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Energy Security Board
c/- COAG Energy Council Secretariat
John Gorton Building
King Edward Terrace
Parkes ACT 2600

Submitted electronically: info@esb.org.au

Re: NEM Data Strategy

Red Energy (Red) and Lumo Energy (Lumo) welcome the opportunity to respond to the Energy Security Board's (the ESB's) Consultation Paper to develop a data strategy for the National Electricity Market (NEM). Development of this data strategy is an opportunity to evaluate existing processes and identify reform opportunities, while maximising the benefits of energy market data. We look forward to contributing to the ESB's ongoing consultation as it finalises the strategy.

ESB proposes a reasonable approach to the development of a data strategy and we support its stated objective and areas of focus. We also agree on the need for common principles for the collection, retention and use of data across the various dimensions the ESB has identified even where information is collected for different purposes.

Of particular interest to Red and Lumo are the issues of market transparency (including access to customer data), regulation and performance monitoring. These dimensions are most relevant to our customers and retail operations.

Existing arrangements for managing customer data

ESB is developing its strategy at a time when there is much discussion of the need for greater access to customer data. Broader access must be balanced against customers' strong preference to maintain its integrity and most significantly, their privacy. Furthermore, the ESB will be aware that retailers have significant obligations with respect to our customers' data; we have both a strong regulatory and commercial incentive to manage data responsibly.

There is an established and rigorous framework for the management of data with clearly defined roles and responsibilities. This involves a new mandatory data breach reporting scheme and amendments to the Office of the Australian Information Commissioner's (OAIC's) investigative and enforcement powers. It has the ability to impose civil penalties and to investigate data handling practices. This implies that maintaining the integrity of data remains a high priority for consumers, policymakers and retailers, even as there are calls for existing controls to be relaxed.

We are pleased the ESB is aware of current initiatives across these dimensions and believe the objective and principles it proposes should apply to them. The most notable initiative from our perspective is the Department of the Environment and Energy's (the Department) project to promote customer access to data in line with recommendations of the Independent Review into the Future Security of the NEM.

This project is progressing quickly - we understand the Department proposes to make recommendations to COAG Energy Council in mid 2018 - and also coincides with the Commonwealth Treasury's project to develop a Consumer Data Right.

All parties - the Department, Treasury, ESB - need to align their approach. Considering these consultations in tandem will provide efficiencies and remove unnecessary duplication in both design and implementation. This is relevant for discussions about customer data but also more generally, particularly as jurisdictional regulators and departments are increasingly focussed on market outcomes and are introducing (or considering) additional reporting obligations.

There is also the issue of how data frameworks should evolve. The ESB acknowledges the need for a dynamic framework that seeks to '*consistently manage changing needs for data collection, sharing, publication and access, according to principles of open government, while adhering to privacy, confidentiality and security requirements*'.

We agree that regulation needs to evolve but it is important to ensure that any changes genuinely reflect changing consumer preferences. Furthermore, frequent amendments create uncertainty and impose implementation costs on retailers and other industry participants that are ultimately borne by consumers. Regulatory parameters should only change when it is clear they are deficient.

Governance

The Consultation Paper refers to governance in its discussion of the scope of the data strategy. In particular, it refers to the need to define roles and responsibilities for each energy market institution and related Government bodies in relation to the principles and strategy. This also come up in the context of the Department's project to improve access to customer data. Consultants for the Department have recommended that the Australian Energy Market Operator (AEMO) accredit and then monitor third parties who are seeking access to data.

However, this is problematic as AEMO is a market operator who registers participants to operate in the NEM. Its accreditation functions are limited and it does not monitor compliance of the registered or accredited parties; this is the role of the Australian Energy Regulator.

Our view is that entities responsible for data collection should have the necessary powers under current legislative and regulatory instruments. More importantly, data collection and oversight should be consistent with broader responsibilities. In the example above, AEMO would assume a consumer protection role but this doesn't align with its current functions.

Impact of data reporting on retail operations

Finally, we encourage policymakers and regulators to consider the respective costs and benefits of different models for collecting and retaining data. As noted, we welcome the ESB's principles for governing the design and delivery of data collection programs. In particular, we agree with the following:

- Processes should be as simple as possible.
- Data should support what the market needs. Data requirements will largely be driven by the services that the market needs to deliver and what is needed to ensure those services are delivered efficiently.

- Collect once and share often - duplication should be avoided.
- Costs for collecting and sharing data should be minimised (e.g. through standardisation of processes and data formats). Costs incurred by an organisation aren't a reason for not collecting and sharing data, *if there is a net benefit to customers* [emphasis added]. We would add that proposals for new regulatory obligations should be accompanied by a cost-benefit analysis.

Processes must be cost effective and regulators should have a clear idea of the rationale for collecting and/or sharing information, in addition to the costs to retailers of complying with regulatory obligations. We recognise that regulators need to understand how markets operate and what outcomes they produce but it is also important they ensure these processes are as efficient as possible.

Some practical suggestions for improving processes are as follows:

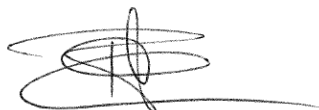
- National and state based regulators and other NEM regulatory institutions should consider whether they can share information or the results of their data analysis - rather than requesting information separately.
- They should review existing obligations to ensure the information they collect is relevant and genuinely informs policy development and regulatory administration; if not, obligations should be removed.
- There may be scope to improve how current information is presented to the market and other interested parties, rather than introducing additional obligations.

About Red and Lumo

We are 100% Australian owned subsidiaries of Snowy Hydro Limited. Collectively, we retail gas and electricity in Victoria, New South Wales and South Australia and electricity in Queensland to approximately 1.1 million customers.

Red and Lumo thank the ESB for the opportunity to respond to its consultation paper. Should you have any further enquiries regarding this submission, please call Geoff Hargreaves, Regulatory Manager on 0438 671 750.

Yours sincerely

A handwritten signature in black ink, appearing to be "Ramy Soussou". The signature is stylized with loops and a long horizontal stroke at the end.

Ramy Soussou
General Manager Regulatory Affairs & Stakeholder Relations
Red Energy Pty Ltd
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