

Access to HH Data for Settlement Stakeholder Workshop

01/10/18



- 1) Introductions
- 2) ELEXON - The interaction of access to data and the Target Operating Model (TOM)
- 3) Stakeholders - Perspectives on the consultation questions
- 4) Part 1 - questions 1,2,3 and 9 - Domestic customers, gaming and existing smart meter customers

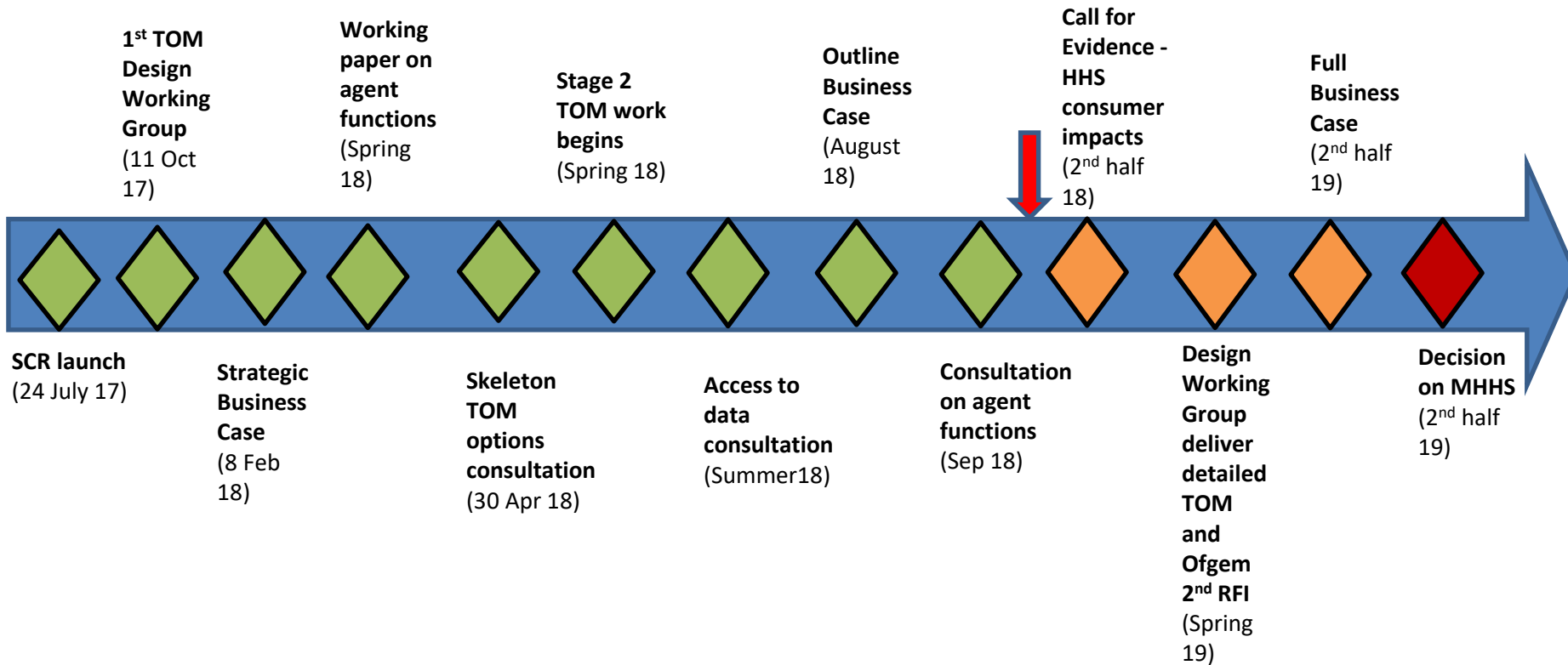
Lunch - approx. 1315
- 5) Part 2 - questions 10 and 11 – Forecasting
- 6) Part 3 - questions 7 and 8 – Microbusinesses
- 7) Wrap up – approx.

Introduction

- The Data Access and Privacy Framework (DAPF):
 - was designed to safeguard consumers' interests, whilst enabling proportionate access to data
 - determines access to energy consumption data for market participants, and choices for consumers in managing this
- Published in 2012. In 2015, Government confirmed review would conclude by end 2018
- Review considered the extent to which the framework was delivering its objectives in four key areas:
 - Protecting Consumers
 - Information Provision
 - Delivering Benefits and Facilitating Competition
 - Wider Market Developments
- Industry workshop to discuss early findings from the review in June 2018. BEIS invited stakeholders to submit any additional evidence by the end of August 2018.
- Conclusions from the review will be published later this year.

