

Consumer Consent Decision			
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We<sup>1</sup> are publishing our decision on the selected Delivery Body to deploy the Consumer Consent Solution ("CC Solution") as proposed in our Consultation issued on 9 August 2024<sup>2</sup>. Our decision is to confirm our minded to position, namely that the Retail Energy Code Company ("RECCo")<sup>3</sup> will be the Delivery Body of the Consumer Consent Solution and the solution will be governed under the REC.

This decision paper will cover the responses to the consultation, our analysis and understanding of responses, and how they have fed into our decision-making process. The selection of a Delivery Body is not the end of the process for establishing the CC Solution and we have set out the schedule of further consultations and decisions which will ensure industry support and input to the decision-making process.

This paper is intended to be accessible to all audiences. To facilitate this, a glossary of all technical terms used can be found in Appendix 1.

<sup>1</sup>References to the "Authority", "Ofgem", "we" and "our" are used interchangeably in this document. The Authority refers to GEMA, the Gas and Electricity Markets Authority. The Office of Gas and Electricity Markets (Ofgem) supports GEMA in its day-to-day work. <sup>2</sup> <u>Consumer Consent Solution consultation | Ofgem</u>

<sup>&</sup>lt;sup>3</sup> <u>RECCo - Building a retail energy market fit for the future</u>

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## Foreword by Marzia Zafar

#### **Deputy Director, Ofgem**

Consumers need to be heard and to be considered in every change we seek to make in moving the energy system forward to Clean Power 2030 (CP2030) <sup>4</sup> and beyond. Consumer energy data is best shared – in a UK-GDPR compliant world – through informed consent. We therefore see a Consumer Consent Solution as a necessary part of a digitalised energy system, delivered to benefit consumers.



The government's ambitions for CP2030 are to have 10-12GW capacity in the energy system through consumer-

led flexibility. A trusted, consistent, and standardised solution for consumers to consent to share their energy data is a critical foundational step for this ambition and a key feature of all future Smart Data Schemes.<sup>5</sup> However, our ambitions for the future of energy must keep the consumer centred in our thinking and our decisions on Consumer Consent reflect this.

I said in our consultation that trust bears repeating and I have ensured that trust remains a cornerstone of this work. Consumers must trust — and have reason to trust the solution. That's one reason we selected RECCo, a retail energy governance body mandated to deliver positive consumer outcomes, as the organisation to deliver this solution. The design and deployment of CC Solution will be focused on the consumer, with each necessary technical aspect developed through the lens of what is best for them.

We acknowledge, however, that no one company can hold the expertise in the variety of disciplines needed to create a fully rounded solution. We will support and direct RECCo in delivering this scheme with working groups, populated by consumer advocacy and technical experts – both inside and outside the energy sector – which will produce published outputs supporting delivery. This will both build on existing practice and ensure that the process is as transparent and trusted as can be.

Finally, I want to say that this decision is the start of a journey, and that the steps to show the costs and benefits of a Consumer Consent Solution will rightly require Ofgem

 <sup>&</sup>lt;sup>4</sup> <u>Clean Power 2030 Action Plan: A new era of clean electricity – main report - GOV.UK</u>
<sup>5</sup> <u>Potential new smart data scheme to drive innovation and support consumers in the energy market - GOV.UK</u>

to consult further with industry to garner feedback and views on the design, governance, and analysis of the impact of Consumer Consent. We will move forward to the future of energy in collaboration and conversation, sharing experience and expertise to build the most efficient, most effective, and most empowering outcomes for consumers.

### **Executive Summary**

Granting and managing consent to share energy data in a standardised manner has been a known issue in energy since 2015, regularly cited by Which, Citizen's Advice, Energy Systems Catapult, and others. Efforts to standardise the granting of consent in the energy sector have been made in the past, such as MiData<sup>6</sup>.

With the drive towards an increasingly flexible energy system by 2030, driven by a growth in demand-side response, the need for solutions to consensually share consumer data is becoming more urgent. An effective solution to this issue is critical for the growth of flexibility markets, understanding consumer behaviour in response to price signals, effective Smart Data Schemes, and – key among these – ensuring consumers can control and benefit from the data they create.

We consider that any solution will need a consistent way for consumers to grant and manage their consent to share their energy data. This will start with smart meter consumption data and expand to other datasets, as the Delivery Body's resource and prioritisation permits. These consents must be accepted by data owners across the energy sector to grant access to consumer data.

In August 2024 we consulted on our proposed policy positions to address this issue. We received 50 responses from a wide range of stakeholders (see Section 1 for narrative breakdown and Appendix 2 for numerical breakdown of responses) from the energy sector and beyond.

Our analysis of these responses, set out within this document, has led us to the following decisions:

- Our minded-to position with regards the Delivery Body is supported by industry, as is the need for a Consumer Consent Solution, and we have selected the Retail Energy Code Company (RECCo) to be the Delivery Body.
- There is a clear requirement for an Impact Assessment (IA), which we agree with. With the selection of a Delivery Body, **it is now practicable to conduct an IA**, **and we will conduct and consult on this, with detailed indicative cost inputs from RECCo**.
- We understand the need for a diverse breadth of expertise and input to the CC Solution. We are standing up three working groups to advise RECCo on the design and delivery of the CC Solution. These will be focused on:
  - Consumer Protection & Accessibility.
  - Technical Design and Security.

<sup>&</sup>lt;sup>6</sup> <u>Midata in energy programme | Ofgem</u>

- Implementation & Governance.
- We have decided the final detail for the data model is best selected by RECCo with advice from the working groups but consider a hybrid model with more decentralised aspects to be the most supported approach as shown through the responses to our consultation.
- Funding of the development and delivery of this Solution will come from the Retail Energy Code (REC) Cost Recovery model<sup>7</sup>. We consider this an interim funding model which Ofgem and RECCo may re-examine once the CC Solution is deployed beyond the Minimum Viable Product (MVP) stage.
- For the CC Solution to provide consumers with 'one version of the truth', those with pre-existing consents mostly suppliers must record these consents in the Solution. We have decided, based on consultation responses, that we will add an obligation in the Electricity Supply Licence to this end. This will be the subject of a full statutory consultation in 2026.

We acknowledge that development and deployment of this CC Solution will be an extended process and there are multiple stages of engagement, consultation and decision to be taken by us, and by RECCo. We outline the proposed next steps in this document to provide interested parties with as much clarity as possible.

We consider that these positions reflect the aggregated views of respondents and have collated a precis of the non-confidential responses in Appendix 2, which we also publish alongside this decision paper<sup>8</sup>. We consider our decisions to lay the groundwork for an effective CC Solution, and acknowledge this document marks the step change into delivery, rather than the end of Ofgem's contribution.

<sup>&</sup>lt;sup>7</sup> Schedule 7 of <u>REC Main Body & Schedules - REC Portal</u>

<sup>&</sup>lt;sup>8</sup> <u>Consumer Consent Solution consultation | Ofgem</u>

## Introduction

#### Section summary

This section contains a high-level summary of where this decision sits within the wider context of the energy sector and parallel digitalisation initiatives across Ofgem, the Department of Energy Security and Net Zero (DESNZ), and others. It also covers a summary of the decisions reached, and a general feedback section.

