

21 March 2019

Ms Sarah Court
Commissioner
ACCC

Submission via ACCC Consultation Hub

Dear Ms Court,

Consultation on Consumer Data Right: Data Access Models for Energy Data

Simply Energy welcomes the opportunity to provide feedback on the Australian Competition and Consumer Commission's (ACCC) Consumer Data Right (CDR) consultation paper.

Simply Energy is a leading second-tier energy retailer with over 680,000 customer accounts across Victoria, New South Wales, South Australia, Queensland and Western Australia. Simply Energy supports the CDR Framework as a means of enabling greater competition and customer engagement in the Australian energy market.

In saying that, it is important to keep in mind that due to the complexity of the energy sector, a unique data-management solution is required. In view of this, Simply Energy considers that a cost-benefit analysis needs to be undertaken across all three data-management models to ensure that energy consumers are provided with efficient access to reliable and meaningful data.

In exploring the viability of the ACCC's proposed data-management models, Simply Energy's submission assesses:

- the pros and cons of each model;
- the process for implementing CDR; and
- proposed next steps.

Evaluation of the three proposed data-management models

Simply Energy acknowledges that thinking around the proposed approaches to implementing the CDR has developed considerably over the past 12-months. As a result, the ACCC has been able to put forward three quite credible options for stakeholders to consider. However, as assessed in further detail below, each model has pros and cons that need to be evaluated carefully.

Model 1 – AEMO as the sole data holder in the energy sector

This model is based on traditional data-mining. While it appears to be relatively straightforward to set up and administer, Simply Energy considers that it could in fact be the most expensive model to implement for the following reasons:

- The Australian Energy Market Operator's (AEMO) servers, as well as other industry participants' interfaces and bandwidth capacity would need to be upgraded to manage the large volume data that would be uploaded by industry participants on a daily basis.

- At this stage, there is insufficient detail to justify the cost of making such upgrades to AEMO's systems.
- Data integrity would be difficult to manage, as data would need to be gathered from multiple sources.
 - Industry participants (more than 40 retailers and around 13 distributors) would be required to upload their data to AEMO's central system on a daily basis.

Overall, the main beneficiaries for this model would be the data recipients, as they would only be required to interface with one system. Having said that, Model 2 provides similar functionality without the same implementation costs.

Model 2 – AEMO as the 'gateway' to data holders in the energy sector

This model leverages pre-existing functionality available through AEMO's e-hub and may be a viable option to facilitate the CDR for the following reasons:

- AEMO would play a central role as a gatekeeper of customer data.
 - This functionality has been in place since business-to-business (B2B) procedures were introduced to automate communications between retailers and distributors back in 2012.
- AEMO e-hub has the functionality to manage the CDR as it:
 - operates in 'real time' through a single back-end interface;
 - includes a technical accreditation framework that allows third party access to data;
 - works on a scalable technology platform to allow for other datasets to be added as required;
 - retrieves data from different industry participants;
 - directs data requests to the relevant participants; and
 - most importantly, consolidates and translates data in a uniform manner.
- It is a cost-effective platform to use, and with relevant enhancements, participants will be able to interface with the e-hub gateway.
- Data integrity issues are likely to be minimised.
 - Data holders would maintain their own datasets and would simply provide data to recipients when requested via the gateway.

The main beneficiaries for this model would be the data holders as well as the data recipients who would only be required to interact with a single gateway interface. That said, authentication and authorisation could be quite challenging to administer unless centralised or digitised processes are established.

