

Consumer-led flexibility: consumer engagement

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About Regen

Regen provides independent, evidence-led insight and advice in support of our mission to transform the UK's energy system for a net zero future. We focus on analysing the systemic challenges of decarbonising power, heat and transport. We know that a transformation of this scale will require engaging the whole of society in a just transition.

Regen is a membership organisation with over 200 members who share our mission, including clean energy developers, businesses, local authorities, community energy groups and research organisations across the energy sector. We manage the Electricity Storage Network (ESN) – the industry group and voice of the grid-scale electricity storage industry in GB.

Summary and recommendations

We welcome the opportunity to respond to the government's consultation on consumer-led flexibility (CLF). Regen strongly supports the government's ambition to scale up CLF as a cornerstone of a clean, flexible energy system. However, achieving this ambition will require a step change in how we engage consumers – not just as passive recipients of energy services, but as active participants in shaping the future energy system. Many of the building blocks required to take this step are already in place and CLF could be a platform on which wider, more impactful engagement is built. However, the focus of the framework should be on non-financial incentives to build a sense of collective engagement and value, rather than how best to 'sell' flexibility to an unengaged populace.

Our key recommendations on how to achieve this as set out in our response are:

Recommendation 1: The government should appoint NESO as the responsible body to ‘hold the space’ which defines the national narrative and language around flexibility, which must be adopted by suppliers.

Recommendation 2: We agree with most of the features in the consumer engagement framework list, with one exception: ‘advice’ should be replaced with ‘feedback’.

Recommendation 3: Coordination is critical, so that consumers get the same interface, service, feedback and experience of flexibility regardless of who their supplier is.

Recommendation 4: Focus on building a trusted, nationwide narrative about the modern GB energy system and the role of individuals, combined with real-time feedback. Clearer messaging about what flexibility achieves helps to communicate advice on how to participate.

Recommendation 5: For consumers, flexibility isn’t a ‘thing’ in and of itself, it’s an action undertaken for a purpose or a sustained response that eventually becomes a habit or behaviour. The CLF framework should focus on a central, trusted neutral body that can provide nationwide and tailored feedback to consumers so they feel involved in managing the national energy system, rather than offering advice on accessing a marginal income stream.

Recommendation 6: Speed is of the essence: work with what we have. SIF and NIA and existing budget lines within NESO could be used to at least road test some of the features of the CLF framework.

Recommendation 7: Expand the outreach of NESO and DESNZ to be more creative in engaging consumers. There is a huge opportunity to reset the energy relationship in GB with creative, informative, inclusive and fun approaches that benefit not only the consumer, but also a national asset. [Powering Participation](#) explores how this could be done.

Responses to questions

Question 1

Do you agree that government should be exploring how to achieve a more joined up and holistic approach to consumer engagement on CLF? Please provide supporting commentary.

Agree.

The GB electricity market needs a vibrant, competitive supplier market to function effectively. However, the pursuit of flexibility requires a central narrative around why localised demand turn-up or turn-down is required, so that consumers understand what it is, regardless of their supplier. If different suppliers package flexibility in different ways and using different language, providing flexibility becomes an added complication for consumers when looking to switch.

Without government intervention, consumer-led flexibility becomes a ‘feature’ of tariffs, rather than something everyday people can do for the ‘greater good’, drastically reducing the opportunity for uptake.

Recommendation 1: The government should appoint NESO as the body responsible for defining the national narrative and language around flexibility, which must be adopted by suppliers.

Question 2-5

The following functions are presented as desirable for an effective consumer engagement framework to have in scope. Do you agree that some or all of these functions should feature in such a framework?

- Coordination
- Standards
- Advice
- Communications

Agree with most.

We agree that coordination, standards and communications should be the core of the framework. However, we do not believe that the framework needs to have advice in scope.

The purpose of such a framework is to ensure that consumers know *why* participating in flexibility is valuable to GB's energy system and their local community, *how* to participate, and *what* happens when they do. This clarity of purpose and feedback of results is critical if the widest possible pool of participants is to be engaged. Regen doesn't believe that this constitutes advice because the messaging is simple, clear and the same everywhere. What is needed is a central, trusted owner that delivers these messages. This should be accommodated by the communication strand of the framework.

However, there is a key missing strand from the framework feature list: **feedback**.

The delivery of the narrative around consumer-led flexibility should be so simple that advice is not needed. Where flexibility is being financially recognised, this should be explicit in the tariff description, using a common language, narrative, icons and descriptions. However, feedback on what impact is made by an individual, their local community, their region and nationally is of critical importance and is far more likely to drive long-term engagement.

