

22 March 2018



COAG Energy Council
Department of the Environment and Energy
GPO Box 787
CANBERRA ACT 2601

Jemena Limited
ABN 95 052 167 405

Level 16, 567 Collins Street
Melbourne, VIC 3000
PO Box 16182
Melbourne, VIC 3000
T +61 3 9173 7000
F +61 3 9173 7516
www.jemena.com.au

Via email: energycouncil@environment.gov.au

Facilitating access to consumer electricity data – Draft Report

Jemena welcomes the opportunity to provide a submission to the Facilitating Access to Consumer Electricity Data Draft Report (the **Report**). Jemena owns and operates a diverse \$9 billion portfolio of energy and water transportation assets across the east coast of Australia. This includes a regulated electricity distribution network which serves 320,000 customers in north west Melbourne, as well as part ownership of the United Energy and Evo Energy electricity distribution networks. We also own gas distribution and transmission assets throughout eastern and northern Australia.

We note that there is a growing push to facilitate greater access to consumer data within the electricity sector, and other industries such as banking and telecommunications. There are a number of reviews into this subject, including the Open Banking Review (ongoing) and the Productivity Commission's inquiry on data availability and use (completed). The Australian Competition and Consumer Commission Retail Electricity Pricing Inquiry has also identified that improved access to metering data is important for stimulating greater competition in electricity retail markets¹.

Jemena supports empowering our customers to make informed decisions in relation to their energy consumption by making available to its customer information in a consistent, reliable and simple to understand manner. Jemena has already embarked on a series of initiatives to help facilitate customer access, control and choice over the management of their electricity consumption and electricity bills. Some of these initiatives include leading a series of joint Victorian electricity distribution network forums on household network pricing reform and Jemena's Power Changers demand response trial² within the Jemena Electricity Network (**JEN**).

Consumer Electricity Data Access Scheme

There has been previous work undertaken to facilitate greater access to consumer electricity data. The National Electricity Rules (**NERs**) were amended on 1 March 2016³ to give consumers or their authorised representative a right to obtain metering data from distribution network service providers (**DNSPs**) or retailers. However, the Report identifies there has been limited work undertaken to develop the processes and

¹ Page 140, *Retail Electricity Pricing Inquiry – Preliminary Report*, ACCC Website, <https://www.accc.gov.au/system/files/Retail%20Electricity%20Inquiry%20-%20Preliminary%20report%20-%2013%20November%202017.pdf>

² *Power Changers Pilot*, Jemena Website, <http://jemena.com.au/home-and-business/electricity/my-electricity-supply/power-changers-pilot>

³ *Customer to access information about their energy consumption*, AEMC website, <https://www.aemc.gov.au/rule-changes/customer-access-to-information-about-their-energy>

systems needed to facilitate—what the Report terms— “authorised third-parties wishing to provide value added services to consumers”.

The Report, developed by HoustonKemp Economics, has set out recommendations for a high level design of a consumer electricity data access scheme (the **Scheme**) that could facilitate access to customer data by authorised third-parties. The Scheme would have the proposed objective of “facilitat[ing] on-demand access by retail customers or a customer’s authorised representative to consumer electricity data”⁴.

At a high level, the Scheme would set out:

- the process and requirements for accreditation of customer authorised representatives, including information requirements and timeframes for accreditation;
- provide a uniform approach to retail customer verification and consent procedures;
- provide a centralised approach to the provision of metering data to customer authorised representatives;
- specify a consistent format in which retail customers’ metering data must be provided to customer authorised representatives; and
- specify the procedures for requesting and approving changes to the detailed data format by any party.

With respect to the development of the Scheme, the Report canvasses that two options for how and who would be responsible for the operation of the Scheme:

- A centralised model where the Australian Energy Market Operator (**AEMO**) would handle requests for data from authorised third-parties via a newly created central database, which would store all the relevant information required OR allowing authorised third-parties to have direct access to the AEMO e-hub; OR
- A decentralised model to require DNSPs to be responsible for processing requests for consumers’ metering data from authorised third-parties on an on-demand basis.

