

22 December 2017

[futuresupply@ofgem.gov.uk](mailto:futuresupply@ofgem.gov.uk)

Dear Neil,

### **Future Supply Markets Arrangements – call for evidence**

Chameleon Technology is delighted to respond to your Call for Evidence on Future Supply Markets Arrangements. Chameleon Technology has been working alongside the wider energy industry for some years as part of the smart meter rollout, providing the vital customer engagement element of the smart metering solution to enable customers to visualise and act upon their real-time energy consumption and costs for the first time.

We are now looking at what revolutionary applications can be developed using the energy data on behalf of consumers, when combined with other high velocity data and data sources such as weather prediction, geo positioning, connectable devices and EVs and more. This is a true Internet of Things application that will be accessible to all and will become an imperative as we approach the reality of a decarbonised, distributed energy solution for the whole of the country. The ability to remove complexity for consumers in order to mitigate reluctance to adoption and offer simple solutions is of paramount importance.

We think that your Call for Evidence is an important and timely initiative. We have not answered each section deliberately; however, we would be happy to discuss our response in more detail with you.

Energy is an important essential service and this is highlighted throughout the Call for Evidence, and we strongly agree that all customers, especially vulnerable customers, should be supported. We also believe people should be encouraged to engage with the energy market through real, tangible benefits and rewards for engaging. This should encourage more consumers to engage. Those who choose not to engage, for whatever reason, should not be penalised but further encouraged to participate – access to their energy data could be the first enabler.

Removing complexity from the regulatory landscape and structure of the energy industry will enable innovation to thrive further and bring more benefits to all consumers. We are not an energy supplier, and do not have intentions to become one. We are not experts in the complex upstream market arrangements, however the diagram in the recent Challenging Ideas report by Bridget Woodman's Exeter Energy Policy Group blog (see Annex 1) is a clear demonstration of how complex it is. We do not think that this creates an industry that is agile, and with customers at its heart. We believe that if we are to create an energy system in the UK that works for customers, this structure needs to be reviewed and rationalised, starting from the customer. To enable simple consumer offerings to be developed there needs to be a simple and flexible regulatory starting point, which protects customers whilst supporting innovation.

The data from the smart meter roll out should be used upstream to digitalise processes with the intention that they are accessible for all and any participant, whether they be an existing energy supplier, a new entrant, a community (which could be geographical, virtual or other) or even an individual.

We believe that Ofgem would benefit from introducing Use Cases (if not already) to identify different customers of the future – in a similar model used here <https://www.newpower.info/2017/09/new-power-speculates-who-are-the-energy-consumers-of-2030/>. We have carried out significant work in this area for our product development which we would be happy to share with you. By taking this approach Ofgem will be able to build the necessary regulation from the customer up, by understanding their needs based on how they want to use, engage with and purchase, or sell, their energy. This will help to define exactly what 'energy supply' and 'energy services' are and could be in a competitive, innovative, digitalised world.

With the introduction of smart meters, smart data and digitalisation, and the ability for the consumer to access data through an In Home Display or Consumer Access Device directly, the energy industry that we have known to date will change rapidly. We are already seeing significant change within the industry. Whilst some energy customers will still want or need a traditional form of supply, other customers will want and need new options, and these new options will easily blur the lines between energy and other industries – a clear and tangible example of this is with the introduction of electric vehicles; drivers will no longer visit the fuel pump on a petrol station forecourt as often, as the fuel pump is now in a much more convenient place – their home, or their work, or family or friends' home, or their supermarket. What protection do customers need in this scenario? In addition, the use of health data alongside energy data has a great potential to provide solutions to support individuals who have certain medical conditions, and these solutions, whilst meeting all data privacy and customer protection requirements, should not face complex regulatory barriers.

