



Australian Government

Department of the Environment and Energy

Bruce Cooper
General Manager, Consumer Data Right
Australian Competition and Consumer Commission
GPO Box 3131
Canberra ACT 2601

Dear Mr Cooper

Thank you for the opportunity to input into the energy data access models for the Consumer Data Right (CDR). Better access to personalised energy data is a critical aspect of improving consumer benefits in the energy market. Maximising these benefits and minimising costs requires that these arrangements are designed with a strong understanding of existing consumer energy services, use cases for the data and related obligations and data systems. The CDR will support greater transparency, more informed consumer decision making and greater competition between businesses to offer consumers the best deals.

In 2016, electricity consumers, and their authorised representatives, were given a right to access metering data from distributors or retailers. Much of the focus since 2016 has been on ensuring that customers have access to consumption data, principally via portals provided by retailers. In contrast, little attention was given to the processes and systems needed to help consumers share their energy data with authorised third parties wishing to provide value added services to consumers or help consumers to shop around.

As referenced in the ACCC's consultation paper, the COAG Energy Council engaged HoustonKemp Economists to examine and make recommendations for facilitating timely access to consumer's consumption data by authorised third party service providers. This work began in 2017, prior to the CDR commitment in May 2018. The project involved wide stakeholder consultation across the sector, examining the costs and benefits of a range of models.

This work led to the Energy Council recommending to the Treasurer in August 2018 that the Australian Energy Market Operator (AEMO) be the gateway for data requests in the National Energy Market under the CDR. It was considered the best solution as it leveraged off existing data sharing platforms used by AEMO to operate the market, had the greatest competition benefits for developing third party services and was the most cost effective in terms of development and ongoing maintenance costs. This most closely aligns with Model 2 (the gateway model) in the ACCC energy data access models consultation paper.

Our view continues to support the Energy Council's position that this model represents the best balance of benefits and costs for access to consumer energy data by third parties. The attached submission provides more detail on the Energy Council's recommendations, as they relate to the specific questions and assessment criteria outlined in the consultation paper.

Yours sincerely

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

Stuart Richardson
Acting Assistant Secretary, Gas and Governance Branch, Energy Division

DEPARTMENT OF THE ENVIRONMENT AND ENERGY SUBMISSION TO THE ACCC'S CONSULTATION ON THE MODEL FOR THE ENERGY SECTOR CONSUMER DATA RIGHT

Thank you for the opportunity to input into the Consumer Data Right (CDR) model for the energy sector. As stated in the cover letter, the Department of the Environment and Energy (the Department) is supporting the August 2018 recommendations of the COAG Energy Council, which consider that Model 2 (the gateway model) represents the best balance of benefits and costs for access to consumer energy data by third parties.

Comments against questions in the discussion paper:

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?

Affordability of electricity is a key concern of households, industry and the government. One of the priorities of the COAG Energy Council is to ensure that customers have the information, tools and advice they need to choose the best energy deal and manage their electricity bills. Access to data is a key enabler as highlighted by the Finkel Review, the ACCC's Retail Pricing Inquiry and the AEMC's Retail Competition Review.

We agree with the assessment criteria outlined in the ACCC paper. Given the importance of data access to improving consumer outcomes, risk of delay should be considered as an additional criteria.

We look forward to working with the ACCC to ensure the CDR framework in the energy sector is implemented as quickly and effectively as possible.

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

Following a detailed consultation with industry stakeholders, the COAG Energy Council supported the recommendation for the Australian Energy Market Operator (AEMO) to be the gateway for data requests in the National Energy Market which aligns with the ACCC's proposed model 2.

The COAG Energy Council considered this will be the most timely and cost-effective way to implement CDR in National Energy Market jurisdictions, because it leverages existing data transfer systems to support billing, market settlement and retail competition. It is also the most effective model to support greater competition and development of energy services for consumers. The Department continues to support this view.

More detail is provided under the proposed selection criteria.

1. User functionality

Research from Accenture suggests energy consumers spend very little time on considering their energy arrangements, averaging 9 minutes per year spent interacting with their energy providers. Any data access framework therefore needs to provide near instantaneous access to historical energy data.

A potential benefit of the gateway model is that it could be used to coordinate and simplify access and consent frameworks to provide a better consumer experience. For example, it can minimise the number of requests to consumers for consent to the access of their data. This is an issue in the energy sector as meter data is only useful if 12 months of data is available (to account for seasonal variability of energy use). If consumers have changed retailers in a 12 month period, multiple requests for consent might be required in model 3 (economy-wide), which could slow down access or create other barriers to data access.

2. Cost effectiveness

HoustonKemp identified a number of reasons why the gateway model is likely to be the most cost effective, as it builds on existing systems for sharing data.

- A single gateway could reduce costs and barriers for new third party service providers to access data, many of which are small market entrants.
- The bulk of electricity data already flows to AEMO through existing data platforms (including interval metering data and customer contact details) and data sharing arrangements are already needed to manage settlement, customer transfers and competition.
- A coordinated data access point, leveraging existing systems through AEMO, may be cheaper to implement and have a lower regulatory burden than requiring around 32 retailers and 13 networks to build their own data transfer platforms providing on-demand access.

3. Interoperability

As stated above, the gateway model has the potential to lower costs to all third party service providers as they can put requests for energy data to the gateway, rather than negotiate and set up access arrangements with multiple retailers. This will increase consistency and address existing data access barriers in the market when third parties seek data from retailers.

HoustonKemp's recommendations to COAG Energy Council also recognised the benefits of adopting the economy-wide governance and compliance frameworks for the CDR to be developed and overseen by the ACCC and the Office of the Australian Information Commission (OAIC).

