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A call for evidence on data access and privacy

SSE is pleased to provide comment on the above call for evidence. We welcome the ongoing engagement with the Smart Metering Implementation Team and have provided answers to the specific questions posed by DECC in the attached annex.

Ensuring a transparent approach to data access and privacy is key to delivering the benefits associated with the mandated smart metering roll-out. Without trust, many consumers will begin to become sceptical of the smart roll-out and raise concerns with regards to purposes upon which their data is being accessed. A clear and concise national campaign is required to inform the mass public of the national requirement for smart metering and the perceived benefits is crucial to ensuring suppliers and network operators can continue to provide services efficiently.

SSE committed to ensuring best interests of consumers are maintained during the mandated smart metering roll-out giving due consideration to our regulatory and Data Protection obligations.

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Annex

1. Please submit any further evidence, such as surveys or consumer research, regarding privacy issues and smart metering. In particular is there evidence available about the effects of the availability and aggregation levels of more granular data (for example daily)?

SSE does not have any new or additional evidence to add to DECC's analysis.

However, SSE is aware that the Energy Retail Association will be conducting independent consumer research in order to determine consumer attitudes towards smart metering and the Energy Networks Association has also published a Privacy Impact Assessment that DECC that Government should give due consideration to..

2. To what extent would different rules for access to data between suppliers and third parties be expected to impact on the development of an energy services market (in terms of product and tariff innovation and / or entry to the energy market by third parties)? What are the particular data uses to which these concerns apply?

SSE believes that all authorised Smart Energy Code (SEC) users should adhere to the same rules for access to non-mandated (regulated duties) core services data via the DCC. This will help ensure an equitable competitive market for all participants and increases consumer choice to access the service they see as most suitable. If Government introduced different SEC rules, or processes (not process steps), that were adopted, this could erode the Security of the DCC / metering system that is part of the rationale for the access being via DCC in the first instance. The SEC should include relevant and appropriate obligations on all parties in relation to the security and privacy of the end-to-end smart metering infrastructure, putting in place robust governance processes with appropriate sanctions for non-compliance. With appropriate sanctions in place (i.e. removal from the SEC) this should prove to be a sufficient incentive on all parties to ensure compliance.

Also, in the situation where a supplier is undertaking HAN work within a customer's premises, the DCC will already be aware of the two parties between which data is transferring. Should a third party wish to access this data (by adding devices to the HAN, collecting 13 months data, meter readings etc) SSE is of the opinion that this should require proactive customer consent.

3. Are there any data uses, apart from those set out below, where the arrangements for access to data could have an impact on the benefits of the programme. How does this analysis differ for the gas market?

SSE believes that majority of uses of data have been captured. SSE would encourage the Government not to restrict innovation by detailing a number of data uses that it considers to be unacceptable.

4. What types of energy services and energy advice could be provided by the market (by suppliers and / or ESCOs / potential new entrants) that require access to specific levels of data?

What level of data granularity (frequency, time-lag) are needed to provide such services and what is the potential impact of these services in terms of percentage energy savings?

Please provide empirical examples and explain the basis of any assumptions and distinguish between gas and electricity.

As energy suppliers are required by supply licence to provide energy efficiency information to customers SSE believes this information is better delivered and received in almost all circumstances where this information is tailored to the customer's specific circumstances. Access to granular data is crucial to achieving the carbon reduction and energy efficiency

benefits within the cost-benefit analysis undertaken by Government. Restricting access to this information for suppliers would restrict the opportunity to deliver the perceived benefits of the mandated smart rollout. It would also limit opportunities to deliver other Government policy objectives, for example, the Energy Company Obligation and the increased uptake of microgeneration by domestic customers and small businesses.

SSE also supports all of the research that the Energy Retail Association has highlighted within their response to this consultation.

5. Should theft management be considered a regulated duty for which suppliers should have access to a certain level of smart metering data? What level of data would be required and how would this be used to manage theft? Please provide practical examples.