The monetary value of providing flexibility is too small to make the difference when consumers are considering switching to EVs or heat pumps. But the ability to use those technologies to benefit a self-defined community might well tip the balance for them – if it's presented simply with no jargon. The government is already undertaking ambitious and wide-ranging work in aligning data access and custody across the energy system. CLF is the apex of how this wealth of data can and should be used to help consumers see exactly how their energy use plays its part in the national energy system.

Recommendation: We agree with most of the features in the list, with one exception: 'advice' should be replaced with 'feedback'.

Question 6

How important is a role for coordination of industry for consumer engagement on CLF?

Very important.

Regen believes that for high levels of flexible response to be achieved, it needs to be given its own identity outside of functionality bundled into tariffs. For this reason, flexibility can and should be the same throughout GB, regardless of who facilitates it. This means industry must be coordinated to be a conduit for information about, and feedback on, flexibility.

Coordination is critical to establish a clear identity for flexibility services. An analogy of this is the national grid. Consumers will often be aware that some of their bill is for the energy they use, and some is for the 'national grid'. They will rarely be aware of their DNO unless prompted, but will often be aware of the national grid. It has a strong brand, and the fact that it doesn't actually own or operate most of the network is immaterial to most consumers. Flexibility can and should occupy the same space as 'national grid': a common entity nationwide, but distinct from suppliers.

Recommendation: Coordination is critical, so that consumers get the same interface, service, feedback and experience of flexibility regardless of who their supplier is.

Question 8

- A) To what extent should the advice function focus on being a trusted, neutral source of information to engage customers?
- B) To what extent should it go to in providing support to individual customers as a service?

On-demand advice should be linked to a national campaign and effort to demystify the GB energy system. This should be data-led and hosted by NESO. Simple, accessible information on how the energy system works and how it relates to bills, including the role of suppliers, is essential if we are also to start overtly introducing the idea of 'flexibility'.

There is a risk that focusing on the financial incentives of flexibility overstates its immediate financial value to consumers, so advice should instead focus on the value of flexibility to achieve a secure, clean energy system locally, regionally and nationwide, and how that works.

NESO's website is not currently aimed at the general public. However, this would be the natural home for an explainer about the energy system, which would go some way to explaining how bills work, how tariffs work and therefore how having smart, connected

technologies can work. This should be aligned with real-time data on the energy system and weather, with the day-ahead forecast clearly shown, since this is the most powerful explanation of what flexibility is trying to achieve.

This advice could be developed and built on, as technologies such as heat pumps, EVs and other smart technologies become normalised and smart tariffs more common.

The advice provided by the central body (NESO) and replicated by other actors in the sector should be simple and the same.

Recommendation: Focus on building a trusted, nationwide narrative about the modern GB energy system and the role of individuals, combined with real-time feedback. Clearer messaging about what flexibility achieves helps to communicate advice on how to participate.

Question 9

- A) To what extent should the framework focus on proactive, targeted communication activity directly to consumers on CLF, to supplement the approach to Advice, which would be available “on demand”?
- B) To what extent should the framework focus on national or more targeted communications? If the latter, what consumers segments should be targeted and why?

Yes to proactive, targeted communication to consumers; and both.

There should be a central, recognised, trusted and neutral nationwide organisation that is seen as the guardian of our energy system. NESO can and should be this organisation, but it will have to work hard to establish its place in the public psyche.

The energy system is complex and confusing. Regen believes that a fresh, nationwide focus on CLF and data could usher in a new era where consumers engage with energy in a much simpler way, while still having a competitive, innovative energy marketplace.

Effective, rapid feedback on energy use is widely seen as the biggest motivator of behaviour change.¹ The CLF coordination framework should focus on providing tailored,

¹ [Powering participation: exploring how creative engagement can unlock domestic Demand Side Response](#)

rapid feedback to individuals rather than how to productise flexibility, adding to an already confusing array of tariffs and services.

NESO is new and has an opportunity to shape itself into the guardian of the energy system in the eyes of consumers. Energy suppliers come and go, generally have poor levels of trust and can only vary in the quality of their customer service and price, not product. The electricity is the same regardless of who you buy it from.

