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Energy Security Board
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Submitted via email: info@esb.org.au

NEM Data Strategy Consultation Paper

Alinta Energy (**Alinta**) welcomes the opportunity to provide a submission to the Energy Security Board's (**ESB**) *NEM Data Strategy Consultation Paper* (the **Consultation Paper**). Alinta actively utilises (and inputs into) a variety National Energy Market (**NEM**) data sets, regulator publications and modelling assumptions, and appreciates attempts to improve these resources.

Alinta suggests the ESB should focus on the following areas to guide and inform any recommendations which arise from the Consultation Paper:

1. Consideration of the ongoing usefulness of national planning documents, and the future development of energy data portals.
2. Improving NEM forecast modelling.
3. The further development of gas market data and processes.
4. Implications (both positive and negative) for improved data access for competition.

These points are further explored in greater detail below.

1. Who is Alinta?

Alinta is an active investor in energy markets across Australia with an owned and contracted generation portfolio of nearly 3,000MW, including 1,700MW of gas-fired generation facilities and 1,070MW of thermal generation facilities, and in excess of 900,000 electricity and gas customers including more than 417,000 in east coast markets.

Alinta is committed to renewable energy development and is actively growing its renewables position with a public commitment to reach 1000MW of renewable capacity by 2020.

The diversity of Alinta's portfolio, its investment strategy, product offerings, and firsthand experience as a frequent NEM data set user, mean Alinta is well placed to provide informed comment to the Consultation Paper.

1. National Planning Documents and the development of Energy Data Portals

As outlined in the consultation paper, there is presently a wide variety of public data producers in the NEM including the Australian Energy Market Operator (**AEMO**), the Federal Department of Environment and Energy, the Australian Energy Market Commission (**AEMC**), the Australian Energy Regulator (**AER**), the CSIRO and many others. Whilst these organisations are producers of high quality data, at present, navigation across the various websites, planning documents and databases can be a laborious and challenging task, especially for those unfamiliar with the specific data set/process.

This is especially true of annual or yearly publication documents published by various organisations. Whilst these planning/data documents remain the industry standard, their usefulness is constrained by yearly format changes which require users to invest significant time in uncovering relevant sections. Alinta suggests that, only a few minor changes could lead to making the data in these publications far easier to navigate and more accessible to wider audiences. For example, the construction of a data portal which is periodically updated appears the converging international norm.

Such arrangements internationally operate as a single site to regularly engage industry as data develops and is improved across gas, electricity and networks. As an example, the U.S. Energy Information Administration and International Energy Agency websites provide useful portals of data in a clear format which is standardised and very accessible. Similar navigational modifications and development of data portals could add to the value of other Australian organisation's publications.

It is worth noting that AEMO's recent construction of data dashboard portals on their websites have been well received by industry. Assuming it would not be overly burdensome to replicate, Alinta sees several potential operational benefits in publishing data in a consistent and standardised excel publication format where a common set of criteria are reported across Australian regulatory organisations.

In this regard, Alinta would encourage the ESB investigate encouraging methods of integrating the information contained within annual and yearly publication documents published by various bodies, into easily accessible data portals.

2. Improving NEM Forecast Modelling

AEMO demand forecasts play a key role in influencing planning decisions and are widely used in market publications and regulatory discussions. Nonetheless, over the past decade, AEMO forecasts have proven to be imprecise at times. This is not a criticism or reflective of any failing on the part of AEMO, but rather a function of the inherent complexity in forecasting demand in the NEM in the current energy environment.

On the basis of both the rapidly changing energy landscape and the inherent complexity of forecasting in the NEM, Alinta supports facilitating competing forecasts by permitting interested third parties to develop their own forecasts based on the best available data.

Further analysis will undoubtedly contribute to a more informed market place. This will occur as third party scrutiny of AEMO forecasts/data increases, alternative forecasts are revealed, more detailed studies are undertaken on matters of interest, and investment decisions such as network upgrades or additional generation capacity are assessed against a wider range of analytical outputs.

In Alinta's view, the accuracy of the NEM's forecast modelling would be improved under a methodology where forecasting is decentralised and where multiple participants can have and maintain differing views on market demand. Current market practises which limit access to certain data sets (unless for commercial / privacy reasons), can only lead to a decrease in the variety of insight from stakeholders, and potentially even prevent certain efficient energy products being tailored at the customer level.

In regard to locational specific data at the granular level, access to regional specific energy trends and demand is considered a valuable source of information by Alinta. As such, there would be benefit in improving and strengthening regional specific forecasts, by progressing efforts which integrate local issues and demand trends into the modelling process at a distribution and transmission level. Additionally, it would be desirable to improve existing links between connection points and regional forecasts currently undertaken by TNSP's, DNSP's and AEMO.

