

ELEXON

04 October 2024

By e-mail to: digitalisation@ofgem.gov.uk

Dear Energy System Digitalisation Team,

Re: Consultation on Consumer Consent Solution

Thank you for the opportunity to respond to your consultation on the Consumer Consent Solution.

Elexon is an independent, not-for-profit, expert delivery body that has been operating for 25 years, playing a critical role in opening up markets and supporting the transition to a net zero energy system. We provide governance, settlement and data platforms (Elexon Kinnect), and specifically manage the Balancing and Settlement Code (BSC). This enables the smooth and effective operation of the electricity market, which includes energy suppliers, generators, flexibility service providers and network companies across the GB. Over the past year, we have helped around 50 new companies enter the market, enabling a more flexible and innovative energy system.

Our end-to-end expertise in governance, assurance, technology platform development and electricity market data are available to support the industry, Government and Ofgem, as the energy sector transitions to net zero. Building on our purpose of serving the industry, the electricity market data we hold is open, and available for anyone to access, analyse and distribute. As a trusted and reliable market expert, we continuously look to evolve and innovate for the benefit of our customers and consumers.

Ofgem has appointed us as the Market Facilitator for local Distribution System Operator (DSO) markets, a central role in flexibility markets. We are also the Senior Responsible Owner for implementing the Market-wide Half Hourly Settlement (MHHS) Programme, a key enabler of the flexibility required for the transition to net zero. We also calculate, collect and distribute payments incentivise investment in low carbon generation and energy security for the Capacity Market, Contracts for Difference (CfD) and Nuclear RAB schemes, on behalf of the Low Carbon Contracts Company (LCCC).

We have limited our response to areas where we feel we can add value. If you would like to discuss any areas of our response, please contact Marta Milan, Senior Advisor (marta.milan@elexon.co.uk).

Yours sincerely,
Anthony Riding, Head of Data and Analytics

Summary of our response

- 1. Elexon is fully committed to playing a leading role in improving the accessibility, discoverability, and interoperability of energy sector data.** Half-hourly data is an important enabler for demand side response, and used effectively, can encourage more flexible use of energy – reducing household bills and rewarding customers. It is key to unlocking the transition to net zero.
- 2. We recognise the importance of developing a digital solution that will enable consumers to share their energy data with trusted third-parties** to receive tailored services and manage their energy bills. We believe that consumers are the heart of the energy sector, and a driving force for achieving the net zero ambition.
- 3. We are committed to working collaboratively with the delivery body Ofgem appoints** to integrate our smart meter data repository (hosted on our Kinnect platform) with a standardised and trusted consent solution, which will empower consumers to make informed choices in a conscious and transparent way.
- 4. The architecture of the consent framework is outlined at a high-level, and requires development in detail at pace.** We support Ofgem’s iterative approach of setting the vision first and then requesting the delivery body to quickly design the framework. However, the high-level descriptions of the architecture options (including the positives and negatives) are pitched at a high level and need much more scrutiny. As smart meter data forms the basis of the initial use case for the consent framework, Elexon is a key stakeholder that the new delivery body should interact with. Due to this clear dependency, we would welcome the opportunity to collaborate during the design phase to assist with selecting the most appropriate architecture pattern.
- 5. Elexon is open to engage in further discussions with the future delivery body and Ofgem's team and the wider industry** to explore the details and further design questions to help bring the overarching objective of the consent framework into reality.
- 6. We believe that for the success of this initiative it will be a critical to ensure that the data is shared in a lawful and secure way.** To this end and to avoid duplications of costs and ensure value for money for consumers, we recommend that Ofgem will consider previous experiences such as MIDATA where the Authority or other public authorities initiated projects aimed at providing a standardised and system-wide consent process for organisations and consumers. **Lessons can be learned from these experiences and should be integrated into the development of the framework.**
- 7. We would encourage Ofgem to take an industry wide view on data protection matters** which provides a basis for the delivery body, the data providers, and the industry participants who are the data controllers to comply with data protection laws. For instance, the delivery body is unlikely to be in the position to prepare a Data Privacy Impact Assessment (DPIA) for

MPAN/consumption data where it won't be the controller for the data and may not even be processing it (e.g. under the decentralised model). Other areas where a more holistic view would be helpful could include retention periods for data and how data protection compliance operates in an environment of multiple controllers and processors processing the same data.

