



Ausgrid Submission

Consumer Data Right in Energy – ACCC consultation paper
March 2019



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22 March 2019

Attn: Sarah Court
Commissioner
Australian Competition and Consumer Commission
GPO Box 520
MELBOURNE VIC 3001

Lodged by email: ACCC-CDR@acc.gov.au

Dear Ms Court

Ausgrid is pleased to provide this submission to the Australian Competition and Consumer Commission (ACCC) consultation paper on data access models for establishing a consumer data right (CDR) in energy.

Our submission provides views on a number of issues, including concerns about potential cost implications should distributors be required to develop additional systems to facilitate the sharing of customer data. It is important that any new requirements build on existing platforms where possible, in order to ensure that the costs of implementing the new CDR do not outweigh the benefits to competition.

We are committed to working with the ACCC to implement the CDR in energy. Should the ACCC have any questions in relation to this submission, please contact John Skinner, Regulatory Policy Manager on 02 9269 4357 or john.skinner@ausgrid.com.au.

Yours sincerely

A handwritten signature in black ink, appearing to read "Iftekhar Omar", written in a cursive style.

Iftekhar Omar
Head of Regulation

Submission

Ausgrid is the caretaker of an asset which has connected communities and empowered the lives of its customers for over a century. Today, our grid is shared by 4 million Australians living and working in 1.7 million homes and businesses. This shared asset stretches from the heavily populated Sydney CBD to the sparse Upper Hunter.

We are continuing to transform our business in order to provide more cost-effective network services and deliver greater value for customers. As of 1 July 2019, network charges for our average residential customer are expected to be \$213 (or 28 percent) lower than in 2014.

During recent customer engagement, customers told us that energy affordability is currently their number one concern. We therefore support the policy intent of the CDR, which is to improve competition by giving consumers more control over their information and greater choice in where they take their business. However, it is important that the potential benefits of the CDR is quantified to ensure that the expected benefits don't outweigh the costs.

Our submission provides views on a number of issues raised in the ACCC consultation paper, including the likely costs of implementing the CDR.

Likely implementation costs

In the absence of a decision about the preferred CDR data model it is difficult to conduct a detailed design specification that will allow an accurate estimate of implementation costs.

However, a number of recent Ausgrid system enhancements provide useful benchmarks against which to estimate potential implementation costs:

- We recently made amendments to an existing B2B process that facilitates the sharing of information for life support purposes. This amendment added new fields to an existing B2B process and required subsequent changes to existing database schemas and a testing program with retailers. This small change cost approximately [REDACTED].
- The 2014 Customer Access to Information rule change required distributors to have systems in place to facilitate the provision of meter data to customers by March 2016. Ausgrid spent approximately [REDACTED] developing a partially automated system that allows customers to access their data via the Ausgrid website.¹ This system does not provide customer information in real time and is a bespoke system that does not utilise B2B platforms.

These examples demonstrate that any new requirements for automating the sharing of consumer data with accredited data recipients are likely to involve significant costs for industry participants such as distributors and retailers. Cyber security issues will also need to be addressed, particularly if real-time, online access to customer data becomes possible.

¹ <https://www.ausgrid.com.au/Connections/Meters/Access-your-meter-data>

Given a small amendment to an existing B2B process cost [REDACTED], new B2B processes, database development and testing to support the establishment of the CDR is likely to cost multiple times that amount. In its report for the COAG Energy Council, Houston Kemp estimates the CDR establishment costs for each data provider to be between \$242k - \$878k.² Following our recent experience with B2B modifications, we suggest that Houston Kemp's lower bound of \$242k is a significant under-estimate, while its upper bound of \$878k is likely to be closer to the mark. This means that Houston Kemp's estimated cost of \$35 million, in present value terms over the next 20 years, is a more reasonable estimate than its low-end estimate of \$7 million, of designating distributors as data providers.³

It is important that a cost benefit analysis is undertaken to assess these potential costs against the expected customer benefits of the CDR reforms. Since 2016 when our Customer Access to Meter Data website went live, we have received 1935 requests for meter data, an average of about 52 per month. This number is likely to be lower than expected because we require written consent from third parties to access meter data on behalf of a customer. However, these small numbers demonstrate that the number of requests for customer data will have to increase substantially in order for expected competition benefits to materialise.

Providing data once a day or on demand

The ACCC consultation paper seeks views on whether there would be likely cost differences between providing data once a day (to an AEMO repository) or on demand.

As discussed above, our existing meter data provision systems do not provide data in real time, and there are likely to be significant costs in creating new systems that do so. In our view, the option of providing data once per day, rather than on demand, seems attractive and is likely to lower the cost of implementing the CDR. However, customers will need to be notified that the data they are receiving may not be completely up to date, especially if interval meter data is being retrieved.

Competition impacts of chosen data model

We have been considering the impact of the possible CDR data models on competition and the ability of customers to access competitive deals. As distributors continue to introduce more cost reflective tariffs, including time of use and demand tariffs, customer usage information such as the daily demand profile and maximum demand, will become increasingly important.

The ACCC will need to carefully consider the ability of accredited data recipients to access, store and use customer information as part of the CDR process. Ausgrid's licence conditions, which are overseen by the NSW Independent Pricing and Regulatory Tribunal (IPART), contain strict provisions regarding the handling of customer data. ADRs may require a similar set of requirements to ensure that customer data is handled appropriately.

² Houston Kemp, *Open consumer energy data*, June 2018, p30

³ Houston Kemp, *Open consumer energy data*, June 2018, p30

The form of customer consent will be key to ensuring that customer privacy is maintained and that there are no unforeseen impacts on competition and the ability of customers to obtain competitive offers. This issue will need to be considered in more detail during the process of making rules to implement the CDR for energy. The ACCC could consider developing a model consent form to be used by ADRs when seeking customer consent.

A scenic landscape at sunset. A paved road with a dashed white line runs through the center, flanked by large, dark trees. In the distance, a utility pole with power lines stands against a bright orange and yellow sky. The overall mood is peaceful and serene.

Thank you

