ElectraLink

Session Notes – Energy Innovation

Monday 24th September 2018 | 10:00 –15:00 The Crystal, Docklands

	Topic	Host
Notes	**Governance and Regulation: An enabler for the future Energy Market** Can a more flexible approach towards Governance and Regulation be achieved, without increasing risk?	**Alexandra Moore** Consultant, ElectraLink
Notes	**Market Sandboxes: The benefits and how we can do more** We reflect on the definition of 'innovation', whether the necessary support is now in place for the market to explore and test new ways of thinking.	**Elizabeth Lawlor** Senior Consultant, ElectraLink
Notes	**Beyond the Supplier Hub Model: Establishing Best-Practice Governance Within the Energy Broker Market** Key principles which need to be established and is it more than just 'best practice'?	**Mark Olliver** Senior Specialist Consultant, ElectraLink
Notes	**Value of Industry Data (EMDH)** ElectraLink's Energy Market Data Hub and its potential to catalyse market transformation.	**Dan Hopkinson** Director of Data and Transformation, ElectraLink
Notes	**Data in the changing energy landscape** Exploring the critical role of data, as Distribution Network Operators migrate towards a more system-oriented role and how to support people, processes and enable progress during this transition.	**Dan Hopkinson** Director of Data and Transformation, ElectraLink
Notes	**Flow Builder** Presenting the new graphical tool that enables energy market participants to prototype, test and create bi-lateral data flows based on industry catalogues and use them to share information with industry partners over the Data Transfer Service (DTS).	**Mark Pearce** Head of Digital Services, ElectraLink
Notes	**What will the UK energy market regulatory framework look like in 2030 and what is the roadmap to get there?** Key attributes of a regulatory framework which enables change, a more flexible governance model and innovation.	**Stefan Leedham** Director of Governance Services, ElectraLink

ElectraLink

Governance and Regulation: An enabler for the future Energy Market

Assessment:

Overall, the group seemed to agree that at present, regulation needs to be changed to encourage innovation. However, this does not mean necessarily that changes should be 'fast tracked', as this isn't fair to all parties.

The discussion also looked at the idea of regulation becoming more intertwined with other sectors, as now more than ever the lines are blurred – an example being electric vehicles.

It was also apparent from the audience that change was needed, but what change was the real challenge that will need to be addressed in the next few years.

Direct comments:

- Would like to see Ofgem/Government exercise more direction, co-ordination and prioritisation'
- 'Need to get the balance right between regulation and innovation' (F1 analogy).
- 'Need to link up better for UK i.e. bring together all relevant industries and look at the bigger picture' (about manufacturing and EV development).
- 'Change needs to happen faster'
- 'If change is fast-tracked, then actually it may be more difficult to engage'
- 'Be really useful if there was a single point of contact to go to for all that we need to understand and action'
- 'Is the work of the various innovation sandboxes being co-ordinated/joined-up?'
- There is real concern about resources and the ability for smaller organisations to engage and contribute as they would like to.

Market Sandboxes: The benefits and how we can do more

Purpose: the purpose of this breakout session was to discuss how industry sandboxes can facilitate innovation and how innovation can be driven forward.

Attendees of the breakout session were asked whether they consider the industry codes to act as a barrier to change, competition and innovation. In response:

- One attendee strongly agreed that they do act as a barrier, explaining that there are too many codes and they are confusing and expensive to engage with. It was suggested that ideally, we should aim to have three codes.
- Counter to this, another attendee cautioned that the experience of merging the MRA and Green Deal showed that having large merged codes acts as a different kind of barrier. With multiple separate codes, a person can become an expert in a specific code but once the codes reach a certain size the ability for an individual to fully understand the code is lost.

Attendees were asked whether sandboxes were something they could see a use for within their own organisations. In response:

- One attendee noted that from a community energy point of view, they would find it very useful.
- Others noted that they had found the work done by Ofgem and Elexon on sandboxes to be useful.