The framework should focus on proactive, targeted communication in the same formats and channels nationwide, instilling a sense that, whether you are in Dumfries or Devon, you are connected to and contributing to a national energy system and can play an impactful role in making that system more secure, green and cheap to run. This could extend into suppliers holding options for consumers on where any flexibility revenues go, to further reinforce the idea that flexibility works as a collective, rather than an individual level. Those options for your flexibility payments might include:

- Money simply comes to you, or off your bill
- It goes to a nominated local good cause, chosen by the customers
- It goes to a fund that local authorities administer for local benefit
- It goes into a national pot that lowers everyone's bills by being invested in the network.

Regen's view is that flexibility risks being seen as something available only to those wealthy enough to afford smart technologies. We should be endorsing exactly the opposite: that CLF gives everyone the opportunity to play their part, however small, in managing one of the most important national assets we have, and tackle climate change at the same time. Flexibility should be empowering across demographics, but this only works if the benefits are mostly non-financial. Financial values from flexibility are low and the learnings from the Demand Flexibility Service (DFS) have shown us that focusing on the financial opportunities of flexibility often leads to disappointed customers. It is far more effective to set up CLF using a value system based on 'playing my part'.

Communications should be both nationwide and targeted, using a spread approach of techniques and touch points, including for example, a 'My System' element in every supplier app, on the NESO website, summarised in paper bills and reflected in a national marketing campaign. The 'My System' element can and should be giving live, real-time feedback about the energy system (as can be seen on the NESO website now), but also indications of how that individual user is playing a role. Being able to pick 'communities' here is important: the individual role consumers play on a national

network is of course miniscule, but being able to aggregate with a local street, club, region or national community is part of tailoring the feedback. Self-identifying with different communities means more than just a geography.

Unfortunately, Tesco has already coined ‘every little helps’, but that would have been the perfect tag line.

Recommendation: For consumers, flexibility isn’t a ‘thing’ in and of itself, it’s an action undertaken for a purpose or a sustained response that eventually becomes a habit or behaviour. The CLF framework should focus on a central, trusted neutral body that can provide nationwide and tailored feedback to consumers so they feel involved in managing the national energy system, rather than offering advice on accessing a marginal income stream.

Question 10

A) What considerations should there be for assessing the cost of establishing and running a framework?

The recommendations we have outlined could potentially be accommodated by slightly expanding the existing NESO budget, using Strategic Innovation Fund (SIF) or Network Innovation Allowance (NIA) funding between test and build for some of the functions between 2026 and 2028 on a fast-track basis. The cost of failing to enthuse the populace in a national energy system and in purchasing EVs, heat pumps and supporting new transmission lines and onshore wind means failure to meet legally binding climate targets.

A lot of work has already been undertaken by Elexon and various taskforces exploring the use of smart meter data, half-hourly metering and how to coordinate the stack of revenue streams pursued by consumers and suppliers. Much of this work can be built on to provide a national ‘shop window’ on the real-time behaviour of our energy system and how the incoming weather might impact it, without huge investment.

Working with suppliers and networks to establish the communication pathways to consumers and agreeing on the common approach and language will require the support of Ofgem but is unlikely to require any legislative change.

Recommendation: Work with what we have: speed is of the essence. SIF and NIA and existing budget lines within NESO could be used to at least road test some of the features of the CLF framework.

Question 14

Additional feedback

The 2023 Churchill Fellowship report '[Powering Participation: Exploring how creative engagement can unlock domestic demand side response](#)' contains an in-depth look at how non-financial incentives could be a powerful route to engaging the GB population in the energy system, which is a pre-requisite of achieving Clean Power 2030. To achieve that ambitious target will require an enormous jump in flexible energy demand response and consumers to purchase heat pumps and EVs instead of gas boilers and petrol or diesel cars. Either way, financial incentives alone won't get us there.

However, this could support engagement with CLF rather than erode it. If CLF is refocused on national interest and our individual contributions, then there is a net benefit to everyone. CLF could be instrumental in providing a clear platform to embark on a new relationship between consumer and energy system, with creative, fun methods of communicating individual contribution and impact, opening the door for entrepreneurs, communicators and artists to use energy system data in new ways.

Consider the example of Home Display Units (HDUs). These are widely confused with smart meters and are broadly ignored in favour of apps. However, their purpose is to provide a point of contact between the consumer and the national energy system. Why not work with designers, artists and engineers to make HDUs a desirable item, rather than the depressing plastic gadget that simply shows your debt (although that is hugely useful in some circumstances).

Recommendation: Expand the outreach of NESO and DESNZ to be more creative in engaging consumers. There is a huge opportunity to reset the energy relationship in GB with creative, informative, inclusive and fun approaches that benefit not only the consumer, but also a national asset. [Powering Participation](#) explores how this could be done.