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Energy Security Board

Submitted online: info@esb.org.au

27 November 2020

Energy Security Board – Data Strategy

AGL Energy (AGL) welcomes the opportunity to comment on the Energy Security Board's (**ESB**) Consultation Paper on a new Data Strategy for the national electricity market, released on 20 October 2020.

We recognise the importance of data in an energy market undergoing significant transformation driven by climate change and the growth of the digital economy. Data will be crucial to support informed decision-making for consumers, policymakers and businesses. This question of data access and importance is not restricted to the energy sector, however there are energy specific solutions that can create efficiencies and benefit.

The proposed new Data Strategy is highly ambitious, it pushes beyond the recommendation in the Independent review into the future security of the National Electricity Market report (**Finkel review**)¹, and beyond the recommended phasing. We believe that the phased approach under the Finkel review will allow benefits to the energy sector in the short term and time to complete an assessment of how necessary items listed under Pillar 1 are.

To this end, we see the Data Strategy represents an opportunity to develop a clear and consistent approach for data collection and access aligned to market structures, roles and objectives of market participants, including government agencies, and consumer and research groups. Alignment of data collection and access is crucial for energy markets to operate efficiently and in the long-term interests of consumers by focusing on the following:

1. Streamlining reporting obligations across energy bodies,
2. Creating a central repository for publicly available energy data to assist with policy making and research,
3. Utilise national data management and sharing regimes (such as the Consumer Data Right and the Data Availability and Transparency (**DAT**) bill) to deliver enhanced data sharing and access in the energy sector (rather than developing an energy specific one) to improve data access.

By focusing on these three areas as a first priority, the ESB would be able to help deliver immediate benefits to the sector that are low risk and low cost. This will also provide time for further consideration of the costs and benefits of the recommendations, without which it is difficult to provide support for many of them. We note that many of the recommendations (particularly under Pillar 1 and 3) focuses on the broad

¹ <https://www.energy.gov.au/government-priorities/energy-markets/independent-review-future-security-national-electricity-market>



concept of a public good resulting from the data release, but does not consider costs such as systems, compliance and potential impacts to innovation and investment.

This approach will also give time to have further consideration of broader market issues that impact the Data Strategy including:

- 1) Differentiating data needs based on the nature of market structures, including natural monopoly parts compared to competitive parts of the market,
- 2) the rapidly changing nature of the energy market and therefore the role of energy market bodies. The recent Australian Energy Market Commission (**AEMC**) review into the Consumer Protections framework for both new energy providers and traditional retailers identified the rapidly emerging shift in how energy operates and how consumers engage with it.²
- 3) the role of NECF market bodies and other energy agencies and how their data needs will vary based on their functions and objectives.

There is also an important clarification to be made under Pillar 1 where the data requested are more nuanced than being considered 'immediate data gaps'. Specifically, we note that Pillar 1 serves two distinct purposes, being first, to assess the retail market and see how matters have progressed since the Finkel Review and the Australian Competition and Consumer Commission (**ACCC**) Retail Electricity Pricing Inquiry (**REPI**) report, and second, to help shape investment and policy decisions in the evolving distributed energy space. Particularly in understanding how natural monopoly operators are impacting consumer participation in this emerging market and therefore how this impacts future market design for integrating distributed energy resources into the electricity system. We therefore recommend that Pillar 1 be considered in the context of Pillar 1A (recommendations 1-10) and Pillar 1B (recommendations 11-17) based on the nature and objective of these data sets.

We discuss these matters and provide a response to each recommendation in the attachment below. If you have any questions, please contact Kat Burela on 0498 001 328 or at kburela@agl.com.au.

Regards

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² See [AGL submission](#) to the Australian Energy Market Commission Consumer Protection review.



Executive Summary

Opening comments

Given the sheer size of the proposed new Data Strategy, and the range of topics and issues it is trying to address, it is difficult to provide a succinct view. In many instances, we feel that the Data Strategy is lacking detail or has only considered at high-level the potential benefits (e.g. to policy outcomes) without reference or consideration in more clearly defining the benefits and assessing against the potential costs. It is therefore difficult to provide support for many of the recommendations as currently drafted.