Theft management is currently a regulated duty for energy suppliers and network operators. There are also safety and financial implications associated with identifying theft. The Smart Metering Equipment will be fitted with tamper alerts in order to identify possible instances of theft. If consumer awareness surrounding information that is sent to their supplier is increased this will help act as a deterrent to many consumers.

Ofgem's recent consultation 'Tackling Gas Theft' notes that 'The roll out of smart meters is expected to have a positive impact on reducing gas theft. Firstly, the replacement of existing metering stock will remove existing meter tampers and may identify other tampers to the network that do not involve the meter. Secondly, it is intended that smart meters will be able to provide tamper alerts to give warning that a theft may be occurring. Lastly, more detailed consumption data should enable suppliers to better spot instances where unexpected levels of consumption suggest that there is a risk that a meter is not correctly recording consumption, including where this may be caused by theft'. This would lead SSE to assuming that Ofgem also expect energy suppliers to be able to utilise consumption information from smart meters to assist with managing this regulated duty.

6. Does data need to be collected from all customers all of the time, for theft management, or could there be a trigger for accessing more detailed data (for example where theft is suspected)?

Yes, this would allow suppliers to monitor consumption patterns for all properties after Smart Metering Equipment has been installed and act upon any significant changes in consumption patterns where a suspected theft may be occurring. Despite the Smart Metering Equipment containing tamper alerts, in many instances of theft, the theft does not physically take place on the meter. Illegal abstraction of energy can take place on incoming gas pipes or electricity cables. In such circumstances, a meter tamper alert would not be triggered and the supplier and network operator would be completely unaware the theft is occurring.

SSE therefore believes that there should be no restrictions on the information available in order to assist with the effective discharge of obligations in relation to theft. In addition, criminal activity can be innovative, therefore it would only be a matter of time before robust system controls can be overcome by criminal innovation. For example, suppliers and network operators may need the ability to continually upgrade protection software against malware.

7. What level of take-up of time-of-use tariffs could be expected under different scenarios for access to data? What information is needed to design time of use tariffs? In particular would sample or anonymised data be sufficient?

In order to determine whether a specific time-of-use tariff is suitable for specific customers, energy suppliers will be required to access the customer's consumption data. This would help ensure that no customer is provided with a time-of-use tariff that is not suitable for their circumstances.

The take-up of time-of-use tariffs will be dependent on the point above. In order to assist with the development of time-of-use tariffs that are financially attractive to consumers (which will also assist with the smoothing of demand) suppliers need to understand electricity consumption patterns for individual customers, rather than using the current settlement profile for groups of customers. Our view is that we would be able to develop time-of-use tariffs using anonymised customer consumption patterns, however during the development of these tariffs it will require a significant amount of in-depth analysis of individual consumer data prior to any aggregation taking place.

8. Do you agree that individual half-hourly data is not currently required for suppliers to meet their obligations in relation to settlement? Over what timescale are any changes to settlement likely to take place and what might the implications be in terms of data requirements?

SSE considers that half-hourly data will be required wherever the customer opts for a time-of-use tariff and this will need to be settled on a half-hourly basis. SSE would like to be able to analyse individual half-hourly datasets should the need arise, however we recognise that half-hourly aggregated datasets is likely to be the most efficient method of settling on a half-hourly basis. SSE will require confidence that we are only settling customers within our portfolio which will require site specific information. Also, SSE is of the view that we should be able to fully ensure that customers have not entered the DCC half-hourly systems, whilst having an overlapping registration in existing non half-hourly systems.

Allowing suppliers access to half-hourly settlement data will have significant benefits for the overall settlement process. If demand was to shift, as a result of time-of-use tariffs, this will allow suppliers to accurately pay for the energy that their customer base has consumed. This will, in turn, result on cheaper energy for consumers as suppliers do not need to pay for energy that their customer base did not consume.