4. Efficiency of relevant markets

The 2018 AEMC Competition Review stated there is considerable scope to improve customer experiences and outcomes in the retail energy market by improved access to data which can increase competition and help consumers find the best retail offering for their circumstances.

One of the recommendations of the ACCC Retail Electricity Pricing Inquiry was that losing retailers only be given a loss notification on the date of transfer of a customer to a new retailer. The aim of this recommendation was to increase competition and increase incentives for retailers to always offer their customers the best deal by limiting the opportunity of the losing retailer to conduct activity to retain the customer before the transfer

has occurred. Having AEMO act as a gateway for CDR data requests can support this aim by integrating data access requests with AEMO's pre-existing processes for switching customers from one retailer to another for market settlement purposes.

5. Reliability, security and privacy

Much of the data that would be held by AEMO and transacted with wider parties under the gateway model is already held and managed to settle the market. So AEMO already actively manages related reliability, privacy and security risks. Data requests generated by the CDR are likely to be a small proportion of the total data flows across AEMO's system which operates the electricity system based on a 5 minute dispatch model, manages data flows from millions of meters and facilitates transaction requests from multiple retailers, network businesses and service providers.

AEMO has a number of pre-existing statutory functions under the National Electricity Law and Rules and the National Gas Law and Rules to support these functions, that require maintaining power system security; operating and administering a spot market for the sale and purchase of electricity; and facilitating retail customer transfer, metering and retail competition. AEMO also has obligations under the energy laws to take all reasonable measures to protect from unauthorised use or disclosure information given to it in confidence (for example metering data, NMI standing data and sensitive personal information such as life support information which is routinely transferred through the ehub between participants). As such, AEMO arguably has greater capacity and systems in place to manage risks than many smaller market participants. The gateway model would also align with AEMO's increasing role to oversee cybersecurity in the energy market.

6. Flexibility and extensibility

The gateway model does not increase difficulties in extending the energy sector CDR beyond the initial NEM priority data sets and could be very complementary. Recent rule changes to support AEMO's visibility of solar PV and storage to manage system security are an example of how data requirements needed for system management could also be beneficial to consumers or authorised third parties accessing this data through a gateway model.

Question 3: What are the likely implementation/compliance costs for market participants (including accredited data recipients) under each of the models, including costs associated with IT system changes or data storage?

While this is best answered by market participants, HoustonKemp suggested that implementation and compliance costs are likely to be lower under a gateway model approach. This is because an existing data transfer platform would be used which transfers data between energy market participants. The volume of current data flows through this platform to settle the market dwarfs expected flows for CDR.

While market participants may be required to set up APIs for some information, particularly around customer verification, common metering data held by AEMO to settle the market could be used to fulfil requests. This could reduce development and ongoing maintenance costs for data holders and data requestors when changes to the system are required.

Question 4: What additional requirements should the ACCC consider including in the CDR rules for the energy sector if the gateway model is adopted?

The COAG Energy Council has asked officials to progress changes in the National Energy Rules to remove any barriers to the implementation of the CDR and AEMO undertaking this gateway function. This will include working closely with the ACCC, Data61 and energy sector stakeholders to contribute to the development of technical standards, data formats, data transfer methods and other settings required as part of the broader implementation of the CDR.

Question 5: What emerging technologies do stakeholders believe will have an impact on the energy sector with respect to the CDR?

The rate of change in the energy market and a range of emerging technologies are already having profound impacts on the energy sector. These technologies include smart meters, more efficient home appliances, roof-top solar, batteries and electric vehicles. Further technologies such as home management systems and wider appliance automation also have huge potential to impact the energy sector.

This means that consumers are likely to become more engaged in the market, or seek services that allow them to 'set and forget' their energy use decisions. For AEMO, it makes the management of the system more complex as smart appliances and distributed technologies place more demands on the system. Data access by consumers and AEMO will become increasingly important.

Question 6: What are the cost differences to participants of providing data once a day (to an AEMO repository) or on demand?

While this is best answered by direct participants, the Department notes that shopping around for a better deal relies on 'on demand' access to historical data rather than 'on demand' access to real time data. Given this is likely to be a key use of the CDR, the cost differences in setting up the data access requirements based on different delivery frequencies should be considered.

Data holders can only provide data they hold, and as the metering data is provided to participants in the electricity market (including AEMO) in accordance with the National Electricity Rules, only historic data (up to and including the last read provided) can be provided.

Question 7: What is the competitive impact, if any, of accessing data through AEMO rather than through a retailer?

The 2018 AEMC Competition Review stated there is considerable scope to improve customer experiences and outcomes in the retail energy market by improved access to data which can help consumers find the best retail offering for their circumstances.

COAG Energy Council considered that a gateway model will be the most effective in removing current barriers to data access which prevent service providers from getting timely access to data and can help to address a range of competition concerns raised by the ACCC Retail Pricing Inquiry. This is because incumbent retailers have a range of commercial

reasons for not providing timely data access to service providers, when they are helping customers of those retailers to shop around for a better deal.

Question 8: Are there any other issues that stakeholders wish to raise?

In relation to non-National Energy Market jurisdictions, the Energy Council notes their differing local energy market and data management arrangements. These differing arrangements may vary use cases for CDR in their jurisdictions. It is anticipated that non-National Energy Market jurisdictions will work with the ACCC to consider appropriate implementation timelines and optimal delivery arrangements based on their local arrangements and implementation costs.

The CDR design process should also engage directly with jurisdictions on how the compliance and enforcement framework will link to existing energy ombudsmen schemes.