July 2017

Winter 2019



Domestic Consumers

- 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?
- 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.
- 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?

Enhanced Privacy

- 4) What are your views on the potential enhanced privacy options?
- 5) 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?
- 6) Please provide any information you can about the likely costs and benefits of these options.

Microbusinesses

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

Existing Smart Meter Customers

- 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?

Forecasting

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

Export Data

- 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?
- 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?

Monitoring / Auditing

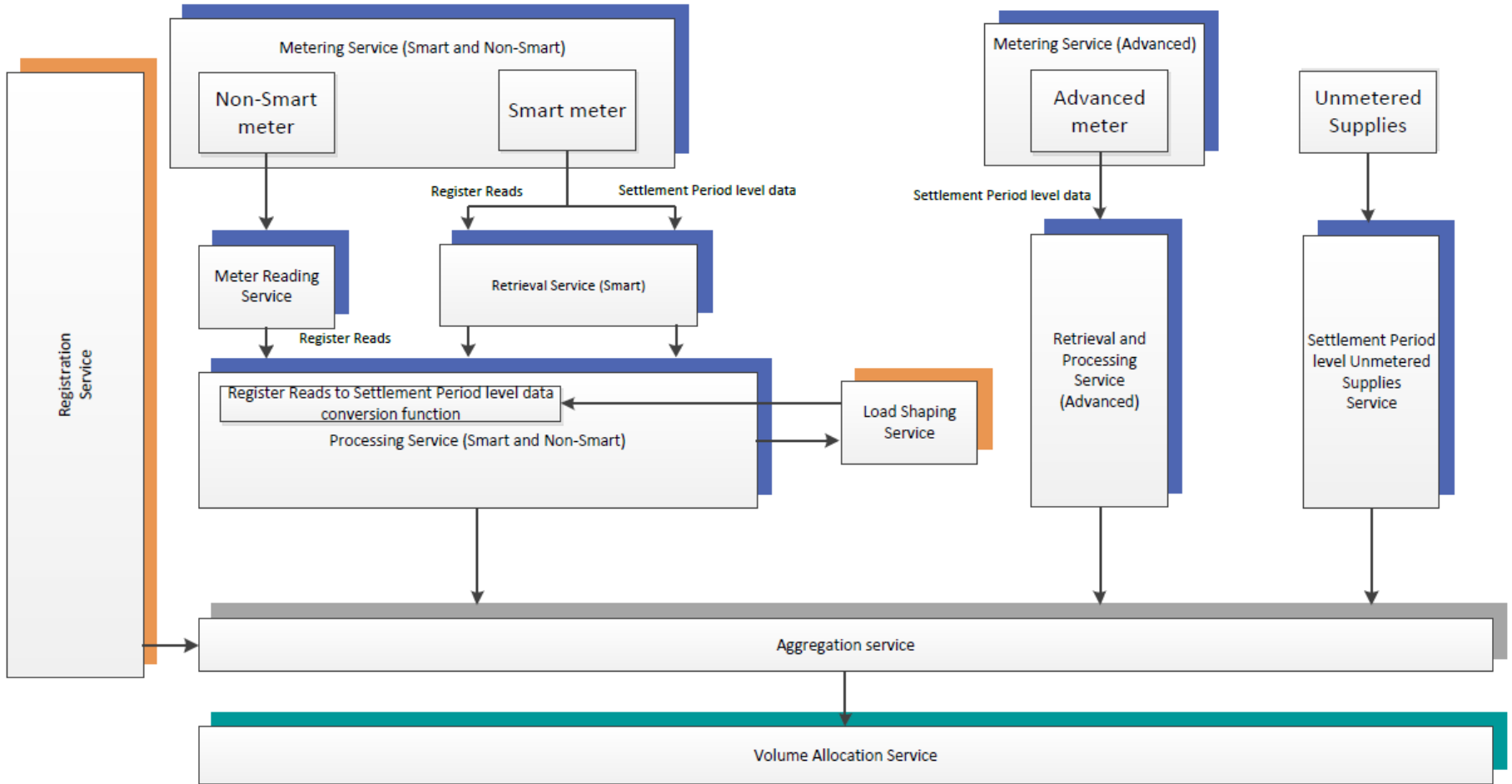
- 14) Do you have any thoughts on the monitoring/auditing environment for the use of HH data for settlement purposes?
- 15) Do you have any additional thoughts or questions about the content of the DPIA?