#### **Context and related publications**

Consumer Consent Solution consultation | Ofgem Data Sharing in a Digital Future | Ofgem Developing an energy smart data scheme: call for evidence (HTML) - GOV.UK Decision: flexibility market asset registration | Ofgem Smart Secure Electricity Systems Programme: Licensing regime Smart Secure Electricity Systems Programme: tariff data accessibility for flexibility services

#### **Our decision-making process**

We have built our evidence base for requiring the development of a CC Solution through a Call for Input<sup>9</sup>, a Consultation<sup>10</sup>, and a series of workshops and other engagements. Having selected our minded-to positions and approached industry and interested parties for views through the consultation, we have reached decisions on where there was consensus.

The scope and purpose of this decision document is to set out the responses received and the emergent themes in responses and how they have informed our positions. Secondly, to explain and detail the decisions we have taken, namely that;

- RECCo is selected as the Delivery Body for the CC Solution.
- The data model considered should be a hybrid model with more decentralised aspects.
- We will produce and consult on an Impact Assessment (IA)<sup>11</sup> created with support from RECCo.

<sup>&</sup>lt;sup>9</sup> Data Sharing in a Digital Future | Ofgem

<sup>&</sup>lt;sup>10</sup> Consumer Consent Solution consultation | Ofgem

<sup>&</sup>lt;sup>11</sup> Impact Assessment Guidance

- The initial funding of the development will be from RECCo's cost recovery mechanism.
- We are setting up a series of working groups to inform the detail for the CC Solution which RECCo will deliver. Details for these groups are published alongside this document.

We have considered the consultation<sup>12</sup> on a Smart Meter Data Repository published by Elexon on 17 March 2025 and are engaging with Elexon and DESNZ to ensure consent enables the repository to work effectively. We note that the DESNZ-funded Smart Meter Energy Data Repository innovation project (SMEDR)<sup>13</sup>completed in March 2025, and we are continuing to work with Elexon and DESNZ to best understand how any repository will interoperate with the CC Solution.

However, we acknowledge that to achieve an enduring CC Solution, further consultation and decisions are needed to ensure requisite regulatory steps, and correctly balanced governance. Consequently, we have set out a timeline and the process we will take in section 6.

Date	Stage description
09/08/2024	Stage 1: Consultation open
05/10/2024	Stage 2: Consultation closes (awaiting decision), Deadline for responses
11/02/2025	Stage 3: Responses reviewed and analysed
29/04/2025	Stage 4: Consultation decision/
Ongoing	Stage 5: For a full timeline of forthcoming stages of development, please see Section 6.

#### **Decision-making stages**

#### **General feedback**

We believe that consultation is at the heart of good policy development. We are keen to receive your comments about this report. We'd also like to get your answers to these questions:

1. Do you have any comments about the overall quality of this document?

<sup>&</sup>lt;sup>12</sup> <u>https://www.elexon.com/documents/about/consultations/2025-</u>

consultations/consultation-on-elexon-smart-meter-data-repository-17march2025/ <sup>13</sup> Smart Meter Energy Data Repository Programme: Phase 1 projects - GOV.UK

- 2. Do you have any comments about its tone and content?
- 3. Was it easy to read and understand? Or could it have been better written?
- 4. Are its conclusions balanced?
- 5. Did it make reasoned recommendations?
- 6. Any further comments

Please send any general feedback comments to <u>digitalisation@ofgem.gov.uk</u>

## **1.**Summary of Reponses and emergent themes

#### Section summary

In this section we will discuss the findings from our August 2024 Consumer Consent Solution Consultation. We will discuss the objectives we proposed for this project, views from respondents, and how they have shaped our thinking for this decision document.

#### **Views from Industry and Respondents**

- 1.1 We received fifty responses, comprising of: nine suppliers, seven technology companies, seven code bodies, six third party intermediaries, six nonprofits/trade bodies, five network licensees, five consumer groups and charities, two from the finance sector, two from other organisations and one from a university. A full breakdown of results for each question can be found in Appendix 2.
- 1.2 We have presented the industry responses to this consultation via a webinar in January with over 160 attendees. We will continue to engage with industry and wider stakeholders with further consultations and workshops throughout the implementation of a CC Solution.
- 1.3 Respondents were broadly supportive of all our recommendations for design principles<sup>14</sup> and considered it an effective initial plan. Some respondents thought it was too early to be making conclusive decisions and proposed delaying a final decision on design principles until data modelling and governance decisions had been finalised<sup>15</sup>.
- 1.4 We proposed security and access control measures, and accessibility standards to ensure sufficient requirements are met and that they are inclusive, accessible and interoperable. Respondents again, were broadly supportive of our proposals but felt we could go further. Respondents wanted to see Ofgem, and the Delivery Body, involve experts before a decision as to the form the CC Solution will take is made.<sup>16</sup>
- 1.5 We asked stakeholders on the data models that would best suit a CC Solution. We detailed three high-level data models to stakeholders: Centralised, Decentralised or a Hybrid model. The overwhelming response was that there was very little appetite for a solely centralised CC Solution, with respondents preferring a hybrid

<sup>&</sup>lt;sup>14</sup> Paragraph 3.3 to 3.21 of <u>Consumer Consent Solution Consultation</u> and Appendix 3 of this document.

<sup>&</sup>lt;sup>15</sup> See Sections 3 and 4 on working groups and Impact Assessment respectively

<sup>&</sup>lt;sup>16</sup> See Section 3 on working groups for how this was addressed

model – one that would likely have minimal centralised components including a central consent retrieval portal, centrally governed authentication and verification processes and a central Delivery Body, while retaining a greater degree of decentralisation.

- 1.6 We consulted on the implementation of the CC Solution by identifying three potential Delivery Body options RECCo, ElectraLink, and Smart DCC. Our minded-to position was to appoint RECCo as the Delivery Body.<sup>17</sup>
- 1.7 We asked stakeholders if they agreed with the options assessment conducted by Ofgem. This question received the highest number of narrative responses with the greatest number of alternative suggestions. The differing nature of these responses made it challenging to analyse and identify themes.
- 1.8 Primarily, a substantial segment of stakeholders from outside of the energy sector thought the shortlist was too narrow and that it could have included entities outside of the retail energy sector, including non-energy organisations. Other stakeholders believed it was too early to select a Delivery Body.
- Broadly, the theme was that respondents felt our longlisting process had not considered candidates outside of Ofgem's regulatory aegis and had consequently been narrowed to the expected energy sector participants. We address this in paragraph 1.18 1.20 and Section 2
- 1.10 We asked stakeholders if they agreed with Ofgem's minded-to position that RECCo should be selected as the Delivery Body for the consent Solution. When presented with the three options, 20 respondents preferred RECCo with 10 disagreeing; citing a variety of reasons, namely moving too fast, wishing to see parties outside of the energy sector, or private sector providers. Broadly, participants wanted Ofgem to consider those we do not regulate, but in response to the choice of three, a majority agreed with RECCo as the Delivery Body.
- 1.11 With regards to implementation, we asked stakeholders how the CC Solution should be funded and if they agreed that there should be an obligation on electricity and gas supply licensees to share consent data for the purposes of completeness.
- 1.12 Funding induced some of the most detailed and diverse responses from stakeholders, which again made for qualitative rather than quantitative analysis.Some stakeholders suggested funding it through the REC to begin with, then

