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Bart Schoonbaert  
Ofgem Consumer Policy,  
9 Millbank,  
London,  
SW1P 3GE

10 February 2014

Dear Bart,

**Re. 'Consumer Empowerment and Protection in Smarter Markets' (16 December 2013)**

ElectraLink Ltd is pleased to respond to the Office of Gas and Electricity Market's (Ofgem's) consultation entitled 'Consumer Empowerment and Protection in Smarter Markets' (16 December 2013). In accordance with our central role as service provider of the Data Transfer Service (DTS) to the GB electricity market we have focused our response on those areas most closely aligned with our experience, knowledge and core competencies.

Ofgem's consultation seeks views on a programme of work that will specifically focus on how best to balance consumer empowerment and protection in a smarter market.

**Supporting industry change**

In particular we would like to take this opportunity to identify how ElectraLink can support Ofgem and the industry's work in reviewing and implementing changes that balance consumer empowerment and protection in a smarter market. We have answered the specific questions below, and also wanted to highlight the specific areas where ElectraLink can support Ofgem's programme moving forward.

Throughout its existence ElectraLink has worked with the energy industry to implement changes, for instance the implementation of the RGMA communications in gas, the implementation of e-billing for DUoS and most recently the introduction of the Green Deal through the regulated use of ElectraLink's network the DTN.

**Network Services**

ElectraLink's core business is the provision of the Data Transfer Service, which is delivered across a communications network that enables electricity suppliers, their agents, DNOs and central agents to send messages to one another. These messages are essential for carrying out regulated business processes that underpin interoperability in the GB electricity retail market, for example the change of supply, pre-payment transaction and settlement processes.



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In addition to the DTS, ElectraLink also provides commercial network services which allow electricity and gas market participants to use our Data Transfer Network to send and receive data flows, e.g. RGMA data flows and DUoS ebills. The Data Transfer Network is the only communications network that connects electricity and gas retail market participants

The opportunity to save consumers and industry cost by making effective use of existing secure and reliable infrastructure is a key approach for industry to ensure early benefit for consumers from the changes being brought about by Smarter markets.

### ***Data Services***

Since February 2012, ElectraLink has been able to provide data services to participants in the energy sector. Specifically, the users of the DTS gave ElectraLink permission to analyse and report on the data flows they send over the DTN. The users recognised that there was significant value in processing these flows and developing data services to provide insight for industry into retail market activity so as to reduce costs and improve services for consumers.

ElectraLink's data services can effectively and efficiently provide insight to Ofgem and to industry to support the review, development and monitoring of retail market activity. By using ElectraLink's independent source of insight based on actual market activity, Ofgem and industry can avoid the costs and complexities of self reporting by market participants.

In its consultation, Ofgem identified several aspects of retail market activity into which a centrally provided set of data services could help to provide efficient insight, e.g. the takeup and use of pre-payment meters, the frequency and success of meter readings (in general and specifically as part of the CoS process).

### ***Governance Services***

ElectraLink provides governance services in relation to the DCUSA and SPAA, and in support of the industry's DCMF work. Over the last 10 years ElectraLink has developed valuable experience of administering industry code arrangements and facilitating regulated change processes. In order to continue providing valuable governance services we have built a team of industry experts who understand regulatory and industry processes that underpin the electricity and gas retail markets' operation.

Ofgem's Smarter Markets programme is likely to identify options that require changes to industry processes and agreements or the introduction of new processes and agreements. Given our experience in the provision of governance services, ElectraLink are in a strong position to advise Ofgem and the industry on developments to market arrangements and facilitate their effective implementation.



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## Question Responses

In this section we have provided specific answers to your questions.

### CHAPTER: Two

#### Question 1: Do you agree with our proposed approach to micro-businesses?

We agree with Ofgem on the importance of micro-businesses. We believe that as Ofgem's work programme progresses, the specific insight that ElectraLink can provide on how industry processes are working for this set of consumers, will be very valuable to monitor progress and identify specific issues, and will complement the other areas of insight and feedback that Ofgem will use.

### CHAPTER: Three

#### Question 2: Do you agree with the focus areas we identified?

We believe the focus areas look sensible.

#### Question 3: Do you agree with the objectives we set out?

We agree with the objectives described, however we believe it will be important to monitor progress in a number of these areas, as should the take up, for instance of time of use tariffs, be too low, then additional or changed objectives might be required to ensure the right outcome for consumers.

#### Question 4: Do you agree with the proposed phasing of work, or do you think some areas should be brought forward or pushed back?

We believe that the start of work on provision of consumption data and information should be brought forward into Phase 1. Whilst we recognise the importance of monitoring how the data is used and adapting accordingly, and that as the rollout progresses there will be more and better data, we believe that this is an important and complex area, and understanding the opportunities and issues arising both during foundation and in the early stages of rollout, has the potential to maximise the value to consumers and industry. It will be key to resolve any unexpected problems or blockers early in the programme as, as highlighted in the consultation document, getting the right balance between privacy and enabling innovative and cost effective data usage will be essential both to maximise the value of the programme, and to ensure that consumers buy into the values that they can achieve from smart metering.

#### Question 5: Do you think we have missed any areas to focus on? When do you think we should address these?

There are no missed areas we would like to highlight.



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## CHAPTER: Four

### Question 6: How would you like to engage with us throughout this work?

You have identified 3 focus areas within Phase 1. ElectraLink believes its expertise and services can be valuable to Ofgem in investigating the current situation with these 3 focus areas, where appropriate being part of the future solution and by providing insight and monitoring of how any new systems and processes are working.

#### *Prepayment*

The existing prepayment process has had significant issues. ElectraLink has been active in helping suppliers gain insight into the nature of problems with the existing mechanisms and to identify solutions. It is clear that there are opportunities for Smart metering to enable a much improved system for both gas and electricity and ElectraLink is keen to support such new industry processes, either through extended use of the DTS or through the insight it can provide through its data services. ElectraLink will be happy to be involved in any working groups where Ofgem believes its expertise could be of value.

#### *Billing accuracy and options*

ElectraLink is cognisant of Ofgem's plans to improve the change of supply process and ElectraLink is involved in several of the groups looking at how improvements can be made. We will continue to stay involved in those groups where our expertise and insight can be of value.

#### *RMR for time-of-use*

Implementation of RMR for time of use is likely to involve changes to industry process and interactions. ElectraLink's recently announced upgrade of the DTS means that any changes to the volume and nature of the messages required to support the new RMR processes can be implemented cheaply and efficiently. ElectraLink will continue to engage with Ofgem and the relevant industry working groups to support the design and implementation of any changes.

If you have any questions in relation to our response or would like to discuss the options for data reporting in more detail, please do not hesitate to contact me on 0207 432 3004 or [gavin.jones@electralink.co.uk](mailto:gavin.jones@electralink.co.uk).

Kind regards,

Gavin Jones  
Business Development Director



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