8. **We support Ofgem in its objective of designing a consumer-facing interface** (such as a dashboard or digital wallet) that would contain all the consumers' permission data in one location, as this will reduce uncertainties and barriers.
9. **We offer to share our knowledge and expertise** where helpful to speed up pace of the design and delivery of the solution and ensure that the new framework will be agile and trusted by consumers and parties.
10. **We believe that the consent solution framework regulation should be developed by adopting a holistic approach and in considering how the new framework will be joined up/aligned with other initiatives** such as the Smart Secure Energy System (SSES), the Data Sharing Infrastructure (DSI), and Energy Code Reform (ECR). There are currently a wide range of consultations across industry on data and digitalisation, and Elexon is taking a holistic approach in our response (i.e. we are not responding to this consultation in isolation). Like many industry stakeholders we are providing responses simultaneously to other consultations regarding Flexibility Market Asset Registration (FMAR) and the Data Sharing Infrastructure (DSI).
11. **We consider it appropriate for Ofgem to have oversight over final proposals by the delivery body.** This will allow to ensure the solution is delivered at a cost that is value for money for consumers. **We also strongly recommend introducing a consultation stage on the detailed design of the framework.** An agile, fail-fast/learn quickly approach involving multiple stakeholders, coordinated via an effective working group, will progress the consent solution more quickly. Stakeholder engagement, and the inclusion and support of the appropriate industry resources, will be key to the success of implementing the Consumer Consent solution.
12. We consider it appropriate to take this opportunity to make **some clarifications regarding the DIP (Data Integration Platform), and its relationship to the new consent framework:**
 - The DIP does not 'hold' any data, and therefore it is not a 'data lake' or a 'repository' as the consultation implies, but a **delivery data sharing system/messaging service** managed by Elexon.
 - The half hourly MPAN data, which Elexon receives via the DIP, will be held by Elexon in its Kinnect Platform for settlement purposes.
 - We welcome the opportunity to meet with the Ofgem team to discuss this in more detail.

Elxon's consultation response

Ofgem is consulting on a consumer consent solution to enable greater value from MHHS by 'opening up' smart meter data from the Elxon's Kinnect Platform.

We support this initiative and are fully committed to work with whichever delivery body Ofgem decides to appoint to ensure safe, secure access to the metering data held on our Kinnect Platform when consent is granted.

The MHHS Programme aims to transform the settlement arrangements by utilising the data from the smart energy meters to create better visibility of energy usage and create a faster, more accurate settlement process for all market participants.

Providing access to half-hourly consumption data (in line with privacy rules) will significantly strengthen suppliers' incentives to offer new products and services for consumers and businesses. Making the most efficient use of existing infrastructure should reduce the need for extra spending on future generation and network assets. This will help decarbonise the sector cost-effectively, which will benefit all consumers and wider society¹.

MHHS will be a vital enabler of the flexibility that will support the 2030 Clean Power Mission and the transition to net zero. However, as a result of the programme, many market participants will need to make significant, urgent changes to their infrastructure. The move to MHHS will entail a significant shift in the industry's data transfer methods, which are moving from the existing Data Transfer Service (DTS) to the event-driven Data Integration Platform (DIP).

Based on our experience in centrally managing large volumes of data and the existing settlement framework (and our central role in implementing the MHHS programme), in April 2022 Elxon were appointed by Ofgem to govern and develop the new Data Integration Platform to support the Market-wide Half Hourly Settlement. Since then, Elxon has successfully developed the systems, governance, and processes necessary to implement the Data Integration Platform. Once MHHS is implemented, suppliers will use the Data Integration Platform to share half hourly consumption information from consumers' smart meters with Elxon.

In addition, through the development of a new platform, Elxon Kinnect, Elxon is also operating cloud-based architecture, which is similar to the Event Driver Architecture (EDA) required for the DIP.

We offer to share our knowledge and expertise where helpful to speed up pace of delivery of the consumer consent Solution and ensure that the new framework will be agile and trusted by consumers and parties.

In parallel, we note that there are many cross-sectoral and cross-government initiatives which will touch on the consumer consent work, such as the proposed single, multi-sector Priority Services Register (PSR), the Digital Identity Scheme, the Smart Secure

¹ According to Ofgem estimates, the MHHS will save consumers £1.6 billion to £4.5 billion by 2045.

Energy System (SSES), the Data Sharing Infrastructure (DSI), Energy Code Reform (ECR), and the Flexibility Asset Market Register (FMAR).

Elexon believes that all these workstreams must be considered in a holistic and coordinated way to guarantee the success of the individual initiatives, and the definition of frameworks that are trusted by parties and consumers.

Regarding the timeline, we note that three months may not be enough for designing the consent framework. We believe that, to ensure the fast and smooth implementation of the framework, whoever is appointed as a Delivery Body will have to work in an inclusive and collaborative way in defining the scope and technical details of the framework.

A specific consultation on the detailed design may be necessary to ensure that all voices of the relevant stakeholders, including consumer associations, are appropriately incorporated into the final design and decision.

Q1. Do you agree with the proposed Design Principles? Would you recommend any additional Design Principles?

Elexon agrees with the approach of launching the solution in an initial phase as a Minimum Viable Product (MVP) to ensure appropriate testing and value for money.