<sup>&</sup>lt;sup>17</sup> See Section 2 for more detail.

implementing a 'user pays' cost recovery model later. Some respondents felt it was too early to decide on funding models before the Delivery Body had been announced and without an understanding of the proposed CC Solution design, time, and cost.<sup>18</sup>

1.13 On licensing obligations, we asked stakeholders if they agreed that there should be an obligation on supply licensees to use the CC Solution for recording consents they already had, and stakeholders broadly agreed. However, stakeholders broadly disagreed with using SLC0 for that obligation, this is primarily because respondents considered it too broad or generic, citing the need for a bespoke licence condition, with some stating the obligation should fall under the REC rather than a licence condition.<sup>19</sup>

#### Emerging themes and how responses have informed this decision

- 1.14 To ensure alignment Ofgem, and RECCo as the Delivery Body, will continue to work closely with other programmes that rely on data sharing such as Smart Secure Electricity System (SSES), Data Sharing Infrastructure (DSI) and Flexibility Market Asset Registration (FMAR). We will regularly attend working groups and provide input to support these workstreams. Ofgem are closely co-ordinated with DESNZ to ensure outputs and deliverables are aligned and DESNZ have agreed to have representatives in the working groups detailed in Section 3.
- 1.15 Respondents wanted to see a further consultation which outlines technical specifications and details of the final CC Solution design, security measures, accessibility standards and data modelling. We agree that further consultation is needed, and RECCo will put forward a detailed design consultation based on interactions with its operational delivery team and the working groups. This will be published in tandem with further consultations from Ofgem iterating the detail from this Delivery Body Decision to the point of the MVP going live. <sup>20</sup>
- 1.16 We expect RECCo's consultation on technical design of the Consumer Consent Solution to include approaches to: data modelling, a Trust Framework, design principles, security measures and access controls, and accessibility standards. Ofgem will also produce a further consultation in Q3 of 2025 on the IA, with a

<sup>&</sup>lt;sup>18</sup> Also covered in Section 2

<sup>&</sup>lt;sup>19</sup> See Section 5 for proposed Licence changes.

<sup>&</sup>lt;sup>20</sup> See section 6 for future publications and schedules.

subsequent consultation on governance, and licence conditions for suppliers coming in 2026.

- 1.17 Some respondents thought it was too early to finalise design principles until an IA has been conducted, as costs could outweigh the consumer benefits. As we outlined in our consultation, we will publish and consult on a full and robust IA, no further decisions will be made (outside the ones taken in this paper) until we have consulted with all stakeholders and industry on the IA.
- 1.18 The options analysis was an area with a diverse range of opinions, with more respondents disagreeing than agreeing. The most common complaints were that organisations outside retail energy, or the energy sector, were not considered. Technical respondents focused on operational delivery and rated technical solutions as higher priorities than governance.
- 1.19 We strongly believe any CC Solution will need clear, robust mechanisms of redress, trusted providers, and a proven regulatory framework to ensure the critical component of consumer trust. In this, we would not rate operational delivery as higher than governance. We were clear in our Consultation that the Delivery Body should be a licensee, created under licence, or be within scope to become a licensee.
- 1.20 This is to ensure regulatory oversight and accountability of the Delivery Body, RECCo, and we maintain this position. This is why our approach ruled out certain types of organisations who were outside our regulation. We acknowledge we should have been clearer in our requirement for a CC Solution which Ofgem would regulate.
- 1.21 Respondents want to see RECCo work with experts from outside the energy sector who have worked on similar reforms. We agree that no single organisation could have the expertise to 'go it alone' and should have been clearer that we expected any Delivery Body to collaborate and work with others.
- 1.22 A number of respondents have offered their expertise in fields such as consumer research and advocacy, technical design, development and data science. We will work with RECCo to utilise this expertise in developing the CC Solution. We propose three working groups to commence shortly after this publication. More details on these working groups can be found in Section 3. These will be focused on:
  - Implementation and Governance
  - Consumer Protection and Accessibility
  - Technical Design and Security

- 1.23 Respondents were strongly against a wholly centralised CC Solution as it will not be effective, in terms of design, and unable to scale. We consider the responses as supportive of a hybrid design. We will ensure these views are reflected in RECCo's final design. We expect the Technical Design and Security working group to advise on the final decision made by RECCo after further consultation with industry.
- 1.24 Those responding to the funding question said that we must consider fairness in deciding the funding question and consider who pays and who benefits most from the CC Solution. This was an open question, so the responses were wide-ranging and varied and have taken considerable analysis to establish trends.
- 1.25 Retail energy suppliers were opposed to the REC Cost Recovery Model<sup>21</sup> being used to fund the consent Solution. The other major theme was the suggestion of a 'user pays' commercial model, thought to incentivise the Delivery Body to attract new users. Some suggested a phased funding mechanism, with the REC Cost Recovery Model for delivery, moving to a 'user pays' system as an enduring funding mechanism, similar to the approach taken by Open Banking. The eventual policy position will, by necessity, be a compromise. Please see paragraphs 2.12 to 2.16 for further detail on funding.

<sup>&</sup>lt;sup>21</sup> Schedule 10 of <u>REC Main Body & Schedules - REC Portal</u>

## 2. Delivery Body Decision

#### Section summary

In this section, we cover the decision to select RECCo as the Delivery Body. We detail our reasoning, the responses received regarding the minded to position, our expectations of delivery, and the expected outputs by both RECCo and Ofgem to fully enable the CC Solution to be delivered in a timely and efficient manner.

- 2.1 Based on our own assessment and the feedback from respondents, who supported RECCo as the most appropriate of the three potential Delivery Bodies; SmartDCC, Electralink, and RECCo; we have selected RECCo to be the Delivery Body for the Consumer Consent Solution.
- 2.2 As discussed in paragraph 1.8 1.9, responses to the consultation made a number of suggestions for parties outside the energy sector. This followed a minority of respondents who suggested that governance was less important than technical delivery track record. This position was not consistent across all respondents but broke down into the following themes across different types of respondents.
- 2.3 Technically aligned respondents argued that our options analysis had focused too much on governance, and not enough on technical proficiency. Groups from outside the energy sector argued that our longlist had not considered parties outside of our regulatory aegis and relied too much those normally expected to take on this work in the energy sector, which limited the choices of Delivery Body. Respondents with acknowledged expertise in related fields, such as customer service, data modelling, identity and verification (ID&V) services, or similar, wanted to see any future Delivery Body utilise expertise from external sources.
- 2.4 With regards to our focus on governance alongside technical proficiency, and our requirement for a Delivery Body which fell under Ofgem's regulation; we have been clear from the Call For Input<sup>22</sup> and Consultation<sup>23</sup> that we considered the need for Ofgem oversight to be a necessity for an effective CC Solution.
- 2.5 This was referenced in paragraph 3.8 of the Call For Input, where we said:"Further exploratory work through a formal consultation will need to be done to

<sup>&</sup>lt;sup>22</sup> Data Sharing in a Digital Future | Ofgem

<sup>&</sup>lt;sup>23</sup> Consumer Consent Solution consultation | Ofgem

ascertain who will own the finished technical CC Solution and who will act as the operator, with Ofgem or another organisation providing governance, having established and agreed a framework" and in paragraph 4.4 of the Consultation<sup>24</sup>, where we stated "we consider that the Delivery Body should be a licensee, created under licence, or be within scope to become a licensee. This is to ensure regulatory oversight and accountability of the Delivery Body. This filter removed most third parties".

