



2 December 2020

Dr Kerry Schott – Independent Chair
Energy Security Board
GPO Box 787
CANBERRA ACT 2601

By e-mail: info@esb.org.au

Dear Dr Schott

Data Strategy Consultation Paper

Alinta Energy welcomes the opportunity to respond to the ESB's Data Strategy consultation paper. As an active investor in energy markets across Australia with an owned and contracted generation portfolio of nearly 3,000MW and more than 1.1 million electricity and gas customers, we have a strong interest in the use of customer data, its dissemination and the governance processes that will apply.

Demands on energy retailers, distributors, and other industry participants to provide data to regulators and external bodies has grown significantly in recent years, as the ESB acknowledges on page 30 of its consultation paper. There are extensive, existing regulatory obligations on retailers to provide data on an ad hoc, or regular basis. In addition, the energy market is preparing for the implementation of the Consumer Data Right, which requires the ongoing commitment of internal resources to implement and maintain.

Alinta Energy understands the Data Strategy being developed by the ESB is based on recommendation 7.14 from the Independent Review into the Future Security of the National Electricity Market (the Finkel Review) in 2017. In our view, the approach put forward by the ESB extends beyond those recommendations. For this reason, it is of critical importance that the costs and benefits of the strategy's components be tested and established.

We are supportive of a Data Strategy that:

- Streamlines existing data reporting and sharing obligations;
- Is efficient and imposes the lowest possible cost and administrative burden on energy market participants; and
- Involves collection of data that is relevant and results in a demonstrably positive cost benefit to energy consumers.

Collecting data without a clear purpose or with vague objectives is not likely to be in the best interest of consumers or energy providers. Increased regulatory and compliance obligations will inevitably increase the cost of energy to consumers.

The Data Strategy proposed by the ESB is comprehensive and is aimed at addressing future needs confronting the energy sector as it transitions to a low carbon future and digitisation

becomes increasingly important. If executed efficiently, the Data Strategy could streamline existing processes and meet its objectives. There are however elements of the Strategy that Alinta Energy considers may not support its objectives or where no evidence of a problem exists (for example, the collection of very large customer data). Further, we have serious concerns that a focus on the cost and benefits of each of the four pillars and recommendations is not emphasised in the strategy. Determining if there is genuine net public benefit associated with components of the Data Strategy should be understood before additional obligations are placed on market participants.

The protection of data and privacy considerations are also critical, and Alinta Energy would urge the ESB to place the privacy of consumer data at the forefront of its thinking as it develops the Data Strategy. We acknowledge this is highlighted as part of the data management objectives of the Strategy on page 21 of the consultation paper.

We provide further comment on the Data Strategy and recommendations below and welcome further discussion with the ESB in relation to its ongoing development. Please contact David Calder on (03) 9675 5359 in the first instance.

Yours sincerely

[SIGNED]

Graeme Hamilton

General Manager, Regulatory & Government Affairs

1. General comments on the Data Strategy

Costs and benefits

The costs and benefits associated with the recommendations in the Data Strategy should be a central element to determine improvements and changes to existing processes, regulation and procedures. Evidence of net benefits should be a core principle when evaluating changes or new initiatives associated with the Data Strategy.

Governance

The proposed Data Leadership and Coordination Group must include meaningful industry representation. Decisions made in the DataLAC will impact on market participants and their customers. It is not clear why industry representation is not being considered in the decision-making body.

Mechanisms to review ongoing relevance of data provision

The ongoing relevance and value of data provided to various agencies through the Data Strategy should be assessed regularly. If data provided is not being used or analysed in a meaningful way, its ongoing collection should cease. Alinta Energy supports Recommendation 28 as it supports the ongoing evaluation of elements of the Data Strategy and their usefulness to stakeholders and in particular, end-use consumers.

2. Response to recommendations

Pillar 1: Needs today - Fit-for-purpose data

Retailer Transparency

Recommendation 1: Retail plans and billing

While Alinta Energy supports the provision of retail plan and billing information to aid understanding of the effectiveness of retail competition, specific examples of the benefits such data would provide, the scope and the use to which such data would be put are not clear from the consultation paper. Offer information is collected by the AER for comparison purposes and retailers provide extensive information of available offers on their websites at present.

