Title: Raising the Non-Domestic Smart Meter Consumer Offer **IA No:** **RPC Reference No:** **Lead department or agency: BEIS** **Other departments or agencies: N/A**	Impact Assessment (IA) **Date: 05/05/2021** **Stage: Development/Options** **Source of intervention: Domestic** **Type of measure: Secondary legislation** **Contact for enquiries:** smartmetering@beis.gov.uk

Summary: Intervention and Options

RPC Opinion: RPC Opinion Status

Cost of Preferred (or more likely) Option (in 2019 prices)

Total Net Present Social Value	Business Net Present Value	Net cost to business per year	Business Impact Target Status
£813m	£813m	£5.0m	Qualifying provision

What is the problem under consideration? Why is government action or intervention necessary?

Non-domestic energy consumers with a smart meter currently do not have adequate access to their energy usage data. This limits their ability to engage with their energy use and realise several of the benefits of smart meters. This not only means missed energy savings for consumers, but a barrier to achieving the Government's net zero commitments. A number of barriers and market failures – behavioural constraints, externalities and restricted data access – mean that government intervention is required.

What are the policy objectives of the action or intervention and the intended effects?

The objective of the policy is to increase the number and quality of data feedback tools and services available to non-domestic smart meter customers on the market, increase engagement with these tools and promote innovation.

The desired effects of the policy are to ensure that non-domestic smart meter customers are provided with feedback on their energy consumption that effectively engages them and helps them to better manage their energy use, as well as making it easier for consumers to share their energy consumption data with third party innovators (acting with consent) to support this. The policy will be deemed successful if it leads to the development and uptake of more energy feedback tools and services designed in ways that enable consumer engagement and energy savings.

What policy options have been considered, including any alternatives to regulation? Please justify preferred option (further details in Evidence Base)

Do Nothing: currently, energy suppliers are only required to provide energy consumption data on request by customers (or consumers' representatives acting with consent) in any format and can charge for the data**.**

Option 1: require energy suppliers to provide their non-domestic smart meter customers and their representatives with free, timely information on their gas and electricity consumption, on at least an hourly basis, and presented to them to enable insights into their consumption.

Two alternative policy options were also considered (see Evidence Base) and discounted as they were either deemed too prescriptive or not ambitious enough. Option 1 was preferred as it achieves the best balance between realising benefits and fostering innovation.

Will the policy be reviewed? It **will** be reviewed. **If applicable, set review date: 2027**

Is this measure likely to impact on international trade and investment?		No		
Are any of these organisations in scope?	**Micro Yes**	**Small Yes**	**Medium Yes**	**Large Yes**
What is the CO_2 equivalent change in greenhouse gas emissions? (Million tonnes CO_2 equivalent)		**Traded: - 0.7**	**Non-traded: - 2.6**	

I have read the Impact Assessment and I am satisfied that, given the available evidence, it represents a reasonable view of the likely costs, benefits and impact of the leading options.

Signed by the responsible SELECT SIGNATORY: ..... Date: .....

Summary: Analysis & Evidence **Policy Option 1**

Description: Require energy suppliers to provide their non-domestic smart meter customers and their representatives with free, timely, and insightful information on their gas and electricity consumption.

FULL ECONOMIC ASSESSMENT

Price Base Year 2019	PV Base Year 2021	Time Period Years 14	Net Benefit (Present Value (PV)) (£m)		
			Low: 93	**High: 2,986**	**Best Estimate: 806**

COSTS (£m)	Total Transition (Constant Price)	Years	Average Annual (excl. Transition) (Constant	Total Cost (Present Value)
Low	8.8	One-off	1.6	**23**
High	21	One-off	8.1	**104**
Best Estimate	13.5	One-off	3.9	**51**

Description and scale of key monetised costs by 'main affected groups'

The costs of developing data feedback offers, including initial investment (e.g. software development, product design, project management) and ongoing costs (e.g. server updates, data analytics, server and cloud costs). Of these costs, about 30% of the total are fixed costs, while the remaining 70% are variable costs.

Other key non-monetised costs by 'main affected groups'

N/A

BENEFITS (£m)	Total Transition (Constant Price)	Years	Average Annual (excl. Transition) (Constant	Total Benefit (Present Value)
Low		N/A	11	**128**
High		N/A	293	**3,122**
Best Estimate		N/A	81	**864**

Description and scale of key monetised benefits by 'main affected groups'

The monetised benefits correspond to the following benefits from the 2019 Cost-Benefit Analysis: direct energy savings, reduced carbon emissions, air quality benefits and demand shifting benefits. Energy savings and reduced carbon emissions are the most sizeable monetised benefits, representing 70% and 17% of the total, respectively.

Other key non-monetised benefits by 'main affected groups'

Non-domestic consumers will be empowered to manage their energy use and have strengthened rights to access information on their own energy consumption, as well as passing this information onto third parties. Increased data availability will also support auditors and other energy efficiency service providers to help businesses reduce their carbon footprint, benefitting society in general in the long run. The policy is also likely to produce benefits to third party innovators who will see barriers to data access removed. In the medium-long term, this should lead to wider competition and innovation in the market for non-domestic smart energy management services.

Key assumptions/sensitivities/risks	**Discount rate**	3.5%

Key assumptions on costs of providing data offers in response to the policy, the likely quality of these offers and whether they will be produced in-house or outsourced are all uncertain. The present consultation aims to address these evidence gaps. Further uncertainty exists in relation to the take-up of such offers and effective consumer engagement with them, which is addressed by means of an extensive sensitivity and break-even analysis.

BUSINESS ASSESSMENT

Direct impact on business (Equivalent Annual) £m:			Score for Business Impact Target (qualifying provisions only) £m:
Costs: 5.0	**Benefits: 0**	**Net: 5.0**	**24.5**

Evidence Base

Problem under consideration

1. Smart meters are currently replacing traditional gas and electricity meters in homes, small businesses and schools across Great Britain as part of an important upgrade to the national energy infrastructure and underpinning the cost-effective delivery of the Government's net zero commitment. They are a critical tool in the transition to a low carbon energy system, for example by enabling incentives for consumers to use energy when renewable generation is available and automatic charging of electric vehicles when prices are low. A key benefit of the transition to smart meters is that the energy data that they record will be used by consumers to engage with, and better manage, their energy consumption.

2. The non-domestic smart meter rollout covers around three million meters across two million sites[1] [2], of which around 70% are microbusinesses. Smart meters can allow businesses to use data to identify ways to save energy and lower costs, upgrade to more energy efficient equipment, as well as allowing them to share their energy consumption data with third parties of their choice – thus enabling a wider market in energy management services.

3. Unlike for domestic customers (who are offered an In-Home Display automatically as part of their smart meter installation), energy suppliers are not at present obliged to non-domestic customers with a default way of accessing or engaging with their energy consumption data. This is due to the diversity in sites covered by the smart metering mandate, which suggests that they require a more bespoke approach.