- 2.6 We consider the risk inherent in a consumer-facing CC Solution of having less than robust governance to be too great for Ofgem to abrogate the responsibility for oversight, accountability, and governance. This would apply to both the development and delivery of the CC Solution by RECCo and being the final decision-maker for the enduring governance once the CC Solution is in use.
- 2.7 We are not deciding a final governance framework in this document, in order to fully integrate the outputs from the Implementation & Governance working group, however a consultation will be published in 2026 setting out our governance approach.
- 2.8 While there are a number of valid and effective governance solutions in the energy sector and elsewhere (such as multi-party contractual frameworks, Trust Frameworks, and industry codes) we consider that, as regulator, the responsibility for decision-making, value for money, and project delivery must lie with Ofgem. This is to meet our duty to consumers while allowing the flexibility of an industry-delivered CC Solution. The most common concern raised by consumers in trusting any CC Solution is issues, perceived or experienced, relating to redress when outcomes fail to meet expectations. Ensuring redress in these circumstances will be the responsibility of RECCo, whilst ensuring that redress is reliable must be the responsibility of the regulator.
- 2.9 We anticipate multiple interlinked outputs to be produced by Ofgem, RECCo, and the working groups which will address the concerns raised by respondents to the consultation and set out the steps required to design, deploy, and govern the CC Solution. We go into more detail for these in Section 6.
- 2.10 We have always held that the complicated and multi-disciplinary nature of Consumer Consent as an issue means that no single organisation would have the in-house experience and expertise to effectively address the technical, user experience, accessibility, design, data modelling and development, legal, and

<sup>&</sup>lt;sup>24</sup> <u>Consumer Consent Solution consultation | Ofgem</u>

governance challenges which the CC Solution will face. We acknowledge that RECCo will require support, both commissioned from experts and tendered support, and from the working groups we propose (more on these in Section 3). Ofgem will continue to be involved throughout delivery of the MVP and beyond.

2.11 Our process to select a Delivery Body required an organisation with appropriate Ofgem oversight. When that requirement was considered, the responses to our consultation reflected industry support for RECCo as the Delivery Body. We consider this a mandate for RECCo's appointment but acknowledge that there are legitimate expectations that the process requires the inclusion of expert views from organisations with existing consent management practices. Our aim is to garner these views through the working groups and further engagement.

#### Funding

- 2.12 As part of the IA, we will produce detailed indicative costings alongside the analysed benefits of the proposed CC Solution, following Ofgem IA Guidance<sup>25</sup>. For the initial development of the CC Solution, funding will come from the REC Cost Recovery Model.<sup>26</sup> We have considered the depth and breadth of views which we received in responses and note that multiple responses supported a phased funding model.
- 2.13 Current indicative costings<sup>27</sup> are estimated to be approximately £2.7million for the first year of development, and approximately £4.6million over the second year, for a total of £7.3million over two years of development. Subsequent running costs are estimated at £2million per annum. When this cost is split between consumers, it works out to 26p per household over the two years of development.
- 2.14 These costings are indicative only and may change following more detailed analysis. We have separated these into initial development costs, funded through the REC Cost Recovery Model<sup>28</sup>, and enduring costs. We feel it is too early to decide the funding mechanism for enduring costs in this document. We will continue to work with RECCo to determine appropriate enduring cost recovery.
- 2.15 REC Cost Recovery is a well-established funding model and can be deployed quickly to support the development and delivery of the MVP. Multiple respondents

<sup>&</sup>lt;sup>25</sup> Impact assessment guidance | Ofgem

<sup>&</sup>lt;sup>26</sup> Schedule 10 of the <u>REC</u>

<sup>&</sup>lt;sup>27</sup> https://www.retailenergycode.co.uk/fs/wp-content/uploads/2025/02/FV-RECCo-

Business-Case-2025-Consumer-Consent-Service.pdf

<sup>&</sup>lt;sup>28</sup> https://www.retailenergycode.co.uk/about-us/corporate-and-financials/

stated the risks inherent in delay to the deployment of the CC Solution and we need to consider aligning timelines with other digitalisation initiatives, such as Market-wide Half Hourly Settlement (MHHS)<sup>29,30</sup>. We believe funding of the development and delivery to MVP stage through the REC Cost Recovery Model is the best balance of prudence and delivering at pace, while retaining fairness.

2.16 This approach would spread the cost of funding the CC Solution across all consumers. We feel it is important to acknowledge that costs apportioned in this manner are within the Default Tariff Cap as part of REC costs. This will ensure that the costs are spread evenly and provide robust cost controls. As all consumers will be able to access the CC Solution once deployed, we feel that this approach reflects the fairness principles.

#### Governance

- 2.17 The consultation did not cover governance structures in detail, as this would have been premature prior to the selection of a Delivery Body. For the avoidance of doubt, we are separating governance into:
- Governance of the delivery of the solution, focusing on value for money and effectiveness of the design, development and deployment of the solution to MVP stage.
- Governance within the REC, whether in the Performance Assurance Framework (PAF)<sup>31</sup> or some alteration to the PAF to formalise the enduring governance of the CC Solution.
- Governance of parties within operation of the solution whether through a Trust Framework, or other mechanism.
- 2.18 While these three aspects of governance are being considered separately for the purposes of clarity and stakeholder input, this does not preclude the possibility that two or more elements could be governed within a single integrated framework in the final solution. The separation at this stage is for analytical convenience and does not imply a predetermined structural outcome.
- 2.19 Ofgem will retain responsibility for the first aspect of governance and will consult with industry as to structure following the timelines detailed in section 6. The second and third aspects of governance will be decided by RECCo following input

<sup>&</sup>lt;sup>29</sup> <u>Electricity settlement reform | Ofgem</u>

<sup>&</sup>lt;sup>30</sup> Home - MHHS Programme

<sup>&</sup>lt;sup>31</sup> Schedule 6 of <u>REC Main Body & Schedules - REC Portal</u>

from the Implementation and Governance working group and a consultation process to ensure industry and user understanding and engagement.

## **3.Working groups**

In this section we discuss the important contribution that working groups will make in the development of the Consumer Consent Solution. Ofgem is seeking industry input from the energy sector and beyond to support RECCo in an advisory capacity before final decisions on design and delivery of the Solution are reached.