The provision of such data to a large number of agencies in varying, or bespoke formats would impose significant additional administrative and regulatory burden on energy retailers. The ACCC is collecting information under its monitoring powers at present. A coordinated and consistent approach to the collection of retail plan data is required to minimise compliance costs. The Data Strategy governance body should aim to ensure streamlining and administrative simplicity is prioritised.

Recommendation 2: Streamlining price reporting

Alinta Energy strongly supports the streamlining of price reporting and would encourage the appointment of a single body to be the recipient of such data, likely the Australian Energy Regulator. A 'near live' dashboard linking meter data and offer/plan information (as discussed on pages 84-85 of the consultation paper) may be costly to establish and maintain as NMI standing data does not currently link in anyway to retail offers. The likely audience and the benefits and costs associated with such a data dashboard should be thoroughly assessed.

Recommendation 3: Tracking commercial and industrial prices

We believe the benefits of gathering large customer data and contract information are likely to be limited at best. An accepted principle in energy market regulation in Australia for many years has been the right for large customers to negotiate private commercial arrangements

with energy providers and brokers, based on the sophistication of such customers and their ability to secure the most appropriate prices and terms to suit their business objectives. Alinta Energy is concerned that this recommendation oversteps those of the Finkel Review and would encourage extensive consultation with large customers, retailers and brokers to establish if net benefits will emerge from it.

Recommendation 4: Contract market monitoring

This recommendation will likely duplicate data provision requirements on data holders given it is available a present through AFMA. Alinta Energy believes further analysis and justification for the type, frequency and scope of data intended to be gathered under this recommendation is required.

Recommendation 5: Retail margins

Alinta Energy does not support this recommendation. Market power and monitoring functions should be undertaken by the ACCC. The benefit of extending and duplicating such data gathering powers via the AER needs to be demonstrated and risks subjective and inconsistent interpretations and assessment of market performance.

Understanding consumers and demand

Recommendation 6: Access to meter data for public-good research

Alinta Energy understands that meter data may be of value to research and analysis for policy development and other purposes. Further consideration of the data holders best placed to respond to request for data, their format, frequency and scope is necessary. Meter data is held by several market participants and complete data is not always held by retailers (or distributors). The cost of ad hoc or bespoke data requests may be significant – a systematic and ordered approach to such data requests will be key to minimising the cost and burden of its provision. The benefit of any analysis or research, if in the public good, should clearly exceed these costs.

Recommendation 7: Gas meter data

The specific nature of the problem this recommendation seeks to address is not clear. While we agree that gas meter data may seem less transparent than electricity meter data, the impact of the recommendation may be costly if electricity meter details are to be linked to gas meters (which may be owned and operated by separate distributors or metering coordinators). We would welcome further clarification of the problem, its scope and appropriate means of addressing the gap at least cost.

Recommendation 8: Review of consumer surveys and bill benchmarking

Alinta Energy supports minimising duplication in survey and bill benchmarking activities. Streamlining the approach taken by the AER and other stakeholders will reduce costs. Additional activity by regulators is also a cost that must be borne, if not by energy consumers, via taxpayers. The creation of additional regulatory activity and the benefit of this must be assessed against the cost to the community.

Recommendation 9: Data on vulnerable customers

Data on vulnerable customers is highly sensitive; data should protect consumer privacy and provided on an aggregated basis. To the extent that streamlined and consistent approaches are developed under the Data Strategy and consumer privacy is protected, there could be benefits associated with this recommendation.

Recommendation 10: Commercial customers

With respect to our comments on Recommendation 3 above, reporting and data gathering for business customers should focus on smaller customers. These customers are the focus of consumer protection regulation and should therefore be the subject of this recommendation.

Low voltage – DER visibility

Recommendation 11: Research impacts of current voltage levels

There may be value in greater understanding of network voltage levels and the impact of this on consumer equipment, distributed energy resources and network losses. We note recent changes to metering standards in South Australia to address network management issues in that jurisdiction to address these challenges. We suggest further analysis is required to ensure consistency and efficiency of any data sourced to support this recommendation.

Recommendation 12: Sharing network data for research

Engagement on data sharing between networks and researchers and commercial partners for trials and other purposes are primarily a matter between those parties. Alinta Energy would caution the against the development of guidelines that would require the wide sharing of commercial or proprietary data. At the same time, the partners of distributors in trials and projects may often be in the competitive sphere and competitive neutrality should be a central goal to the extent the Data Strategy extends as suggested under recommendation 12.