4. Evidence from the evaluation of the Non-Domestic Smart Energy Management Innovation Competition (NDSEMIC) suggests that value-added data tools and services, if they have the right features, can lead to high levels of consumer engagement and help realise higher energy savings.[3] The programme's 2019 Cost-Benefit Analysis estimated that this consumer engagement, coupled with new data-driven services, will lead to over £1.5bn (2011 prices) in energy savings in the non-domestic sector, as well as a further £0.6bn (2011 prices) in benefits from reduced carbon emissions and improved air quality over the appraisal

[1] https://www.gov.uk/government/statistics/smart-meters-in-great-britain-quarterly-update-september-2020

[2] https://www.gov.uk/government/publications/smart-metering-non-domestic-leaflet

[3] https://www.gov.uk/government/publications/non-domestic-smart-energy-management-innovation-competition-ndsemic-evaluation-findings

period, which runs up to 2034.[4] However, BEIS' monitoring of the energy supply market suggests that while energy suppliers are making some progress in both their data provision services and energy efficiency advice offered to non-domestic customers, this progress is generally slower than needed to deliver benefits for these consumers at pace and there is concern that this may impact the level of savings and energy efficiency potential that non-domestic smart meter customers realise.

5. Evidence to date suggests that while some suppliers do offer some form of data access tools and energy efficiency advice to their non-domestic customers, the quality of these is still often not very sophisticated, and the engagement they generate is limited. Other suppliers offer very limited access to consumers' energy consumption data, with some currently offering nothing but raw data files upon request. Innovation by third parties in providing such tools and services is also limited by obstacles in accessing consumer energy consumption data. Generally, there is no widespread availability in the market of the types of data offers that the findings of NDSEMIC suggest work best in generating consumer engagement. Overall, the evidence suggests that the level of engagement of non-domestic smart customers with their energy consumption data is below its potential. If this does not change, it may become an obstacle to non-domestic consumers fully realising the benefits of smart meters.

6. Throughout this Impact Assessment, expressions such as "data feedback tool" and "data offer" refer to any visual or otherwise user-accessible tool or service through which consumers can engage with their energy consumption data. This might refer to smartphone apps and web portals, but also to more basic tools such as regularly issued graphs and tables, summary documents and the like. More detail on the types of data offers that are most effective in helping consumers achieve energy savings can be found in the sections below. Moreover, throughout this Impact Assessment it is assumed that "take-up" of sophisticated, charged, additional features and services is synonymous with consumers actually engaging with them. For free, default offers (i.e. where the consumer is provided with feedback on their energy consumption without having to proactively ask for it or 'take it up') the term "engagement" is used instead, meaning active interaction with energy consumption data provided by default on the part of consumers.

[4] https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/831716/smart-meter-roll-out-cost-benefit-analysis-2019.pdf

Rationale for intervention

7. BEIS analysis of market progress suggests that competition between suppliers and potential innovators (who could enter and compete in the market) is limited and is not delivering the types of data access tools that have been shown to work best in helping non-domestic consumers to become more energy efficient. This represents a market failure: there are barriers preventing potentially large societal benefits from being realised. These barriers relate to a combination of factors; the main ones identified in this analysis are:

    a) **Behavioural constraints and imperfect information**: consumers in the non-domestic market are historically challenging to engage when it comes to energy efficiency.[5] Consumers may also be unaware of the benefits that smart meters can offer them and therefore fail to demand tools and services to help them engage with their data. Some may also experience additional resource and time constraints, compared to domestic consumers, which prevent them from making effective decisions that can improve their energy efficiency. Nonetheless, recent studies suggests that if the right tools are provided to them, consumers do engage with them, leading to energy savings.[6]

    b) **Externalities and lack of incentives**: energy savings lead to lower costs for consumers but deliver no direct benefits to energy suppliers. Thus, without strong proactive consumer demand, there is no strong incentive for energy suppliers to provide tools and advice around energy use, unless they are a main part of their commercial strategy. Moreover, some of the benefits produced by smart meters – such as lower greenhouse gas emissions and better air quality – benefit society as a whole and may therefore not be accounted for when suppliers and consumers make decisions in the market.

    c) **Direct data access issues**: third parties (acting with consumer consent) that request access to consumption data through energy suppliers are facing obstacles and inefficiencies (such as charges or delays over several months), preventing use of the data to support energy efficiency objectives.

8. Moreover, the policy aims to remove an important barrier to innovation and the development of engaging data feedback tools, by streamlining the process through which nominated third parties (with consumer consent) can access

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5 https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/392908/Barriers_to_Energy_Efficiency_FINAL_2014-12-10.pdf

6 https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/831716/smart-meter-roll-out-cost-benefit-analysis-2019.pdf, especially pp. 36-37.

energy consumption data. Simplified access to this data will remove the barriers that third party innovators currently face in developing new tools. This should further drive innovation and competition in the market for energy feedback tools.

Policy objectives and theory of change

9. The objectives of the policy are:

    a) To increase the number and quality of available energy feedback tools in the market, including baseline data offers for consumers at no cost to them and more sophisticated tools and functionalities potentially offered for a charge.

    b) To increase take-up by consumers of said tools and effective engagement with them, thus leading to non-domestic consumers managing their energy consumption more efficiently and saving on bills.

    c) To boost innovation and promote competition in this market, so that data feedback tools available to consumers can continue to improve in the future. In the longer term, this will promote a more efficient and flexible energy system.

10. The intended impact of the policy in achieving these objectives is based on a theory of change shown in Figure 1. The logic model visualises the key intended outcomes of the policy, including the mechanism by which its inputs are anticipated to lead to success:

