

07 September 2020

Ms Fiona Walker
Director
Consumer Data Right
Australian Competition & Consumer Commission

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

Dear Ms Walker

Consumer Data Right – Energy Rules Framework Consultation Paper – July 2020

Thanks for the opportunity to lodge a submission on the Energy Rules Framework for the Consumer Data Right (CDR). We are excited about what opportunities the CDR in energy can unlock for consumers. It is important for the framework to get the balance right between the framework's authentication and security requirements and the derived value from providing access to their data protected under those frameworks. Additionally, the CDR's success in energy will depend on how practically consumers can engage within in.

1. INTRODUCTION TO NECTR

Nectr is one of the National Electricity Market's newer energy retailers. We are focused on delivering sustainable and clever energy solutions to Australians. Backed by Hanwha Energy – a global energy solutions provider – we are Australia's first "entech" – the energy sector's version of a fintech. We use technology to enable consumers to take back control of their energy needs. We believe technology can unlock options for Australians to choose affordable renewable energy, including being sourced locally at their homes or shared within a community. And with the right technology, consumers can understand and better manage their energy costs using solutions that make sense to them.

Our consumer first approach and tech ethos are aligned with using the CDR's expansion into the energy sector to unlock consumer value.

2. CDR RULES APPROACH FOR THE ENERGY SECTOR

We appreciate the ACCC's preference for pursuing a consistent rules framework across industries. We have come to understand the ACCC's and Data Standards Body's positions that there are far more commonalities between customers and broad data sets across the banking and energy sectors. There are opportunities to unlock value from consumers across these two sectors so commonality across the CDR frameworks is preferable against two completely separate operating models.

As the ACCC identifies, there are some sector-specific issues for energy, but these are not insurmountable. We would encourage the ACCC to utilise existing processes and policies as much as possible to ensure the sector doesn't end up with duplicate processes. For example, utilising existing complaints and dispute resolution processes or adopting them to incorporate CDR disputes, would be preferable than requiring a separate CDR dispute resolution process, which could raise consumer confusion and duplicate processes for energy businesses.

It is important that any CDR energy specific Rules covering these sorts of processes are flexible enough to accommodate any amendments/updates to the National Electricity Rules and National Energy Retail Rules frameworks. This will ensure we don't end up with conflicts in the future.

3. CONSUMER DATA SCOPE

One additional customer data point could be whether the customer requires life support equipment. The Australian Energy Market Commission (AEMC) is currently undertaking a review of the NERR to consider how to improve the consumer experience when a customer requiring life support equipment changes electricity retailers. There may be benefit in engaging with the AEMC to see if including that customer data point in the initial CDR classification could be a potential longer-term solution for these consumers. This information would need to be deemed sensitive information.

Regarding the inclusion of other types of sensitive information, such as concessions information, there is merit in including that data. For example, today, when quoting a consumer, a retailer cannot factor in the value of any concessions. However, if a concessions flag or validation was available through the CDR data set, then personalised customer quotes could become just that – tailored to include any eligible concessions where a consumer has previously been identified as a recipient.

To manage consumer concerns around whether they want that level of sensitive information shared, there could be an “opt out” or separate set of consents that relates to that type of information.

4. AUTHENTICATION MODELS

Nectr notes the ACCC’s preferred starting point to maintain consistent authentication models across industries. There are benefits in maintaining consistency from a cross-industry usability perspective as well as a data security perspective. However, we do believe there are good reasons for deviating away from this common standard in some circumstances.

4.1. Redirect model

We understand the benefits of a redirect model in energy. Benefits can be unlocked by finding a way for the customer to minimise the number of authentication processes they need to navigate through. It is important, however, to provide some flexibility into how that authentication process is managed from a consumer experience perspective. For example, if a customer is seeking a personalised quote from a prospective retailer, and the authentication process sends them to an AEMO portal and/or onto their existing retailer for verification – you’ve probably already lost the customer through that experience.

We would support an approach that facilitates the authentications “behind the scenes” from a consumer’s perspective – so they get the benefit of using their data for whatever service or product they are engaging with – but from their perspective, their experience is seamless. It’s absolutely essential that a form of verification needs to happen, but it’s important from the consumer’s perspective that the intricacies of the energy market do not detract from their CDR experience. We support access to the ‘AEMO-provided portal’ as a white labelled service. This is also important when considering the value of cross-industry uses for CDR because an enquiry starting in a financial context would be very removed from who AEMO is and what they play in providing a financial product or service.

4.2. The case for a weak authentication model

We believe there are advantages and customer value opportunities in developing and introducing a weak authentication model in energy for a range of clearly defined customer data sets. We also believe that the value creation available to consumers under this model is greater than the perceived data privacy concerns, and there are ways to manage those perceived concerns and risks. Making available a weak authentication model also offers benefits for consumers where the ACCC is pursuing a staged implementation approach to CDR in energy.

