



EnergyAustralia

LIGHT THE WAY

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Dear Ms. Coates Nicholas

Facilitating Access to Consumer Energy Data

EnergyAustralia is pleased to make this submission to the Consultation Paper prepared by HoustonKemp Economists on facilitating access to consumer electricity data.

EnergyAustralia is one of Australia's largest energy companies, with over 2.6 million household and business customer accounts in NSW, Victoria, Queensland, South Australia and the Australian Capital Territory.

We currently provide customers with access to their energy information via a secure online portal known as *My Account*. This service allows customers to see their usage data, pay bills, set payment and usage reminders, update account information and seek payment extensions. We currently have seen significant growth in use of the *My Account* Service since it was introduced in 2014.

EnergyAustralia supports transparency in the energy retail market and measures to support customers make informed decisions. We have recently supported changes to energy pricing information and long called for a universal comparator rate to enable customers to make sense of discounted products.

In addition to the *My Account* service we also enable customers (and their representatives) to request usage data in a machine-readable format. To date we have had a very low take up of this service, particularly from third parties.

We acknowledge other work underway to deliver the Consumer Data Right as recommended by the Productivity Commission, particularly the Open Banking framework, and support efforts to establish a nationally consistent authorisation framework that facilitates safe transaction of customer data. However, we do not consider that the solution proposed in the Consultation Paper will deliver this in the most effective and efficient way for energy customers and may limit the innovation in data access that the Productivity Commission envisaged.

We recommend that the Government allow for all feedback on the Open Banking framework to be received and considered to understand what the national architecture looks like before considering how it should apply in the energy sector. Further, any proposed approach for the energy sector should be tested via an AEMC rule change process.

The above comments notwithstanding, our submission contains feedback on matters raised in the Consultation Paper for the Government to consider should it continue with this initiative.

We look forward to working with the Government as discussion of data access across the economy evolves to ensure it can deliver maximum value for customers. Should require any further information regarding the content of this submission I can be contacted on (03) 8628 1185.

Regards

Lee Evans
Policy & Advocacy Lead

EnergyAustralia Submission

This submission is structure to address the policy rationale for any Government intervention first and, those comments notwithstanding, address the following key matters:

- Data access model options.
- The authorisation framework.
- The scope of data to be accessible.
- Implementation and application issues.

Making the case for change

The Consultation Paper refers specifically to 'third party' access to data and briefly alludes to possible use cases as the justification for a proposed centralised database maintained by the Australian Energy Market Operator (AEMO). Whilst the paper provides some indication of the possible cost of establishing and maintaining uniform data access arrangements, unfortunately it does not elaborate on the possible use cases, nor explains the associated benefits. At a time when energy costs have increased by up to 80-90% in the last 10 years for residential and small business customers¹, EnergyAustralia warns against increasing regulatory obligations on market participants (either directly or indirectly via AEMO fees) based on a limited cost benefit assessment.

EnergyAustralia recognises the Productivity Commission's recommendation that the Federal Government establish a Consumer Data Right and the Government is currently consulting on national arrangements via the Open Banking framework. We are supportive of establishing these national arrangements, however consider that how they are applied in the energy sector warrants further consideration than to what has been presented in the Consultation Paper.

We recommend that the Government allow for all feedback on the Open Banking framework to be received and considered to understand what the national architecture looks like before considering how it should apply in the energy sector.

Any proposal for the energy sector should be tested thoroughly via an AEMC rule change, including a full cost benefit analysis. The analysis should test potential use cases (and their benefits) and consider whether existing data access arrangements meet the proposed Consumer Data Right as outlined by the Productivity Commission. If it is found not to meet that intent, then all options, including improvements to existing arrangements, should be effectively costed to ensure customers do not pay more than they need to for their energy.

Data access model

If a robust cost benefit analysis can show that there is a net benefit to customers of changing data access arrangements in the energy sector what model is used to facilitate that access is the next most important question.

In determining which model to choose it is important to consider some key questions:

- Which party(ies) hold the data earmarked for sharing?
- Which party(ies) is best placed to provide the service?
- Which party does the customer (or their representative) know and trust to provide the service?
- What approach is the most cost and time efficient to deliver the service?

¹ Australian Competition and Consumer Commission, Retail Electricity Pricing Inquiry - Preliminary report, p. 10

HoustonKemp have assessed some of these questions and recommended that AEMO be assigned the role and deliver the service via (or an extension to) its e-Hub. This is described as the 'centralised' model. The alternate approach outlined in the paper, known as the 'decentralised' model, places responsibility for data provision upon Distribution Network Service Providers (DNSPs).

EnergyAustralia does not support either model proposed in the paper and recommends a 'decentralised' model in which retailers have primary responsibility for providing the service to customers (and their nominated representatives). Justification for this position is contained below.

