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Australian Competition and Consumer Commission

23 Marcus Clarke Street
Canberra ACT 2601

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

CONSUMER DATA RIGHT IN THE ENERGY SECTOR: RESPONSE TO CONSULTATION ON DATA ACCESS MODELS FOR ENERGY DATA

1. INTRODUCTION

Canstar welcomes the opportunity to respond to ACCC's proposed data access models with regards to consumer data rights in the energy sector.

Canstar is Australia's original financial comparison site, established in 1992. Canstar is a house of two brands. Canstar Gold is Australia's biggest financial comparison site, comparing more brands than any other in the market.¹ Canstar Blue was launched in 2010 and is Australia's most trusted comparison site,² comparing over 120 consumer product and service categories, including energy.

Canstar Blue operates an Electricity comparison service (which can be accessed at <https://www.canstarblue.com.au/electricity/>). We also publish customer satisfaction ratings by brand and state for most forms of energy supply for the purpose of helping Australians find an energy deal that best suits their household needs (available at <https://www.canstarblue.com.au/electricity/nsw-providers/>). All data provided on www.canstarblue.com.au is free to use by the public, and does not require entering personal details in order to access data.

Canstar Gold and Canstar Blue are a customer focused brands and we pride ourselves on the fact we aim to include the majority of brands in the market in our comparisons, regardless of any commercial arrangements. We currently compare 30 consumer (not business) energy brands on the Canstar Blue website.³ Our product level ranking methodology is based on overall value and not just price, which our team of experts, together with industry consultation, have uniquely devised.

Canstar has prepared this paper in response to the specific questions asked by the ACCC.

¹ You can visit the Canstar Gold website available at www.canstar.com.au. Canstar Gold is still Australia's biggest financial comparison site as of January 2019.

² Canstar research from September 2018, n=1,021 conducted by Qualtrics

³ See www.canstarblue.com.au/electricity/. This information was verified on 19 March 2019.

CANSTAR Pty Ltd

ABN 21 081 946 192 48142019

All correspondence to: Level 21, 143 Turbot Street Brisbane QLD 4000 Australia

Phone: +61 7 3837 4100 Fax: +61 7 3837 4141 admin@canstar.com.au www.canstar.com.au



2. CANSTAR'S ANALYSIS OF EACH MODEL

Of the suggested data access models proposed by the ACCC, Canstar's preferred model is Model 1, the AEMO Centralised Model. As industry experts and researchers of consumer preference and behaviour, we believe that this would be the most efficient, accessible and transparent means of collating and disseminating data for consumer use. In our view, the advantages of Model 1 outweigh the alternate options. Further details of our perceived advantages and disadvantages of each model are below.

2.1. Advantages and disadvantages of Model 1 – AEMO Centralised Model

Advantages	Disadvantages
<ol style="list-style-type: none"> 1. Creates a single primary data relationship between all participants (i.e. data holders, recipients and subjects), further minimising consumer confusion, improving usability for consumers and assisting third party connectivity. 2. A more efficient authorisation mechanism due to the primary data relationship limiting the number of authority requests required under Model 2 and Model 3, minimising additional work required by the consumer. 3. CDR data will be consolidated and standardised creating greater stability for infrastructure development and maintenance by Authorised Data Recipients (ADRs). 4. Creates a central body that is responsible for the continuity, stability and maintenance of CDR in the energy sector. 5. Potentially limits the opportunity for delays on the delivery of CDR data to the ADR promoting dynamic competition within the energy sector, benefiting consumer path to purchase and improving market efficiency. 6. Lowers initial investment costs for ADRs due to the single primary data relationships increasing the opportunity for participants. 7. Models PHIO working example in Health Insurance in Australia, so case study exists upon which to replicate, to an extent. 8. Promotes competition on a level playing field and puts the decision in the hands of consumer. 	<ol style="list-style-type: none"> 1. As noted in the consultation paper, Model 1 creates a single point of failure. 2. Potential for the infrastructure to support Model 1 to be burdened based all ADRs seeking information from a central depository. 3. Turnaround time may be delayed, and impede consumers informed decision at time of purchase in the instance of short lead times. 4. Cost and time required to establish model, with requirement of all data holders and recipients to develop an integrated API. 5. As additional personal information is collected, data security risk will increase. ADRs may become bigger targets for hackers who value ever-increasing stores of consumer data.





2.2. Advantages and disadvantages of Model 2 – AEMO Gateway Model

Advantages	Disadvantages
<ol style="list-style-type: none"> 1. CDR data will be consolidated and standardised creating greater stability for infrastructure development and maintenance by ADRs. 2. A more efficient authorisation mechanism for ADRs compared to Model 3 as ADRs will hold the primary data relationship with AEMO. 	<ol style="list-style-type: none"> 1. Creates a layered data transaction with multiple relationships, potentially impeding speed of response and ultimately, consumer decision making at time of purchase. 2. Lower consumer utility due to the dispersed information infrastructure if a consumer is required to provide multiple authorisations. 3. As noted in the consultation paper, Model 2 creates a single point of failure. 4. Potential for the infrastructure to support Model 2 to be burdened as all ADRs will seek information from a central gateway. 5. Puts onus on ADRs to enforce data delivery from data holders, and become the agent for consent. 6. Variability of data available and format creating confusion for consumer and ADR interpretation.