Weak authentication is the status quo today

The current processes available to an energy consumer to access their historical energy data can be challenging and time consuming. Where a consumer may have resided at a single residence for two years, but has changed retailers within that time, their distribution network provides a single point of contact to access two years of historical data. However, depending on which network the customer lives in determines how quickly that process could take.

- **Consent:** today under the National Energy Retail Rules, a customer can request two years of historical data using their National Meter Identifier, their postcode, their surname (or company name for a business) and they must confirm they are the account holder for the data period they are requesting. Where a third party is requesting the data on behalf of the account holder, a signed authorisation must be included in the data request. The status quo today is a form of weak authentication.
- **Processing:** the time to process these data requests can vary between distribution networks. For example, one New South Wales network processes these requests manually, extracting the data and then exporting it into a CSV file to email to the customer (or their agent). This process can take up to two weeks to complete. And that's for either a basic meter or a smart meter.

The problem with this process is the time and mechanics of lodging and processing the requests and receiving the data. The CDR provides an opportunity to improve the timeliness of such data requests in a streamlined, integrated way.

There may be a school of thought that says just because it's the process today doesn't mean it's the right process for the future. That may be true, but making it harder or limiting from where a consumer can request their historical data does not seem on face value to be a positive market development.

Value creation for consumers

The energy market is ripe for consumer value creation opportunities for those who approach energy services from the consumer's perspective. The number of new entrant retailers has substantially increased in the past few years – because we all see how the current incumbents are unable to pivot and evolve to offer innovative and creative energy solutions to consumers. In our view, consumers have lost a little faith in the industry and therefore appear to lower their expectations of what is possible.

It is therefore important for the CDR framework to find that balance between unlocking value for consumers in the early stages of its application in energy, while building for that future integration of cross-sectional industry value services. This is where weak authentication can play a role, particularly where the ACCC is considering a staged implementation that starts with the very sector incumbents who have been unable to offer energy consumers innovative and value adding products and services.

There are some data sets that at an aggregate level can provide value to a consumer's experience in energy. An example use case, which is energy-centric, is personalised customer energy plan quoting. Because of historical retailer marketing practices and consumer confusion when comparing energy plans, the ACCC established the Electricity Retail Code. This regulation establishes the default market offer reference price, a mandatory reference point for every retailer to use when engaging with consumers over energy plan offers. Access to actual historical consumption data that fed into a customer's personalised quote could greatly improve a consumer's understanding of their forecast energy costs and therefore assist in selecting an energy plan best suited for their requirements. Confusing energy plans has been a problem that the Government and ACCC have currently addressed through regulation. But it's possible data could provide an alternative solution, which, over time could reduce the need for the extra layers of price regulation.

As discussed above, the current process to obtain historical data does not make that a viable proposition today. But, with the CDR and a weak authentication model, this could become the standard quoting approach and deliver real value to energy consumers.

Using a weak authentication model for base level data like historical consumption, would likely be more accessible at the early stages of the CDR's application in the energy sector. This means providing a broader spectrum of data recipients the opportunity to bring innovative products and services to consumers sooner. It also sets a base for what additional value can be realised from the data available via the strong authentication processes.

Data privacy and security concerns

We agree the ACCC is right to be cautious around data privacy concerns for energy consumers. As identified in the consultation paper, there are many data sets that are personal or private and data security around those are paramount. For example, historical interval consumption data can show a household's working patterns or payment history could inform credit rating assessments. These are highly sensitive data sets and it is important for the integrity of the CDR that they are subject to appropriate data privacy and security requirements.

We believe, however, that the materiality of privacy and data security concerns can be reduced with data aggregation, particularly for key data sets like historical consumption and export data for those customers with distributed energy like solar or batteries. We believe the materiality of the harm that could arise from some data sets were exposed in a worst-case scenario would be minimal. And those minimal data privacy concerns do not outweigh the customer value that could be unlocked from having access to those data sets through a weak authentication model.

A weak authentication model could include:

- Customer name
- Address or NMI
- Postcode
- Current retailer (could act as one-time password)

We encourage the ACCC to consider how we could make a weak authentication model work. It's a viable model to help unlock customer value and opportunities at the CDR's application in the energy sector. Through this, we set a bar of innovation and place pressure on the sector to step up and put our consumers first, tailoring services to their needs. The CDR data sets available through the cross-industry strong authentication model is what then deepens energy-specific innovation and drives it across sectors.

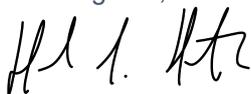
Implementation considerations

Nectr appreciates having two authentication models is a more expensive industry build. It also creates sector differences. However, before ruling out the weak authentication model on a cost basis, we strongly encourage the ACCC and AEMO to quote up the model build to see if a user pays model could make it viable.

CLOSING

Nectr thanks the ACCC for considering our views and appreciates the opportunity to engage in this consultation process. We see great value arising from having a CDR in the energy sector. How quickly and effectively that value can be unlocked, however, is highly dependent on the framework's implementation. Should you wish to discuss this further, please contact me using the contact details below.

Kind regards,



Hannah Heath
Chief Strategy Officer

