make it cheaper
the business energy experts

Treasury Peer to Peer Data Access Model in the Energy Sector & "opt-out" joint account data sharing CDR rules and standards design paper - Make It Cheaper submission – 26 May 2021

Introduction

Make It Cheaper ("MiC") welcomes this further opportunity to consult on the CDR energy design. MIC previously submitted a comprehensive response to the energy rules framework consultation paper and refers to that document throughout as most of our views remain unchanged.

Executive Summary

We have provided more detailed feedback on each of the sections on the following pages. In summary:

Overall Objective – *a fast to market first tranche energy CDR for core compare and switch use case*

- MiC supports the change to a peer-to-peer model, on the basis that this simplification enables faster to market and lower cost implementation of energy CDR
- We advocate for a simple first tranche energy CDR as quickly as possible to deliver the established use case of energy comparison and switching
- We believe the simplest solution to enable this early phase at scale is for retailers to share PDF billing data where consumer consent is given; PDF bills are already available and machine-readable, contain the key information required (including existing customer plan pricing), and no further integration is needed with AEMO/MSATS beyond existing energy peer-to-peer data flows
- Therefore, the first tranche of energy CDR should be for all retailers over a minimum consumer accounts threshold to participate through the provision of PDF billing data where consent is given
- Furthermore, we believe the simplified standards *without account selection* are fit for this purpose
- We think that this early phase for the established comparison use case should not be delayed for consideration and development of more complex functionality with unclear use cases

Peer-to-Peer Data Info Flow Specifics

- The info flows on the wireframes need to be able to be completed in real time (see use cases presented under commercial in confidence in our response to question 3)
- Info flows 2-5 should be designed both for direct consumer completion *and* with ADR assistance (for example, over the phone with digital consent and/or letter of authority capture)
- Flows 6-10 should consider alternative options to just e-mail (as may not be linked to an account)
- Data holders need to support dashboards for consumers *and* ADRs
- Consent duration should be extended to 24-months for small business customers in line with market standard contract lengths

Consumer Accounts

- The simplified *without account selection* is sufficiently fit for purpose for first tranche CDR; multiple accounts are configured differently by retailers and so would add significant complexity and cost for limited utility given that, in our experience, consumers are happy to share all their energy data
- Energy accounts are logically configured for CDR as they contain all the key information required
- MiC agrees with the opt-out model for joint accounts; the key requirement is to identify the person financially responsible for bill payment; in energy this is always one person

Response by Section/Question

1. Peer-to-peer data access model in the energy sector

Generally, MiC is supportive of the change to a peer-to-peer model, as this simplification should support both faster to market and lower cost implementation of energy CDR. We give our views in the response to question 3 below on how we think the early phase energy CDR can best be achieved.

With reference to the wireframe, reference 2.2-Energy_P2P-model, we suggest the following

- All flows can be completed in real time (see use case examples in our question 3 response)
- Flows 2-5 should be designed so that they can be completed by the consumer direct (for example at a web-site) or with assistance of the ADR (for example, over the phone with digital consent, letter of authority or verbally recorded consent capture)
- Flows 6-10 should be designed with alternative options should there be no e-mail associated with the consumer's energy account, specifically
    - Mobile phone with SMS capability for OTP authentication
    - Landline keypad touch pad OTP response
    - Using NMI combined with energy account number as consumer identification

Q1. Do you have any comments on the proposed rules as outlined in section 1.2?

21-24 Data holder to data holder interactions

Fine with all of these in principle, noting that there is already peer-to-peer communication between AEMO and energy retailers.

25-26 Authorisations and consumer dashboards

Critically, retailer data holders should make APIs available to enable ADRs to manage dashboards on behalf of consumers. We note that flow 12 on the wireframe 2.2-Energy_P2P-model states this intention. Our view here is consistent with our previous response to the energy framework consultation section 4.4.

27-28 Refusal to disclose required consumer data in response to consumer data request

MiC can only see limited use cases where AEMO is not able to respond. For example, missing data and system outages. In these cases we think its important the Data Holder API payload is clear of the reason for missing AEMO data, and that in the case of system outages, there is an automatic follow up to collect data once the system is restored.

Q2. Do you agree with the proposed approach to the standards changes as outlined at section 1.3? If not, why not?

Yes, we agree, especially noting the point in section 36a, that the standards should leverage existing mechanisms offered by AEMO to third parties – these already work well and should therefore support a fast roll out of first tranche energy CDR.

Related to AEMO data sets, and as per our previous response to the energy framework consultation, MiC believes the minimum standards for AEMO MSATS Average Daily Load (ADL) would need to be significantly improved from the current once per year and 20% usage difference threshold, to mandatory once per quarter, in line with standard billing cycles.

Q3. Would you support a staged approach to the application of CDR rules as outlined in section. Why/why not?

Whilst MiC agrees there should be a staged approach to support a fast to market first tranche, we do not agree with the stages proposed in section 40a-c.

Consistent with our previous response to the energy framework consultation we believe the simplest and fastest route to an early phase energy CDR is to require retailers to provide up to date billing data through PDF bills (which would also cover NMI, tariff and some basic customer data), alongside any recent price change notification. PDF bills are already available from most energy retailers, and are machine readable using existing API technology.

