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Submission on Facilitating Access to Consumer Electricity Data

Introduction

1. This is Vector Limited's (Vector) submission on the Council of Australian Governments (COAG) – Energy Council's consultation on HoustonKemp's draft report for the Department of the Environment and Energy (DEE) on *Facilitating access to consumer electricity data*, dated February 2018.
2. We are making this submission in the context of the Energy Security Board's (ESB) release of a consultation paper on the development of a Data Strategy for the National Electricity Market (NEM). The ESB consultation paper was released via the COAG Energy Council on 20 March 2018.
3. We suggest that the consideration of any future data access scheme be incorporated into the ESB's broader and more strategic work on the proposed Data Strategy. This will ensure that regulatory overlaps and gaps, and unnecessary costs are avoided. Given the multiple consultation processes being undertaken by the energy regulators, this will also minimise the risk of stakeholder disengagement due to 'consultation fatigue'.
4. We encourage the COAG Energy Council and regulators to refrain from imposing highly prescriptive measures that are likely to require more complex rules that stifle market competition and innovation that benefit consumers.
5. We set out below our responses to selected consultation questions.
6. No part of this submission is confidential. Vector's contact person for this submission is:

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Vector Limited

7. Vector is one of New Zealand's largest listed companies and provides energy and technology services across the country. It is the largest distributor of electricity and a gas distributor in New Zealand, and the country's leading provider of smart metering solutions. Vector also provides fibre optic broadband communications network services, solar PV and energy storage solutions, and electric vehicle recharging services.
8. Our smart metering business (VAMS) is a registered Metering Coordinator (MC), and accredited Metering Provider (MP) and Metering Data Provider (MDP) in the NEM. We are currently installing smart meters in New South Wales, Queensland, South Australia, and the Australian Capital Territory.
9. Vector supports greater data access that benefits industry participants and consumers, and promotes more active consumer participation in electricity markets. We generally support decentralised, more distributed, and more flexible approaches that enable consumers and third parties to access data from any data holder. Facilitating third-party access to data supports Vector's objective of 'data democratisation' and vision of *creating a new energy future*.

Responses to selected consultation questions

Q1	Is the proposed objective for the consumer electricity data access scheme appropriate?
Q2	Should AEMO or an alternative agency be given responsibility for developing the consumer electricity data access scheme?
Q3	Are there additional elements that the scheme should incorporate to facilitate access to consumers' electricity data by authorised representatives?

10. We consider the proposed objective of the data access scheme of providing on-demand access to data to be generally appropriate. We believe it is a logical, if not inevitable, step in the electricity sector's transition into the digital age. It reflects the evolution of electricity industry participants from passive product/service providers to providers that actively deliver value through improved service offerings.
11. In relation to Q2, we believe it would be more appropriate that the determination of which agency would have responsibility for developing any new data access scheme be informed by the direction of the proposed Data Strategy.
12. We suggest that the development of any future data access arrangements consider incorporating the following features:
 - Proposed options would have to take into account consumer-related responsibilities stipulated in privacy legislation, and arrangements for medically dependent and vulnerable consumers.

- Any proposed options must ensure that the appropriate privacy and security settings are in place. Robust processes and protocols should be required to protect data from the risk of privacy breaches.
 - The transition to any new arrangements must not undermine existing contractual rights and obligations. With the introduction of competitive metering services, there could be instances where metering service providers have the contractual right to provide network-related data to distribution businesses or more customised data to specific parties. We support these rights being retained.
 - There should be no 'free riding' for any parties, and consumers should not be paying twice for the same service.
 - Proposed arrangements should have the ability to be 'dialled up or down' to accommodate increasing demand or minimise unnecessary costs.
 - Any additional, significant administration or transaction costs incurred in the provision of data should be able to be recovered by the party incurring the costs.
 - To promote innovation, any new data access scheme should not prevent parties from accessing data outside of that scheme if the data can be more efficiently/effectively procured through commercial arrangements. This would enable disruptive innovation (including contracting innovation) at the 'fringes of the sector' to occur, and new and innovative ways of data provision to evolve organically. This could minimise the need for more complex rules that can potentially be contentious and costly to implement.
13. In relation to the last point above, we agree with HoustonKemp's statement (page *ii* of the consultation paper) that:
- Nothing in this process [*making changes to data formats*] should prevent commercial arrangements being put in place whereby accredited third parties fund bespoke changes to standard data formats to facilitate the provision of services to consumers.
14. We encourage the COAG Energy Council and regulators to work constructively to consider practical and low-cost approaches that are robust but not unduly onerous on industry participants. We support the development of principles and/or guidelines, as envisaged in the ESB's proposed Data Strategy, rather than highly prescriptive models that may not be 'fit for purpose' in a sector that is facing continuous disruption.
15. We agree with the ESB's proposed principle of 'decentralising data where possible' and its statement (page 11 of the ESB consultation paper) that:
- In most cases, data users should be able to receive data from the organisation that holds it, unless more cost-effective and efficient alternatives exist.

16. We believe the appropriate role of regulators is to remove barriers to, and/or not obstruct, the electricity sector's natural evolution and ability to innovate.

Q5 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?

Q6 Should AEMO or another agency be given responsibility for accrediting third parties?