- 3.1 We require RECCo to produce a final service design consultation with industry covering CC Solution design, implementation, security and technical standards, and consumer protection and accessibility standards. Ofgem recognises the importance of collaboration and collective experience to ensure an enduring CC Solution will work for both consumers and industry.
- 3.2 Ofgem is seeking input from the energy sector and beyond by implementing working groups to act in an advisory capacity to support decisions to be taken by RECCo in this consultation.
- 3.3 By incorporating specialists in technology and design, data and data protection, governance, and consumer protection, this will ensure a forum for addressing complex challenges and fostering innovative solutions.
- 3.4 The Group Chair will be provided by Ofgem in the first instance before handing full chairing responsibility to RECCo at the stage of design consultation.
- 3.5 RECCo will participate in these working groups and provide secretariat services. Working group document management and communications will be via a collaboration space hosted by RECCo on the REC portal.
- 3.6 Ofgem, alongside RECCo, will produce an industry paper from each working group collating the recommendations made by members. This will be published on both Ofgem and RECCo's website for transparency alongside the design consultation. The objectives, and outputs for each working groups can be found in the terms of reference document published alongside this decision paper.
- 3.7 The advisory group shall consist of representatives from key industry stakeholders, including but not limited to those from the energy sector. Members have been selected on the basis of their experience and expertise in relevant topics for each working group. Members have been invited from other sectors to both draw upon alternative approaches to technical design and security protections that may guide the development of a digital consent solution.
- 3.8 We propose 3 working groups, outlined below:

#### **Implementation and Governance**

3.9 **Objective:** Provide advice & feedback to RECCo and Ofgem to help inform direction & decision making on implementation plans & regulatory governance changes.

#### 3.10 Key responsibilities include:

- Assessing and communicating stakeholder impacts of regulatory changes, including code modifications due to licence changes, following established change control procedures.
- 3.11 Sharing expertise in development of CC Solution's design and socialising the design process with industry to align with existing initiatives.
  - Assisting RECCo with the design and development of a Trust Framework, or other usage governance model.
  - Ensuring timely and adaptive implementation and understanding of regulatory changes.

#### 3.12 Inputs:

- Proposed programme delivery & implementation plans.
- Proposed regulatory changes.
- Planning issues and risks.
- Working group action log.
- 3.13 **Outputs:** A set of agreed, measurable and actionable recommendations for RECCo to take forward. These recommendations should include, but are not limited to:
  - Advice on plans & proposed milestone dates.
  - Advice on industry impact of regulatory changes.
  - Advice on industry impact of proposed milestone dates & programme planned activities.
  - Recommendations for the implementation of a Trust Framework or other governance model to apply to users of the CC Solution.
  - Working group action log.

#### **Consumer Protection and Accessibility**

3.14 **Objective:** Provide advice and feedback to RECCo and Ofgem to help inform direction and decision making on protecting consumers, service accessibility and service usability.

#### 3.15 Key responsibilities include:

- Identifying barriers, disabilities and additional needs for the Digitally Disadvantaged<sup>32</sup> or those with limited digital proficiency; and identifying routes to remove those barriers.
- Consideration of standards for non web-based solutions to ensure a CC Solution is suitable for a diverse range of users.
- Liaise with the Technical, Design and Security working group to ensure accessibility standards are included from design phase.
- Ensuring accessibility, usability, and consumer protection through collaboration and testing.

#### 3.16 **Inputs**:

- Consumer journeys and prototypes.
- Use cases.
- Proof of Concepts (POC) for user testing.
- Consumer issues requiring guidance.
- Working group action log.
- 3.17 **Outputs:** A set of agreed, measurable and actionable recommendations for RECCo. These recommendations should include and not be limited to:
  - Advice on protecting consumer rights.
  - Advice on existing provision and programmes that could support the Solution,
  - Advice on language and cultural inclusion.
  - Advice on protecting consumer data privacy and security.
  - Advice and guidance on consumer support requirements i.e. guidance & grievances.
  - Advice and guidance on consumer adoption.

#### Technical Design, and Security

<sup>&</sup>lt;sup>32</sup> Digital Disadvantage and Exclusion Report

- 3.18 **Objective:** Ensure the CC Solution is designed and developed with adherence to agreed fundamental design principles. These principles were described in the CC Solution consultation and can be found in Appendix 3 of this document, alongside the additional principles suggested by respondents.
  - Simple and low friction.
  - Interoperable.
  - Agile, flexible and scalable.
  - Transparent and informative.
  - Inclusive by design.
  - Secure by design.

#### 3.19 Key responsibilities include:

- Sharing expertise in the development of the CC Solution's design and socialise the design process with industry to align with existing initiatives.
- Advise RECCo on the development of the solution so that it is sufficiently open ended to consider future use cases, prevent siloed development, and maintains the ability to interact with other sectors.
- Make recommendations about how those in different circumstance, with differing levels of digital access would be considered.
- Make recommendations that the development of the CC Solution meets suitable cyber security standards, including quantum-safe encryption.<sup>33</sup>

#### 3.20 Inputs:

- Options for CC Solution design of technical capabilities.
- Options for delivery of technical capabilities.
- CC Solution design documents.
- Security & data protection issues & identified risks requiring advice & guidance.
- 3.21 **Outputs**: A set of agreed, measurable and actionable recommendations for RECCo. These recommendations should include but not be limited to:
  - Advice on GDPR issues.
  - Advice on delivery options.
  - Advice on technology standards.
  - Advice related to cyber security standards & risks.

<sup>&</sup>lt;sup>33</sup> NIST Selects HQC as Fifth Algorithm for Post-Quantum Encryption | NIST

- Advice on technology choices and risk of technical debt.
- Advice on industry technology adoption.
- Working group action log.

#### Forward look for the working groups

- 3.22 RECCo have agreed that the three working groups will feed into a RECCo Delivery Group who will oversee strategic alignment and recommendations to external stakeholders and end users factoring in tactical design decisions, risk, action and dependency management.
- 3.23 Ofgem will chair these groups for a six-month period before handing full responsibility to RECCo. Eventually we expect these working groups may be absorbed into existing industry groups.
- 3.24 Once RECCo take ownership of these working groups, all future governance, decisions, and proposals will be considered and presented to an Assurance Committee, before RECCo are able to sign off on the final decisions reached.
- 3.25 Full details of each working group, the objectives and outputs can be found in the proposed terms of reference published alongside this decision paper.

## 4.Impact Assessment Responsibilities and Schedule

#### Section summary

In this section we discuss the timing and cadence of the forthcoming consultation and decision of the Impact Assessment (IA) for the CC Solution. We also cover the responsibilities held by Ofgem, and the support to be provided by RECCo in providing this analysis.

- 4.1 10 respondents requested more detail as to the benefits of the CC Solution, and an idea of the indicative costs. We stated in paragraphs 2.18 to 2.21 of the consultation that we believed an IA would be necessary to build the evidence base for the benefits of any CC Solution, however, the information available on each of the proposed solution designs from three prospective Delivery Bodies was insufficient to fully conduct an IA prior to appointing a Delivery Body.
- 4.2 As we are selecting RECCo as the Delivery Body, there is now scope to analyse a costed model, and confirm the benefits of a CC Solution. We have considered and assessed our duty under S5A of the Utilities Act 2000<sup>34</sup>, which requires us to carry out an assessment of an 'important' proposal and will consult on this IA. For the consultation to be meaningful, we commit to consult, analyse responses, and decide on the value case before making a binding decision regarding the deployment of the CC Solution.
- 4.3 To add Delivery Body responsibilities to its mandate, RECCo will need raise a modification to the REC to incorporate these changes. As with all industry code modifications, Ofgem has final decision on approval, send-back, or rejection of proposed code modifications. We consider the decision to approve or reject the modification to the REC which incorporates RECCo's responsibilities to be the binding decision referenced in the above paragraph.
- 4.4 We will conduct, consult on, analyse responses to, and determine the impact of the decision and value case prior to deciding on the modification to the REC. We believe this allows RECCo the flexibility to contribute analysis to the IA while still consulting in a meaningful manner. Full schedules of the forthcoming publications can be found in section 6.