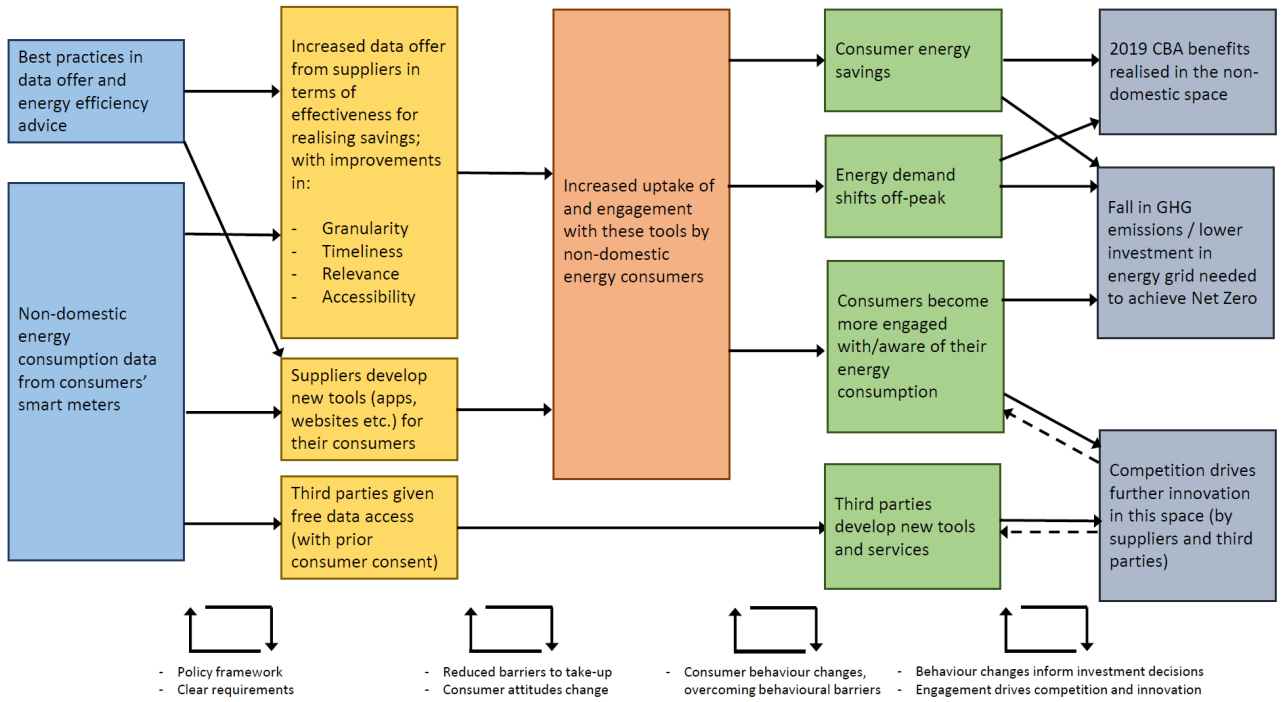

Figure 1 *- Policy theory of change*

11. The key expected outcomes of the policy will thus be directly related to the policy objectives. Firstly, if successful the policy should lead to an increase in the number of suppliers who offer good data feedback tools and services to their customers, as defined above. Secondly, it should lead to wider engagement of customers with their energy consumption data, measured in terms of interactions with energy feedback and management tools and ultimately energy savings. Thirdly, it should also lead to a wider offer of data feedback and data management tools by third parties on the market.

Description of options considered

12. While evidence shows that energy feedback via an IHD is effective in delivering savings for households[7], the diversity of sites covered by the non-domestic mandate has long pointed to non-domestic consumers requiring a more bespoke approach in terms of data offering.[8]

[7] https://www.gov.uk/government/publications/smart-meter-roll-out-cost-benefit-analysis-2019

[8] https://www.gov.uk/government/consultations/smart-meter-data-access-and-privacy

13. For this reason, licence conditions were left flexible. At present, energy suppliers are only obligated to provide non-domestic SMETS and AMR[9] customers with access to their consumption data (at least half-hourly for electricity and hourly for gas) upon request and in a timely manner. However, energy suppliers can charge for data access, it can be provided in any format and there is no specificity with regards to 'timeliness'.

14. The Government's ambition has always been that energy suppliers would go further than these minimum requirements, leveraging the smart metering infrastructure to drive market-led innovation and deliver energy saving benefits to non-domestic smart meter customers. However, as described in this Impact Assessment, analysis suggests that the market is not leveraging these flexible conditions to drive forward innovation at the pace needed to deliver consumer benefits.

15. In addition, the NDSEMIC evaluation also identified barriers to third party data access under existing licence conditions. It found that a dependency to future market development is the extent to which energy suppliers are incentivised, or obliged, to make consumption data readily available to their non-domestic customers, or third parties acting with customer consent.

16. Therefore, a policy need was identified to strengthen existing licence conditions in order to facilitate future market development and innovation. The full range of options considered are as follows:

    a) **Do Nothing**: no change in licence conditions, continue to monitor the state of the market in the hope of better data access provision and energy management tools naturally leading to more consumer engagement and energy savings via competition in the market. Continue to allow variable data charges across industry and no boundaries around timeliness of data provision.

    b) **Option 1**: require suppliers to allow free, timely data access for all non-domestic consumers and their nominated third parties, with data having to be presented to the former in a user-accessible format to allow insights into their consumption and usage. Half-hourly/hourly data would be the minimum granularity required for electricity/gas. Energy suppliers should provide this to consumers with no need for them to actively request it (see main Consultation Document for more detail).

[9] AMR and SMETS meters measure consumption every half hour and transmit readings to the supplier without customers needing to carry out manual meter readings. SMETS meters must meet a range of enhanced functional, interface and data requirements (of relevance to this consultation, they can connect to Consumer Access Devices (CADs) and the Data Communications Company via the Wireless Area Network/Home Area Network). See consultation document for more details.

c) **Option 2**: require energy suppliers to make data access free for all non-domestic consumers and their nominated third parties, with data having to be provided in a generically defined "useful format" and with no boundaries around timeliness of data provision or whether suppliers provide it by 'default' or upon request.[10]

d) **Option 3**: require suppliers to make data access free for all non-domestic consumers and their nominated third parties, with a clear specification of the format that the data would need to be provided in. Effectively, this entails the explicit definition of a "menu of options", i.e. types of data tools (similar to non-domestic In-Home Display) that constitute compliance, that energy suppliers can choose from.

17. After an initial assessment of the risks and opportunities of each option, it was decided that Options 2 and 3 should be discarded. Option 2 was discarded due to an assessment that it was too intangible to actually drive change, as energy suppliers could comply by continuing to provide raw data files (e.g. in CSV format) to their customers upon request. This would be unlikely to increase consumer engagement and drive market momentum. Option 3, on the other hand, was rejected on the grounds of being too prescriptive and potentially stifling innovation. Specifically, strictly defining acceptable digital formats and technologies in this area would not be adaptable to innovations in the future. Option 1 and Do Nothing are the only options where cost-benefit analysis is undertaken.

Monetised costs and benefits

18. The main benefits from the policy coincide with the consumer benefits identified in the 2019 Smart Metering Cost-Benefit Analysis (CBA), and are monetised following the same assumptions as the 2019 CBA. These benefits are assumed to apply to all non-domestic consumers covered by the smart metering mandate, while the smaller number of larger businesses not covered by the mandate will only realise non-monetised benefits, which are listed in the following section.[11] The monetised benefits are the following:

[10] In this and in the following descriptions of policy options, "require" refers to a change in energy supply licence conditions via secondary legislation.