17. There could be alternative approaches to managing verification of consumer identity and third party authorisation. What is important in any well-functioning authorisation process is trust between the relevant parties, i.e. the data provider trusts that the request for data is genuine and the requester has the right to receive the data, and the data requester trusts that data will be provided according to the request and in a timely manner.
18. The part that slows the delivery of data is the manual process of handling requests, and manual verification of the identity of the requester, particularly third parties. We would support the development of common standards for the accreditation of third parties that need to access data, and for the development of processes that would enable on-demand reads.
19. The responsibility for the accreditation of third parties could potentially be placed with AEMO, another agency, or an independent entity with the necessary capabilities. As indicated above, the determination of the appropriate entity should be informed/guided by the proposed Data Strategy.

Q9 What changes are required to existing AEMO metering data formats to facilitate access by third parties to consumer electricity data?

20. In our view, discussion on changes required to existing AEMO metering data formats at this stage could pre-empt broader discussions around principles/guidelines for future data access arrangements. Again, this is something that can be considered in detail as part of progressing the proposed Data Strategy.

Q10 Are the estimated costs for development and ongoing maintenance of a centralised or decentralised implementation of the system reasonable?

Q11 What are reasonable timeframes for implementation under each of the options considered?

21. The estimated costs for development and ongoing maintenance of a centralised or decentralised data access scheme may be reasonable from a static perspective. However, such estimation should be assessed against the potentially substantial benefits of greater innovation enabled by greater access to smart metering data, or against the cost of stifling innovation with a highly centralised or more complex approach (Option 1).

22. As anticipated by the Productivity Commission in its March 2017 report on *Data Availability and Use* (page 2):

Incremental costs of more open data access and use – including those associated with better risk management and alterations to business data systems – will exist but should be **substantially outweighed by the opportunities** presented.

[emphasis added]

23. Given the ongoing deployment of smart meters in the NEM and the emergence of services enabled by smart metering data, it is reasonable to expect that the benefits from greater data access will become more “substantial” over time. The small difference between the costing of the two options in the HoustonKemp Report could become insignificant in the context of bigger benefits to the electricity sector. Establishment and ongoing costs should therefore not necessarily dictate the selection of preferred approaches for facilitating on-demand data access.
24. We are not in favour of Option 1, which proposes a highly centralised approach. The creation of a new central database is likely to add complexity to existing arrangements, and increase the regulatory burden for market participants and costs for consumers. A centralised approach also runs counter to the decentralised approach in the Open Banking Report, which sets out the proposed framework for implementing the Consumer Data Right contemplated by the Productivity Commission initially for the banking sector (and the telecommunications and energy sectors).
25. A centralised approach also departs from the objective of introducing competition in the metering market for small businesses and residential consumers on 1 December 2017 under the *Power of Choice* reforms.
26. Option 2 reflects existing arrangements and incorporates features the COAG Energy Council wants to see, including on-demand access (incorporating the verification process) and an accreditation process for third parties. We believe these additional features can more simply be incorporated into AEMO’s existing B2B data hub and MSATS, and will provide a more practical and solid foundation upon which more real-time access services can be built. If there is to be a wider discussion about a Data Strategy for the NEM, as proposed by ESB, this more practical option can be considered as part of that discussion.
27. Consistent with the above suggestion, timeframes regarding any future data access arrangements should also form part of the discussions on the proposed Data Strategy.
28. We encourage the COAG Energy Council and regulators to exercise restraint in imposing highly prescriptive and complex models which are “fragile by design” in facilitating third-party access to data in a rapidly evolving sector. More flexible approaches ensure that innovation that benefits consumers is not stifled, and the realisation of the competition objectives of the *Power of Choice* reforms in the metering market is not compromised.

Other comments

29. As a registered MC, and accredited MP and MDP in the NEM, we are disappointed that metering service providers, who were actively involved in the work to ensure the AEMO B2B data hub can accommodate the introduction of competitive metering arrangements, were not directly consulted during the development of the HoustonKemp report. We suggest that any targeted consultations on data access issues in the future (including on third party accreditation and verification) include metering service providers or their representative(s).
30. The HoustonKemp Report appears to only capture data that is generated by smart meters. Any sector-wide discussion on future data access arrangements should include data from other devices. A technology neutral (agnostic) approach would promote choice of technology solutions and service providers that can deliver the best value for consumers.
31. We are happy to discuss any aspects of this submission with COAG Energy Council or DEE officials.

Yours sincerely

For and on behalf of Vector Limited

A handwritten signature in blue ink, appearing to read "Richard Sharp".

Richard Sharp

Head of Regulatory and Pricing

...A regulatory strategy based only on one view of the future is unlikely to survive for long and its demise will tend to add to commercial uncertainties.

Good regulatory strategy, directed at a long-term aim, requires...that institutional arrangements be 'resilient' or 'robust', meaning that they can handle unpredictable and unpredicted environmental change without collapsing or giving rise to major dysfunctions

...Such a regulatory approach tends to be simpler than the prescriptive alternative, because it entails devolution of more of the adaptive work to other economic agents.

- George Yarrow, Chairman, Regulatory Policy Institute and Professor Emeritus, University of Oxford