The group were asked where they feel their hands are tied with regards to innovation, specifically, whether it is regulation that holds back industry innovation. In response:

- It was highlighted that good regulation should enable innovation and, as such, it doesn't have to be the case that innovation cannot occur in a highly regulated environment.
- It was suggested that work should be done to look at what specific regulations are holding back innovation.
- One attendee observed that an organisation could potentially spend a couple of years working on an innovative idea only to find the rules change, making their idea redundant. Such an environment does not support investment in innovation.
- Another attendee suggested that there is a lack of data and understanding about what customers actually want. For innovation to occur organisations need to think differently about their service model.
- It was suggested that while sandboxes and attempts to get people engaged are great, there is a need to ensure that regulation supports these activities. To achieve this, simplification is needed which is a massive task.
- Counter to this view, it was observed that if UK regulation were the issue then you'd be able to point to innovations in international energy markets with different regulatory systems, which we cannot. It was suggested that most states look to the UK for direction.

The group discussed how innovation can be encouraged, noting the following points:

- If we were to start afresh, the setup of the market would be driven by what the customer wants rather than the network.

- The language that we use to engage with consumers is important. There is a perception for consumers that the only variable is the price, with the product they receive (i.e. the gas and electricity) the same.
- The way that consumers receive the service doesn't have to be from the Supplier. As an example, it was explained that BBC programmes are no longer only available on the BBC but also via Netflix and other providers.
- If the industry does not keep up with innovation, then innovation will happen outside of the industry. For example, what can connect to the HAN is likely to grow over time with or without industry involvement.
- It was suggested that the codes are not the barrier to innovation but rather the regulations that are there to protect the consumer are, such as the descriptive nature of what needs to be included in the bill.
- In terms of the direction that the industry takes, this should in theory be driven by customers. However, customers may not know what they actually want.
- Work needs to be undertaken to determine what regulations can be removed.

It was concluded that the key messages from the group are that:
- Regulation is important and necessary; and
- Innovation should be approached from an outcomes and customer engagement perspective.

Beyond the Supplier Hub Model: Establishing Best-Practice Governance Within the Energy Broker Market

- Breakout attendees questioned the position of the customer in this model. Especially the level of engagement of SMEs
    - Mark outlined that the customer is at the centre of the TPICoP model and the Work Groups included representatives of the consumer through Citizens Advice.
- One attendee queried whether TPICoP would be covering all broker services.
    - Mark outlined that TPICoP would cover the services that TPI brokers deliver – this would include field sales, website and telesales (as applicable)
- One attendee queried the degree of complaint resolution under TPICoP
    - Mark outlined that the Dispute Resolution process will cover end-to-end dispute resolution, including contract issues (such as failure of service or contract mis-selling)
- One attendee wished to clarify the level of industry engagement
    - Mark outlined that the first working group on 12 September had 14 attendees representing a range of suppliers and TPIs
- One attendee highlighted the preferability of merging TPICoP
    - Mark outlined that ElectraLink's TPICoP encompasses the 'lessons learned' from other TPICoP models but where it differs to other CoPs is the independence that ElectraLink can provide as a code manager and assurance service provider.
- One attendee questioned whether this mode of governance was a repetition of the traditional mode of governance and not 'principles based'
    - Mark outlined that the ElectraLink TPICoP will focus on 'best practice' enshrined in process and performance assurance. Mark outlined that the TPICoP does not prescribe processes, rather outlines and highlights best practice developed from the guiding principles that Ofgem initially set out in 2015.
    - The next ElectraLink working group scheduled for 08 October will look into defining the establishment of the code in more detail including the governance framework (TPICoP company) and assurance model.
- Does ElectraLink's TPICoP align with Ofgem's view?
    - The Code is a development of the initial principles / best practice benchmarks that Ofgem set out.
    - ElectraLink is continuing to engage with independent third parties as the code is developed with a view to a panel session following the conclusion of the next working group.
- One attendee asked where do ElectraLink draw parallels from the residential space (i.e. the confidence code)
    - Mark outlined that we do not currently use practices from the confidence code, but we will look into this at the next session.
- One attendee asked for further details on our assurance framework and enforcement
    - Mark outlined that we will provide an initial audit against principles before onboarding with 6-month checks and annual audit thereafter.
    - ElectraLink's TPICoP will review the redress mechanism regularly to remove any barriers to entry
- One attendee questioned whether we would work with other bodies (those that hold data) to ensure that our TPICoP is aligned.