Data scope

Figure 1 below indicates which parties currently hold what customer data. As you can see, retailers hold the most amount of data about customers and can easily verify a customers' identity. On the other hand, AEMO holds the least amount data of the three parties and would therefore either need to expand the scope of its own database or rely on other parties to verify or supplement their data.

	Meter address	NMI	Meter data	Customer name	Billing/mailling address	ID (eg. Licence #)	Phone number	Retailer history	Network tariff type	Retailer contract typ
AEMO	YES	YES	YES	NO	NO	NO	NO	YES	YES	NO
Retailer	YES	YES	YES (for retailer)	YES	YES	YES	YES	NO	YES	YES
DNSP	YES	YES	YES	YES	YES	NO	YES	YES	YES	NO

Security

Security of customer information is of foremost importance. The Productivity Commission in its inquiry *Data Availability and Use* acknowledged that "most risks of data misuse arise...from dataset hacking made possible by poor or outdated data collection, storage and management practices, coupled with malicious intent to gain access and use data that would otherwise not have been available²." Retailers currently have advanced data security mechanisms and protocols in place to protect customer information from external threats. These include boundary controls, like firewalls, network security monitoring and application security controls.

In our view, the centralised approach significantly increases the security risks as a large amount of data is concentrated in a single repository, which would be attractive to hackers looking to cause individual or system wide harm. This risk has been recognised in the Open Banking initiative which has avoided a centralised data storage approach (in part) to reduce the risk of malicious attacks³. In contrast, a decentralised approach vests data with several parties and therefore makes 'big bang' attacks more difficult and therefore less likely. We question whether AEMO is equipped to provide the required level of security to defend against this type of attack; this requires specialised skills, controls and processes akin to the Australian Signals Directorate.

² Productivity Commission, 'Data Availability and Use', Overview and Recommendations, p.11

³ The Australian Government - the Treasury, 'Open Banking: Customers, Choice, Convenience, Confidence', p.50

Cost and Timing

As discussed above, EnergyAustralia already has a customer portal, *My Account*, which allows customers to access account and usage information. Many other retailers also have similar portals so extending these platforms to allow authorised third parties to access customer data is the logical and most efficient step, rather than creating a new centralised database. A centralised database will take longer and most likely be more expensive as retailers would need to build IT systems to interface with it anyway to provide the necessary customer verification.

In our view the cost estimates for the centralised approach appear to 10-15% lower than we would expect to see for a data project of this size. For example, the costings do not appear to adequately account for the level of security a database of this size would require. The Australian Bureau of Statistics experience with the 2017 online Census is a valuable example of what can happen when appropriate investment in IT security is not made.

Scope for innovation

EnergyAustralia considers that a decentralised approach offers the best platform for innovation in data access and the greatest scope to evolve quickly. A central database will, by its nature, be large and cumbersome to adapt as more information is identified as being useful to third parties. This will limit its ability to provide maximum value to customers. In contrast, retailers have built/will build more agile systems to complement existing billing systems and new product offerings, making them more dynamic and adaptable.

It is also arguable that the centralised model lies in contrast with intent of the Open Banking framework which seeks to establish a platform for innovation and is premised on business-to-business transactions, as opposed to business-to-market operator activity.

Role of the DNSP

EnergyAustralia does not support DNSPs being the primary access point in any national framework for three reasons:

1. Retailers are the primary owners of the customer relationship. We know them and they know us, which helps to manage the data access process and any disputes that may arise from that.
2. With changes to metering responsibility rules from December 2017 retailers are increasingly receiving metering data directly from meter data providers and have responsibility for ensuring that data is correct.
3. DNSPs are increasingly moving into traditional competitive markets via separate businesses (eg. solar, metering) meaning that having all third party data in a central repository held by the DNSPs and requests coming to the monopoly part of the business offers an unfair competitive advantage.

DNSPs should have a role where they hold unique data that would be valuable to the third party in offering customer products. Although not recommended at this stage, the Consultation Paper cites the examples of voltage and frequency data which could be considered for coverage in the future.

Possible limitation

EnergyAustralia acknowledges that one of the potential limitations of having retailers as the primary access point is getting a full set of data in situations where the customer has changed retailers. Under market rules a retailer is only entitled to hold the data of a customer while they are the Financially Responsible Market Participant therefore a third party may be required to go to multiple retailers to get an extended data set.

We consider this situation will be the exception rather than the rule and can be worked around by, for example, using the Shared Market Protocol established during recent *Power of Choice* rule changes. Another option is to have AEMO establish a common access portal with data held in respective retailer systems which is drawn upon according to the dates of the data scope requested by the third party.

