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Access to half-hourly electricity data for settlement purposes

Dear Anna,

SmartestEnergy welcomes the opportunity to respond to Ofgem's consultation on Access to half-hourly electricity data for settlement purposes.

SmartestEnergy is an aggregator of embedded generation in the wholesale market, an aggregator of demand and frequency services and a supplier in the electricity retail market, serving large corporate and group organisations.

Please note that our response is not confidential.

Overview

We are generally supportive of Ofgem's proposals, especially mandating HH settlement for micro-businesses.

We answer the questions below in the order in which they appear in the consultation document.

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?

The dangers of low levels of HH settlement under an opt-in arrangement are well laid out in the document. An opt-in would make a mockery of the previously calculated benefits to the consumer in the Business Case for smart metering. We also recognise the anticipated problems associated with CoS where it can be difficult to engage with domestic and small business customers. This could still be a problem with an opt-out arrangement and would be catastrophic with opt-in.

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.

We generally agree although we would not be quite so optimistic as Ofgem on the numbers that would opt-out. Also, it does not seem realistic to assume that large numbers of unengaged consumers could be tempted to opt-in with innovative tariffs.

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?

Not only would there be an increase in the energy costs shared by all consumers but also of the risk premium suppliers would need to apply to mitigate the risks in this scenario. At the moment all customers are billed on the same basis that suppliers are settled i.e. either half hourly or on a known profile. This relationship ought to continue. We are of the view that all customers should be settled and billed half hourly if they have a smart meter. To address customers' privacy concerns there should be a licence obligation on suppliers to use customers' data solely for billing purposes and that use for marketing or other purposes is prohibited.

The document states: "If a relatively small proportion of consumers opted out, it is likely that they could be profiled and settled relatively simply within the newly designed settlement system. Approximations for a small group of consumers will not be expected to significantly impact overall settlement accuracy." It is clear to use that the numbers who would opt-out would be in excess of a "relatively small proportion." 10-20% would distort settlement significantly in our view. In addition, there will be those who, for whatever reason, do not have a smart meter installed in the first place.

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

It is not clear to us how the supplier would be able to send accurate bills which reflect half hourly usage under either of these proposals.

It seems inappropriate to us to make a distinction between consent for settlement and billing. To start with customers will not understand the difference and secondly suppliers need HH data to bill.

The consultation document states (on page 32) that un-anonymised data should be retained for a dispute period. However, it is unclear to us who would be disputing the data; the central agent could not dispute the data with the supplier if the supplier does not have access to HH data for billing. This is another reason why splitting settlements and billing is non-sensical and makes things even more complicated for consumers.

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?

This is probably a matter of cost. If the process to pseudonomise all data is significantly cheaper than a mixed approach then that should be pursued.

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

It is not easy for us to comment on this as we do not know how the notifications to a central body would be handled under and opt-in/out arrangement.

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 think that HH data from all smart and advance metered microbusiness customers should be processed for settlement and made available for billing purposes. Suppliers fall into two distinct categories: domestic and non-domestic. Non-domestic suppliers, which are often quite small suppliers, will want to bill their customers on the same basis i.e. half-hourly, and not be exposed to the risk of being settled on a different basis from that on which they bill their customers. It is a different matter for larger suppliers who will be able to spread such a risk over a larger portfolio of domestic and micro-business customers. However, for consistency purposes it makes sense to ensure that all micro-business customers are settled on a half hourly basis and for suppliers to be able to identify them to bill them accurately.

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

No

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?

This is not unreasonable.

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?

We do not see how a supplier wishing to work out the likely shape of a future customer with an electric vehicle could use aggregated historic data to do this.

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

It would be better to stick to profiling for opted-out customers.

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?

It could be argued that the very existence of export data reveals more about a consumer viz that they have solar panels in the first place. However, the data is clearly needed to fulfil another of Ofgem's ambitions viz that FiT payments should be on the basis of actual data and not deemed where a smart meter is in place. We agree with this.

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?

No comment.

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

No

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

No

Should you require further clarification on this matter, please do not hesitate to contact me.

Yours sincerely,

Colin Prestwich
Head of Regulatory Affairs