- 32 responses received, seven marked confidential
- Range of stakeholder views represented
- Largest stakeholder group represented were suppliers
- Full range of views expressed

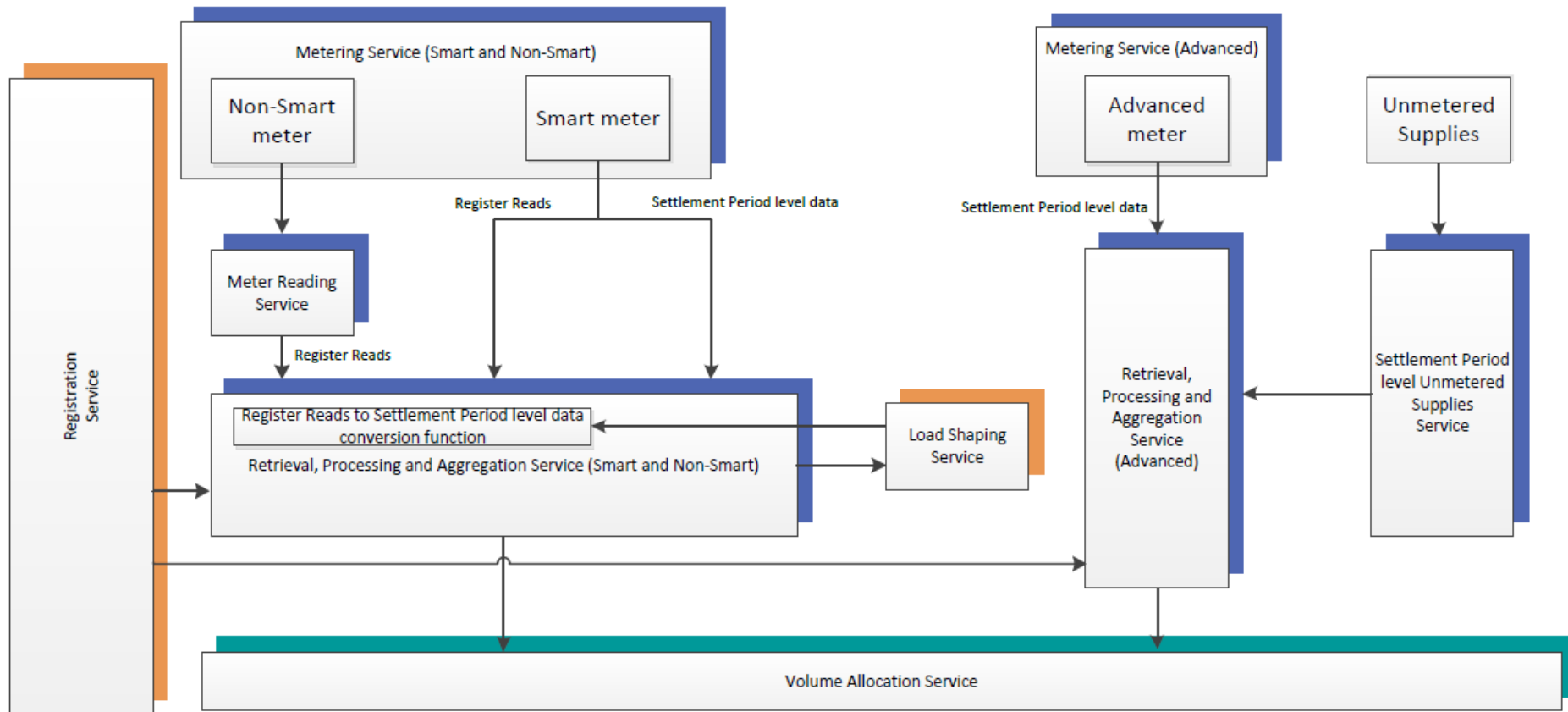
- Stakeholder workshop – Monday 1st October
- Provide 'least regrets' steer to the Design Working Group – November
- Publish Ofgem official consultation response – December
- Design Working Group deliver detailed TOM – Spring 2019
- Full Business Case – H2 2019
- Decision on HHS – H2 2019