[11] This is not to imply that larger sites will realise no energy savings as a result of the policy. In fact, we believe that this policy – and the third-party services that it enables – will help support the realisation of outcomes, including energy savings, of other government programmes. We do not explicitly monetise the latter to avoid double counting.

a) **Energy savings**: engagement with energy consumption data, the possibility to identify wastage or inform changes in routine enables consumers to reduce their energy consumption and therefore save money on their energy bills.[12]

b) **Reduced carbon emissions**: the lower gas and electricity consumption results in a lower level of greenhouse gas emissions.

c) **Air quality benefits**: lower gas and electricity consumption and the reduction in particulate emissions results in cleaner air, improving health outcomes for the population at large.

d) **Demand shifting benefits**: engagement with granular energy consumption data, particularly in conjunction with "time of use" tariffs, can motivate consumers to shift part of their energy consumption off peak. This provides additional benefits by reducing peak demand on the electricity grid.[13]

19. The policy is expected to lead to a larger proportion of these benefits being realised sooner, through the processes identified in Figure 1. It is assumed that in the absence of the policy a proportion of the benefits would still have been realised, but at a slower pace and not to the full extent assumed in the 2019 Cost Benefit Analysis. This counterfactual scenario in the absence of the policy is based on current evidence on the state of the market, coupled with the assumption that consumers who do not engage with their smart meter data will only realise 20% of the energy savings assumed in the Cost Benefit Analysis.

20. The costs from the proposed policy are assumed to be entirely born by energy suppliers in the first instance, though they may of course reduce them by outsourcing some of the development of data offerings to third parties or share them with consumers by charging a fee for the use of more sophisticated

[12] To keep the assumptions made in this Impact Assessment in line with the 2019 CBA, it was assumed that AMR meters only lead to, on average, 80% of the energy savings that SMETS meters lead to. This can be interpreted as SMETS customers being more likely than AMR customers to be offered the most sophisticated data feedback tools, e.g. tools that enable real-time data provision of a very granular kind.

[13] A detailed description of these benefits, the theory of change behind their realisation, and the evidence base used to monetise them can all be found in the programme's latest Cost-Benefit Analysis, particularly pp. 34-37 (Energy Savings), pp. 57-58 (Carbon and Air Quality Benefits), and pp.50-52 (Demand Shifting Benefits). The document can be found at this link: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/831716/smart-meter-roll-out-cost-benefit-analysis-2019.pdf

functionalities.[14] In either case, the total cost generated by the policy does not change and can be broken down as follows:

a) **Initial investment (fixed)**: this is the estimated one-off cost of developing a new data feedback tool or service, including software development, product management, and visual design. The size of these costs does not depend on the number of consumers who will use the tool. This cost would be lower if a supplier were adapting or expanding the scope of an existing tool, rather than developing it from scratch. This possibility is explored below, however in the Central Scenario development from scratch is assumed out of prudence.

b) **Initial investment (variable)**: this is the assumed cost of additional servers, cloud services, and other equipment which also represents an initial, one-off investment, but increases with the number of consumers who will use the tool.

c) **Ongoing running costs (fixed)**: this is the assumed cost of running a high-quality service, including for example offering relevant energy efficiency advice, continuously updating the service with new tools, creating new versions, and responding to changes in demand. It does not depend on the number of consumers who use the tool.

d) **Ongoing running costs (variable)**: this is the variable cost of running the service continuously which does depend on the number of consumers using the tool. It includes, for example, the direct cost of data service provision, analysis and machine learning, as well as smaller software updates to keep the service up to date.

The estimated figures used to monetise these costs are presented in the cost-benefit analysis later in this Impact Assessment.

21. In the long term, all costs resulting from the policy are likely to be passed on to consumers by energy suppliers – either by charging them for the use of more sophisticated data functionalities or services or by raising tariffs. Any changes in tariffs would likely be modest, given that the costs would be spread over an energy supplier's entire customer base.[15] In addition, the analysis in this Impact Assessment suggests that even larger increases in costs to non-domestic

[14] Suppliers may choose to develop these enhanced functionalities as commercial, charged offers on top of the free baseline.

[15] Our estimate is that even in the absence of any energy savings being realised, assuming energy suppliers will incur all costs assumed in the Central Scenario, this would only increase the average non-domestic energy bill by £2-3 per year. Assuming an average non-domestic consumer bill of around £4,000 for businesses under the smart metering mandate, this means an increase of less than 0.1%.

consumers would be outweighed by the benefits resulting from potential energy savings, as outlined below.

22. One of the principal aims of this consultation is to obtain more robust evidence on the likely size of these costs to suppliers and third parties offering data feedback services. For the purposes of the preliminary analysis presented here, costs were estimated based on aggregated evidence (stripped of any commercially confidential information) from NDSEMIC, as well as a series of simplifying assumptions.

Evidence gaps

23. While there is sufficient evidence to suggest which types of data access tools might be effective in enabling consumer engagement, and some evidence on the potential savings from that engagement, there is an evidence gap with regards to the costs to energy suppliers of developing user-accessible smart meter data provision. The cost data presented in this Impact Assessment should therefore be treated as provisional and estimated. We aim to collect additional data and evidence by means of the accompanying consultation.

24. The analysis of costs and benefits in this Impact Assessment and the resulting estimates of the net present value (NPV) and benefit-cost ratio (BCR) therefore suffer from a degree of uncertainty on the costs side, which we expect to be reduced after the consultation is concluded and the responses have been received. In this preliminary Impact Assessment, a variety of sensitivity tests have been used to account for this uncertainty, as well as adjustments for considerable optimism bias.

25. A further evidence gap relates to the varying impact on energy savings that different types of data offers could bring about. It is highly likely that more sophisticated data feedback tools, with embedded energy efficiency advice and meaningful customer support, will be more effective than basic visualisations of energy consumption data in generating consumer engagement and driving energy savings.[16] However, it is difficult to exactly quantify this differential effect with the evidence currently available. Any assumption that had to be made about this in the analysis was therefore also subjected to extensive sensitivity testing and sense-checked against the findings from NDSEMIC.

26. The monetised benefits analysed in this Impact Assessment are derived from the 2019 Smart Metering Implementation Programme Cost-Benefit Analysis. Non-

[16] https://www.gov.uk/government/publications/non-domestic-smart-energy-management-innovation-competition-ndsemic-evaluation-findings

monetised benefits and wider strategic objectives have also been considered in the appraisal of the policy.

Non-monetised costs and benefits

27. In addition to the monetised costs and benefits, a number of non-monetised benefits should also be considered. Moreover, the overall strategic fit of the policy within the Government's wider net zero plans, and particularly the transformative vision set out in the Energy White Paper also need to be given appropriate consideration.