Importantly, we believe that there are opportunities in the Data Strategy that would benefit from further consideration, in particular:

- We agree that there are critical gaps and weaknesses in the broader approach to data management, but this is not limited to the energy market and must be considered more holistically (such as through Federal reform including the DAT and CDR).
- It is important that the Data Strategy does not introduce additional complexity and costs to the market without clearly demonstrating the need of the approach.
- The Data Strategy has a strong focus on the long-term protection of consumers but has very little in the way of reference in differentiating between energy market structures and need to consider what data is relevant based on these market structures.³

We encourage the ESB to consider a more targeted initial Data Strategy that can more accurately draw out potential gaps and issues that are energy specific as opposed to general data access and management matters at an economy level. This initial Data Strategy should focus on:

1. Consistency in reporting obligations across market bodies
2. Alignment of market body functions to data requests/needs
3. Improved government data sharing in line with statutory powers
4. Central repository of publicly available data

Understanding Pillar 1

The proposed new Data Strategy conflates matters of sector opacity as being the same across the natural monopoly parts of the sector and the competitive elements. We do not believe this is an appropriate view to take as the recommendations relating to networks are to inform both the economic regulatory re-set of networks as well as understand the structure of future market designs as the proliferation of new energy products and services need to be integrated to the electricity system. Whereas the recommendations relating to retailers are broadly associated to perceived data gaps that, if filled, may lead to better policy decisions or the ability to better review existing policy decisions.

For this reason, we encourage the ESB to consider Pillar 1 as two distinct phases, Pillar 1A (recommendations 1-10) and Pillar 1B (recommendations 11-17). In doing so, the ESB can distinguish between recommendations in Pillar 1A that may in fact be addressed via other mechanisms (including through implementing elements of Pillars 2 and 3, as well as assessing recent market reforms such as the Default Market Offer (**DMO**) and associated reference pricing), and recommendations in Pillar 1B that allow

³ See for example page 21 of the ESB Data Strategy that summarises the NEO, NGO and NERO in its application to data management as 'driving economic efficiencies, improved services and lower consumers bills'. However the NEO, NGO and NERO do not focus on lowering bills it is about promoting efficient investment for the long term interests of consumers.



a range of stakeholders to understand how natural monopolies impact the future design of the energy market.

In the following section, we explore key topics relating to data exposure, governance, market and data structures (both within and beyond energy) and general matters relating to the proposed new Data Strategy. These are broadly discussed in the following sections:

- Objectives and principles of the Data Strategy
- Understanding the current state of the energy market and beyond
- Function of the energy market bodies
- AGL overview of Data Strategy Pillars

Objective and principles of the Data Strategy

The ESB state that the objective of the proposed new Data Strategy is to improve access to energy industry data for core agencies to deliver better policy outcomes for the long-term interests of consumers. While we generally agree that appropriate and timely data can lead to more informed public policy, we believe there needs to be a balance in the Data Strategy between policy purposes and commercial incentives and investments for an efficient and innovative market.

Businesses invest heavily to be able to gather data, develop insights into consumers and then develop innovative and unique product propositions and services to acquire and retain those customers. To ensure investments are protected (and therefore encourage investment and innovation), there should be reasonable restrictions to requirements on retailers to expose data. Throughout the Data Strategy the consistent theme is that more data is required for the market to function appropriately but does not seem to consider the specific objective of the policy intend to determine the type of data that would be relevant as well as the potential costs and impacts to market participants, providing an incomplete view of each recommendations purpose and benefit.

Outcomes focus

The Data Strategy should focus on the improvement of access and transparency to data already publicly available or that are limited in sharing across key energy bodies for technical reasons (but not due to statutory power/role limitations of those bodies). The principle stemming from this should therefore be to request and require the least amount of data of market participants required to perform the function (e.g. rather than requiring raw data, can aggregate data, sampling or modelling provide a similar outcome for less investment).

Regulatory principles

We encourage the ESB to be mindful of governance and regulatory principles to ensure that regulation is used only where there is an identifiable market failure, and an appropriate cost-benefit analysis has been undertaken. Information should only be required to be provided only where it is directly tied to the market body function and a clear and stated policy objective. Such an approach will help collect the appropriate data set while minimising costs to market participants in developing systems to maintain large government agency data requests and would be in line with the limits of statutory powers of market bodies.



Understanding the current state of the energy market and beyond

This Data Strategy has been developed out of the recommendations of the Finkel Review, as well as recommendations from the ACCC REPI report, released in 2017 and 2018 respectively.

