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Consultation on Access to Data for Settlement

Dear Anna,

I am writing in response to the above consultation. This is a joint response on behalf of Haven Power and Opus Energy which are both part of Drax Group Plc. Haven Power is the UK's 5th largest non-domestic electricity supplier by volume. Opus Energy is the UK's 6th largest non-domestic gas and electricity supplier by meter count with over 300,000 supply points.

Our response to this consultation is based on information currently known. With the Target Operating Model (TOM) still in development and current TOM options still at a relatively high level, some areas of this consultation may need to be re-visited at a later stage to enable more detailed and reasoned responses.

In order to realise the benefits of HHS and deliver a more efficient energy system, it will be important to strike the right balance between managing privacy concerns (through appropriate access controls) and ensuring consumers and suppliers have the right level of information to be able to make informed decisions and operate efficiently.

The key points we make are as follows:

- Retaining the status quo on access to data should be ruled out;
- There should be a legal obligation on the party responsible for settlement to process HH electricity consumption data without the ability for the consumer to opt out;
- The industry already has access to, and transfers, a variety of customer and consumption data, and we do not see any great increase in risk from using half-hourly data (domestic or non-domestic) for settlement purposes which would warrant being offset by enhanced privacy protections.

Our responses to the specific consultation questions are appended. We would be happy to discuss our responses with you further if it would be helpful.

Yours sincerely

Matt Young

Head of Retail Regulation, Policy & Compliance
Drax Group plc

Appendix - Consultation Response

Options on Access to Data for Settlement

Question 1: *What are your views on Ofgem's assessment of the implications of the options we have set out for access to HH electricity consumption data for settlement?*

We agree with the assessment of the implications of the options as set out in the consultation.

Question 2: *Do you agree with Ofgem's current view that the best balance could be achieved by a legal obligation to process HH electricity consumption data for settlement provided the consumer has not opted out, and if so, why? If you have a different view, please explain which option you would prefer and the reasons for this.*

In light of the industry wide costs involved, it is critical to the success of the mandatory move to HHS that the maximum benefits are realised. As such, we agree that retaining the status quo should be ruled out. For domestic consumers, we believe that requiring customers to opt-in would seriously jeopardise the benefits of HHS not being realised due to low opt-in rates. Moreover, we believe that the best outcome for domestic (and non-domestic) consumers would be achieved by a legal obligation on the party responsible for settlement to process HH electricity consumption data for settlement purposes only, and without the ability for a consumer to opt-out. Opt-in and opt-out arrangements would create an unnecessarily expensive and complex two-tiered system that undermines the potential consumer and industry benefit of HHS.

Question 3: *There is a risk that consumers who use particularly high volumes of electricity at peak could choose not to be HH settled and therefore disproportionately increase energy system costs, which would then be shared by all consumers. Do you have any views on whether or how we should address this issue?*

This is clearly a risk that should be assessed and addressed accordingly. The risk applies to both domestic and non-domestic consumers, especially as energy consumption is expected to increase over time (e.g. through electrification of vehicles and heating/cooling). It would make sense for Ofgem to assess the possible redistribution of costs under different volume scenarios of consumers opting-out, in order to understand the potential scale of the risk/issue. Only then can the viability and impact of opt-out arrangements be duly considered.

Enhanced Privacy

Question 4: *What are your views on the potential enhanced privacy options?*

With a view of adding greater protection to customers' personal data, an enhanced layer of privacy would provide this. However, it should be recognised that suppliers and other industry actors already have access to, and transfer between industry parties, a variety of customer and consumption data and are bound by the prevailing data protection regulations – we do not see

any great increase in risk from using half-hourly data (domestic or non-domestic) for settlement purposes which would warrant being offset by enhanced privacy protections. At the least, the potential costs and resource requirements resulting from implementing enhanced privacy options should be assessed further.

Question 5: *If we decided to further consider the hidden identity option, do you think data from all consumers should be pseudonymised or only data from consumers who have not chosen to share their HH data for settlement?*

To give a reasoned response to this question, further analysis of the costings and resource requirements would need to be conducted. It may be more efficient to pseudonymise all customer data if the hidden identity option were to be introduced, rather than adding an extra process into what may already be a complex piece of work.