2.3. Advantages and disadvantages of Model 3 - Economy Wide Model

Advantages	Disadvantages
<ol style="list-style-type: none"> 1. Access to CDR data to support endeavours in relation to the delivery of service to consumers. 2. Utilisation of common API standards will limit the degree of variation of delivery, structure and interpretation on the CDR data between participating data holders. 	<ol style="list-style-type: none"> 1. Diminished efficiencies in comparison to Model 1 and Model 2 due to the increase in data relationships from an ADRs perspective. 2. Multiple authorisation requests for an individual transaction will impede speed of service to consumers. 3. Increase in development costs due to multiple data relationships potentially requiring individual builds and consolidation of data from various sources. This could potentially create variations in datasets between ADRs based on consolidation logic, interpretation and use.





3. COSTS OF IMPLEMENTATION

Without a clear view on the true end-to-end working model, we can only make some high level assumptions of direct cost impact from the perspective of an ADR. It is also worth noting that any new work to implement the agreed model will also have opportunity cost attached for all involved.

In our view, the costs of implementation of Model 1 and Model 2, from the perspective of an ADR, are likely to be similar, with Model 3 expected to be much higher due to its increased complexity

We assume hosting costs to interface with AEMO or data holders (to both collect request and display information) and the API build, will be similar in Models 1 and 2. However, costs are expected to be higher for Model 3, as multiple requests and responses will be expected, increasing complexity around logic, credentials and error handling. Storage costs are expected to be equal for all models as the data between the options is assumed to be equivalent.

4. PROVISION OF DATA ON DEMAND

On demand data accessibility would prove more effective for consumer decision making, with consumers having access to the latest data available.

4.1. Data holder obligations

We expect, at a minimum and regardless of which model is chosen, that all data holders will be obliged to adhere to certain service level standards and/or regulatory obligations that cover the timely delivery of the information as well as the accuracy of the information.

5. There will be impacts to competitive environment, if data access is available through AEMO

Reducing barriers to entry in the energy sector will likely result in new entrants across the whole value chain. We expect this will be similar to international trends in Open Banking and the resulting increase in Fintech companies. We are likely to see new competitors, channels, platforms, products and services, which will drive innovation and improve both pricing and service delivery for consumers.

It is likely global players could expand their reach into markets and segments, by leveraging their existing customer knowledge and systems. Accreditation processes will need to manage this potential disruption and ensure alignment to a longer term market strategy.

6. OTHER POINTS FOR CONSIDERATION

6.1. Examination of models that already exist and appear to be working well in Australia and overseas

At Canstar we work across the banking, insurance, investment, telecommunications and energy industries. We have experience and knowledge of commercial and compliance operating models in Australia and New Zealand in each of these sectors. One industry where collation of data from various data sources is prominent is in the Australian Health Insurance industry. By way of example, the

CANSTAR Pty Ltd

ABN 21 050 446 142 ACN 541079

All correspondence to: Level 21, 143 Turbot Street Brisbane QLD 4000 Australia

Phone: +61 7 3837 4100 Fax: +61 7 3837 4141 admin@canstar.com.au www.canstar.com.au



Australian Health Insurance industry has a central body that provides a monthly data load which is uploaded into accredited data recipients' databases via an API. This is a model worth considering in the energy sector.

6.2. The impact of the recent enquiry into misconduct in the Banking, Superannuation and Financial Services Industry (Royal Commission) on consumer trust

A recent Canstar research study into consumer sentiment showed that 56% of banking and superannuation customers are now more inclined to use a third party comparators before taking out financial products in the future. Although the Royal Commission did not directly involve energy suppliers, there appears to be a flow on effect, with 44% of energy customers also being more inclined to use a third party comparator as a result.⁴ Consumers are increasingly looking for additional help and validation when choosing their energy provider and product, as they are no longer satisfied with putting 100% trust directly into their retailer.

6.3. Accreditation

We assume there will be synergies in the accreditation process for ADRs in the Open Banking sector and in Energy and Telecommunication. Where applicable and appropriate, we think that ADRs, such as third party comparison sites, should have a streamlined accreditation process if they are already accredited in one sector.

7. CONCLUSION

Consumer confusion in the energy market has existed for some time, with consumers unable to clearly compare prices and features across retailers independently. This has increased demand for third parties to help create a more transparent lens for consumers to view their products.

The ability for consumers to access their personal usage and billing data more readily at a time that they need, in a format that makes sense, from a reliable source will be very useful for personalisation of search criteria. In Canstar's view, Model 1, the Centralised AEMO Model, will be the most efficient model to implement and the most beneficial for Australian consumers.

We look forward to continuing to engage with the ACCC on further consultations relating to the Consumer Data Right.

Yours sincerely,

Nicola Seaton
GENERAL COUNSEL AND COMPANY SECRETARY

⁴ Canstar research from February 2019, n=590 conducted by Qualtrics.