What has happened in the time between these reports being released and the ESB developing this Data Strategy is significant market reform in the way that retailers can engage with consumers, information disclosure, price disclosure, reference price obligations and more. As the ESB stated in the recent Data Strategy webinar held on 11 November, it is too early to tell what the scope of impacts of all these reforms have been. As such, we suggest that it is then too early to state that Pillar 1 represents the true immediate needs of data access (particularly in relation to retail tariff and retail margins data).

In relation to the Finkel recommendations we also note:

- **Recommendation 7.14** - The Data Strategy focuses on recommendation 7.14 from Finkel, that there should be a data strategy developed in consultation with key stakeholders including industry, in three key phases. The three phases under recommendation 7.14 are about improving and formalising the way data is collected, shared and accessible between government bodies and to create a single source of truth for energy market data.
- **Recommendation 6.3** - The other recommendation that this Data Strategy appears to draw on is recommendation 6.3 which relates to consumer information disclosure and access to data. It is our position that recommendation 6.3 has been fulfilled with the development of the Consumer Data Right and Power of Choice is greatly assisting in timeliness and accuracy of data. Competitive services, such as digital solutions developed by retailers is also assisting with realising the outcomes intended with recommendation 6.3, such as AGL's MyAccount and Energy Insights solutions.⁴

Further, as the ESB identify, there are a range of data and digitisation changes occurring at the national level including the Data Availability and Transparency (**DAT**) Bill, and the Consumer Data Right (**CDR**) which will radically change the way that data is access, shared and made accessible to a range of different stakeholders in a range of different ways. Inherent in both of these key national reforms there are inherent protections to ensure that the data is access, stored and used in the prescribed ways.

Given these national data and digital reforms it is important that the ESB Data Strategy is not developed in isolation, or without considering the way in which the Data Strategy could leverage these existing data management systems.

Improvements from clearer market body functions

We believe that the first and foundational step in developing a new Data Strategy is to clearly outline the roles and objectives of the various market bodies and to align the data strategy to these.

We note that the issues raised in the consultation paper about the apparent failing of the market appears to be strongly related to overlapping and unclear roles of core agencies creating inefficiencies and 'gaps' rather than a particular failure due to data.

The consultation paper notes that there are overlapping functions of government and regulatory bodies which is creating burdensome reporting obligations on market participants (e.g. that different bodies want data sliced different ways). It is potentially more beneficial and therefore a priority to make it clear what the role of each body is. Once there is clarity on the functions and objectives of each body, it will be easier

⁴ More information available on www.agl.com.au



to determine what data is required, what data is already collected and how data will be shared to carry out their function.

Pillar 1 – Needs for today

The Data Strategy Pillar 1 data gaps are based on a stocktake of previous energy reforms and an updated survey of market bodies to identify the data needed for energy sector actors to undertake their roles effectively. This process identified three focus areas of the data being retail transparency, understanding consumers and demand, and visibility of low voltage networks and distributed energy resources (**DER**).

AGL recommends that Pillar 1 should become Pillar 1A (recommendations 1-10) and Pillar 1B (recommendations 11-17). This is based on the fact that proposed Pillar 1A deals with data that has been subject to significant public policy consideration and reform and deals with a competitive market structure that is fundamentally underpinned by competitive tensions aimed at driving consumer engagement through a price and quality paradigm. More importantly, these market participants are already subject to a large provision of data to policy and regulatory makers, including but not limited to the:

- AER's (and ESC's) Performance Reporting Data obligations
- AER Energy Made Easy and Victorian Government Victoria Energy Compare product and price data collection,
- ACCC and other state jurisdictions price and market monitoring reviews
- Bill benchmarking data collection
- DMO and VDO price setting arrangements
- State based energy Ombudsman data reporting
- AEMC's Annual Retail Competition and rule change reviews and AEMO's publicly available churn and wholesale market reporting
- Federal and State based jurisdictions also continually make ad hoc data requests, including more recently seeking data on consumer and market impacts from COVID-19.

Importantly, the advent of the CDR in the energy sector and its implications for retail competition and transparency should be part of the review of how to streamline Pillar 1A data sets.

Hence, there is depth and breadth of available data from market participants subject to Pillar 1A recommendations. AGL believes this data is subject to a gap in data management rather than data gaps per se. The proposed meter data priority data set is subject to an upcoming AEMC's Power of Choice Review and any data requests should be informed by the outcomes of this review.

