



29 July 2016

Mr Peter Harris
Chairman
Productivity Commission
GPO Box 1428
Canberra ACT 2601

Dear Mr Harris

Productivity Commission Inquiry into Data Availability and Use - Issues Paper

Origin Energy (Origin) appreciates the opportunity to comment on the Productivity Commission Inquiry into Data Availability and Use. Origin is one of Australia's leading integrated energy companies focussed on gas exploration, production and export, power generation and energy retailing. We supply over 3.8 million customers with electricity and natural gas.

Origin understands the policy intent behind the Inquiry is to clarify and improve the way in which consumers and the public and private sector have access to information and data. Origin is supportive of this intent, particularly the way in which businesses and consumers can best utilise the information to make more informed choices. This is important as we move further into a digital world.

However, there are many aspects of the Inquiry that require significant development and analysis. This includes detailed analysis as to whether there are market failures within the data and information sector in Australia, the extent to which industries and consumers value data sets as well as the regulatory and compliance costs of implementing data sharing schemes. An appropriate and robust framework will need to be developed to assess the costs and benefits of any proposals as consumers will ultimately incur the business costs of meeting regulatory and compliance obligations.

In Origin's view, there is no evidence of market failure in the data and information arena in the energy industry in Australia. Energy companies, like Origin, are investing significantly in the collection, collating, storing and analysis of data to provide more targeted products that allow consumers to make more informed choices about their energy use. There are strong incentives on companies to collect data as a means of understanding their business and to share this data with consumers. Data is increasingly becoming a means to which energy businesses seek to obtain an advantage over competitors by offering products and services that consumers require and value.

Data sharing methods in the energy sector are continually evolving as technologies and metering capabilities advance. Customers are able to log into web portals to obtain energy consumption data, in-home energy displays can be installed and usage can be viewed on apps on hand held devices. Further, third parties (with the customers' consent) are able to request standardised data from an energy provider at any time with this data having the capabilities to be downloaded to market

analysis tools¹. We believe that these options are diverse and adequately provide a means for customers to obtain information regarding their energy consumption. Further regulation in this area is likely to stall innovation and competition.

Origin has provided some specific comments on the data availability and use issues raised in the Issues Paper that are relevant to the energy sector below.

Consumers Access to Data

As stated above, Origin supports the underlying principle that consumers should be able to access information relating to their account to make informed choices about when and how energy is consumed. The ability of consumers to understand their energy consumption is an important part of supporting a well-functioning and efficient energy market.

However, energy data is complex and there is a need to weigh up the level of data a consumer requires and their ability to comprehend the data. The Issues Paper mentions the Smart Disclosure Program² in the United States of America as an example of a means of standardising data, but it does not mention that there has been criticism over the volume of data that can be downloaded and consumers not knowing how to interpret the data. Data is only useful to the extent it can be understood by the user.

There is also reference to the voluntary Midata program³ in the United Kingdom. This program is aimed at providing standardised data that can be uploaded to comparison sites. The Australian energy market already has a similar scheme where customers and third parties can request detailed consumption data at any time⁴. The main difference is that Australian customers cannot automatically upload their consumption to a comparison site - the customer is required to input collated data. Origin is of the view that automating this process would be costly and provide minimal additional value to consumers. To date, Origin customer requests for standardised data has been minimal and we would be happy to provide more detailed data regarding these requests to the Commission.

In short, Origin believes that there is a need to seek and determine the information that consumers require, how best to present this data and whether this information is already available to consumers.

Public and Private Sector Data

The Commission will need to determine the value that the private and public sector places on data - this is likely to differ between sectors. Government data is likely to provide greater public benefits as the data can span across industries (ie health, education, welfare systems). While data held by private sector will not necessarily hold the same public benefit as it is likely to be relevant to only a subset of businesses and consumers.

It is noted that Governments can have an oversight role in voluntary schemes to encourage data availability in the private sector. An example of this is the consumer credit reporting regime.⁵ It is intended that this scheme promote great data availability in the finance sector and thus enhance

¹ Australian Energy Market Commission, *Customer access to information about their energy consumption*, November 2014.

² Productivity Commission, *Data Availability and Use - Issues Paper*, April 2016, p20.

³ Ibid, p20.

⁴ Australian Energy Market Commission, *Customer access to information about their energy consumption*, November 2014.

⁵ Productivity Commission, *Data Availability and Use - Issues Paper*, April 2016, p17.

decision making capabilities of businesses in the industry. Data shared between finance businesses include credit limits of accounts, types of accounts and repayment history.

Information provided under this voluntary scheme may be useful to utility companies. Utility companies provide credit to customers on a daily basis and understanding a customer's capacity to pay may provide a means to identify problems earlier and assist in preventing customers from falling into hardship.

Managing Costs

As noted in the Issues Paper, the costs associated with enacting data sharing changes in the Australian market cannot exceed the benefits. This includes the potential loss of trust and privacy of individuals⁶ as trust is a key to maintaining relationships with consumers. Origin supports this principle.

Origin has invested a considerable amount of time, resources and finances to ensure that data is collated, maintained and analysed in a way that is beneficial to customers. This includes upfront costs of establishing systems and significant ongoing costs in ensuring that customers have up to date information about their usage based on the customer type, meter, season and location of the customer. Other energy businesses have also made similar investments. Any review of costs should consider these investments to avoid businesses incurring significant sunk costs as a result of initiatives becoming redundant because of policy changes.

It should also be noted that costs borne by the energy sector in satisfying data requirements will ultimately be passed onto consumers through higher energy bills.

Closing

Generally, it is Origin's view that the allocation and distribution of energy data should be left to the market as regulatory intervention may stifle competition and innovation in the energy sector. It is in the commercial interest of business to provide accurate and detailed data to customers to ensure that customers manage consumption and are satisfied with the services provided by the energy company.

Origin would welcome the opportunity to work with the Productivity Commission to further discuss the energy data initiatives that are operating in Australia and the way in which the energy market and consumers utilise data.

Should you have any questions or wish to discuss this information further, please contact Caroline Brumby

Yours sincerely

Keith Robertson
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⁶ Productivity Commission, *Data Availability and Use - Issues Paper*, April 2016, p21.