ELEXON

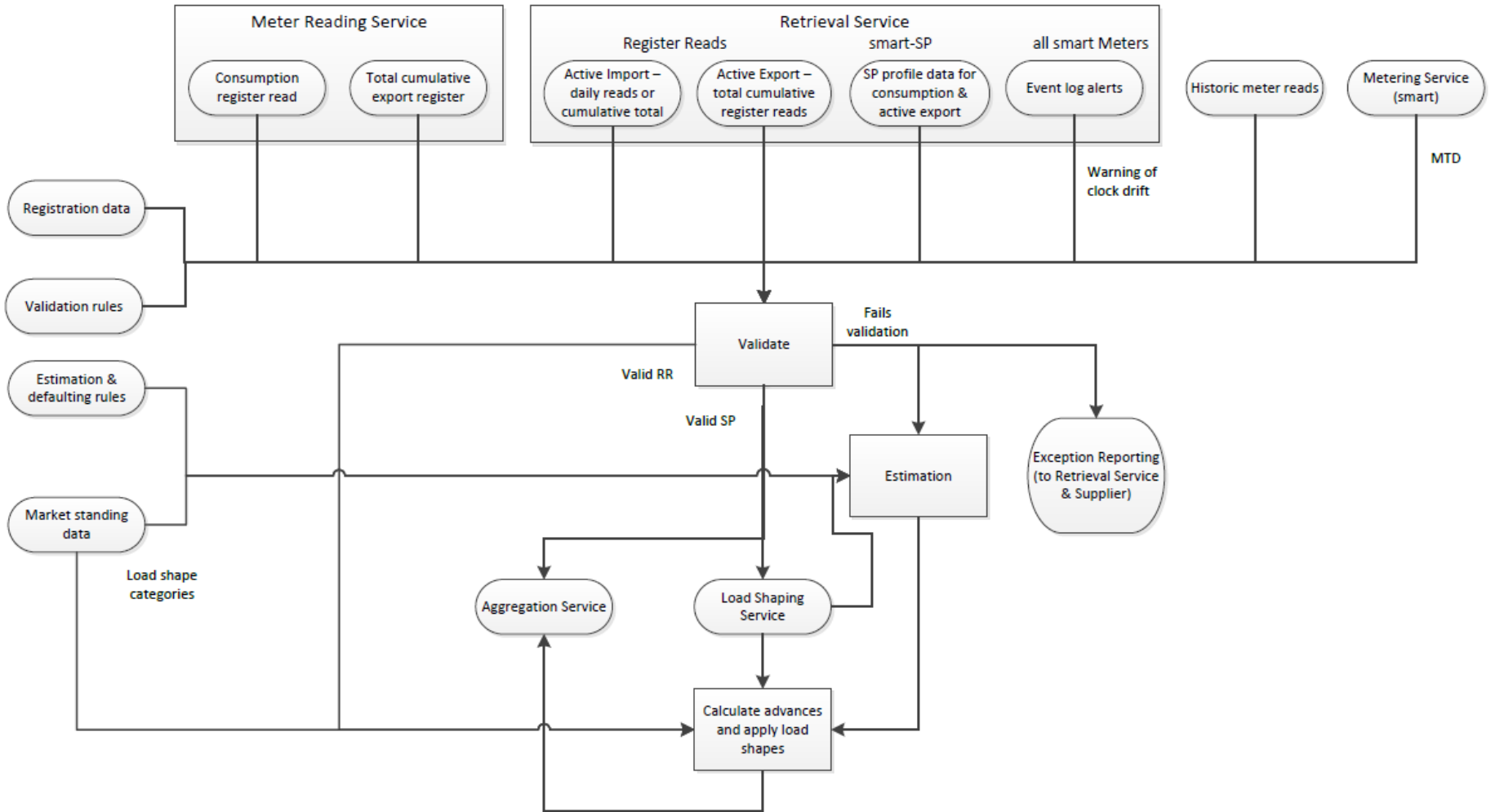
**The interaction of access to data and the
Target Operating Model (TOM)**



Example TOM (D)



Example TOM (C)



Smart Processing Service

The TOMs already facilitate the **core options** by using Register Reads with Load Shapes:

1. Opt in
2. Opt out
3. Mandatory

Adaptation of the TOMs is required for the **enhanced privacy options**:

- 4a. Anonymisation – creation of dedicated single entity to handle anonymised customers.
- 4b. Hidden Identity – new service to hold and maintain MPAN to new identifier mapping.