9. How far would aggregated or sample data provide suppliers with what they need in the area of wholesale hedging? Please provide examples of how the data would be used and where possible quantify potential benefits and costs.

SSE believes that managing the interaction between the retail and wholesale market is key to shielding customers from the volatile wholesale energy market. SSE is in agreement with the statement within the consultation, *'The better the information they (suppliers) have on their customers' usage, the better they will be able to forecast their future energy demands and buy ahead what they need to manage their costs.'*

If suppliers are able to hedge their energy requirements more accurately, this will increase the accuracy upon which suppliers base risk decisions within the market. Allowing access to this data will reduce suppliers' exposure to the 'cash-out' regime, by which suppliers purchase too much or too little energy to cover their demand. This will ultimately reduce the cost of energy for consumers. SSE would therefore recommend that suppliers are given access to aggregated data in order to help them manage wholesale activity.

10. What level of data would be required and how would this be used to manage debt? Please provide practical examples.

In order for SSE to assist its customers with proactive debt management and prevention we will require actual usage information from smart metering equipment. This will ensure that any ongoing debt repayment levels are set at a suitable level to cover ongoing consumption whilst taking into account the customer's ability to pay.

We have set out a number of examples below where access to ongoing consumption that will assist debt management and prevention:

- Actual usage will enable proactive debt management by ensuring that customers payments are set in line with usage;
- Improved clarity when a meter is collecting debt i.e. amount being collected and when this is due to be collected;
- Consumption patterns could provide information which will enable suppliers to recommended a more economical tariff and therefore reduce the risk of debt;
- Unusual peaks in consumption will be easily identifiable to allow suppliers to pro-actively warn customers of increased usage which may also be out of line with payment arrangements;
- Consumption data could be used to identify vacant properties to give an indication of Change of Tenancy to allow pro-active management (both incoming and outgoing); and
- New customer management – the ability to identify high energy users and bill early to mitigate the risk of the customer accruing an unmanageable three month debt to start their account.

11. How would suppliers envisage using daily data to support debt management and what evidence do they have to support claims of additional savings that could be achieved with access to daily data as opposed to less frequent data?

In SSE's view it is unlikely that the use of daily information will provide the perceived benefits of debt management and debt prevention as outlined in our response to Q10.

Allowing suppliers access to daily data will however, still allow for the following benefits:

- Visibility of self disconnection for customers paying a debt via a meter - both in terms of frequency and length of self disconnection
- Setting of a threshold, in terms of time, for attempting to contact customers following self disconnection to ensure that customers do not remain self disconnected for an extended period of time e.g. more than 24 hours.
- Visibility of customers near credit limit when paying a debt via a meter - ability to send a message to IHD
- Where a customer is paying back a debt through the meter the amount paid, the amount to pay in total and the recovery rate will be clearly displayed to the customer

12. How could smart metering data be used to identify and protect vulnerable consumers? Should such activity be considered a regulated duty and are any licence changes needed to create particular duties on suppliers in this area?

SSE considers the identification and protection of vulnerable customers a to be a regulated duty and we have a number of licence obligations in this area. We therefore do not consider the need to introduce any further regulation in this area. It is unlikely that data from smart meters alone will achieve the identification of vulnerable customers. Only through detailed conversation with customers are we able to identify them as vulnerable and/or eligible for our Priority Services Register. Consumption information alone is not sufficient to determine whether a customer is eligible for the Priority Services Register.

However, after a customer has been declared as vulnerable, suppliers should be provided with the opportunity to monitor that particular customer's consumption as a means of proactively preventing self disconnection. This is particularly important for prepayment customers. This would allow suppliers the ability to identify low credit situations, emergency credit availability etc. Daily information is essential for accurate identification of self disconnection.

Also, as we have outlined in our response to Q10 and 11, the benefits associated with access to consumption data for vulnerable customers will also assist in the management and prevention of debt. It is inevitable that potentially vulnerable customers are more likely to fall into debt as a result of low income (or other reasons). Therefore, many of the benefits outlined above will be most helpful for vulnerable customers.