- – Mark outlined that we would consider working with any other service provider to improve the workings of the TPIs and suppliers on our scheme.
- One attendee queried the role of agents in the ElectraLink TPICoP
    - – Mark outlined that the code is considering the role of agents / sub-brokers and that a principle had been established that the a primary TPI signing up to the code would be responsible for ensuring that the sub-brokers are also compliant. Assurance would include a primary TPI demonstrating how partners are monitored and how any non-compliance / corrective actions are enforced.
- One attendee asked for published notes from the meetings
    - – Mark explained that he would work to get these published on the website following the next working group however any output will not be attributable to a specific organisation.
    - – Mark outlined that we will discuss this at the next session.
- One attendee asked where aggregators sit in this model
    - – Mark outlined that aggregators will form part of the evolution of the CoP and that the TPICoP will be flexible enough to mirror the market going forward.

Value of Industry Data (EMDH)

How can our EMDH data help suppliers.
- Improving the change of supply process.
    - Access to previous agent's data to underpin MTD delivery
    - Provide new suppliers info ahead of time (EAC API is an example of this)
    - These functions are examples of how our data can be called upon at any time the data is needed because the process has broken
- The EMDH has the capability to provide more information than what is currently available in ECOES/DAS.
    - Specifically, information in advance of gaining the meter regarding the type of metering equipment is installed at the property
    - Or the ability to provide meter asset detail via a phone app for meter installers about whether the supply is 1 or 3 phases

How our data can help with customer Experience
- A participant asked about access to data at the time it is needed is required to support the improved customer journeys that small suppliers place a premium on.
- A participant asked about following the banking "open access" route to providing more information via APIs which Electralink are pursuing.

How can different methods of interacting with the data improve outcomes within the industry?
- A participant discussed BM reporting and how that system works very well and if the EMDH would create similar functionality for the DTS Data.
- A participant started a discussion on whether DTS data or insight is what needs to be provided/What ElectraLink's views are on the future vs current and how combining 3rd party data would help.
- Another discussion started about how HH Settlement can be solved centrally rather than sending d-flows and how all flows can support multi parties and if we move to an open data framework

Other Questions raised by the group:
1. How does the commercialisation of the data benefit consumers / companies?
    a. Who gets paid, who sees the benefit?
2. How do you protect data from leakage and handle GDPR?
    a. A potential answer would be to treat the granularity of data with different measures of controls and restrictions.