28. The following benefits cannot be adequately monetised for the purpose of cost-benefit analysis, but are nonetheless important factors to consider in the appraisal of the policy:

    a) **Consumer empowerment**: Greater understanding of their energy use may empower consumers to manage their energy beyond simple energy saving measures. Through this, consumers might also become more aware of their carbon footprint and more climate-conscious overall (as some evidence from NDSEMIC indicates), leading to positive behavioural feedback loops.[17] Generally, lowering barriers to consumer engagement with energy data in the non-domestic space could facilitate the success of other interventions and policies in the same space – for example, where they rely on a behavioural response.

    b) **Increased data availability**: wider energy efficiency schemes would benefit from easier access to business consumption data (with consumer consent). The fact that the policy's requirements apply to all non-domestic customers with a smart (SMETS/AMR) meter could in the future enable more granular auditing of medium-larger firms in terms of their energy use and carbon emissions. This would support the delivery of the government's net zero commitments.

    c) **Rollout benefits**: As the potential benefits of smart meters in the non-domestic sector are realised more widely, this could lead to non-domestic energy consumers developing increased awareness of smart meters and their benefits. In turn, this could increase demand for smart meters and facilitate their rollout to non-domestic customers during the Post-2020 policy framework period.

[17] https://www.gov.uk/government/publications/non-domestic-smart-energy-management-innovation-competition-ndsemic-evaluation-findings

d) **Third party benefits**: the policy requires that suppliers provide data offers to their non-domestic smart meter customers by default. Crucially, however, it also aims to remove the barriers that third parties currently face in using energy consumption data to provide effective energy management tools. In the medium and longer term, the policy could enable the development of a broader market for such tools, generating opportunities for growth and profits for the third parties producing them.

e) **Competition and innovation**: generally, the policy is designed to enable and boost innovation rather than stifle it. It aims to remove barriers to data access and empower consumers, thus leading to more competition between energy suppliers and, crucially, with and between third parties in providing effective energy feedback and management tools. As this competition drives innovation going forward, and other complementary technologies are adopted at scale[18], this could increase the benefits of the policy over time beyond what is assumed in the analysis.

29. There are no non-monetised costs that have been considered in the appraisal of this policy. Despite the evidence gaps described above, all costs are monetised by using the evidence that is available and by employing reasonable, if simplifying, assumptions where it is not. While we believe that the overall approach used in this Impact Assessment is appropriate[19], the figures used on the cost side will be reviewed after the consultation.

Cost-benefit analysis

30. In order to obtain an initial estimate of the likely costs of the policy, an analysis of commercially sensitive cost-related information from NDSEMIC Competition Partners (i.e. those funded by NDSEMIC) was used to derive reasonable estimates of the costs of developing and providing varying levels of data feedback offers to consumers.[20]

31. Once these representative estimates were obtained, it was assumed that each supplier would respond to the policy by choosing to offer its consumers one of four types of data offer, listed in decreasing order of both costs and benefits produced:

[18] Including electric vehicles, “smart” appliances, and other, similar technologies.

[19] Although views from stakeholders on this are of course also welcome.

[20] https://www.gov.uk/government/publications/non-domestic-smart-energy-management-innovation-competition-ndsemic-evaluation-findings

a) **“High” data offer**: the most expensive offer, with costs in line with those of developing the tools trialled in NDSEMIC. Consumers on a “high” offer would be provided with tailored energy efficiency advice as well as insightful visualisations or presentations of their energy consumption data. Typically, these offers will include tailored support to the individual consumer as part of a broader service.

b) **“Medium” data offer**: this is a less costly version of the “high offer”, with initial investment fixed costs roughly in line with the median costs of NDSEMIC tools, but lower ongoing costs, as consumers on this offer receive insightful visualisations and some embedded energy efficiency advice – but of a more generic kind.

c) **“Low” data offer**: a further step down in terms of both costs and likely benefits (i.e. consumer engagement) achieved. Fixed costs are in line with the lowest cost NDSEMIC projects, and consumers are offered more basic tools to engage with their energy consumption data – such as automated comparisons with historic data and granular, insightful visualisations.

d) **“Minimum” data offer**: the minimum baseline that consumers would be entitled to, with fixed costs around one third of the cost of developing the least costly tools trialled in NDSEMIC. This still includes meaningful visualisations of granular data (see main Consultation Document for the specific requirements) – but lacks the sophistication of other offers in terms of product design, comparison with historical data and embedded energy efficiency advice. The actual features of a “minimum” data offer that consumers can access may vary significantly across suppliers and specific circumstances. This category is intended to capture the range of less effective, but also less costly offers that some suppliers might initially develop or offer as alternatives to more sophisticated, charged offers.

32. Specifically, the estimates of costs used in this analysis were as follows, expressed in pounds sterling at 2019 prices:

	High offers	Medium offers	Low offers	Minimum offers
Initial fixed cost investment	400,000	340,000	140,000	50,000
Initial one-off variable cost	2.50	1.25	0.80	-
Ongoing fixed running costs	50,000	25,000	12,500	-
Ongoing variable running costs	2.00	2.00	2.00	1.00

An optimism bias factor of 100% was applied to all the above figures, due to the uncertainty regarding the costs of this policy.

33. It was then assumed that each supplier would develop its own data feedback offer, the sophistication of which would depend on the size of the supplier in terms of non-domestic market share.[21] It was assumed that suppliers with the highest market shares (above 10%) would find it commercially worthwhile to develop more sophisticated ("high" or "medium") data feedback tools, while suppliers with lower market shares would develop less sophisticated tools. Reflecting the idea that innovators in the market may be more likely to be medium-sized, growing businesses, the following was assumed:

    a) Incumbent, large suppliers (with market shares above 15%) develop "medium" offers for their customers.

    b) Medium-sized, growing suppliers (with market shares between 10% and 15%) develop "high" offers.

    c) Smaller suppliers (with market shares between 0.5% and 10%) develop "low" offers.

    d) Very small suppliers (with market shares below 0.5%) develop "minimum" offers.

34. These assumptions are purely for illustrative purposes and do not entail that the programme expects only larger/growing suppliers to be able to offer sophisticated data tools. However, it is useful in order to construct plausibly realistic scenarios to explore the impacts of the policy. We hope to reach a more developed understanding of the types of tools that suppliers are likely to develop or adapt in response to the policy by means of the accompanying consultation.

35. Next, it was assumed that of all consumers whose supplier provides a "high" or "medium" data offer (as part of paid-for functionalities or services offered in addition to the free baseline), around a third (31%) would take up and engage with these functionalities or services. This assumption is based on an aggregation of BEIS monitoring data available to the programme on take-up of existing data feedback tools.

[21] In practice, it is likely that suppliers will reduce costs by outsourcing the development of at least some of these tools to third parties. However, due to the underlying uncertainty of this, it is not explicitly modelled in the Central Scenario. The "White Labelling" scenario described below attempts to estimate what effects this outsourcing might have on overall costs. In any case, we are seeking further information about how suppliers are likely to respond to the policy by means of this consultation.