Jemena’s position

Jemena is committed to enabling customers’ access to data in order to inform customer choice on products and services, enable better customer engagement and education in an increasingly complex system, and better integrate and deepen the relationship between the network and customers. We’re supportive of the concept to enable on-demand access for consumers to their electricity data. This is fundamental to ensuring benefits for consumers and will have flow on benefits for reducing electricity network investment over the long term.

Jemena is broadly supportive of the centralised model in the Report. From our preliminary evaluation, a centralised model appears to be the most logical and potentially lowest cost design from both an initial and ongoing cost perspective. Notwithstanding our support, we have concerns with respect to the development of the Scheme and that issues need to be resolved to ensure the Scheme operates to achieve its intended objectives. In particular:

- **Amendment of the NER to require DNSPs to provide their customers personal information into the Scheme.** Without a regulatory requirement for Jemena to provide our customer’s personal information into the centralised data repository, we’re unable to discharge our obligations under the *Privacy Act (Commonwealth) 1988* (the **Privacy Act**). The Privacy Act places stringent

⁴ Page 7, *Facilitating Access to Consumer Energy Data*, COAG Energy Council Website, <http://coagenergycouncil.gov.au/sites/prod.energycouncil/files/publications/documents/Facilitating%20Access%20to%20Consumer%20Energy%20Data%20-%20Consultation%20Paper.pdf>

obligations upon how Jemena stores and protects this information, as well as placing limitations upon how we distribute personal information. The Report believes the authorisation process gives comfort to participants that their obligations are effectively managed, but this is not the case. We cannot manage the risks of third-parties, particularly as there is no ability to contract. This could result in the database being built but not populated due to participants not being able to manage the risk of their Privacy Act obligations without NER amendment.

- **Ensure appropriate consultation is undertaken with consumers to ensure they approve their personal information being collected through the Scheme and provided to authorised third-parties.** While we appreciate the benefits of the Scheme, in our view the rights of the consumer and the privacy and security of their personal information should be paramount. In this regard, we recommend further consultation with consumers is required to ensure that they are comfortable with the collection and disclosure of their personal information through the Scheme. We recommend exploring further whether consumers should have the right to opt-in or opt-out of the Scheme.
- **The costings for the implementation of the Scheme provided in the Report are materially underestimated for both the initial and on-ongoing costs.** Increased regulatory obligations upon DNSPs will require additional capital expenditure (**capex**) and operating expenditure (**opex**) costs to facilitate changes to business processes and systems in order to facilitate greater levels of data access. For example, the implementation of the Power of Choice (**PoC**) program involved significant changes to IT systems that required additional capex and opex costs by DNSPs in order to meet their additional regulatory obligations. We have included reference to an independent review of JEN's additional costs incurred from the PoC program in our response to Question 10. We encourage the Council of Australian Governments (**COAG**) Energy Council to investigate the cost of similar projects of other industry participants and the timeframes for delivering similar industry wide reform. Further, when more accurate costings for the Scheme are available, additional consultation with customers should be undertaken on the costs to ascertain if they are willing to pay for the potential benefits of having greater access to their data.
- **There is an opportunity to streamline other industry procedures.** Currently retailer businesses are required to pass on customer details to network businesses.⁵ On the back of this Report, it is proposed that a modification be made to the design to allow energy network businesses to access the centrally held meta-data (which electricity retail businesses will update) and the Information Exchange Committee (**IEC**) procedure on customer information transfer is phased out. By doing this, inefficient duplication in transferring customer data can be avoided.

We provide further detail on each of these topics in the feedback to the specific questions in the Report at [Attachment A](#). Please contact Benjy Lee (03 9173 7894 or Benjy.Lee@jemena.com.au) for inquiries in relation to our submission.

