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Energy Security Board
c/ COAG Energy Council Secretariat
GPO Box 787
Canberra ACT 2601

VECTOR LIMITED
101 CARLTON GORE ROAD
PO BOX 99882
AUCKLAND 1149
NEW ZEALAND
+64 9 978 7788 / VECTOR.CO.NZ

By email: info@esb.org.au

Submission on the Proposed NEM Data Strategy

Introduction

1. This is Vector Limited's (Vector) submission on the Energy Security Board's (ESB) *NEM Data Strategy Consultation Paper*, dated 20 March 2018.
2. Vector supports greater access to data, particularly for the development of new and innovative services that benefit consumers. We believe this is a critical step in the electricity sector's transition into the digital age. Greater data access supports Vector's objective of 'data democratisation' and vision of *creating a new energy future*.
3. We believe the appropriate role of regulators in relation to future data access arrangements is to provide an environment for innovation to flourish and commercial solutions to be developed, rather than prescribe the solutions themselves. This is particularly relevant in the context of the introduction of competition in metering services on 1 December 2017 under the *Power of Choice* reforms in the National Electricity Market (NEM).
4. We encourage the ESB and other regulators to refrain from adopting highly prescriptive arrangements for data access and sharing in the NEM. Where competitive services are emerging, as in the case of the NEM smart metering market, the need for prescriptive measures should fall away.
5. We set out below our responses to the consultation questions.
6. No part of this submission is confidential. Vector's contact person for this submission is:

Doug Ross
Business Development Manager
Doug.Ross@vectorams.com.au
Tel: 0417 205 395

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. It also provides fibre optic broadband communications network services, solar PV and energy storage solutions, and electric vehicle recharging services.
8. Our metering services business (Vector Advanced Metering Services - VAMS) is a registered Metering Coordinator (MC), and an accredited Metering Provider (MP) and Metering Data Provider (MDP) in the NEM. We are deploying smart meters in New South Wales, Queensland, South Australia, and the Australian Capital Territory, and are exploring commercial opportunities in other jurisdictions.

Responses to consultation questions

Q1. Do you agree with the proposed objectives of the data strategy?

Q2. Are there additional dimensions that should be considered based on a data need, market requirement or use case? If so, what types of data would you consider relevant within those additional dimensions?

9. The electricity sector is undergoing profound changes, including in data access and provision, that could deliver substantial benefits for consumers. At this stage, we believe that the focus should be on the overarching principles that would guide the development of any future data access arrangements in the NEM, which could be through a Data Strategy or other approaches.

10. A flexible and principles-based approach would be consistent with the competition objectives of the *Power of Choice* reforms in the NEM, and the proposed principles set out on pages 10 to 12 of the consultation paper (at a conceptual level), particularly “Delivering what the market needs”.

Q3. What data do you require and for what purpose?

Q4. Is this data currently available to you and if not, do you know if it exists?

Q5. Where would you expect to look to find the data you’re interested in?

Q6. Who currently supports or funds the provision and management of the data that you have access to?

Q7. Who do you believe should be responsible for funding and/or managing the data that you access? Are there any gaps in the provision of this data/service?

Q8. Can you identify any barriers to data access? What needs to change for you to be able to access the data?

11. As a registered MC, and accredited MP and MDP operating in a competitive metering market, VAMS rely on information about metering installations in the NEM. Current rules limit access to information on existing meter fleets deployed by distribution network service providers (DNSPs). DNSPs are currently not required to provide this information to metering service providers.

12. We understand that metering installations in the NEM are likely to be replaced over the next 15 years. Lack of accessible information about these meters limits our ability to undertake forecasts for business planning purposes for the short, medium, and long terms. Information that is particularly important for forecasting, but is currently unavailable or inaccessible, includes the following: fleet volumes, make and model of meters, location of meters (even at suburb or postcode level only), deployment age, as well as meter testing programmes that DNSPs intend to undertake.

13. We also understand that the above information is contained in asset management plans that DNSPs provide to the Australian Energy Market Operator (AEMO). Having access to this type of information would enable competitive metering service providers to make more accurate forecasts, and therefore allocate resources to better meet current customer requirements and future market demand.