13. Do you consider that use of data by network companies to support them in maintaining an efficient and economic network should be considered a regulated duty?

Yes, the use of smart metering data by gas and electricity Distribution Network Operators (DNOs) should be considered a regulated duty. This will ensure that efficiencies are derived from the use of data in order to maximise the benefit to customers.

14. Do you agree with the requirement for such data to be anonymised or aggregated wherever possible, and how should this be monitored?

Yes, SSE agrees with this proposal. Wherever possible data should be anonymised or aggregated though in certain situations where this is not possible to achieve, DNOs should be able to access data from smart meters to metering points rather than information regarding individual customers. It is important that data of sufficient granularity is available to gas and electricity DNOs to support the operation of all future network planning and operational requirements. Monitoring of data made available to DNOs could be undertaken by DCC, following a predetermined set of rules, to ensure that common reporting practices are in place.

15. Would suppliers be expected to advise consumers of network company usage of data given network companies do not have a direct relationship with customers?

SSE considers it important that the risk to customers by DNOs having access to smart metering data is minimised. In practice this risk will be managed by extending existing controls to cover smart metering data issues and thereby compliance with the Data Protection Act. SSE can therefore see no purpose in instructing suppliers to advise customers regarding network company use of data derived from smart metering equipment other than what is already in existence in their terms and conditions to meet existing regulatory and associated obligations. Furthermore, information provided by suppliers regarding DNOs' use of smart metering data could cause confusion within the consumer base as the majority are not aware of the split between distribution companies and energy suppliers.

16. Are there any alternatives to a basic opt-in or opt-out approach to consumer choice such as some form of prompted choice? What are the practical and consumer protection considerations in relation to different options (for example when and how)? From a consumer perspective what alternative approaches and vehicles (for example letter, email, phone) to seek customer consent are there?

SSE is aware that consumer choice can be offered in a variety of different methods. However, the most important element in any choice mechanism, or in how that choice is offered, is that it is done in a transparent manner that ensures consumer understanding in order to allow them to make informed decisions.

The Energy Retail Association's Smart Metering Privacy Charter being developed is to ensure that consumers are kept fully informed of suppliers' use of information from smart meters, and the choices they have in terms of what information is collected. SSE considers the following as acceptable in terms of choices available to the consumer with regard to collection and use of data:

- Regulated Duties – consumers have no choice on whether this information is collected as suppliers are obliged to do so.

- Consumer choice to opt out – unless the customer has specifically accepted that a supplier collects Half-Hourly data (i.e. by accepting a time-of-use tariff) the default position is to collect daily consumption information.
- Consumer choice to opt in – of any information that the customers deems necessary, for example, down to real-time information.

SSE is of the view that allowing suppliers the ability to collect the above information as a default will ensure the cost-benefit analysis undertaken by Government will be easily achieved. Suppliers are already required via Supply Licence Condition 25 and more general consumer protection legislation to ensure that all marketing activities are undertaken in a fair, transparent, appropriate and professional manner. This will protect customers from unwittingly opting into their data being collected by energy suppliers.

17. What evidence is there of likely take-up rates that could be achieved through different approaches to consumer choice?

SSE does not have any evidence to support likely take-up rates that could be achieved through different approaches to consumer choice.

Research carried out by a third party on behalf of SSE in 2011 noted that customers have a high awareness of smart metering. Customers are particularly aware of the fact that a smart metering system can monitor energy use which could possibly help recommend the most appropriate tariff for each customer's individual circumstances.

18. What current and future technical options exist for energy consumption data minimisation / privacy enhancing technologies? How might aggregated or anonymised data be provided in practice? Would this imply additional services to be provided by DCC?

