

Data Availability and Use
Productivity Commission
GPO Box 1428
Canberra City ACT 2601

Submitted by online to <http://www.pc.gov.au/inquiries/current/data-access/make-submission#lodgeemail>

13 December 2016

Data Availability and Use: Draft Report

The Australian Energy Council (the Energy Council) welcomes the opportunity to make a submission to the Productivity Commission (PC) Inquiry into Data availability and use Draft Report (the Draft Report).

The Energy Council is the industry body representing 21 electricity and downstream natural gas businesses operating in the competitive wholesale and retail energy markets. These businesses collectively generate the overwhelming majority of electricity in Australia and sell gas and electricity to over 10 million homes and businesses.

The Energy Council acknowledges the importance of analysing the transformation of the use of data for businesses, government and the general public. We support the Productivity Commission (PC) examining: the benefits and costs of making public and private datasets more available; options for collection, sharing and release of data; ways consumers can use and benefit from access to data; and considering how to preserve individual privacy and control over data useⁱ.

Australia's electricity sector is rapidly changing with the emergence of new technologies, information systems and regulatory arrangements. With technology advances there are increased opportunities for data collection to inform consumer decision making about their energy use, investment in technologies like distributed generation and product development by businesses. While the energy market is in a period of structural shift driven by technology innovation and the decarbonisation of energy, it is important to consider energy data in the existing regulatory frameworks. Any national reform to data availability should consider existing energy market reforms, and the proposed energy data collection processes under way by government agencies prior to imposing an additional regulatory requirement on the energy sector.

The Draft Report mentions the need for reform of Australia's 'frameworks and protections developed for data collection'ⁱⁱ. While the Energy Council agrees with this in principle, it is important to note the processes recently completed or currently under way specifically examining electricity sector data including:

- COAG Energy Council – Energy Storage Registration – examining the need for an energy storage register and the respective data and access requirements.
- COAG Energy Council – Energy Market Transformation program is analysing the need to develop standards for communication capabilities for new technologiesⁱⁱⁱ.
- From December 2017, a new Rule for competitive metering^{iv} sets a framework for the commercial provision of electricity consumption data to those who assist with energy market operation or to provide consumers new services like mobile phone apps that show near real time use and cost information.
- AEMO – Demand side participation information Guidelines – aims to improve visibility of data to better understand the changing demand trends across different customer categories in order to improve AEMO's load forecasts^v.

- AEMO – Future Power System Security Review includes a key priority area to analyse the data needs of the future power system while maintaining reliability and security of supply^{vi}.

Consumer access to energy data

The draft report notes Australia's progress towards increasing consumers' access to data whereby the Australian Energy Market Commission (AEMC) have made changes to the National Electricity Rules (NER) to increase consumer choice and visibility of their electricity use data.^{vii} The Energy Council supports the AEMC's process and considers it would be premature for the PC to make further recommendations while the market adjusts to these new arrangements.

As the market adjusts to competitive metering and greater use of consumer data, it will become clear whether there is a case to make further changes or mandate additional data reporting. The competitive framework (underpinned by the NER and National Electricity Retail Rules (NERR)) is designed to promote innovation and lead to investment in advanced meters that deliver services valued by consumers at a price they are willing to pay. Allowing the competitive pressures already in existence in many of Australia's retail electricity markets^{viii} to support retailers in experimenting with the provision of data to consumers is a valuable process for a market in development.

The benefits of greater data availability need to be carefully weighed against potential risks associated with data, in particular privacy and security concerns. These are particularly relevant to wider availability of real-time data in the electricity sector such as the use of smart meters to measure electricity consumption. The draft report acknowledges that real-time data is often not necessary in order to obtain many of the benefits of data use. It remains to be seen whether all consumers will want to engage at a detailed level of data such as half hourly consumption data or whether summary information meets the needs of most people.^{ix}

While regulation can be used to increase data sharing and availability, it may not always be the most effective means to increase the use and value of data. The COAG Energy Council is considering the trade-off between regulated data availability in the electricity sector and allowing market participants to innovate and discover products without intervention^x. The Draft Report uses the example of the Victorian compulsory smart meter roll out to demonstrate that the anticipated outcomes (to provide consumers with data that can be used to inform usage decisions) did not eventuate in practice, as noted by the Victorian Auditor General.^{xi} A substantial contributor to the underutilisation of smart meter capability is the Victorian Government's decision not to implement cost reflective network tariffs, leaving little incentive for consumers to take advantage of time-of-use metering^{xii}. This example demonstrates that using regulation to increase data availability and use, as suggested by the draft report, may not be the most effective method for the electricity sector, given the existing regulations and the current complementary reform process that are underway.