36. As these suppliers will still be required to provide a free baseline at a minimum, it was next assumed that a further 31% of consumers whose supplier provides “high” or “medium” features for a charge, will choose not to pay for these, and instead will engage with the free baseline provided. They have thus been assigned to the “minimum” data offer, reflecting the prudent assumption that some suppliers investing heavily in charged, value-added functionalities/services may seek to lower the sophistication of their free baseline in order to drive uptake of their paid-for offerings. The remaining proportion of consumers was initially assumed not to engage with their energy consumption data. Overall, this is a cautious approach, which aims to account for the behavioural constraints to engagement with energy consumption data identified in the preceding sections and their interaction with the effects of the policy. Following the same line of reasoning, it was assumed that a third of consumers provided with a “low” or “minimum” free data offer by default would not engage with the data provided to them, leaving an initial 36% of all non-domestic consumers unengaged with their energy consumption data when the policy comes into effect. This reflects the fact that although the policy requires suppliers to provide their baseline data offer for free and by default, we have made the prudent assumption that some consumers may initially not engage with the data provided to them.

37. It was then assumed that engagement with energy consumption data would increase by 5 percentage points every year in all scenarios.[22] [23] [24] This is to account for the progressive overcoming of behavioural constraints due to a variety of reasons, including improved technologies, the availability of more effective tools and the increased society-wide focus on reducing carbon emissions. It also accounts for the fact that the changes envisaged in the theory of change for this policy include market dynamic elements and feedback loops which will take time to fully impact the final outcomes.

38. In terms of the benefits generated from these data feedback offerings, the approach taken was that they would lead to the realisation of the benefits time series assumed in the 2019 CBA for the monetised benefits listed above, on a

[22] Including in the counterfactual “Do Nothing” scenario, as is described further below.

[23] Newly engaged consumers are assumed to be distributed between the various offers in the same proportion as already engaged consumers. Engagement increases by 5 percentage points every year until it reaches 100%. In the Central Scenario, this happens in 2030.

[24] The innovation literature discusses the ways in which “Freemium” (or free software offered as a precursor to premium functionalities within the same tool or service) can drive demand for paid-for features over time. Jiang, Z., & Sarkar, S. (2009). Speed matters: The role of free software offer in software diffusion. Journal of Management Information Systems, 26(3), 207–240- https://www.researchgate.net/profile/Zhengrui_Jiang/publication/220591125_Speed_Matters_The_Role_of_Free_Software_Offer_in_Software_Diffusion/links/59776e45a6fdcc30bdbad4e7/Speed-Matters-The-Role-of-Free-Software-Offer-in-Software-Diffusion.pdf and Kumar, V. (2014). Making" freemium" work. Harvard Business Review, 92(5), 27–29- https://hbr.org/2014/05/making-freemium-work.

per-meter basis. However, the 2019 CBA recognised that these benefits are unlikely to be realised in a homogenous way across all non-domestic consumers.[25] This Impact Assessment also recognises this explicitly, and in the modelling work to support it we assume that higher offers would lead to the realisation of a larger proportion of benefits. Specifically, we assume that:

a) "High" offers will realise 160% of the average benefits per meter assumed by the 2019 CBA

b) "Medium" offers will realise 105% of those average benefits

c) "Low" offers will realise 85% of the average benefits

d) "Minimum" offers will realise 30% of the average benefits

e) No engagement with any data feedback offer still results in 20% of the average consumer benefits calculated in the 2019 CBA. This is to account for the fact that engagement with energy consumption data is not the only source of savings for consumers.[26] This proportion of benefits would be realised regardless of any data offer and should be added to the relevant scaling factor for consumers under any of the above offers.

These figures represent an illustrative mix of the level of benefits that various offers are likely to help consumers realise and are sensitivity tested below.

39. At the point at which behavioural constraints to engagement with data feedback offerings are overcome entirely, these benefits scaling factors, coupled with the rest of the assumptions of this approach, will lead to an aggregate level of benefits in the policy scenario that would closely match the one assumed by the 2019 CBA.[27]

40. This central policy scenario was compared to a counterfactual "do nothing" scenario. In the counterfactual, it was assumed that a smaller number of

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[25] https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/831716/smart-meter-roll-out-cost-benefit-analysis-2019.pdf, particularly pp. 34-36.

[26] For example, businesses may receive energy efficiency advice at the point of installation.

[27] In fact, these figures were assumed precisely because they lead to average savings in line with the 2019 CBA assumptions, which are based on real-world evidence on non-domestic smart meter energy savings. Because the specific figures are assumed, extensive sensitivity analysis was carried out in order to assess the impact of different benefits scaling factors on the model outputs. Nonetheless, it is worth noting that even the scaling factors for the high offers correspond to savings well within the range of the evidence from NDSEMIC. Specifically, 160% of the CBA benefits implies savings of about 4.5% for electricity and 7.2% for gas, while some NDSEMIC sites reported savings of up to 11%.

suppliers would offer some form of data feedback tool to their customers, and that this would result in 5% of consumers being on a “medium” offer, 10% on a “lower” offer, and 10% on a “minimum” offer. This is broadly based on monitoring data and insights available to the programme.

41. As in the main policy scenario, it was assumed that in the counterfactual, too, overall engagement with and take-up of data offers would go up by 5% every year. This is reflective of the fact that the market is expected to eventually lead to more widespread engagement with smart meter data and availability of data feedback tools. This would happen a lot more slowly, however, in the absence of the policy under consideration – which is reflected in the way the counterfactual starts at lower levels of consumer engagement.

42. The appraisal period considered is 2021-2034 – to keep the timeframe consistent with the 2019 CBA. The discount rate is 3.5% in line with HMT Green Book guidance. This approach leads to the following estimates of the costs and benefits resulting from the policy’s implementation, expressed in 2019 prices:

Central Scenario: Discounted Costs and Benefits		
Costs	Total fixed costs (£m)	**18**
	Total variable costs (£m)	**33**
Benefits	Energy Savings (£m)	**600**
	Reduced GHG Emissions Benefits (£m)	**150**
	Air Quality Benefits (£m)	**40**
	Demand Shifting Benefits (£m)	**74**

Net Present Value (NPV, £m)	**813**
Benefit-cost ratio (BCR)	**16.8**

43. The table clearly shows how, under the assumptions of the central policy scenario, the net benefits of implementing the policy are clearly positive, with an NPV of over 800 million pounds and a BCR of 16.8. The benefits from reduced greenhouse gas emissions presented in the table are calculated assuming a carbon price correspondent to the central carbon price series from the Green Book Supplementary Guidance on the appraisal of greenhouse gas emissions. This is following the latest available advice from HM Treasury, however the time series currently used is not yet consistent with the Government’s objective of net zero emissions by 2050. Using the “high” time series of carbon prices from the same source raises the monetised carbon savings to £302m, thus increasing the

overall net present value by about £152m. The BCR with this slightly higher carbon price is 19.8.

44. Clearly, there is potential for large benefits to be unlocked for consumers and suppliers. The exact distribution of these benefits between the two groups will depend on how much suppliers will charge consumers for the use of their data feedback tools, and to what extent they would share any outstanding costs with consumers in the form of higher tariffs. If we assume that suppliers will charge the entirety of their costs back to consumers – either in the form of direct fees for added value functionalities (unlocked by the free offering) or through higher tariffs – but make no additional profits out of it, the total benefits to consumers would be about £542m over the fourteen-year appraisal period.