<sup>&</sup>lt;sup>34</sup> Utilities Act 2000

- RECCo will provide some data inputs to inform this IA, including giving detailed 4.5 indicative costings according to Ofgem methodology and guidance.<sup>35</sup> Our subsequent analysis will be supported by and develop from existing analysis cited in paragraph 2.18 of the CC consultation<sup>36</sup> and also on the consumer profiling and journey research conducted by consumer advocacy groups who have offered their support and findings.
- 4.6 We welcome feedback, both through the methods mentioned above, and from contributions to the working groups on this view, and on whether there are marginalised groups or other considerations we may have missed in our analyses.
- 4.7 In light of this, we have considered the potential challenges and impacts and have worked with groups specialising in digital disadvantage to consider mitigations to these challenges. Our work in this area will continue through the Consumer Protection and Accessibility working group.

 <sup>&</sup>lt;sup>35</sup> <u>Impact Assessment Guidance</u>
<sup>36</sup> <u>Consumer Consent Solution Consultation</u>

## **5.Supply Licence Changes**

#### Section summary

In this section we outline our intent to require electricity and gas supply licensees to, at a minimum, record their existing consents on the CC Solution through an amendment to Standard Licence Conditions (SLCs). This section also discusses the unsuitability of SLCO as a condition as it stands for the rollout of a CC solution, and proposes a future statutory consultation to amend the gas and electricity supply licence.

- 5.1 Throughout the policy development of the CC Solution, we have been mindful of the fact that electricity and gas supply licensees have the closest relationship with consumers throughout industry. We are aware of existing work being done by supply licensees individually in the consumer consent space and the fact that supply licensees already hold consent from significant numbers of consumers.
- 5.2 Any CC Solution which fails to capture these existing consents would not achieve the design requirement of providing consumers with a 'one version of the truth', where they could manage their previously granted consents. Consequently, we consulted on whether suppliers would need to be obligated to share existing consent data through the CC Solution, through licence obligations. We further consulted on whether Standard Licence Condition 0: Treating Domestic Customers Fairly<sup>37</sup> (SLC0) of the Electricity Supply Licence would be sufficient to achieve our aims.
- 5.3 Respondents were broadly of the view that we ought to oblige supply licensees to, at a minimum, record existing consents. With regards to SLCO, respondents were clear in their disagreement, with only seven believing it would be sufficient. Those disagreeing stated that the condition is too broad, lacks specificity, and would not have adequate detail to allow enforceability.
- 5.4 We have taken these responses into account, and the view held by the majority of respondents that a change to the Electricity and Gas Supply Licences is required, and that SLC0 is not adequate to achieve the stated aims. Following this, we have explored both the prospect of adding a requirement into existing SLCs and introducing a new bespoke SLC.

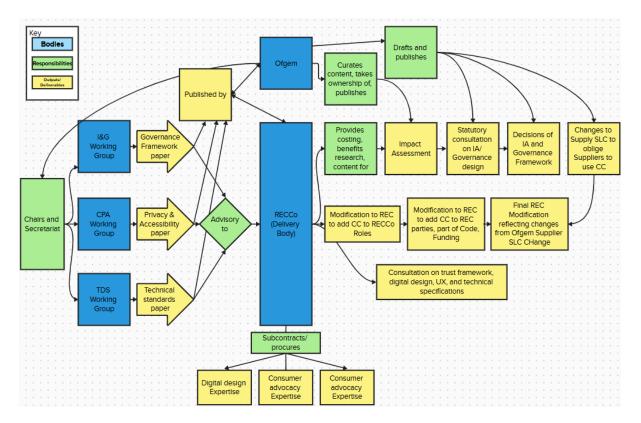
<sup>&</sup>lt;sup>37</sup> <u>Electricity Supply Standard Licence Conditions 25 10 2021</u> Page 7-11

5.5 This will be subject to a further full statutory consultation, expected in Spring2026, as all changes to licence conditions require. The timeline for this change is outlined in section 6.

## 6. Process Steps

#### Section summary

In this section we set out an indicative timeline of progress towards deployment of a Consumer Consent Solution, and the outputs each party (Ofgem, RECCo, and working groups) will produce to achieve this.



A process diagram showing responsibilities, decisions, and deliverables for RECCo, working groups, and Ofgem. The diagram is a visual representation of the steps explained in text below.

#### **Process Steps**

- 6.1 Following this decision, there will be a number of process steps and decisions required to collate and publish the evidence of costs and benefits to the CC Solution, build the regulatory and governance frameworks required to develop and deliver the CC Solution and subsequent enduring governance, and ensure that the uptake of the CC Solution is required of those closest to consumers; the supply licensees.
- 6.2 To allow industry to take steps to align with the forthcoming CC Solution, we have provided the following indicative timeline.

#### 29<sup>th</sup> April 2025

This decision, produced by Ofgem, covering:

- The decision to appoint RECCo as Delivery Body.
- Consider a Hybrid model with more decentralised aspects, final decision to be taken by RECCo with advice from working groups..
- Three working groups to be set up, each providing outputs which will advise RECCo.
- Funding initially to come from REC Cost Recovery Model, with potential to reexamine this once the CC Solution is deployed.
- Commitment to and timelines for Ofgem's Impact Assessment.
- Working groups stood up and chaired by Ofgem and supported by RECCo as Delivery Body
- Raising of initial REC Change Proposal to enable transparency and consultation

#### <u>Autumn 2025</u>

From RECCo:

- REC change proposal to be progressed in line with Schedule 5 of the REC<sup>38</sup> for Consumer Consent to be governed under the REC and for RECCo to become the Delivery Body.
- Content and data for the IA for Ofgem to collate.
- Service design consultation and subsequent decision on Trust Framework, detailed digital design, user experience/accessibility and technical specifications.
- Preparation for planned user testing to commence in Spring 2026

From Ofgem:

• Draft and publish the IA including publishing the Quality *Assurance* (QA) and methodology for full transparency

From working groups:

• Output papers as described in paragraphs 3.13, 3.17, and 3.21, published on Ofgem's and RECCo's respective websites.

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https://recportal.co.uk/documents/20121/0/Change+Management+v3.5.pdf/a6655267-c6ac-461a-19eb-eb3dd8a0fb21?t=1728916174648

#### Winter 2025/2026

From RECCo:

- Decision on final service design Trust Framework, detailed digital design, user experience/accessibility and technical specifications.
- REC Code modifications to add CC Solution for funding, governance and function namely, the Performance Assurance Framework (PAF).

#### From Ofgem:

- Decide on IA.
- **Once the IA decision is published**, make a decision to approve, reject, or send back the REC Code modification to continue with RECCo as the Delivery Body.

#### Spring 2026

#### From RECCo;

• Design, testing (using consumer advocacy groups support for initial use cases), development of the MVP.