Authorisation framework

Authorising body

EnergyAustralia supports a common authorisation framework for access to energy data. If established effectively, the framework should enable existing market participants and third parties to work effectively to deliver innovative products and services to customers.

The framework will work most effectively where the parties involved use their natural competencies. Consistent with the intent of the Open Banking framework we recommend that Australian Competition and Consumer Commission (ACCC) (or the Australian Energy Regulator as a subsidiary of the ACCC) be tasked with overseeing the authorisation framework. This approach has three obvious benefits:

1. Consistency of authorisation in the energy sector with other industries overseen by the ACCC (particularly if cross-industry authorisation is envisaged).
2. The ACCC (and the AER) have established enforcement powers and regimes for which they could apply in the case of non-compliance by third parties.
3. It would improve the regulators' view of third party service providers complementing existing retail market participants, and therefore its perspective on retail competition.

AEMO should have a role in the authorisation framework in providing advice to the relevant authority on technical matters such as data format standards and transaction protocols.

Security

It is imperative that security measures are embedded in the authorising framework from the beginning. We support many of the proposed security measures in the Open Banking framework. We are particularly supportive of the following measures:

- That data recipients must be subject to the Privacy Act and comply with designated security standards set by the Data Standards Body⁴.
- That a customer's consent should be explicit, fully informed and able to be permitted or constrained according to the customer's instructions⁵.
- Notification and termination arrangements for joint account holders⁶ (this is particularly important to maximise protections in domestic violence situations)

⁴ Ibid. p.64

⁵ Ibid. p.60

⁶ Ibid. p.62

- The principle of liability allocation that participants are liable for their own conduct, but not the conduct of other participants⁷.

These recommendations and proposed modifications to privacy protections should be considered and publicly consulted on for their relevance to the energy sector before any authorisation framework is agreed.

We are particularly concerned about two key privacy matters:

1. That customers are not required to provide consent as a condition of using a service provider (for example, a comparator website). This gives customer's the ultimate flexibility to control where their data goes.
2. That customer consent is not provided in perpetuity which is likely to result in data mining activities. We consider that customer's consent should be time bound and that customers are advised each time their data is accessed.

Ensuing that these matters are addressed in a simple and transparent manner is vital to ensure the integrity of the framework system is established and maintained.

Cross sector authorisation

EnergyAustralia acknowledges the intent of the Productivity Commission and Open Banking framework to make the Consumer Data Right scalable across sectors of the economy. All efforts should be explored to apply customer protections universally to ensure the legitimacy of the framework. However, there should be opportunities for sector-specific arrangements to be made and common arrangements opted out of where unique circumstances exist (at an industry level, not business level). For example, a tiered accreditation system proposed for the banking sector may not be appropriate for the energy sector where the range of data isn't as broad.

At the recent consultation forum, the Treasury representative implied that there is the potential under a national framework that parties authorised in one sector could use that authorisation (if at the same or level of tier) in another sector. EnergyAustralia is wary of such broad authorisations and consider that this proposal warrants further examination.

Scope of data

EnergyAustralia supports the proposal in the Consultation Paper that the scope of data at this stage be limited to meter consumption data as collected and shared for market settlement purposes. Given the desire of the Government to have third party data access available within the next 12 months starting with a basic level of data is important and can be built on as the market need and functional capability allows.

⁷ Ibid. p.30

Implementation issues

Implementation timeline

We acknowledge the Government's desire to have the Consumer Data Right operationalised in the energy sector within the next 12 months. To achieve this a large amount of work needs to be done, including:

- An established national data framework as proposed in the Open Banking Consultation Paper.
- A rule change to establish the relevant market participant responsibilities.
- Agreed arrangements on technical matters such as data format, exchange protocols and verification requirements.

Only once all these elements have been agreed can retailers (and/or other obligation owners) begin to build the IT system and processes needed to deliver the intended functionality. We expect that process alone can take 12 months to implement (regardless of which access model is selected). We encourage policy makers to consider the *Power of Choice* reforms that recently commenced. Retailers were given approximately four years notice of these changes and the necessary market arrangements took approximately two years to develop. We encourage the Government to take account of this history in considering its implementation expectations.

Application across the NEM

It is not clear from the Consultation Paper, nor from discussions with officials, what instrument(s) would underpin any obligation to provide data to third parties in the energy sector beyond current requirements. It is important that if we are seeking a truly national scheme then national instruments are used to achieve that. Inconsistency of regulatory obligations is an ever-growing pain point for businesses operating in multiple jurisdictions, which increases costs for customers, so all efforts should be made to achieve regulatory harmony.

As you are aware, the Victorian Government is currently considering developing its own energy data portal to make energy information available to customers and third parties. We encourage the Federal and Victorian Government's to work together to agree on the same approach and regulatory arrangements.