45. Finally, we are aware that the BCR of this policy is relatively high for a policy in the energy efficiency sector. This reflects the available evidence on the effectiveness of data feedback offers: the potential benefits in terms of, mainly, energy savings clearly outweigh the estimated production costs. As outlined in earlier sections of this Impact Assessment, these large potential benefits remain largely unrealised due to the three market failures of behavioural constraints (and imperfect information), data access issues for third parties, and externalities/incentives for energy suppliers. The aim of this policy is therefore to help unlock this significant market potential.

Uncertainty and sensitivity analysis

46. The above analysis represents a reasonable estimate of the potential benefits that the policy under consideration could bring about. Many of the assumptions and figures used in producing it, however, are affected by high degrees of uncertainty, both due to the evidence gaps outlined elsewhere in this Impact Assessment and the fact that the realisation of benefits depends on behavioural responses by consumers – as outlined in the theory of change. In order to account as much as possible for this uncertainty, an extensive sensitivity analysis was carried out, the results of which are reported in this section.

47. Other than the Central Scenario described in the preceding section, the following scenarios were also modelled as alternatives, to account for some of the uncertainty around the assumptions:

    a) **“All Minimum” Scenario**: this is a much more pessimistic scenario in which all suppliers respond to the policy simply by more widely providing “minimum” data offers, with any development or running costs being entirely incurred by each individual supplier. Moreover, it is still assumed that only

two thirds of consumers initially engage with this offer, while the rest remain unengaged and only slowly become engaged over time.

b) **Lower Scenario**: this scenario replicates the approach of the Central Scenario but assumes different cut-offs in terms of market share for suppliers developing varying levels of data offers (suppliers above 10% market share develop “medium” offers, “high” between 3% and 10%, “low” between 1% and 3% and “minimum” below 1%). This generates a more pessimistic distribution of consumers under various offers.

c) **“White Labelling” Scenario**: this is the same scenario as the Central Scenario, except for the fixed costs of investment that suppliers pay to develop their data offer tools. These are decreased by two thirds, as in this scenario it is assumed that suppliers will not entirely develop their tools in house but will partly outsource their development to third party producers, thus lowering market-wide fixed costs.

d) **“All High” Scenario**: this is an extreme scenario in which every single supplier delivers a high offer to its customers, with fixed costs reduced by two thirds as in the “White Labelling” Scenario to account for some outsourcing. It also assumes full take-up of this offer, such that 100% of non-domestic smart consumers will be engaging with a “high” offer one year after the policy takes effect. This should serve as an upper limit to the benefits of the policy, in a world where behavioural constraints can be rapidly overcome.

48. Summary results from modelling these various scenarios can be found in this table, with all monetary values still expressed in 2019 prices (and aggregate values presented as discounted):

	Total Costs (£m)	Total Benefits (£m)	NPV (£m)	BCR
“All Minimum”	23	128	**105**	**5.5**
Lower Scenario	41	576	**535**	**14.1**
Central Scenario	51	864	**813**	**16.8**
“White Labelling”	38	864	**826**	**22.6**
“All High”	104	3,122	**3,019**	**30.1**

49. Unsurprisingly, the Lower Scenario produces a lower NPV while the “White Labelling” Scenario produces a higher one. However, the BCR from the Lower Scenario is still broadly in line with that of the Central Scenario: this is because having fewer suppliers who provide the most sophisticated data feedback tools leads to lower benefits but also lower costs. The “White Labelling” scenario, on the other hand, has lower costs but the same benefits, thus leading to a higher BCR.[28]

50. The two extreme cases, the “All High” and “All Minimum” Scenarios, are useful estimates of reasonable upper and lower limits to the benefits generated by the policy. In the former, the NPV amounts to over three billion, and the BCR is 30.1. This indicates that there is a lot of untapped potential from enabling more consumer engagement with energy consumption data in the non-domestic market. It is not realistic to imagine that all these benefits could be realised in the short term, but in the long term it is encouraging with regards to the overall strategic objectives of the programme. In the latter, the “All Minimum” Scenario, the NPV falls to £105m, which is a significantly lower result. However, given that in this scenario it is assumed that no supplier would begin offering consumers anything above the minimum offer as a result of the policy, this is not particularly concerning. Moreover, the fact that the BCR in this last scenario is still well above 1, at 5.5, is encouraging with regards to the likely cost-effectiveness of the policy.

51. The most impactful source of uncertainty which could change the results of the analysis, then, has to do with behavioural constraints to take-up of commercial offers and the risk of low consumer engagement, despite the policy requiring default free data provision as a baseline. More sensitivity analysis was therefore directed at assessing the potential effects of this uncertainty on the results. While there is sufficient evidence that effective data feedback tools do lead to changes in consumer behaviour that are conducive to energy savings, and that some potential demand for such tools exists, the exact benefits scaling factors and take-up figures used in this analysis are more uncertain. Thus, a useful exercise is to assume a much more pessimistic scenario and run it through the model. The below table shows the results for the Central Scenario where all benefits scaling factors are halved (effectively halving all benefits), where the initial total take-up of any offer is halved, or where both changes are applied at the same time:

[28] This is a general trend following directly from the assumptions outlined above: varying the ambition in terms of what tools are developed has a significant effect on the NPV, but not on the BCR, as costs and benefits both move in the same direction.

	Total Costs (£m)	Total Benefits (£m)	NPV (£m)	BCR
Central Scenario (Baseline)	51	864	**813**	**16.8**
Central Scenario (lower benefits)	51	432	**381**	**8.4**
Central Scenario (lower take-up)	25	334	**309**	**13.3**
Central Scenario (lower benefits and take-up)	25	167	**142**	**6.6**

52. As expected, these changes significantly reduce the NPV and the BCR from the Central Scenario. However, even under the very pessimistic scenario where both benefits and take-up are halved, the policy still generates £142m in net benefits and has a benefit-cost ratio of 6.6.

53. Another way to account for uncertainty in these figures is to apply a "break-even analysis". Particularly, it is useful to calculate the minimum level of initial take-up of the data feedback tools for the policy to produce a positive effect. Leaving other assumptions unchanged, in the Central Scenario initial consumer uptake of the various offers would need to fall so much that 84% of consumers do not engage with what they are provided with at all (with others spread over the minimum to high offers in proportion to the central scenario), for the NPV to become 0. That is equivalent to a level of engagement with energy consumption data of only a quarter of what is assumed in the Central Scenario.