Question 6: *Please provide any information you can about the likely costs and benefits of these options.*

We would expect both these options to be onerous and resource intensive. However, further clarity from the design of the arrangements and the economic assessment in the business case would be needed in order to provide a considered assessment.

Microbusinesses

Question 7: *Do you think that there should be a legal obligation to process HH data from all smart and advance metered microbusiness customers for settlement purposes only? If you disagree, please explain why.*

We agree that there should be a legal obligation to process HH data for microbusiness customers. These customers typically use higher volumes than domestic consumers, meaning the scale of benefits from HHS is likely to be higher. Equally, the impact on wider energy system costs of not settling them half-hourly could be material and thus undermine the benefits of moving towards market-wide HHS.

It should be noted that access to HH consumption data for settlement would not remove microbusiness consumers' control over the use of their HH data for billing or marketing purposes. However, that different treatment could cause issues and consideration should be given to the implications of suppliers being settled half-hourly, yet having to invoice based on aggregated consumption data. If opt-out rates are high for billing or marketing purposes, then the achievable benefits from HHS may be lower, e.g. incentivising consumption shifting through the use of Time-of-Use tariffs.

Question 8: *Are there any issues relating to access to data from microbusinesses that you think Ofgem should be aware of?*

We would be interested to see the analysis of potential impacts once the economic analysis is available in the next iteration of the business case.

Customers with existing Smart or Advanced meters

Question 9: *We propose that domestic and microbusiness consumers retain the level of control over sharing their HH electricity consumption data that was communicated to them at the point at which they accepted a smart or advanced meter, until the point at which the consumer decides to change electricity contract. Do you agree this is the best approach?*

We believe that this is the most sensible approach in terms of ease of implementation and customer experience. The customer is actively engaged with their supplier at this point, presenting an ideal opportunity to clearly set out the terms of the contract. However, we see no reason in precluding a customer from changing their preference and thus giving consent to access their data during the term of their current contract.

Access to Data for Forecasting

Question 10: *What are your views on Ofgem's proposal to make aggregated HH electricity consumption data broken down by supplier, GSP group and metering system categorisation available for forecasting?*

The availability of aggregated data for suppliers would be beneficial. Whilst recognising the privacy concerns around increased chance of consumer identification arising from a more granular level of detail (geographic region / postcode), we feel more information is required on the proposed level of granularity. For example, if the data was provided on postal out-code only, this can potentially cover tens of thousands of supply points and therefore the risk of specific consumer identification is minimal.

Question 11: *Is there any additional data beyond this aggregated data that you consider suppliers will need for forecasting?*

Point 7.10 specifies that consent to access historic consumption data following a supplier gaining a customer would need to be obtained from that customer. Although outside of the scope of this consultation, we agree that this is a potential issue and would restrict fully realising the benefits of moving towards a smarter market as suppliers would not be able to utilise this information to determine the consumption profile of the customer.

Access to HH Export Data for Forecasting

Question 12: *Our analysis suggests that HH export data reveals less about a consumer and is therefore likely to be of less concern to consumers than HH electricity consumption data. Do you agree?*

We agree with Ofgem's analysis and refer again to the ability to realise the future benefits of HHS across the energy market.

Question 13: *Do you consider that any additional regulatory clarity may be needed with respect to the legal basis for processing HH export data from smart and advanced meters for settlement.*

Further clarity surrounding the legal basis for processing the data would be welcomed.

Data Protection Impact Assessment

Question 14: *Do you have any thoughts on the monitoring/auditing environment for the use of HH data for settlement purposes?*

As each party is responsible for the data it controls and processes, we would expect that each party has the relevant controls in place to ensure compliance with Data Protection/Privacy laws and regulations. The DPIA makes a good assessment of the risks and associated mitigations.

Question 15: *Do you have any additional thoughts or questions about the content of the DPIA?*

Nothing further at this stage.