Yours sincerely



Shaun Reardon
Executive General Manager Customer & Markets
Jemena

⁵ B2B Procedure: customer and site details notification process 1 Dec 2017, AEMO website, https://www.aemo.com.au/-/media/Files/Electricity/NEM/Retail_and_Metering/B2B/2017/B2B-Procedure-Customer-and-Site-Details-Notification-Process.pdf

Jemena Feedback

No.	Question	Jemena Response
1.	Is the proposed objective for the consumer electricity data access scheme appropriate?	Jemena is supportive of the proposed objective, provided privacy obligations and NER (in relation to dealing with customer information) are adequately addressed through the noted rule changes.
2.	Should AEMO or an alternative agency be given responsibility for developing the consumer electricity data access scheme?	Jemena notes that given AEMO's existing IT systems and market capabilities, it appears a logical choice to be responsible for the Scheme. However, it is currently proposed that AEMO would recover the costs of this Scheme from DNSPs and retailers via market fees. This will ultimately be borne by customers. Jemena is concerned that AEMO's operating model may dilute any incentive to deliver a low cost Scheme given it operates on a cost pass-through basis and that it may end up delivering an overly complex platform. Therefore, there should be adequate incentives placed on AEMO to deliver a least-cost solution that can reasonably meet customer's needs.
3.	Are there additional elements that the scheme should incorporate to facilitate access to consumers' electricity data by authorised representatives?	<p>There is an opportunity to streamline other industry procedures. Currently retailer businesses are required to pass on customer details to network businesses. On the back of the Report, it is proposed that a minor modification be made to the design to allow energy network businesses to access the centrally held meta-data (which electricity retail businesses will update) and the IEC procedure on customer information transfer is depreciated. By doing this, inefficient duplication in transferring customer data can be avoided.</p> <p>Jemena considers that as precursor to deciding on the elements of the Scheme, it should be determined if consumers are comfortable with the collection and disclosure of their personal information through the Scheme. The Report notes that it has undertaken extensive consultations with distributors, retailers, third-party consumer service providers, and consumer representatives⁶. While we appreciate the benefits of the Scheme, in our view the rights of the consumer and their privacy and security of their personal information should be paramount and recommend further consumer engagement.</p>

⁶ Page 1, *Facilitating Access to Consumer Electricity Data*, COAG Energy Council Website

<http://coagenergycouncil.gov.au/sites/prod.energycouncil/files/publications/documents/Facilitating%20Access%20to%20Consumer%20Energy%20Data%20-%20Consultation%20Paper.pdf>

No.	Question	Jemena Response
		<p>We recommend exploring further whether consumers should have the right to opt-in or opt-out of the Scheme. Given the significant investment the Scheme required by all contributors and AEMO, we consider it appropriate to ensure that the Scheme is responsive to consumer needs and protects their personal information in a secure manner.</p> <p>The Scheme proposes only making information available to authorised representatives that have the consent of the consumer to access their information. Despite the primary objective, we consider that there is a strong likelihood that individuals records may be inappropriately accessed and disclosed through the Scheme. We would recommend further exploration around what protections would be put in place to protect consumer information and whether consumers will be notified of breaches.</p>
4.	<p>What changes can be done in the short term without a rule change and what changes require a rule change to implement?</p>	<p>Jemena does not consider it possible to implement any of the proposed changes requiring DNSPs to provide customer’s personal information without amending the NER first. This is due to our obligations under the Privacy Act and the NER (in relation to dealing with customer information).</p> <p>The Privacy Act is an Australian law which regulates the handling of personal information about individuals. As Jemena is handling the personal information (electricity data) of our customers, the Privacy Act places stringent obligations upon how Jemena stores and protects this information, as well as placing limitations upon how we distribute personal information⁷.</p> <p>An exemption for the provision of personal information is that the disclosure is required or authorised by or under law. If the NER were amended to require Jemena and other relevant entities to provide our customers data into a centralised data repository, this would discharge our obligations under the Privacy Act.</p>