We also agree with the principles identified by Ofgem with the following considerations:

- The interoperable principle provides detail about the consumer facing end, though needs to include more about the relationship between data holders and the consent system.
- To ensure that the framework will be trusted by consumers and parties – and that episodes of unlawful access/unsolicited marketing will not happen - it is paramount that adequate consideration will be given to the "opt in/opt out" options, with reference to risks and opportunities.
- Roles and responsibilities need to be clearly defined. In particular, it is crucial that it is made clear that it is the responsibility of the delivery body to ensure that the user/requesting party has the right to consent from the data owner **for a specific set of data (and for a certain period of time)**.
- Currently, the time limit of consent is not clear. On this point, Elexon agrees that the process must be simple, though it is also essential that the consumer understands for which data period and for how long they are giving consent.
- It must be clarified whether, once the consumer has given consent (for example through an opt-in mechanism) this is understood to be given only with reference to the single request by a user or potentially for a longer period (and for a future request from potentially another user).
- Data providers should be able to validate data requests without manual involvement. In practical terms, if an access request arrives to Elexon, it would be important to avoid a scenario where Elexon has to manually check the database to ensure the requesting party has the right consent from the data owner for the settlement periods requested. This operation could be very

difficult and time consuming, and we think that it is the responsibility of the delivery body to ensure that the user/requesting party has the right to consent.

Q2. Do you have a preference between the centralised, decentralised or hybrid models? Please elaborate.

Elexon holds the half-hourly data that third parties will seek to access, but the consent database is to be held by the delivery body. By definition, we believe this will mean a **decentralised model**. It does not make sense to duplicate the half hourly data to send to the Delivery Body and create a second source of this data, as this creates duplication. If a centralised model is preferred, then Ofgem should consider whether Elexon should be the delivery body of the Consent database.

Q3. Do you consider the security measures referenced in this section, including the access control measures, will meet the requirements of a consent solution holding consumer data? Which additional protections would you recommend?

To answer this question, we would need to understand how Elexon would **interpret the token**. We would need to understand whether the token:

- a) would grant consent for a specific set of data (e.g. 1st July to 30th August), or
- b) would give access to all data for that MPAN for the period the token is valid.

We think that there are also other outstanding questions that need to be clarified, specifically:

- How much historical data can be accessed?
- How will historical and future change of tenancies, and thus data owners be managed?

Clarity is also needed as to how Elexon as a data owner would know a token had been cancelled should a party continue to request data using the token previously granted.

Q4. Do you consider these standards are sufficient parameters to ensure inclusivity, accessibility and interoperability for the consent solution? Which standards would you recommend?

No comment.

Q5. Do you agree with the options assessment conducted by Ofgem? If not, why

Elexon agrees with some of the criteria that were applied to identify possible candidates, such as being familiar with the GDPR requirements, the speed of delivery, and being a licensed entity.

We don't agree with the requirement that the delivery body should be specifically involved in the retail sector, but instead we believe that having experience in managing large quantities of data is a fundamental requirement for the successful delivery of the role.

Q6. Do you agree with Ofgem's minded-to position that RECCo should be selected as the Delivery body for the consent solution? If not, which of the three proposed organisations should be selected as the Delivery Body for the consent solution, and why?

Elexon is agnostic about what the delivery body should be and is open to collaborating with any of the potential candidates.

Whether in-house or contracted out, Elexon would welcome early sight of the delivery body's plan to deliver this functionality once it will be appointed.

The consultation outlines a high-level vision for the digital solution, though it will be the delivery body which will design, develop and deploy the consent solution. Elexon is open to engage in further discussions with the future delivery body and Ofgem's team and the wider industry to explore the details and further design questions to help bring the overarching objective of the consent framework into reality.

We believe that 3 months for scoping and designing the new framework is quite an ambitious timeframe and more time may be required. It would be desirable for the delivery body to interact with all parties to ensure that the consumer consent framework can be implemented quickly and smoothly.

We believe Ofgem should maintain an important leadership role in the post-appointment phase to ensure appropriate coordination across all of the various workstreams (as mentioned above) and to provide appropriate guidance of realising their vision. A consultation on the detailed design would also be very desirable to allow all parties to express their opinion on the options. At each stage of the process Elexon is willing to offer to share our knowledge and expertise where helpful to speed up pace of the design and delivery of the solution and ensure that the new framework will be agile and trusted by consumers and parties.

Q7. Do you hold any views as to how the proposed solution should be funded? Please consider the points regarding fairness raised in paragraphs 4.12–4.14 and Ofgem's duty to consumers when providing your answer

If RECCo is selected, then Elexon would envisage all REC parties funding the solution. However, we would like to point out that in terms of proving the half hourly data to data requestors, this will place a cost burden on BSC Parties (Elexon stakeholders) and it is therefore important that **Elexon has a significant level of input in the design, to minimise costs to BSC Parties.**

Q8. Do you agree with our position to make sharing consent data with consumers (via the consent solution) an obligation for licensees?

Yes, we agree.

Q9. Do you consider SLC 0 an appropriate route for implementing these changes, or should Ofgem create a bespoke licence condition?

Any Licence condition in this area would have to be compatible with SLC47 (Smart Metering – Matters Relating To Obtaining and Using Consumption Data), so we feel amending SLC47 would make more sense at least for the period of the MVP.