#### From Ofgem;

- Consultation on governance structure, delivery/interim and enduring, likely to be based on the PAF in interim.
- Statutory Consultation on modification of the Supply Licence to oblige suppliers to use the CC Solution for recording their consents.

#### Autumn/Winter 2026

From RECCo:

- Code modification to the REC to reflect the changes from statutory consultation to change Supply Licences, embed the working of the CC Solution into the REC.
- Deployment of MVP following comprehensive testing.

#### From Ofgem:

- Decision following Statutory Consultation on modification of the Supply Licence to oblige suppliers to use the CC Solution for recording their consents.
- Published decision to approve, reject, or send back the REC-raised Code modification to the REC to reflect the changes from statutory consultation to change Supply Licences, embed the working of the CC Solution in REC.

## Appendices

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## Appendix 1 – Glossary

Term	Definition
Application Programming Interface (API)	A software intermediary that allows two applications to talk to each other. For example, to allow data to be extracted or shared within or between organisations.
Centralised Model	A model of data storage and access wherein a single ownership platform holds all data, data architecture and data infrastructure, with access controlled through the centralised platform. Can be known as a data repository.
Cost Recovery Mechanism	The accounting process by which a company recoups costs and expenditure in a project.
CP2030	Clean Power 2030 is the UK government's ambition to establish a clean power sector by 2030 to promote sustainability and reduce carbon emissions.
Data Sharing Infrastructure (DSI)	The socio-technical Solution that provides the common data standards and legal framework to facilitate secure and resilient data sharing between any energy sector participant. This develops and delivers the Energy Digitalisation Taskforce recommendation for a Digital Spine, as further defined by the Digital Spine Feasibility Study. A pilot energy sector DSI is currently being developed by NESO.
Decentralised Model	A model of data transfer where data remains with individual data holders, and is 'called up' on demand, by known or authenticated participants, in a standardised format. This is commonly done by APIs.
Delivery Body	An entity responsible for overseeing, managing and driving forward initiatives, to meet the expectations of the role. For Consumer Consent this will be RECCo.
Department for Energy Security and Net Zero (DESNZ)	The Department for Energy Security and Net Zero (DESNZ) is focused on the energy portfolio from the former Department for Business, Energy and Industrial Strategy (BEIS).
Design Principles	The design principles are parameters and metrics against which the Delivery Body's proposed CC Solution will be measured. They were formed by a mix of feedback from our CFI, research and our core principles. We are seeking feedback on our proposed Design Principles.
Digitally Disadvantaged	Digital disadvantage occurs when one person or group of people receive different, more harmful experiences of digital services when compared to others. Taken from CiTA

Flexibility Market Asset Registration (FMAR)	FMAR seeks to create common processes and systems for registering energy assets into NESO and DSO flexibility markets, ensuring that asset data can be shared appropriately across market operators and participants.
Hybrid Model	A data model with aspects of both centralised, and decentralised design, where data can be held across multiple locations, but transferred through a single instance of data architecture/infrastructure, often through 'nodes' which will standardise and check the data at the boundary of participants' own infrastructure.
Identity Verification Services (ID&V)	An umbrella term for multiple methods and services of identifying a consumer and verifying their connection to the data coming from an MPAN.
Information Commissioners Office (ICO)	ICO upholds information rights in the public interest, promoting openness by public bodies and data privacy for individuals. ICO is an executive non-departmental public body, sponsored by the Department for Science, Innovation, and Technology.
Market Half Hourly Settlement (MHHS)	Market Wide Half-Hourly Settlement will utilise the ability of smart meters to record a customer's usage during each half hour period to move domestic and small non-domestic customers to half-hourly settlement. Medium and larger nondomestic consumers have been settled half-hourly since BSC modification P272.
Meter Point Administration Number (MPAN)	A unique reference number, usually 21 digits, which identifies a supply connection to the electricity grid.
Mi-Data	A Government programme, MiData aimed to put customers in control of their energy data, enabling them to access key energy data digitally, with the development of Third-Party Applications, empowering them to use that data to find the energy deal which is right for them. Given the way the energy system has changed that work was deprioritized as a switching decreased.
Minimum Viable Product (MVP)	A new product that is released with enough features to demonstrate the value of the product, prior to developing a more fully featured product. This allows for faster product development and delivery.
Multi Party Contractual Frameworks	Any legal contract which includes multiple parties. Commonly with multiple roles. An example would be Electralink's Data Transfer Service Agreement (DTSA).
Single Source of Truth	A single trusted source of data, which may draw data from various sources to present a single "master record."
Smart Data Scheme	A Smart Data scheme is the set of rules that govern how Smart Data works in a specific sector. It provides an overarching Trust Framework and structure under which data sharing operates, alongside the roles and responsibilities of different scheme participants. Taken from DESNZ paper

Smart Secure Electricity Systems (SSES)	The Smart Secure Electricity Systems (SSES) Programme is designed to create the technical and regulatory frameworks that will enable domestic-scale energy smart appliances to be used flexibly by consumers in a safe and secure manner to contribute to demand management across the electricity grid. The high-level principles and objectives for this consultation were set out in the government's July 2022 consultation on Delivering a Smart and Secure Electricity System.
Trust Framework	A pre-agreed framework which provides energy sector participants with accurate risk management profiles, common user attributes, identity management, and pre- negotiated agreements based on use cases. This is intended to establish the user's confidence, right, and legality to share data between parties.
UK GDPR	The UK version of the EU General Data Protection Regulation, as amended and incorporated into UK law from the end of the transition period by the European Union (Withdrawal) Act 2018 and associated Exit Regulations. The government has published a Keeling Schedule for the UK GDPR which shows the planned amendments.
Usage Governance Model	Any pre-agreed framework which details the rules of membership of the Solution and governs approved usage of the Solution. An example of this would be a Trust Framework, or the DCC's Other User membership. These can be applied to 'front load' the requirements for access, removing the need for rigid access and access controls.

### **Appendix 2 – Consultation Results**

A2.1 Stakeholder responses to the Consumer Consent consultation.

There were 50 responses, with 9 responses marked confidential or partly confidential.

## Q.1 Do you agree with these Design Principles? Would you recommend any additional Design Principles?<sup>39</sup>

39 respondents agreed yes.

6 respondents answered no.

5 respondents did not answer.

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

3 respondents preferred a Centralised model.

8 respondents preferred a Decentralised model.

8 respondents opted for either a Decentralised or Hybrid model, equally supportive of both.

11 respondents preferred a Hybrid model.

1 respondent opted for either a Centralised or Hybrid model, equally supportive of both.

19 respondents did not answer.

#### Q.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?

28 respondents said yes.

11 respondents answered no.

11 respondents did not answer.

Additional measures suggested by respondents were that the RECCo demonstrate accreditation to ISO/IEC 27001:2022. Further to that some respondents wanted to ensure the Encryption of Consent Data, certification to Cyber Essentials Plus as a National Cyber Security Centre (NCSC) standard. There were also respondents calling for there to be regular audit of consent systems with a view to supplying System Organisation Controls (SOC 2) type reporting in line with AICPA's (American Institute of

<sup>&</sup>lt;sup>39</sup> Additional principles suggested are covered in Appendix 4

Certified Public Accountants) TSC (Trust Services Criteria), (in accordance with SSAE 18). A SOC 2 report is generally used for existing or prospective clients.