Recommendation 13: Building analytic capability in LV data and modelling

While this recommendation has merit, the development of analytic tools and models is primarily an investment decision of networks. If there are identified business needs to improve analytic tools and capability, the networks will develop these and recover the cost through the existing regulatory framework.

Recommendation 14: LV reporting to provide transparency for DER customers and planners

This recommendation would provide the ability of proponents of DER investments to assess where assets could be optimally located within a network. Greater transparency of hosting capacity for DER, if delivered at least cost, may optimise investment decisions, improve network operation and avoid regulated augmentation of the network where this comes at a higher cost than an alternative solution.

Recommendation 15: Review of metering requirements and roll out

Alinta Energy supports the AEMC review of competitive metering and believes the findings of this review will satisfy the objectives of this recommendation. The AEMC review will apply cost-benefit analysis to any recommendations and findings, which should be applied to other recommendations associated with the Data Strategy, particularly those that will impose material costs on industry participants and ultimately consumers.

Recommendation 16: Evolving the DER register to wider needs

The development of the DERR over time should be considered where there is value in expanding/updating it.

Recommendation 17: Electric Vehicle Data

ARENA's Distributed Energy Integration Program data work stream should continue to develop recommendations relating to the capture of EV data. However, Alinta Energy would not support duplicative workstreams in the Data Strategy, particularly given the limited materiality of the impact of EVs in the DER market in the short to medium term.

Pillar 2: Framework – New data governance

Proposed regulatory reforms

Recommendation 18: High-level energy data principles

In addition to the principles set out in the consultation paper, the Data Strategy should explicitly reference cost-benefit analysis as a core principle to apply when assessing changes.

Recommendation 19: Overhaul of the legislative framework

Alinta Energy supports a review of the existing regulatory framework and overhaul if necessary. Any future framework should maintain consistency with the *Data Availability and Transparency Act* to ensure economy-wide benefits can be captured.

Recommendation 21: Common guidelines for data collection and sharing

We support the development of guidelines to support consistency in data collection and sharing across agencies to avoid duplication and administrative burden on both market participants/data holders and regulators and agencies.

Pillar 3: Capability – Drive leadership, coordination and capability

Recommendation 23: Data Leadership and Coordination Group (DataLAC)

As the primary data holders, it is unclear why industry stakeholders are not included in the composition of the proposed DataLAC. Decisions made by the DataLAC will impact retailers, networks and generators and the value and costs of these decisions and how these costs are to be recovered require input from industry stakeholders. Alinta Energy does not support this recommendation if it excludes industry representation on any leadership and coordination group. We do not agree with the assertion that "Engaging industry data holders" will result in outcomes where "individual interests that are not aligned with greater openness" seek to "limit change and consumer benefits."¹

Recommendation 24: Data Users Group (DUG)

Alinta Energy supports the development of a DUG. As discussed above however, limiting industry representation to an observer role on the DataLAC is not appropriate.

Recommendation 25: Common data portal

Alinta Energy recognises the potential benefits of a common data portal, but again would strongly encourage the ESB to establish the costs and benefits of developing a portal, which could require substantial investment by data holders as the ESB acknowledges within the recommendation on page 56 of the consultation paper. Cost recovery and funding of any common data portal and any duplication with the CDR require careful consideration.

Recommendation 26: Resources and capability to support access

Enabling access will be important to the usefulness of the Data Strategy, but again, the costs and benefits of doing so should be at the forefront of any decisions made about resourcing, scope and extent of access enablement.

Recommendation 27: Reporting and analytics capabilities

There may be high-value data use cases identified by the DataLAC and DUG. It is important that industry is represented in the DataLAC to have input into the development and

¹ Energy Security Board (2020), Data Strategy Consultation Paper, page 54

identification of these opportunities.

Pillar 4: Needs tomorrow – Support change and adaptability

Recommendation 28: Forward review of Data Strategy against outcomes

Alinta Energy supports the regular stock take of the Data Strategy's performance outcomes and, where possible, streamlining data management. The stock take should also identify the ongoing relevance and value of data collected and, if it is not being utilised, assess the ongoing need of its inclusion in the framework.