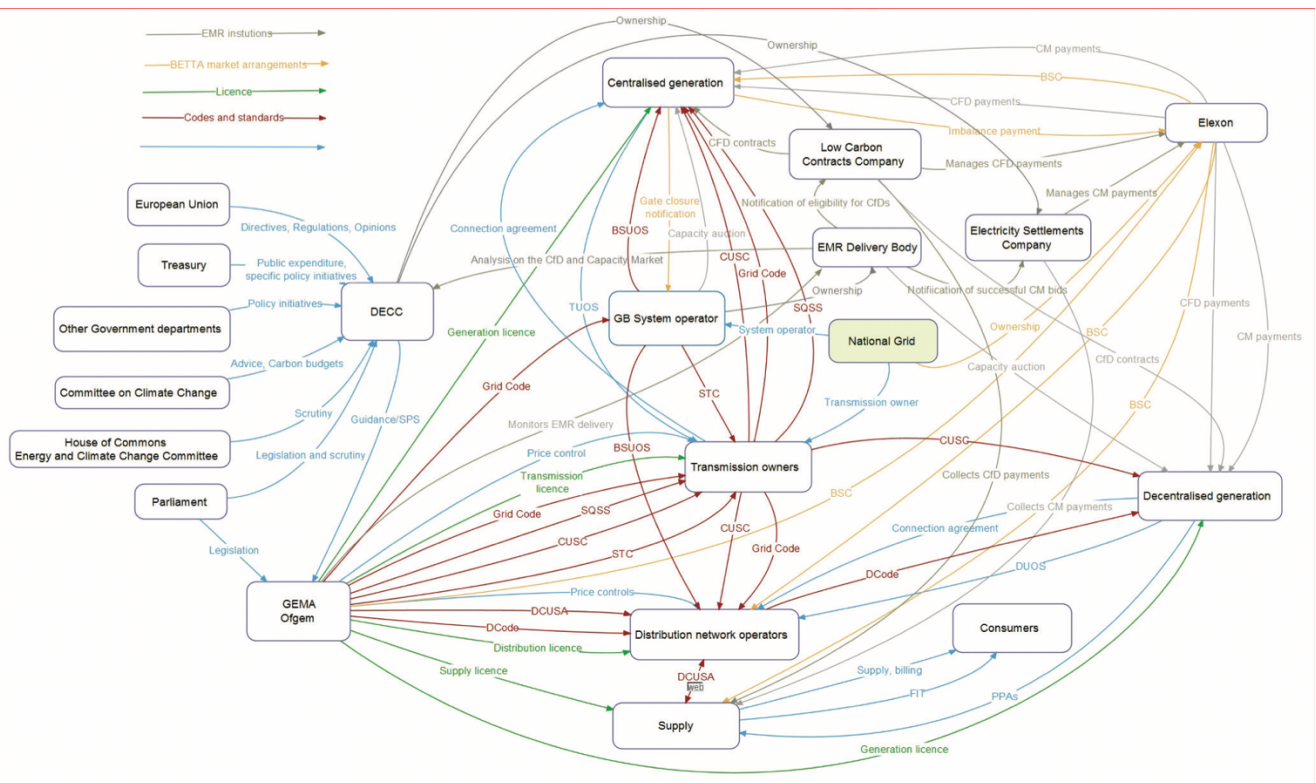
BEAMA (we are active members of BEAMA) - have recently published a report – Electrification by Design – which outlines our electric future. It demonstrates, in the diagram on page 7 (also see Annex 2), the current nirvana of a smart home and electricity use. However, should the energy data of a home be used alongside other data, such as health, insurance etc., then this could complicate regulation and the structure of the industry further unless a simplistic approach is taken. Ofgem's could consider how their Principles Based Regulation approach could be flexible in such a situation. Within this context we also strongly believe that Ofgem needs to consider the bigger picture, working alongside other Regulators (such as health, finance etc.) to prevent duplication, gaps and contradiction, and be an active part of standards development, trademarks and Codes of Conduct (and other approaches that can support consumer protection and prevent fraud and confusion).

Ofgem could review activities in other industries and how digitalisation has provided competition benefits as well as downsides for customers of all and different demographics (digital industries such as retail, transport, communication and accommodation) and the impacts that it has had on industry. Ofgem could also review industries where digitalisation and competition have yet to create significant change (such as water) to understand why and what barriers there are and whether there are any parallels to make for the energy industry.

I would like to take this opportunity to express our interest in attending future workshops on this important issue. If you have any questions regarding our response please contact [frances.williamson@chameleontechnology.co.uk](mailto:frances.williamson@chameleontechnology.co.uk)

Mike Woodhall  
Managing Director

## Annex 1



## THE FLEXIBLE AND VALUE SHARED MARKET