Data in the changing energy landscape

1. One attendee asked whether Innovate UK saw a merger of manufacturing and automotive regulations to support the EV revolution
    a. It was noted that here is a feedback loop to other regulators, but Innovate UK's key contacts are Ofgem and BEIS
    b. At a central level, all key bodies are engaged through central bodies/meetings, such as OLEV.
2. One attendee asked whether there was any appetite from Innovate UK to push for innovation funding purely for Scotland (based on the differences in regulation for CO_2 emitting vehicles between Scotland and the rest of the UK)?
    a. Innovate UK outlined that all their innovation funding is UK wide.
3. One attendee noted that it would be useful for an EV registry to store key information on the EV, such as whether it is on a ToU tariff or who their supplier is, to open up the opportunity for more innovative business models (i.e. the ability to plug in at any charge point but be charged the cost provided by their own supplier).
    a. ElectraLink highlighted that they are looking into supporting the creation of an EV registry and we would welcome any input into what is required for this registry.
4. One attendee queried the level of involvement of local authorities.
    a. Innovate UK highlighted that they try to encourage the engagement of local authorities. Each project, once it has started, will need to engage the local authority and Innovate UK monitor and encourage engagement.
5. One attendee queried how Innovate UK account for driverless cars
    a. Innovate UK highlighted that they have several scenarios in their planning and this includes a range of 'driverless' scenarios.
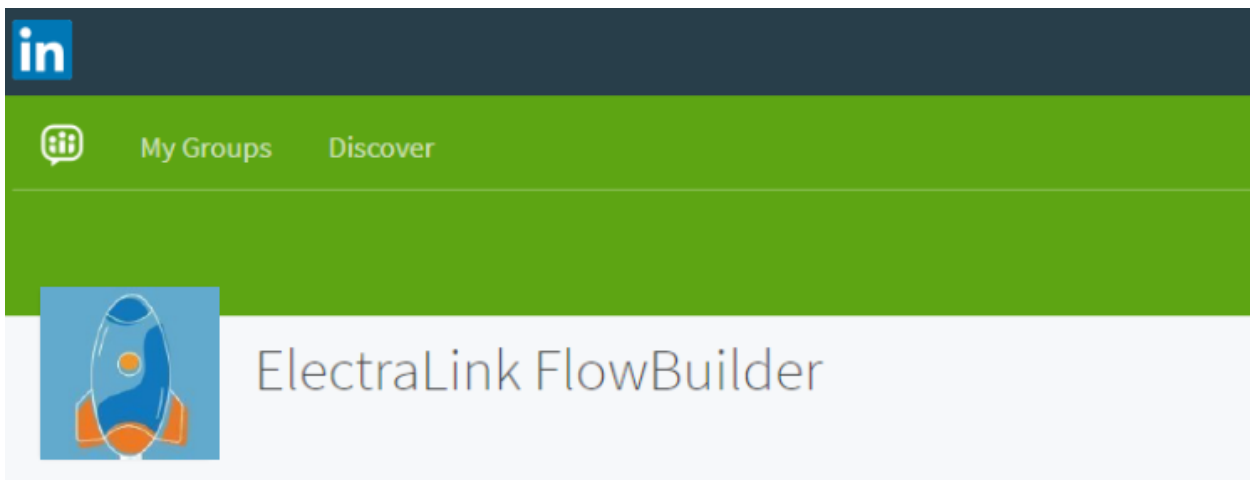
Flow Builder

Flow Builder elicited a good deal of engagement with the attendees. The current proposed functionality was well received, and attendees suggested several enhancements for future versions of Flow Builder.

Given the current phase of the software and overall stage in the product delivery. Any and all amendments and additions to Flow Builder will be released at the appropriate time.

ElectraLink actively encourages all persons interested in Flow Builder to sign up to the LinkedIn page. This will be the best and most current source of all things Flow Builder.

https://www.linkedin.com/groups/8687833/

What will the UK energy market regulatory framework look like in 2030 and what is the roadmap to get there?

1. It was questioned how the move away from the Supplier hub model would evolve regulation and whether the current model of licences would continue to be appropriate.
2. It was felt that customer choice and innovation should drive regulation. As such if a customer wanted multiple energy suppliers then this should be facilitated, but equally recognise that some customer may just want a single utilities provider.
3. Aim should be to simplify and reduce regulation with the objective of only regulating where the market is failing. If it is not failing, then should trust the market and competition to deliver.
4. Question as to whether supplier of last resort was needed or not – a customer's lights will stay on even if the supplier went under. Others felt it was necessary as a customer may have paid in advance for their energy.
5. It was questioned whether an ABTA style insurance scheme may work but it was not clear how this would be enforced if there were both regulated and unregulated participation in the energy retail market, and whether this was just adding another layer of unnecessary cost.
6. It was questioned whether regulation should change first to accommodate innovation but run the risk that a model appears that cannot be accommodated; or whether you wait for innovation and the market to change and ensure regulations are amended to not act as a blocker.