# Q.4 Do you consider these standards are sufficient parameters to ensure inclusivity, accessibility and interoperability for the consent Solution? Which standards would you recommend?

28 respondents said yes.

9 respondents said no.

13 respondents did not answer.

## Q.5 Do you agree with the options assessment conducted by Ofgem? If not, why?

10 respondents said yes.

21 respondents said no.

13 respondents did not answer.

### Q.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?

20 respondents said yes.

10 respondents said no.

20 respondents did not answer.

#### Q.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.

The responses to this question were wide-ranging and varied.

Twelve stakeholders were directly opposed to the REC funding model with 4 respondents opting for it.

The other major theme was the suggestion of a 'user pays' commercial model.

22 respondents did not answer.

## Q.8 Do you agree with our position to make sharing consent data with consumers (via the consent Solution) an obligation for licensees?

28 respondents said yes.

11 respondents said no.

11 respondents did not answer.

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

7 respondents said yes.

- 21 respondents said no.
- 22 respondents did not answer

### **Appendix 3 Design Principles**

- A3.1 Explanation of the Design Principles taken from pages 18-22 of the Consultation<sup>40</sup>. Additional principles were suggested by respondents were as follows;
  - Value For Money
  - Effective Competition and Level Playing Field
  - o Collaborative
  - Fairness
  - Privacy by Design
  - Consistency
  - o Minimising Scope
- A3.2 These principles, and the supporting information added by respondents have been recorded for further development in the relevant working groups and will be discussed for possible inclusion in the working groups' outputs.

#### **Simple and Low Friction**

- A3.3 The solution will require some positive friction, which could be described as necessary barriers, such as information to inform consent and the ability to review, manage, and confirm consent. However, to avoid drop-off or consent fatigue, there should be no negative friction (unnecessary barriers), such as any marketing, and as little data entry as possible by both consumers and accredited users, as infrequently as possible.
- A3.4 Simplicity of design will be a key principle of the User Experience (UX). We envision the design of the UX will be on the application layer whereas the underlying protocol ought to enable this simplicity of design and differentiation of UX. This will require minimum extraneous complexity, 'feature creep', or data 'bloat'; when additional data is collected or transmitted over and above what is required for the smooth function of the solution. Interoperable
- A3.5 To ensure the solution is launched as soon as possible, the initial solution will be a Minimum Viable Product (MVP). The MVP will include a consumer-facing interface and consent management framework for industry. However, the interface and framework will be limited to the sharing of half-hourly smart meter (or Advanced Meter, where applicable) consumption data at this early stage,

<sup>&</sup>lt;sup>40</sup> Consumer Consent Solution Consultation

with the prospect of expansion to other datasets, such as tariff data, in the near future.

- A3.6 This decision will be made at the Delivery Body's discretion and will not require another Ofgem consultation. The consent solution must be open to future expansion and interoperability, including an openness to distributed implementation via, and compatibility with, Application Programming Interfaces (API). While there is currently no common standard for APIs within the energy sector, a Delivery Body ought to consider Data Best Practice Principles (DBP) and seek to increase commonality through selecting an existing and commonly used standard and encouraging promulgation. The Delivery Body may benefit from using industry fora to promote a common standard for APIs within this project. The OpenAPI Initiative would be an example of this.
- A3.7 The solution should use a single protocol; designed to be simple, scalable, and low weight. The potential for innovation and differentiation should be at the UX design and application layer, with a standard API between the two.

#### Agile, Flexible, Scalable

- A3.8 The creation of the solution will require iteration. One approach the Delivery Body could take is to develop an initial or 'alpha' phase product in conjunction with a trusted partner with a controlled group of consumers who can be assisted through the process of managing their consent. One possible option would be for the Delivery Body to deploy the solution alongside Citizen's Advice, a local housing authority or another consumer advocacy group, to allow for tailored support for consumers.
- A3.9 Design will necessarily start as an MVP, in granting consent to share consumption data, and iterate through time of use tariff data, Energy Smart Appliance (ESA) data and further. This will need to consider the Market-wide Half-Hourly Settlement (MHHS) and Elexon's third party access work to ensure alignment. Additionally, the solution will need to be readily scalable to prevent delays in service provision if demands increase.

#### **Transparent and Informative**

A3.10 For consent to be valid, and to minimise regret from consumers, it must be fully informed. The Information Commissioner's Office (ICO) has set out what will be required for consent to be considered 'specific and informed', and we would expect the solution to meet these requirements as a minimum standard. Any User Interface (UI) platform displayed by a consent seeker will be required to

meet these standards under the Usage Government Mechanism, and become an accredited user, before seeking consent.

A3.11 Further to this, the level of information provided must be consistent through the user journey and transparent as to purposes for data sharing, when changing, and must cover all onward data-sharing. All information should be in clear, accessible language, which will be covered in more detail below.

#### **Inclusive by Design**

- A3.12 Government standards for accessible design state that UI needs to be Perceivable, Operable, Understandable, and Robust (POUR) to ensure accessibility. While the UI to obtain consent will not necessarily be under the control of the Delivery Body, the consent management platform will be. Each organisation which seeks to become an accredited user will be able to design their own UI, to allow for differentiation of offer from participants in the market. However, they will be required to demonstrate that the UI meets accessibility rules as set out in the Usage Governance Mechanism.
- A3.13 Similarly, any UI will need to meet standards aimed at ensuring inclusivity to all consumer groups and increasing usage by as diverse a demographic as possible. These standards would be set by the Delivery Body and included in the selected Usage Governance Mechanism. Monitoring of the Delivery Body's accessibility standards would be conducted by Ofgem and held to the same standards.
- A3.14 In addition to the language used in UI; we would require the language in specification documents, agreements, and any content which may be read by users of the solution must be clear, concise, and non-technical, where possible. We would expect standards applied to be on a par with those of Centre for Excellence in Universal Design.

#### Secure by Design

- A3.15 When the Delivery Body designs the Protocol, API layer, Data Architecture, and all technical aspects of the solution; it must be preceded by a robust risk analysis of cyber threats. We would expect this to be conducted with input from the National Cyber Security Centre (NCSC).
- A3.16 Given the necessity for Personally Identifiable Information (PII) to be processed via the solution in order to link consent to an individual, we would require the Delivery Body to work with the ICO to entrench protections for consumers from the design phase. This would involve the Delivery Body creating, producing, and maintaining a Data Protection Impact Assessment (DPIA) and working with the ICO.

- A3.17 Throughout the design phase, we would expect to see periodic checks, held to an agreed and appropriate, consistent standard, to ensure that cyber security protections remained fit for purpose, and that the cadence of these checks continue throughout the lifecycle of the solution. Further to this, responsibility for cyber security and protection of information should be clearly accountable and reported at board level.
- A3.18 Depending on the final design architecture, as selected by the Delivery Body, there may be additional cyber security measures required of data providers, accredited users, or other parties engaged in the consent granting process. These would be outlined in any usage governance framework, and adherence demonstrated prior to onboarding.