Therefore, MiC strongly advocates for the first tranche of energy CDR to be all retailers over a minimum threshold participating through the provision of machine-readable native PDF bills. We re-present below two commercial in confidence use cases from our previous response, to illustrate how this could work.

<u>Consumer Consent / Authentication Duration</u>

- MiC further notes that the current CDR rules provide for a maximum 12-month consent period. Given that the standard small business energy contract is 24 months, MiC strongly proposes that this consent period is extended accordingly for business energy customers. Customer recency and privacy can be protected by the fact that any account changes that effect the validity of that consent (e.g. account holder or ABN change) can be detected by the Use Case Two step 7 process, and therefore trigger a requirement to re-collect consent. If there are no changes then the consent should stay valid for the 24-month period to enable an end of contract renewal energy comparison and switch service.

The above first tranche proposal could be implemented by the retailers alone, without the need to integrate AEMO MSATS data any more than today. This approach can also include existing customer product and pricing data, which is critical for accurate energy savings comparisons, as this is only available from the retailers, not AEMO, AER or Victorian DELWP.

MiC can see potential for future use cases with more sophisticated data sharing, incorporating more granular AEMO and metering data beyond simple PDF billing data. These could be developed for later tranches of the energy CDR.

In summary MiC's proposed staged approach is as follows

a. first tranche of all retailers over a minimum threshold participating through the provision of machine-readable native PDF bills plus price change notifications
b. second tranche of participants being AEMO, the AER and the Victorian DELWP.
c. third tranche of more granular metering, billing and distributed energy resources data
d. fourth tranche of smaller retailers below the threshold

Q4. Do you support a threshold for mandatory participation in CDR? What number of customer connections would be a suitable threshold?

Consistent with our previous response to the energy framework consultation in section 4.6 question 30:

MiC is primarily concerned with small and large business customers, where the addressable market is significantly smaller than residential, by a factor of ~10x. It therefore follows that the thresholds should be much smaller. MiC therefore proposes

- For small business customers a threshold of 500 customer accounts
- For large business customers the threshold should be 100 customer accounts

2. Consumer accounts

Q5. Are the existing account selection standards appropriate for the energy sector and, more broadly, economy-wide? Why/why not?

No, they're not for the reasons identified in the paper in sections 2.1/49 and 2.4/60-63
i.e. added implementation cost and complexity when most energy consumers have one account.

Being a small business focused comparator, MiC does have use cases for multiple accounts i.e. Business, Residential and even large market Commercial and Industrial for the same consumer or decision maker. However, our experience is that the vast majority of consumers wish to have all their accounts reviewed at the same time. And having made the decision to share information on their energy plans, they're happy to share all relevant accounts, especially if the process if easy – which it should be with CDR.

There are also use cases for multi-site small business and residential customers, where the sites are under one account number for any ABN. In the case where a consumer has multiple businesses under different ABNs, then each business ABN will have one account with the incumbent retailer. It is relatively rare for a consumer to have multiple business accounts with the same retailer, but it of course does happen. And indeed, one ABN may have multiple sites incorporating residential, small business and large market meters. Once again, our experience is that if a consumer wants their energy plans reviewed, then they want that done for all their accounts – especially under one ABN.

Furthermore, our experience is that different retailers have different approaches in this space. Some have single account numbers for multiple services, including electricity and gas, then at the other extreme some have separate account numbers for each meter. This creates significant complexity and therefore obstacles to fast delivery of first tranche energy CDR, for extremely limited to no consumer utility.

In summary we believe the simplified standards are sufficiently fit for purpose for early phase energy CDR.

Potentially there are future energy CDR use cases beyond comparison and switching that may have multiple account selection requirements. MiC strongly advocates for the simplest and quickest solution for the main use case of comparison, and then develop more technical functionality in later tranches should a strong use case or consumer need present itself.

Q6. Are other elements appropriate equivalents to or substitutes for 'accounts' in other sectors for the purposes of this standard? If so, what are some examples?

No we don't believe so. As per our response above, NMIs (electricity) and MIRNs (gas) are ably provided for under standard energy retailer account structures for business, residential and large market commercial and industrial customers.

Q7. Should the account selection standards be amended to apply flexibly and in a sector-agnostic way? If so, how might this occur?

Yes in principle. It seems to make sense that account selection should apply to banking, but this is not MiC's area of expertise so we cannot comment any further.

Q8. What other considerations exist concerning consumer control over which elements to share data from?

As above, for the core use case of comparison and switch, we don't believe there are any other material considerations.

3. "Opt-out" joint account data sharing model

All questions.

MiC agrees with the opt-out model and all the key points made in the paper.

The key focus in energy is on who is financially responsible for bill payment. Arguably this definition would suit other sectors too. Note that complex joint accounts don't exist in the energy sector.

MiC agrees in principle with the Enhanced CDR Participation Communication concept. However, given the joint account use case in energy is minimal, we think that this needs to be kept very simple and even out of scope for first tranche energy CDR in order not to impact time to market.