sharing consent data with consumers (via the consent solution) an obligation for licensees?
A8. To enhance consumer transparency, all access to consumer data must be registered within a central system. This approach would provide consumers with clear visibility and understanding of how their data is being used across various aspects of the energy industry. The registration process should cover all potential uses of consumer data, including but not limited to:

- **Supplier Billing and Related Activities:** Tracking how consumer data is used for billing purposes, account management, and other related services offered by energy suppliers.
- **Settlement Processes:** Documenting data access used in market settlement activities to ensure accurate and fair transactions between energy suppliers, generators, and other market participants.
- **Energy Theft Detection:** Monitoring data use for the detection and prevention of energy theft, which protects the integrity of the energy system and minimizes losses that can affect all consumers.
- **Distribution Network Planning:** Recording how data is used to plan and optimize distribution networks, ensuring that infrastructure investments are efficient and aligned with actual usage patterns.

These examples represent just a few of the many potential applications of consumer data in the energy sector.

Historically, the energy industry has been perceived as opaque and difficult for consumers to understand, often leaving them disconnected from the processes that affect their energy usage and costs. Implementing a transparent and centralized data access registry would be a transformative step toward

demystifying the industry for consumers. It would grant them unprecedented oversight and control over their data, empowering them to make informed decisions. This opportunity to enhance consumer trust and engagement through greater transparency must be seized, as it has the potential to redefine the consumer experience and drive broader participation in the energy transition.

Q9. Do you consider SLC 0 an appropriate route for implementing these changes, or should Ofgem create a bespoke licence condition?

A9. A bespoke licence is necessary. Specific attention must be given to the requirements for flexibility service providers who are not energy suppliers. This could be addressed through the load control licence being implemented by the SSES programme, run by DESNZ. As customer data becomes accessible to a wider range of actors, there will be a heightened risk to both consumers and the sector's reputation, making bespoke measures essential.