Government need to consider how aggregation of data could skew any potential benefits that smart metering can provide for customers. No two individual electricity or gas customers will have the exact same consumption profile. Therefore, mass aggregation may prove to be misleading in most cases. For example, if data aggregation was used in developing time-of-use tariffs suppliers could potentially finalise a solution that is not beneficial for a large number of customers.

19. What parts of the privacy policy framework do you think should be delivered by regulation and why?

SSE considers that the current regulatory framework in place has served the industry well without any specific privacy policy being in place to date. We do not consider that this needs to be changed as a result of smart roll-out (despite the various issues that are likely to arise).

SSE is fully aware of its obligations under the Data Protection Act and is putting in place arrangements to ensure compliance with those obligations as part of our preparations for the foundation and mandated roll-out.

20. What is the most effective way to set out any sector specific protections around privacy (e.g. licence conditions or other alternatives)?

As stated within our response to Q19, SSE believes that the current regulatory and legislative framework is sufficient to protect consumers during the foundation roll-out, mandated roll-out and as an enduring solution after completion.

21. What practical options for authentication would provide the right balance between allowing easy access to consumer data in the home while providing the necessary privacy protection? Are there any other issues or options that the programme should be considering in developing the approach in this area?

In our opinion, the Programme has discussed this point elsewhere. In order to ensure continued Smart Metering System compliance and security the Programme has determined that access to data can be covered by SEC Users accessing data from the DCC on a consumer's behalf.

Government need to strike a balance between ensuring that Security and Privacy are maintained, and that there is a minimal amount of effort required by consumers. Arrangements must also allow for the energy services market to develop, ensuring there are no perceived barriers to market entry through complex or complicated processes.

SSE believes the following process would prove effective to ensuring easy access to data whilst considering the necessary privacy protections. This would involve DCC running an authorisation portal via the internet for third parties wishing to make changes to customers Home Area Network or data collection arrangements

- The party wishing to make the change would log into the portal and register a request for change which could be, for example, connecting an advanced IHD, collecting meter readings etc.
- DCC could then send a message to the consumer via their IHD. This then gives the details of any proposed change and the authorisation code to the customer. Whilst being guided by the third party as to how this process works.
- In order to ensure the customer agrees to any change, they then provide the authorisation code to the third party (i.e. on the particular supplier or ESCOs website or via the telephone).
- The requesting party then enters the authorisation code directly into the DCC portal which would allow the change to proceed.

SSE also continues to support the work being undertaken within the ODAG Data Access Group.

22. Are there other issues that need to be considered to make using the HAN a viable route for access to data in the home, from either a process or consumer perspective?

If consumers do not wish their energy supplier to know that they are attempting to procure a service from an ESCO or connect an advanced IHD to their Smart Metering HAN, there is still a need for the DCC to give the relevant authority to manage this process. Our response outlined within Q21 would achieve this.

Question 23 – What sort of arrangements would provide an appropriate balance between providing ease of access for consumers seeking to sign up to new services and adequate protection for consumers' data when accessed via the DCC?

The same principles as outlined within our response to Q21 apply here, Government need to strike a balance between ensuring that Security and Privacy are maintained, and that there is a minimal amount of effort required by consumers. Arrangements must also allow for the energy services market to develop, ensuring there are no perceived barriers to market entry through complex or complicated processes.

Question 24 – Are there other issues or options that the programme should be thinking about for the foundation stage or for non-domestic customers to facilitate access to data?

SSE is of the opinion that meter technologies are still maturing and considers it appropriate that any foundation stage activity should support data access as the supplier sees fit, providing that they uphold all other legislative and regulatory controls. Competitive forces within the industry will drive suppliers in the short term to innovate and provide their customers with the most attractive offering that they are able. This is evident in current media campaigns.



Question 25 – Do you have any suggestions as to how the foundation stage can be used to further learn about the approach to data access and privacy?

SSE agrees that the foundation stage should be firmly focussed on using this transitional period as a testing period to ensure that any solutions are enduring and suitable for the mandated roll-out of smart metering equipment.