Pillar 1A should be moved to Pillar 4 and considered after a review of the impacts of outcomes from Pillars 2 and 3 and following a review of the current market state (following interventions and market reform out of Finkel and REPI). It is also difficult to provide support for a Pillar where data sets appear contingent on one another and may well become redundant as transparency improves under Pillar 2. For example, the ESB suggested in the recent webinar hosted on 11 November that if there was greater transparency on tariff data then the need for retail margin data may no longer be a priority.

Key observations with Pillar 1A

- **Retail tariff information** – the Data Strategy suggests that plan information should be linked to meter information somehow.⁵ As a general position we suggest that this is counter to the

⁵ See p.84 of the ESB Data Strategy.



Consumer Data Right (**CDR**) objectives of control and consent for consumers and is technically complicated for a range of factors (detailed further in the table below).

- **Retail margin information** – while the specific details are not provided, the information based on the ACCC reviews allows for a constructed metric which is not relevant for management and will potentially result in significantly costs to comply with.

Pillar 1B data set relates to an emerging part of the energy market and no, or very limited, data is currently available on the uptake of DER by consumers and the impact and therefore integration of these assets into the energy system. It is AGL's view as this is an emerging market, there are currently a number of reviews to integrate and define the market arrangements and that the natural monopoly part of the energy market will play a crucial role in ensuring consumers and market participants can contribute and be rewarded for supporting DER uptake this data set is considered a priority. Pillar 1B data should be pursued in the context of exploring ways to provide transparency for market design as new energy products and services become more prolific and have fundamental impacts on consumer behaviour, the market operation and growth.

Key observations with Pillar 1B

- Emerging market – as DER is an emerging part of the energy sector, Pillar 1B data collection will play a crucial role in informing market design arrangements
- Rely on existing arrangements – network service providers are subject to various regulatory processes that includes data provision. AGL suggests, where applicable the Data Strategy should rely on these mechanisms to collect Pillar 1B data and also rely on these mechanisms to inform the market arrangements policy and regulatory work. We provide detailed responses to each of these recommendations in the table below.

Pillar 2 – New data governance

We agree with the ESB that there are opportunities to improve the way that data flows between agencies and the public. Establishing a central repository for publicly available energy data from government, industry, research and consumer groups will significantly improve analysis and policy development. Therefore, we support the concept under Pillar 2 but believe the proposed new Data Strategy is too broad and may result in inefficient investments and scope creep.

Key observations with Pillar 2

- **Core agencies** – we do not support including the Energy Consumers Australia (**ECA**) as a core agency as their roles sit outside the core market functions.
- **Data sharing models (DAT & CDR)** - rather than implementing an energy specific data sharing model, we encourage the ESB to utilise existing and emerging national, economy-wide data sharing arrangements.
- **Research and funding** – we believe that with more accessible, central and consistently-formatted publicly-available data, research functions can improve. We believe it is premature to seek to create an energy specific data sharing model and then allow this to extend to research functions.
- **Equal importance** - the Data Strategy must equally balance protecting investment for innovative and competitive markets as this drives product and service innovation which is fundamental in achieving the long-term interests of consumers.



Pillar 3 – Drive data leadership, coordination, and capability

We support the concept of Pillar 3 but do not support the detail of some of the recommendations in their current form. In particular, we have concerns that the interrelation of a bespoke energy data management system, informed by a data governance body that is occupied by those agencies seeking greater data access, will result in an unbalanced decision-making process. Further, based on the structure and detail in the Data Strategy, we are concerned that such a data governance body would consider the potential benefits at a policy level (e.g. that data should deliver public benefits) at the expense of other considerations such as costs to industry, impacts to competition etc. We do agree that a Common Data Portal, administered by (currently defined) core agencies, focusing on publicly available data would improve capability.

Pillar 4

As we have stated above, our key observation for Pillar 1 is the distinction between the two key sets of data under what we have called Pillar 1A and Pillar 1B. We encourage the ESB to consider how Pillar 1A can be assessed against the new needs and structure of a market that has changed significantly since REPI and Finkel, and to determine what improvements implementing elements of Pillars 2 and 3 will have on overall transparency.

We also do not consider it necessary for the AEMC process to be amended to facilitate an advisory role for the DataLAC in rule changes, as the AEMC process already allows for relevant stakeholders to make submissions to rule changes. There is no restriction on this process for stakeholders to do joint submissions, as the DataLAC could choose to do.