Q9. Do you collect and/or create data? If so:

- a) describe the data and its purpose
- b) could the data be of value to a broader user base?
- c) what is the data format and how and where is it stored?
- d) do limitations exist on sharing this data and/or making it publicly available?

- 14. VAMS collect meter readings from smart (type 4) meters. Existing rules allow customers and their authorised representatives (agents) to obtain consumption data directly from their retailer and/or DNSP through established processes and obligations. Access to consumption data is subject to the National Electricity Rules.
- 15. VAMS can collect other (i.e. non-consumption) data from smart meters that would be of interest to DNSPs for the efficient management of their network. This avoids the installation of duplicate data collection equipment, and consumers potentially paying for the same service more than once.
- 16. Data formats for communicating metering data are well defined in the NEM through AEMO procedures. Data formats for communicating other types of data (e.g. power quality, voltage) remain to be defined.
- 17. We prefer that data standards be generally allowed to evolve, and be developed by industry forums and bodies. We believe that a flexible approach is more appropriate for the electricity sector where many services are still emerging or rapidly evolving. This removes the need to amend rules and regulations every time a data-related issue crops up relating to particular services.

Q10. Should other principles guide the strategy's development and direct future decision making?

Q11. If you disagree with any of these principles, what is your contrary view and on what basis is that view held? For example, is there evidence that what is proposed may not be feasible or that a better approach exists?

- 18. We suggest that the principle of "enabling innovation" be added to the list of principles proposed in the consultation paper. This principle should encompass the development of new and innovative services, and creation of new energy markets. We support the removal of barriers to the flow of data from those who generate or possess it to those who need it to deliver new and innovative services, increasing the range of offerings in the market.
- 19. In our view, the promotion of innovation will be strongly supported by these proposed principles: "Decentralised where possible" and "Voluntary where possible". We therefore suggest that any proposed future data access arrangements should not prevent parties from accessing data outside of those arrangements if the data can be procured more efficiently/effectively through commercial arrangements. This would enable disruptive innovation (including innovation in contracting) to occur and new and innovative ways of data provision to develop organically. This would also minimise the need for more complex rules that could potentially be contentious or costly to implement.
- 20. Under the principle "As simple as possible", which we agree with at a conceptual level, we do not necessarily and fully agree with the proposal that "[p]rocesses for sharing data should be standardised" for the reasons stated above and in our response to Q9 (paragraph 17 of this submission). We do not agree with the mandatory implementation of specific data formats, transmission method, and timeframe for exchange, particularly for new and emerging services, which could stifle further innovation. What we want to see encouraged is the use of common design principles, common design standards, and common security standards that enable data providers and access seekers (including smaller parties and new

market entrants) to benefit from interoperability and efficiency gains without hampering innovation.

Q12. Are existing consumer protections (under the National Energy Customer Framework and State and Commonwealth Privacy laws – including the protections envisaged under the Consumer Data Right) sufficient to protect against adverse outcomes for consumers in the event that data is shared more easily and extensively between market bodies and participants?

21. We believe that consumer protections under the National Energy Customer Framework and existing privacy legislation, and the protections envisaged under the Consumer Data Right, would generally provide sufficient protection for consumers in the NEM.
22. At this stage of market development, when smart meters remain to be widely deployed across the NEM, the value of new services could be small when they are first offered that the cost of developing sector-specific consumer protections, and monitoring their impact on consumers, could easily outweigh any consumer benefits. The sufficiency and effectiveness of existing consumer protections could be reviewed as more new and innovative data services emerge and mature.
23. Any future data provision and access arrangements must ensure that the appropriate privacy and security settings are in place.
24. In addition to existing and envisaged consumer protections, we consider a dynamic and competitive market itself to be a highly effective protection for consumers. The presence of multiple service providers competing in the market allows consumers to 'vote with their feet' if they are not satisfied with their current service provider.

Q13. What are the implications (positive and negative) for improved data access for competition in the market?

25. We expect improved data access to facilitate competition in the market. Access to more accurate and timely information enables market participants to make better business decisions, allowing them to provide improved services to retain their existing customers and attract new ones.
26. An environment that fosters competition and innovation incentivises service providers to focus on competing in the market and improving the services they deliver to their customers, rather than on regulators and complying with regulatory requirements. This provides consumers with greater choice from a wider range of better products and services supplied by multiple providers.

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