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Australian Competition and Consumer Commission
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Canberra ACT 2601

By email: ACCC-CDR@accc.gov.au

Consumer Data Right in Energy – Consultation paper: data access models for energy data

Alinta Energy Retail Sales Pty Ltd (Alinta) welcomes the opportunity to provide comment on the Australian Competition and Consumer Commission's (ACCC) consultation paper on data access models under the Consumer Data Right (CDR).

Alinta is an active investor in energy markets across Australia with an owned and contracted generation portfolio of nearly 3,000MW, including 1,700MW of gas-fired generation facilities and 1,070MW of thermal generation facilities, and more than 1.2 million electricity and gas customers including more than 600,000 in east coast markets, and is therefore well placed to provide comments on the consultation paper.

We support the development of a CDR in the energy sector. As the retail energy market evolves along with the transition underway in the energy sector more generally, the need for customers to access, interrogate and analyse their data will contribute to the development of new products and services, support new business models and enhance competition in the retail energy market.

It is critical that the model of data access implemented to support the CDR is efficient, least cost and recognises the unique structure and interaction of participants and institutions operating in the National Electricity Market (NEM).

Preferred model – AEMO Gateway Model

The gateway model (model 2), where Australian Energy Market Operator (AEMO) would provide access to data to authorised requesting parties, is Alinta's preferred approach for energy sector delivery of the requirements of the CDR.

As Alinta understands it, this approach would utilise much of AEMO and industry's existing infrastructure and a process familiar to AEMO and market participants. It is a more efficient model than the other two alternatives as it does not require AEMO to hold complete data sets requiring continuous updates (as implied by model 1), nor does it create the administrative complexity of the economy-wide approach (model 3). Providing data on request reduces the need for AEMO to maintain large, complex data sets

subject to frequent change. The gateway model is sympathetic to the way the energy sector operates at present and is likely to result in the lowest implementation and ongoing operating costs of the three models presented in the consultation paper.

Model comparison and assessment

Question 1: Are there any other assessment criteria or relevant considerations which the ACCC should use to determine a preferred model for consumers to access their energy data under the CDR?

Question 2: Having regard to the assessment criteria, what are the advantages and disadvantages of each of the models?

The table below sets out Alinta's responses to questions 1 and 2, comparing each model against the assessment criteria set out by the ACCC in its consultation paper.¹ Additional criteria that may be relevant are also included.

	Model 1 – AEMO Centralised model	Model 2 – AEMO Gateway	Model 3 – Economy wide CDR
User functionality – simplicity	Simple, but high cost to maintain. Relatively simple consent and authorisation/ authentication process	Simple, lower cost to maintain (and build than Model 2) Relatively simple consent and authorisation/ authentication process	Complex. Many-to-Many request and authorisation/ authentication model required.
Cost effectiveness	Relatively poor – High implementation and ongoing data management costs.	Mid-range – lower ongoing data management, authorisation and authentication costs	Relatively poor - high ongoing administrative costs
Interoperability	Low	Medium-Low	Medium
Efficiency of relevant markets	High – neutral data provision and clear requirements	As for model 1	Medium- historical data not held by a single party, lack of a uniform approach may arise
Reliability, security and privacy	Low-medium – high single point of failure risk	Medium – data only provided through gateway, not held by AEMO	Medium – high, but subject to individual parties complying with their obligations under the <i>Privacy Act 1988</i>
Flexibility and extensibility	Medium – may be costly to make changes if AEMO is custodian of data sets.	Medium-high – Gateway model and alignment with NEM/National	Medium – no single source gateway to manage requested data.
Other criteria			
Source data provision complexity	High	Medium	Medium
Transaction costs	High – requires	Medium	High – “many to many”

¹ ACCC (2019), Consumer Data Right in Energy – Consultation paper: data access models for energy data, pages 32-34

	Model 1 – AEMO Centralised model	Model 2 – AEMO Gateway	Model 3 – Economy wide CDR
	provision of <u>all</u> data on an ongoing basis.		processes will need to be supported
Single point of failure risk	High	Medium-High	Medium-High - individual retailers and distributors do not hold all information that may be sought
Complexity of administration of authorisation and authentication	Low	Low	Medium-high
Ongoing cost of operation	High – continuous updating required	Medium	Medium-high – no centralised authorised party accreditation or authorisation
Alignment with energy sector processes	Medium	High	Medium

Based on these measures, the AEMO gateway model would appear to present lower cost and risks to implement and administer relative to alternatives. Ultimately this will benefit consumers, as CDR costs borne by distributors, the market operator and retailers will likely need to be recovered from energy consumers.

Implementation costs

Alinta believes there will be material costs associated with each of the options contained in the consultation paper. Option 1 will require substantial investment by AEMO and industry and we do not believe it should be pursued further.

Option 3 forgoes the efficiency of option 2 and will require the cooperation and interaction of several parties (e.g. distributor and retailer, embedded network operator and exempt seller etc.). While an economy-wide approach may result in relatively lower implementation costs, it is clear operational costs associated with this model will be considerable. In addition (and in relation to question 5 in the consultation paper)², new entrant emerging technology providers and Energy Services Companies (ESCOs) will be able to better understand their obligations as data providers and coordinate with AEMO and other market participants as required under model 2 compared with model 3.

We have not undertaken detailed estimates of the cost of model 2, but we believe it is the model likely to result in the lowest cost of the three being considered by the ACCC.

Consent, authorisation and authentication

A key issue in the development of a CDR mechanism for the energy sector is the approach to authorising and authenticating parties seeking access. Alinta would ask that the approach to consent, authorisation and authentication of Accredited Data Recipients (ADRs) and others be a focus following the determination of the data access model.

Models 1 and 2, using AEMO as an intermediary, offer greater certainty in relation to the authorisation and authentication of ADRs that will be cost-effective and consistently applied. Model 2 does not require the additional costs of AEMO being custodian of all relevant

² ACCC, op. cit., page 35

customer data under the CDR. With respect to question 7 (page 35 of the consultation paper), Alinta considers the competitive impacts will be neutral (under model 2) as retailers and other providers of data will have the same processes and protocols to follow when interfacing with AEMO as the gateway. It is not clear that model 3 would offer the same consistency of cost impact among retailers and other data providers.

Alinta would welcome further discussion as the ACCC selects its preferred model. In the first instance, or if you have any questions on this response or require any additional information I may be contacted on (03) 9675 5359 or email: david.calder@alintaenergy.com.au

Yours sincerely

A handwritten signature in black ink, appearing to read 'David Calder', with a long horizontal flourish extending to the right.

David Calder
Manager, Regulatory Strategy