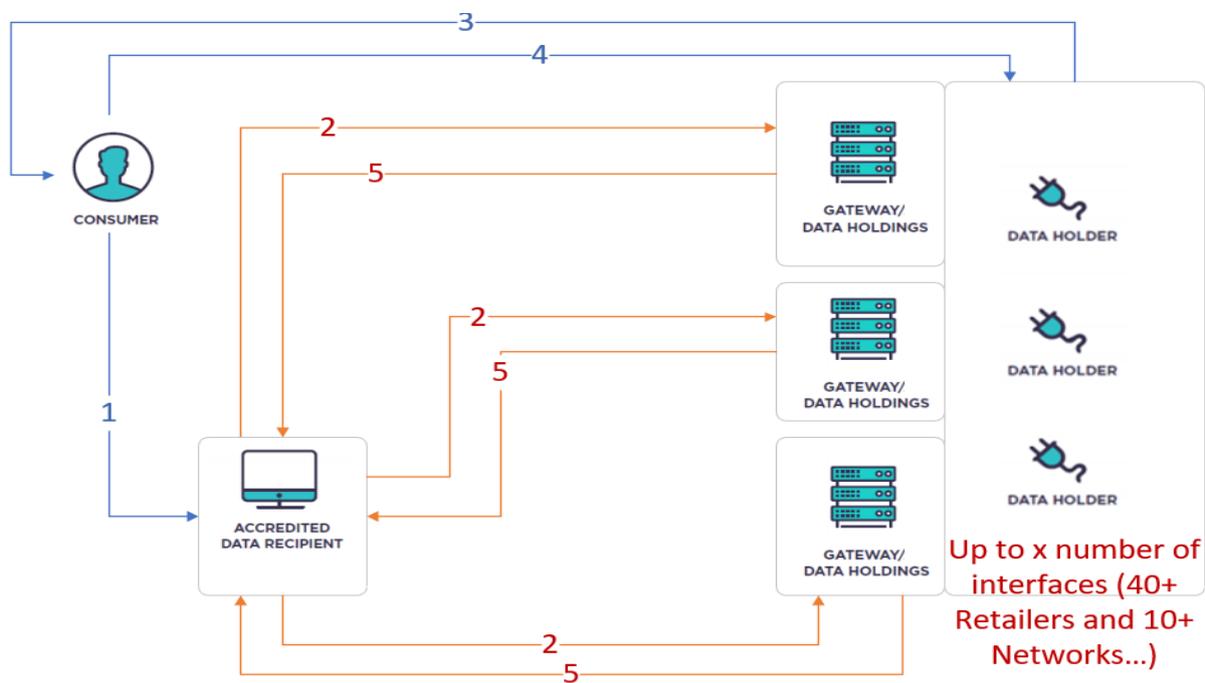
Model 3 – Economy-wide model

While adopting a slightly different approach to Model 1, this model is also based on traditional data-mining processes. At a high level, this model appears to offer a straight forward solution, given that it has been implemented across the banking sector. However, this model does not provide the same level of efficiency as other 'gateway' model for the following reasons:

- Recipients and data holders would be required to implement new interfaces to interact with each other.

- It needs to be kept in mind that the banking sector does not have existing data-management functionality, similar to AEMO’s e-Hub, to effectively facilitate a bulk industry-wide data exchange.
- Information would need to be retrieved from multiple sources, which introduces a high degree of instability and unreliability in terms of exchanging data between data holders and recipients.
 - Unlike the banking sector where a third party can access most data from a single source, data in the energy sector is generally obtained from multiple parties. For this reason, the recipient of the data would need consolidate, translate and simplify the data for consumers, which is a process that can be easily automated through AEMO’s e-hub.

Simply Energy also considers that the diagram provided in the Consultation Paper around Model 3 only provides a very simplified view of what in reality is a complex interface-model. As noted below, Model 3 creates multiple interfaces between data holders, and data recipients. As a result, data recipients would need to interface with each data holder individually instead through a centralised platform.



Preferred model

Simply Energy considers Model 2 is the most preferable option for implementing the CDR throughout the energy sector. As this model draws on existing systems architecture and data flows, Simply Energy considers that it is most effective way of achieving the policy objectives of the CDR. While there are some gaps in this model, the model’s advantages outweigh its deficiencies. With careful design and implementation, Simply Energy considers that this could be one of the most robust data-access solutions that the energy industry has ever developed. In saying that, there are two major deficiencies that need to be considered in further detail:

- Authenticity and authorisation processes.
 - International experience in developing similar data-management models have demonstrated how manual customer consent processes can lead to process inefficiencies.

- As such, consumer consent process must be digitised in a standard way to ensure the overall customer experience is not compromised, and at the same time the data can be transmitted as quickly as possible.
- Legislative restrictions on gateway operators being data holders.
 - As the operator of the gateway, it is conceivable that AEMO would be restricted for providing access to the gateway for the metering data in its possession. For this reason, Simply Energy considers that this data would need to be obtained directly via retailers and distribution companies in line with current practices.

Implementation of the CDR

Simply Energy observes that the banking sector is due to implement the CDR implementation in July 2019. While a different approach is being recommended for the energy sector, Simply Energy considers that there are still valuable lessons to be learned from the banking sector's implementation processes. As such, Simply Energy recommends that Treasury and the ACCC should undertake a staged implementation approach to allow for this issue to be observed and adequately addressed.

Simply Energy also recommends that the implementation timeframe for CDR should only be considered after relevant rules for the framework have been fully developed. For example, the most recent metering competition reforms had a 12-month implementation timeframe, which turned out to be less than sufficient for the industry to develop the required systems and processes. Hence, it resulted in significant post-implementation issues for the end-use customers. Indeed, the CDR may actually be more complex than recent metering reforms, and for this reason, the proposed implementation date for the CDR should be considered carefully.

Proposed next steps

Simply Energy considers that there will need to be further industry consultation to develop and scope out all industry-level requirements necessary for the CDR.

Simply Energy would welcome the opportunity to engage with the ACCC, as well as other key stakeholders such as AEMO and Energy Consumers Australia, around how the CDR can be implemented in the most efficient and timely manner possible.

Simply Energy looks forward to engaging with you on these matters. If you have any questions or would like to engage in discussions with Simply Energy, please contact Aakash Sembey, Industry Regulations Manager, on (03) 8807 1132 or Aakash.Sembey@simplyenergy.com.au.

Yours sincerely



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