Both **enhanced options** would add further requirements for the Registration Service.

- Anonymisation would make “Opt out” customer behaviour more difficult to forecast.
- Hidden Identity maybe more practical to implement for all Smart domestic customers.

Other measures are being considered in the TOMs to deal with bias arising from “Opt in” Load Shapes being applied to “Opt out” customers, such as Time of Use Scaling Weights.

Part 1

Questions 1,2,3 and 9

Summary of Responses

Domestic customers, gaming and existing smart meter customers

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?

- Generally believe that a good assessment has been done – comprehensive and complete
- Majority believe that mandatory is the best way to maximise benefits of HHS
- Majority do recognise there are data privacy implications however

- Operating multiple consent regimes (settlement / billing / marketing etc.) would be complex - would prefer Ofgem took a holistic approach to data access to achieve greater benefits

- Suggestions for further research eg:
 - willingness to Pay study of the value consumers place on not sharing their data
 - research around amount of HH data available (%) vs benefits achieved (£)

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 favour of mandatory

- Regard opt-out as a disproportionate response to modest privacy concerns, and risks compromising wider HHS benefits
- Issues with operating two settlement systems - costly, administratively difficult, confusing, risk of cross-contamination
- Unreasonable to socialise the WTP cost of opt-outers across all consumers - many pay for a service they did not choose and which makes the system less efficient
- Some favoured mandatory with Hidden ID, believing it to be practical, cost-effective and straight forward to design
- Others were not in support of Hidden ID at all, believing it to be costly, overly complex, difficult to explain to customers, uneconomic and disproportionate to modest risk

Against mandatory

- Erodes consumer choice
- Risks a press backlash against smart meters
- Would disincentivise suppliers from offering something to consumers in return for their data, if they have access to it anyway
- With a good comms campaign, opt-in % could be high anyway

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 favour of opt-out

- Provides the best balance of benefits vs risks
- Prevents reputational damage of lack of privacy to the smart meter programme
- As long as the comms is clear and strong on the benefits of HHS, most consumers will be to persuaded to not opt-out

Against opt-out

- Mix of views as to number of customers that will opt-out
- Could significantly distort settlement
- Many recognise the risk of gaming
- Most consumers not aware of settlement and cannot make an informed choice
- Concern around certain demographic groups who may opt-out 'just to be safe'
- Will create confusion when communicating with customers over their data sharing choices
- Concern around the cost of the data sharing conversation, particularly as it will have to be re-visited at every CoT / CoS event. Exacerbated by faster switching

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?

- Majority agree this is a risk
- Majority believe the only solution is to mandate – cannot be mitigated against under opt-out
- Concern around how to correctly profile NHH customers. Will their profiles be significantly different to those that have not opted out?
- Various methods suggested for how to reapportion costs onto non-HH customers, including NHH load shaping, greater risk premiums and less attractive tariffs for opt-out customers. Issue would be vulnerable consumers that cannot load-shift
- Risk that suppliers will offer different tariffs to opt in/out customers

- Many recognise risk that, under mandatory, those looking to remain NHH settled could just refuse a smart meter
- Most consumers would not be educated enough to game the system
- Consumers should be monitored on an ongoing basis to understand why some are opting out and what the impact is. Clearer decision can then be made in future

Question 9: We propose that domestic and micro-business 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?

Disagree

- Prefer a 'clean-slate' cut-over approach to mandatory. This would be much simpler.
- Many consumers don't engage with the market or change their tariff, so will remain on opt-in for years. Number could increase under the default tariff cap. Lost opportunity.
- Risks delaying the realisation of the benefits of HHS for many consumers
- Suppliers will be obliged to inform existing smart meter customers of a change to their T&C's if the DAPF is reviewed anyway, so favour applying the revised DAPF to existing and future SM customers and switch them all across to the new regime
- If Ofgem retains the opt-out approach then leaving existing customers on opt-in is pointless – if these customers are concerned about privacy, they can just opt-out
- Require clarity on whether these customers will be able to opt in / opt out at any time once it is introduced, regardless of their contractual position
- Could introduce a backstop date after which they will switch to opt-out, if they have not already engaged with their supplier in the meantime?