⁷ Privacy fact sheet 1: Information Privacy Principles under the Privacy Act 1988, Office of the Australian Information Commissioner Website, <https://www.oaic.gov.au/privacy-law/privacy-archive/privacy-resources-archive/privacy-fact-sheet-1-information-privacy-principles-under-the-privacy-act-1988>

No.	Question	Jemena Response
		Without a legal requirement under the NER for DNSPs to supply customer information in accordance with the Scheme, Privacy Act and NER obligations cannot be discharged. Jemena considers that the protection of consumer's rights is fundamental to our ability to participate in the Scheme and to meet our obligations under the Privacy Act.
5.	Are there alternative approaches to managing verification of consumer identity and third-party authorisation that should be considered and which are consistent with the scheme objective of providing on-demand access to data by authorised third-parties?	<p>Jemena notes that robust verification and consent processes will be key to the success of the Scheme. The potential breadth of different third-party data seekers is likely to increase over the life of the Scheme (beyond what is currently envisaged) so it will be important that the Scheme is able to adequately assess the suitability of new entities looking to access the Scheme.</p> <p>The importance of consumer trust to ensure the success of facilitating greater data access was identified by the Australian Investment and Securities Commission in its submission to the Review into Open Banking in Australia. It noted "that consumers need to be confident that their data cannot be used inappropriately or used without their permission to have trust and confidence in the regime⁸." As such, the standards for accreditation of data seekers should be set high to ensure that customers personal information is adequately protected.</p>
6.	Should AEMO or another agency be given responsibility for accrediting third parties?	Jemena considers AEMO to be an appropriate party for accrediting third-parties. It is important that during the inception and over the life of the Scheme, that the responsible entity has robust governance and accreditation process to ensure the appropriate safeguard of consumer data.
7.	Should authorised and accredited third-parties be given access to more than just a consumer's metering data upon the commencement of the data access scheme?	The provision of a consumer's metering data in a structure consistent with existing metrology procedures would serve as a good starting point to develop the Scheme as this data is readily available and Jemena currently provides this data to AEMO. However, the validation and settlement process required by Jemena is not clearly documented in the Report and requires further consideration.

⁸ Page 18, *Review into Open Banking in Australia: Submission by the Australian Securities and Investment Commission*, Federal Department of Treasury Website, https://static.treasury.gov.au/uploads/sites/1/2017/09/c2017-t224510_ASIC.pdf

No.	Question	Jemena Response
		<p>Separately, Jemena does not recommend expansion of the Scheme for other data (such as frequency and voltage). While Jemena may have access to some additional information, Jemena cannot give any commitments as to the level of quality and consistency in relation to that information and as such does not consider that information to be appropriate or reliable for consumers to base their decisions on. Additionally, Jemena would be concerned about supplying five (5) minute interval data prior to the scheduled date for publishing this data to market under the Australian Energy Market Commission (the AEMC) rule change⁹. While Jemena may have the ability to collect this data, for some customers ahead of this date, the quality and consistency is not equivalent to existing meter data.</p>
8.	<p>What are the arguments for and against providing third-party access to retail and/or network tariff data?</p>	<p>Jemena considers that meter data delivery should be consistent with existing metrology procedures, given Jemena already collects data in this form. Any additional data requirements above this threshold would need to be managed.</p>
9.	<p>What changes are required to existing AEMO metering data formats to facilitate access by third-parties to consumer electricity data?</p>	<p>Jemena believes the existing meter data formats and metrology procedures give sufficient structures to meet the objectives of the Scheme.</p>
10.	<p>Are the estimated costs for development and ongoing maintenance a centralised or decentralised implementation of the system reasonable?</p>	<p>Jemena considers that the cost estimates provided in the Report have materially underestimated the inception and ongoing costs of delivering a program of this nature and scale. To get a better understanding of costs of this type of program, it is reasonable to observe the costs of similar projects as a proxy for the change contemplated under this Scheme. The most recent and relevant project of a similar nature is the recently introduced PoC project.</p>

