Making a positive difference
for energy consumers

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Date: 27 May 2020

Dear Stakeholder,

1. This letter provides an update to stakeholders on the work that has been done on the midata in energy (midata) programme since our last update,[1] changes to the primary use case for midata, and our decision to pause the programme for the current financial year (2020/21).

Midata developments in 2019/20

2. In May 2019, the midata project team commenced the design of the Target Operating Model (TOM), with the support of the Retail Energy Code Company (RECCo). This involved:
   - mapping the current data access landscape - the 'as-is';
   - conducting user research with third parties, industry participants and consumers to understand their experiences of the tariff comparison journey, explore any issues around data access in the 'as-is' landscape, and understand their requirements for the midata service;
   - developing options for midata's regulatory framework, third party accreditation and assurance framework, and technical solution architecture; and
   - transitioning the project to an agile delivery approach, including completion of a discovery stage, and the first phase of an alpha[2].

3. User research identified two key barriers that prevent consumers who start a price comparison from reaching the results page and then switching. Firstly, many consumers don't have the information required for a tariff comparison easily to hand or are unable

[1] We last provided an update in March 2019, when we confirmed that the midata working groups would not be continuing, and that we would be undertaking a targeted review to consider alternative options to best deliver the programme.
[2] More information on GDS' agile approach is available at: https://www.gov.uk/service-manual/agile-delivery

to find this information, which causes them to drop out of the process. Secondly, consumers often use estimates if they do not have a bill with them, and then do not proceed to switch as they can't be sure that the prices shown accurately reflect their situation. This included some people questioning, for example, whether the quote included Warm Home Discount or reflected their actual consumption.

4. In the first phase of the alpha stage, we undertook a Proof of Concept (PoC), which used a functional prototype to test potential user experience barriers when incorporating midata in the consumer price comparison journey. As part of the PoC we tested a number of consumer authentication models, and have considered the security implications of these various options. We are planning to publish the results from this research later in 2020. We also started to explore potential governance and regulatory frameworks for users interacting directly with midata (i.e. suppliers, networks and third parties).

Improving existing arrangements for third party access to industry data

5. Research undertaken with third parties highlighted the fragmentation of the 'as is' data access landscape, which makes it difficult to navigate and access relevant consumer data. This means some data, which is critical for accurate tariff comparison, is unavailable. As a result third parties rely on consumers to input this information.

6. In June 2019, with RECCo's support, we started work on improving the existing data access landscape. We have worked with Gemserv and Xoserve to identify where the existing agreements for access to the electricity and gas enquiry services could be harmonised, and to consider changes that could improve transparency around data availability and access routes. Our core aim was to develop harmonised, though separate, data access agreements for third party access to the enquiry services, as a short term measure ahead of version 2 of the Retail Energy Code (REC).

7. We have engaged with Third Party Intermediaries (TPIs) to test our proposals and explore how we might address the challenges faced by TPIs. Where we can't address particular challenges in the existing agreements, we will consider whether it would be appropriate to address them in the REC drafting that will come into force through the Retail Code Consolidation SCR in 2021.

8. Industry parties are continuing to consider appropriate interim access terms. We expect that areas of difference between gas and electricity will remain, particularly on commercial issues such as liabilities, but we believe good progress has been made

towards understanding the issues in preparation for reaching a dual fuel position under the REC.

9. To address reported transparency issues, Xoserve and Gemserv have published the technical specifications of the application programming interfaces (APIs) available, including the specific data that is available to TPIs.[3]

10. Industry are also considering proposals to open up API access to non-domestic TPIs.

11. Xoserve and Gemserv continue to engage with TPIs of all types, and we would recommend that interested organisations reach out directly to them to discuss the options and processes.

12. Ofgem will continue to consider feedback from Xoserve and Gemserv, and directly from TPIs and industry, as we develop the data access arrangements under the REC. Further information on this will be published in the Retail Code Consolidation consultation, due to be published later this year (2020).

Enabling time of use (ToU) tariffs

13. The primary use case for midata is to improve the tariff comparison journey for consumers, by allowing them to consent to trusted TPIs, such as Price Comparison Websites (PCWs), accessing their energy data digitally and in real time. Consumers would be encouraged to more actively engage in the energy market by being able to do simpler, more accurate energy tariff comparisons, therefore increasing competition and innovation in products and services in the market.

14. Our user research and PoC work has confirmed that midata can be an effective tool in helping consumers make better, informed decisions about using their energy, and engage in the market with more confidence. Our work to improve existing data access arrangements also showed that more needs to be done to help consumers realise the value from their energy consumption data, and that midata can contribute to this by facilitating a central data access route for third parties.

15. While we recognise the above benefits would be welcome as soon as possible, we also recognise that there are a number of programmes in train across the industry that will also impact industry data availability and quality, and will help consumers more easily

[3] ECOES API (electricity): https://www.mrasco.com/ecoes/
Gas API: https://www.xoserve.com/media/7971/xoserve-supply-point-switching-api-technical-specification.pdf

navigate and realise value from the data-driven transformation of the retail energy market. These include:

- Switching Programme,
- Market-wide Half-Hourly Settlement (MHHS) programme,
- Smart meter roll-out across Great Britain, and
- Smart Data Review.

16. The overall nature and potential outcomes of these programmes will impact the content of messages sent through industry systems, the structure of data flows, and how market participants and consumers access and use data. For example, the Switching Programme is coordinating a significant data cleanse across central systems; and the smart meter roll-out combined with MHHS will increase the availability and use of half-hourly data across the industry for specific purposes. Any future changes made to the data access framework will require further consideration, remaining mindful of privacy and security needs.[4]

17. We consider that midata will provide major benefits in the future, enabling consumers to use their half-hourly consumption data to make an informed switch to, or between, time of use (ToU) tariffs. It is therefore important that we design midata with this in mind. We believe that midata will offer significant opportunity for innovation in the market by making it easier for consumers to access and share their data, and help consumers to use their energy data to confidently engage with new types of tariffs and energy products. This has the duel benefit of contributing to the decarbonisation agenda while also making sure consumers get the best deal.

Upcoming plans for midata

18. Ofgem's retail market programmes, particularly the Switching Programme and MHHS, will be enacting or designing significant changes to the energy data landscape progressing over 2020 and 2021. Given the synergies and potential overlaps between activities for these programmes and activities required to deliver midata, we are pausing development of midata in 2020/21.

19. This is to ensure that what is developed continues to deliver benefits to consumers as the market evolves, and also manages the level of system development we are requiring of suppliers. We are also keen to ensure midata utilises existing data access systems and frameworks where possible, so will be considering how we can best

[4] The MHHS programme published a consultation on 30 April 2020 which discusses several data access issues, as well as an open letter clarifying the position on access to HH data for settlement and forecasting purposes.

achieve this given the current retail market changes.

20. We see midata as a key tool in our work to protect current and future energy consumers. In the context of Ofgem's broader ongoing strategic work to transform the retail energy market, midata would add value to our consumer protections while helping consumers to more easily and confidently navigate that transformation.

21. We appreciate the vital role of industry, TPIs and other key stakeholders in developing, supporting and delivering transformational retail market programmes, including midata, as part of an ongoing, robust and productive relationship. We look forward to continuing that relationship as we work together to make the retail market transformation a success.

If you would like to discuss any of this further, please contact future.consumers@ofgem.gov.uk.

Yours faithfully

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