54. This still assumes, however, that overall engagement would increase by 5% each year from when the policy is implemented. Since this is also an uncertain assumption, more sensitivity testing was carried out around it. In the Central Scenario, turning the yearly engagement uplift to 0% in both the policy scenario and the counterfactual leads to an NPV of £820 and a BCR of 15.5. Alternatively, if we assumed a faster improvement as a result of the policy leading to more rapid innovation (yearly engagement uplift of 10% for the policy scenario and 5% in the counterfactual), the NPV increases to £910m and the BCR to 17.1. In any of these scenarios, the policy is still clearly delivering positive benefits.[29]

[29] The reason why setting the yearly engagement uplift to 0% has a small positive effect on the NPV is that the change reduces the overall level of engagement in the counterfactual as well as in the policy scenario. In the latter, engagement levels reach 100% by 2030 and engagement stops growing after that date (in the Central Scenario), while in the former it keeps growing until 2037.

55. This policy also aims to have a transformational effect on the non-domestic energy market, by propelling broader innovation and competition and empowering consumers, allowing them to control their energy use. It is very challenging to accurately predict the dynamics of innovation and competition in a complex market in the longer term, at least within the context of a cost-benefit analysis. Yet, the potential for these transformational changes should be given adequate weight, alongside the more immediate monetised benefits outlined above.

Direct costs to business

56. All costs considered in this Impact Assessment are incurred directly by energy suppliers in developing and operating data feedback tools. Therefore, the total direct cost to business of this policy is equivalent to the total costs estimated in the above sections. As mentioned above, it is likely that energy suppliers will reabsorb these costs by charging consumers for access to the most sophisticated, added value functionalities and services, or by raising tariffs. It is possible that they would only reabsorb part of these costs, or that they would charge consumers for use of commercial offers and earn a profit from this. Part of the aim of the present consultation is to gain a better understanding of the extent to which suppliers would absorb the costs of the policy or pass them onto consumers.

57. For the purposes of this Impact Assessment, we treated all costs of the policy as direct costs to business. This is because non-domestic consumers are themselves businesses; thus, regardless of the proportion of costs that suppliers recuperate by charging consumers back for them, the totality of the costs will be incurred by businesses. The benefits from energy savings, on the other hand, are treated as indirect benefits to business. This is because for energy savings to be realised, non-domestic consumers need to actively engage with their energy consumption data and modify their behaviour.

58. Following this methodology, the Equivalent Annual Net Direct Cost to Business of the policy is found to be £5m, with estimated total costs of £63m over the appraisal period (undiscounted). The discounted total direct costs to business are of £51m.

Impact on small and micro businesses

59. For the purposes of the policy under consideration, both the suppliers and the consumers are businesses, as the policy applies to the non-domestic sector.

Most of the consumers covered by the smart metering mandate are micro businesses, while the rest are small and medium-sized enterprises (SMEs). The policy also covers all other non-domestic sites with a smart meter.

60. The impact of the policy on small and micro businesses of various sectors who have had a smart meter installed is expected to be positive and have the potential to deliver substantial benefits to them in terms of energy savings (which would only be partly offset by suppliers charging for the most sophisticated, value-added tools they offer) and empowerment in controlling their energy use. In the long term, this can allow them not only to save on their energy bills but also to make better business decisions, choose tariffs that better align to their needs, and increase their own awareness of their environmental footprint.

61. The impact of the policy on small energy suppliers is more uncertain, at least in the short term. A substantial component of the cost of developing new data feedback tools is the initial, fixed-cost investment, which in principle could represent a higher burden for the smallest suppliers. The policy mitigates this in the following ways. Firstly, as the new requirements will only take effect in July 2022, small suppliers will have sufficient time to build plans for their data offer into their strategies and spread out any costs accordingly. Secondly, the requirements of the policy are flexible enough that suppliers may not need to build entirely new systems or technologies to comply. For example, they could adapt existing systems or find cost-effective means for compliance in the shorter-term (e.g. through email or billing mechanisms) while they invest in longer-term solutions.

Monitoring and Evaluation

62. A Post-Implementation Review (PIR) of these policy changes will be conducted as part of the Programme's ongoing benefits monitoring and evaluation activities and published in line with our legal requirements. The PIR will we published within five years of policy implementation.

63. The monitoring and evaluation of the effects and impact of this policy will be carried out alongside other monitoring and evaluation work for the programme as a whole. In particular, the programme will continue to monitor energy supply market data offerings via programme engagement with suppliers. This will include the number of smart meter data offerings available to non-domestic consumers, their specific characteristics, and what functionalities are provided for free versus charged. The key success metric will be the number and complexity of data offerings in the market, particularly regarding whether they match the types of tools and services (or features) that NDSEMIC has shown to be most conducive to consumer engagement and energy savings.

64. Through similar channels, the programme will monitor consumer uptake and engagement with such data offers. This will likely be carried out through specific requests for information and during bilateral meetings with energy suppliers. Similar channels will also be used to monitor the number of ad hoc requests for data access received by suppliers, and whether they are granted within the proposed timeframes.

65. Moreover, bilateral meetings and requests for information will also be used by the programme to measure the progress around third party access to energy consumption data. The full implementation of the policy will be verified, including for example by looking at supplier communications around the data access process. The programme will also continue to use the Small Business Survey to monitor the uptake of new tools and technologies that use smart or advanced meter data to help control businesses' energy usage.

Equalities Analysis

66. The Public Sector Equality Duty[30] (the equality duty) is a legal requirement under the Equality Act 2010, whereby public sector organisations must consider people with protected characteristics when planning, implementing and reviewing policies and making decisions.

67. A separate analysis has been undertaken by the Smart Metering Implementation Programme to assess any equalities implications of the planned policy proposals. This considered who would likely be impacted by our policy proposals, the risk of costs being passed on to consumers with protected characteristics and data accessibility and privacy implications.

68. We have set out in within this Impact Assessment why we believe the risks of costs being passed onto consumers to be low. This is an area on which we will seek to gather data via the consultation itself to understand any equalities implications and will update upon consultation response. We will also consider how the development of accessible data offerings for non-domestic customers can be realised.

69. It is worth noting that because our proposals are concerned with strengthening existing licence conditions regarding third party data access rather than creating them, we propose initially that the data privacy frameworks within which they operate would remain the same. We do acknowledge, however, that this is an area that would need to be monitored to ensure that the privacy framework is

[30] https://www.gov.uk/government/publications/public-sector-equality-duty

suitable for the ways in which the policy is being used over time. We will therefore set out specific plans for this in our consultation response.

70. Overall, at this stage we do not consider that the proposed policy could be perceived as introducing favouritism or discrimination between people who share a particular protected characteristic and people who do not share it. At present, the market is not delivering effective data provision to all smaller non-domestic consumers and existing formats are not always accessible. Our policy proposals aim to ensure that non-domestic consumers are given access to their data in a user accessible format.

71. We will be inviting stakeholder views, as well as any evidence they can provide, on any further equalities impacts in relation to our proposals that have not been considered and how we can best mitigate the relevant risks through the accompanying consultation document.