⁹ Five Minute Settlement, AEMC Website, <https://www.aemc.gov.au/rule-changes/five-minute-settlement>

No.	Question	Jemena Response				
		<p>The rule change which initiated the implementation of the PoC recommendations saw JEN incur additional costs to comply with the new regulatory obligations. We undertook an assessment of these potential costs which were subsequently reviewed by Deloitte Access Economics (DAE)¹⁰.</p> <p>DAE's review of Jemena's cost estimates concluded that it was satisfied that Jemena's regulatory obligations have changed due to the AEMC rule change, Jemena had identified instances where these changes will impact its IT systems and requires changes to be implemented. Accordingly, DAE considered that Jemena will have to incur additional capex and opex to comply with its new regulatory obligations.</p> <p>The additional costs to Jemena's business from complying with these obligations were:</p> <p>Table 1: Jemena Power of Choice additional capex and opex for compliance</p> <table border="1" data-bbox="770 743 1205 877"> <thead> <tr> <th data-bbox="770 743 987 810">Capex (\$M)</th> <th data-bbox="987 743 1205 810">Opex (\$M)</th> </tr> </thead> <tbody> <tr> <td data-bbox="770 810 987 877">\$25.76¹¹</td> <td data-bbox="987 810 1205 877">\$1.23¹²</td> </tr> </tbody> </table> <p>Given the high-level analysis undertaken in the Report, there is the possibility that the costings for the two options are underestimated. We encourage the COAG Energy Council to investigate the cost of similar projects of other industry participants to assess the reasonableness of costs by referencing similar information from the Australian Energy Regulator's website.</p>	Capex (\$M)	Opex (\$M)	\$25.76 ¹¹	\$1.23 ¹²
Capex (\$M)	Opex (\$M)					
\$25.76 ¹¹	\$1.23 ¹²					

¹⁰ Attachment 7-18 Deloitte Access Economics – Power of Choice business case support, AER website, <https://www.aer.gov.au/system/files/JEN%20-%20Attachment%2007-18%20DAE%20-%20Power%20of%20Choice%20business%20case%20support%20-%20Jan%202016.pdf>

¹¹ Page 52, Attachment 7-18 Deloitte Access Economics – Power of Choice business case support, AER website <https://www.aer.gov.au/system/files/JEN%20-%20Attachment%2007-18%20DAE%20-%20Power%20of%20Choice%20business%20case%20support%20-%20Jan%202016.pdf>

¹² Page 53, Attachment 7-18 Deloitte Access Economics – Power of Choice business case support, AER website <https://www.aer.gov.au/system/files/JEN%20-%20Attachment%2007-18%20DAE%20-%20Power%20of%20Choice%20business%20case%20support%20-%20Jan%202016.pdf>

No.	Question	Jemena Response
11.	What are reasonable timeframes for implementation under each of the options considered?	<p>In assessing what is a reasonable timeframe for implementation, Jemena considers that any option adopted needs to allow for adequate consultation with consumers. A key question needs to be satisfied that consumers are comfortable with their personal information being provided to authorised third-parties (refer to Question 3 for supporting points on undertaking adequate consumer consultation).</p> <p>We also note that based on prior experience, industry wide reforms involving many industry participants take many years to undertake. We consider that these projects should also be used as a proxy for the program timeframes. We encourage the COAG Energy Council to engage with AEMO to verify the duration of the programs that it has been involved in with industry participants.</p> <p>Further, when more accurate costings for the Scheme are available, additional consultation with customers should be undertaken on the costs to ascertain if they are willing to pay for the potential benefits of having greater access to their data.</p>