Agree

- Believe it to be 'not unreasonable', 'pragmatic' and 'appropriate'
- The terms under which an agreement was entered into must be respected
- Recognise that some customers only accepted a smart meter on the basis that they could limit what data was collected, so retaining opt-out until they switch may be appropriate

- What do you see as the main issues for suppliers and other market participants of a two-tiered system (i.e. with some sharing their data and others opted out?)
- If the proposed position of opt-out is retained, how should suppliers approach the conversation with their customers around settlement and their data choices?
- What role should other participants (Ofgem, industry bodies etc.) play in communicating the concept of settlement to the consumer market?
- If a customer opts-in for data sharing for any other purpose (e.g. billing), should they be mandated to share their data for settlement?

Part 2

Questions 10 and 11

Summary of Responses

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?

Disagree

- Most suppliers disagree – this granularity of data would not be suitable for accurate forecasting
- Data is not fit for purpose for the future energy market when consumers may have EV’s, smart appliances, heat pumps and storage – traditional profiles will no longer be relevant, so need as much data as possible to profile future customers
- Access to GSP / CCC (consumption component classes) level aggregated data suggested as minimum requirement
- Suggested as legitimate interest of supplier; or as part of “settlement purposes”
- If the customer is HH settled, they are not settled on an average profile that the supplier has access to – makes forecasting harder
- If forecasts become less accurate and imbalance positions larger, costs passed to consumers will be higher.
- Some recognise the risk of customer re-ID, but feel it is minimal and unlikely
- To prevent customer re-ID, could state that aggregated data cannot be accessed until the supplier has a critical mass of customers through that GSP

Agree

- Suggestion that if suppliers want more granular data for managing costs, they should share the benefits of more accurate forecasting with their customers
- Unclear as to why suppliers really need this data
- The research shows that consumers are less willing to share their data for forecasting than settlement

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

- Some suppliers say they will need large amounts of additional data for accurate forecasting
- Critical that suppliers understand these new profiles being created in a smart, flexible market.
- Revised load profiles for new consumer sub-sets (e.g. those with EV's) will help

- Other additional data suggested includes:
 - are they contracted to a demand side aggregator?
 - do they have an EV, storage, solar panels, heat pumps?
 - what is the EPC rating of the building, occupancy profile (working couple / young family)
 - peak time (4-7PM):non peak time ratio of demand, winter : summer ratio of demand

- Would be useful to know which (or how many?) customers are on a ToU tariff and which aren't. Could then break down forecasting based on TOU regime. As this data would not be communicated from the smart meter, it would likely require disaggregated MPAN-level data.

- What would be the consequences of suppliers only having access to the data at the granularity we proposed for forecasting? (aggregated HH electricity consumption data broken down by supplier, GSP group, and metering system categorisation)
- What extra data / granularity would you describe as critical for a supplier to perform accurate forecasting?
- Do you see an issue of small suppliers being disproportionately impacted by the proposals?

Part 3

Questions 7 and 8

Summary of Responses

Microbusinesses

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

Agree

- Majority agree - the privacy risk to MB's is far less than with domestic consumers and the potential system benefits greater
- Feeling that benefits of mandating MB's far outweighs minimal risk to privacy
- Non-domestic suppliers are often quite small – cannot be exposed to imbalance risk from being settled by the grid on a different basis to how they bill their few customers

Disagree

- It is often difficult for suppliers to identify MB's from domestic or SME's dependent on building use, so having different regulations for MB's may be impractical

- What would the main issues be if microbusinesses were subject to a different data sharing regime from domestic consumers (e.g. mandatory vs opt out)?
- Given the opt out rates for microbusinesses are likely to be low, is there a strong enough case to argue for mandating access to data for settlement?
- If you were a microbusiness, what would your concerns be regarding the sharing of your HH consumption data?
- What difficulties do you anticipate in suppliers explaining to microbusinesses their data sharing choices?

Our core purpose is to ensure that all consumers can get good value and service from the energy market. In support of this we favour market solutions where practical, incentive regulation for monopolies and an approach that seeks to enable innovation and beneficial change whilst protecting consumers.

We will ensure that Ofgem will operate as an efficient organisation, driven by skilled and empowered staff, that will act quickly, predictably and effectively in the consumer interest, based on independent and transparent insight into consumers' experiences and the operation of energy systems and markets.