To summarise, Alinta would encourage the ESB to concentrate analysis on the potential benefits of applying principles of open modelling and data access provision wherever possible, in order to facilitate insightful discussions and improved analytical insights.

3. Gas Market Data

Alinta notes that at this initial stage of data strategy development, the consultation paper is primarily focused on NEM electricity data and processes.

Nonetheless, recent liquefied natural gas developments in south-eastern Queensland have increased the focus on gas markets Australia wide, heightening the importance of accurate data and forecasts methodologies. Alinta is of the view that there may be significant value in incorporating gas market data improvements in the ESB's considerations.

In this regard it is worth highlighting that many government and regulatory organisations still separate out the treatment of gas and electricity data / models in their analysis. Alinta would encourage the ESB to focus analysis on the benefits of incorporating optimisation behaviour in models and data commentary. For example, the majority of energy industry participants may choose to cycle between running gas-powered generation or on-selling surplus gas to market. Recognising behaviours such as these in data/models is of large value to gas market operations and industry observers.

Similarly, improving the accuracy and adequacy of existing gas data and models (eg GSOO) by incorporating physical gas constraint variables, gas flow data, pipeline maximum and minimum capacity, congestion issues, line pack and intraday surpluses and shortfalls, would be of great benefit to industry participants. Additionally, if AEMO were too produce their gas INT reports in a non-CSV (and thus more user friendly) format would likely increase their usefulness to industry and other interested parties.

Lastly, it is worth noting the already significant work currently underway in improving gas market transparency in the NEM, that being the *Gas Market Bulletin Board Improvement Project* and the *Gas Market Reform Group's* various work streams. Alinta would encourage the ESB to consider how the information created through these mechanisms can be fully successfully incorporated and utilised by industry through the NEM data strategy.

4. Implications (Positive and Negative) for improved data access for competition

Alinta strongly believes the NEM data strategy is a valuable project which if implemented correctly will likely have lasting and ongoing benefits for the market. In addition to some of the positive implications listed above, the increase of more concise and accurate NEM data would likely allow for:

- market participants like Alinta to be better identify and manage wholesale and retail risk. Over time, this will allow for more efficient business operations and ultimately a lower cost to serve customers;
- Reduced information asymmetries, which are often cited as one of the biggest barriers to increased competition in the NEM. Improved data arrangements could facilitate an increase in new market entrants to the benefit of competition.
- better modelling and data provision to improve financial outcomes for participants and subsequently deliver better and more relevant customer experiences; and
- the better management of market operations with a more granular view of behind the meter technologies and demand response coordination.

In addition to these positive implications it is worth noting that when embarking on a large scale NEM data strategy such as this, there are also some potentially adverse impacts which need to be successfully identified and managed. Primarily these relate to cost and privacy considerations.

In regard to privacy, Alinta recognises that any increased publication of data (in particular consumption data) does raise the potential for information about individual customer energy load profiles being revealed to the market. In this regard, Alinta considers that whenever possible an approach of aggregating public data or and creating possible threshold levels (eg customer numbers) for data release, could be a suitable solution to customer privacy concerns[1]. Privacy is an

[1] As a point of note, Alinta understands that large scale energy users and major industrial customers generally have well researched load profiles which are commonly known to the marketplace. Given this, most of the privacy concerns relate to the retail customer and market trading participant's data.

important principle and Alinta supports further solutions and safety mechanisms being explored in the NEM data strategy.

Regarding the costs of implementing the NEM data strategy, in Alinta's view there will likely be some material and ongoing expenses associated through establishing new standardised data portals and complying with any new reporting/data sharing obligations. Nonetheless, if managed prudently and with industry oversight, Alinta believes the long term benefits accruing to the market place through improved data quality and access to relevant market information will outweighs these costs and will decrease over time.

5. Conclusion

Alinta Energy welcomes the ESB's *NEM Data Strategy Consultation Paper* and endorses the work programme of the ESB in this area. In this submission Alinta has raised a number of matters that the ESB is encouraged to consider over the coming period indluing:

1. Consideration of the ongoing usefulness of national planning documents, and the future development of energy data portals.
2. Improving NEM forecast modelling.
3. The further development of gas market data and processes.
4. Implications (both positive and negative) for improved data access for competition.

Alinta looks forward to participating in the ongoing consultation process. Please contact Mr Anders Sangkuhl via email: anders.sangkuhl@alintaenergy.com.au or by phone 09 9375 0992 if you have any queries in relation to this submission.

Yours sincerely

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