Definitions for a Comprehensive Right to personal data

The PC proposes the development of a Comprehensive Right for consumer data to increase individuals' visibility of data generated about them and confidence in the handling of personal data. We support the PC's conclusion that to be effective, a revised definition of consumer data needs to be practical and implementable. The proposed definition of personal data is broad and may require refinement for practical application to electricity services. Achieving national consistency across the definition of consumer data would increase certainty and clarity for business and consumers. Ensuring harmony with the provisions in the NER and NERR could be carried forward by COAG Energy Council and the AEMC.

Right to be informed of disclosure to a third party

The PC recommends that customers should have a right to be informed if data related to them is released to a third party. It is not clear the form or the extent of these proposed notification requirements, and greater consideration is required to ensure a practical outcome for energy users and the interactions between for energy service providers.

Energy businesses (retailers and networks) often engage third parties to carry out services and functions related to the operation of their business. The services could be for billing, metering, call centre, marketing or credit collections. It would not be operationally cost effective or efficient to require notifications to be provided to customers each time a business uses one of these third parties to provide a service that is essential to

delivering electricity and gas to consumers. Excessive notifications from utilities are likely to lead to customer dissatisfaction and a single notification to inform a consumer of the ongoing relationship between businesses that will share data may be the most practical means of informing energy consumers. The requirement should be developed by the market on an industry basis rather than by Government. Participants are best placed to develop frameworks that meet the needs of consumers at the least cost to businesses.

Conclusion

The Energy Council is supportive of the PC process of examining data availability and use, including increase government agencies to share and release data with other government agencies. However, the Energy Council encourages the PC to consider existing energy market reforms, and the proposed energy data collection processes underway by government agencies prior to imposing an additional regulatory requirement (e.g. the development of the *Data Sharing and Release Act*) on the energy sector. The outcomes from these existing processes will determine if any regulatory provisions are required for energy data.

Any questions about our submission should be addressed to Carly Weate, Policy Adviser by email to carlyweate@energycouncil.com.au or by telephone on (03) 9205 3107.

Yours sincerely,



Kieran Donoghue
General Manager, Policy & Research
Australian Energy Council

ⁱ Productivity Commission, Data Availability and Use Terms of Reference, <http://www.pc.gov.au/inquiries/current/data-access/terms-of-reference>

ⁱⁱ Productivity Commission 2016, Data Availability and Use Draft Report, Canberra, p.3.

ⁱⁱⁱ COAG Energy Council, 2016,

http://www.coagenergycouncil.gov.au/sites/prod.energycouncil/files/publications/documents/EMTPT%20-%202016%20Forward%20Work%20Program_2.pdf

^{iv} AEMC, 2016, Rule Change completed: expanding competition in metering and related services, <http://www.aemc.gov.au/Rule-Changes/Expanding-competition-in-metering-and-related-serv#>

^v AEMO, 2016, NEM demand side participation information guidelines,

<https://www.aemo.com.au/Stakeholder-Consultation/Consultations/NEM-Demand-Side-Participation-Information-Guidelines-Consultation>

^{vi} AEMO, 2016, Future Power System Security Review, https://www.aemo.com.au/-/media/Files/Electricity/NEM/Security_and_Reliability/Reports/AEMO-Fact-Sheet_Visibility-of-the-Power-System---Final.pdf

^{vii} Productivity Commission 2016, Data Availability and Use Draft Report, Canberra, p.177.

^{viii} AEMC, 2016, <http://www.aemc.gov.au/Markets-Reviews-Advice/2016-Retail-Competition-Review>

^{ix} Ibid, p. 48 and 50

^x COAG Energy Council, Power of Choice reforms continue to examine data availability and use for consumers own decision making as well as the efficient operation of the power system.

^{xi} Productivity Commission 2016, Data Availability and Use Draft Report, p.152. "The Victorian Auditor General noted while \$9.19 million in benefits from innovative tariffs and demand management were originally anticipated to be realised by 2014, only \$0.23 million worth of benefits was actually realized".

^{xii} Victorian Department of Environment, Land, Water and Planning, 2016, <http://earthresources.vic.gov.au/energy/electricity/managing-electricity-demand>