



EnergyAustralia

LIGHT THE WAY

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Consumer Data Right rules – Consent Review and Operational Enhancements design papers, and Expansion to the Non-Bank Lending Sector (energy component)

EnergyAustralia is one of Australia's largest energy companies with around 2.4 million electricity and gas accounts in NSW, Victoria, Queensland, South Australia, and the Australian Capital Territory, of which around 22k customers are supported under our hardship program (EnergyAssist). EnergyAustralia owns, contracts, and operates a diversified energy generation portfolio that includes coal, gas, battery storage, demand response, solar, and wind assets. Combined, these assets comprise 4,500MW of generation capacity.

We appreciate the opportunity to participate in Treasury's consultation into the CDR rules, we have responded to the components most impacting energy retailers in providing a least justifiable cost CDR offering. In summary, a blanket waiver for trial and innovative product offerings to be the lesser of either 16,000 participants or 2% of a retailer's electricity accounts, and for the requirement to provide a product data request service to have a 6-month implementation timeframe following the completion of the final rules.

Consent Review and Operational Enhancements design papers

EnergyAustralia sets up new trial plans and propositions at a rate of four per year, with many being substantially revised or wound up rather than being taken to scale. As a result, few customers are on these innovative and trial plans, the plan details are not shared publicly, and little effort is expended in catering for complex situations¹ until the trial is deemed successful. It would require additional work to ensure that data for any such plan could be shared via CDR and this would be a barrier to trialling new energy products and services. In some cases, the CDR data standards would require amendment which is an even greater barrier to carrying out trials. In the banking sector, the scope of the CDR is limited to products that are 'publicly offered', which provides some relief for limited scope pilot programs. However, the scope of the CDR for the energy sector does not have this same limitation.

The energy industry is a highly commoditised and highly regulated industry that is undergoing a transition to cleaner forms of energy at the same time that new electricity metering and new technologies are becoming more widely available to help lower carbon emissions and help consumers manage their energy costs. Energy

¹ For example, these plans are not offered to customers who may be on a concession, have life support needs, or a payment arrangement for hardship, etc. The eligibility criteria vary for each trial.

retailers who wish to attract and retain customers need to continually innovate to ensure that their products and services meet the needs of their diverse customers.

The cost profile and needs of energy consumers vary widely. Some consumers only use electricity for the energy needs at their premises, others use gas as well. Many customers now obtain credits on their bill for electricity they export to the grid utilising solar panels and/or batteries and there is increasing interest in setting up charging infrastructure for electric and hybrid vehicles.

There are also new technologies (hardware or software based) that help consumers use electricity from lower cost or lower emissions sources and manage appliances by:

- managing when appliances turn on, off or run on an economy mode;
- managing battery charge and discharge to maintain battery health and longevity; and
- allowing consumers to participate in retail aggregation (VPP)² or distribution and wholesale market schemes (FCAS, NSCAS)³ to gain other financial and environmental benefits.

As a result, retail energy products and services are changing rapidly and are becoming more tailored to specific needs of diverse customer groups. Importantly, offers are dictated by the varying needs of consumers, which creates a scale of differentiation and innovation not seen the banking industry, which limits the comparability for applying the banking CDR requirements to energy.

Retailers are constantly running trials of new products and services that may appeal to customers. Very few, if any, of these have taken off. In part, this is because the new products and services are meeting specific needs and are very unlikely to have widespread applicability and appeal. Trials not only test how the products and services delivery and pricing meet customers' needs, but they are critical in helping retailers assess the appropriate sales, marketing and support approach that will attract and retain the customers who would benefit from it. For example, the trials help retailers test the channel to market (whether customers are willing to sign up online, via a store, via a call), which marketing approach resonates most and to streamline how the products and services are best delivered, installed and maintained.

EnergyAustralia's view is that inclusion of innovative products and trials in the CDR regime is likely to result in an inadequate consumer experience and will possibly lead to products and services being displayed or compared in a misleading manner. This issue will persist until the data standards are modified to fully capture sufficient data fields to describe all elements of the product or service so that Accredited Data Recipients have the information to make a like for like comparison. However, during early development phases for an innovative offering, EnergyAustralia would not consider the product and service structure stable enough to make it sensible to seek changes to the CDR data standards to ensure the API payload supplies the ADR with complete and unambiguous information.

² A Virtual Power Plant (**VPP**) is a network of energy storage systems (such as home battery systems) that can be remotely operated together, to provide electricity to the grid when it is needed. Customers that are part of a Virtual Power Plan will be enrolled in a software platform designed to group together multiple energy storage systems across a community of Virtual Power Plan participants. The platform can then inject renewable energy quickly into the grid at times of peak demand.

³ Frequency Control Ancillary Services (**FCAS**) are services that may be used by AEMO to maintain the frequency on the electrical system. Network Support and Control Ancillary Services (**NSCAS**) are services that may be delivered to maintain power system security and reliability of supply of the transmission network, or to maintain or increase the power transfer capability of the transmission network.

Typically, these products are offered on a restricted eligibility or limited time or scope basis meaning that there are usually only 10-300 customer accounts participating in a trial for any particular initiative. The vast majority of these products do not proceed to full commercialisation beyond the initial trial.

There are a number of challenges that arise for including this category of products and services on an ongoing basis:

- Given the limited customer numbers that trial or pilot products and services target, the application of the CDR to these products and services is a barrier to running the trial and it would be cost prohibitive and time consuming.
- Some trial products are highly innovative and revealing of the underlying strategy and data to an ADR could place retailers at a significant competitive disadvantage, disincentivising investment in these products and inadvertently discouraging much needed further innovation in the market. This was discussed in our submission to the CDR Energy Rules Framework Consultation Paper.⁴ While pricing transparency is beneficial for consumers, in these instances, only a small number of customers are affected for a limited period.
- Trial products are not likely to be comparable to the more standard products in the market (CDR comparison use case will not benefit the customer anyway). Moreover, trial products and services are continuously changing and being iterated, so customers may be on different versions of the same or similar products. This further reduces the comparability of the data and raises similar issues to the 'innovative products and services' category above.

EnergyAustralia recognises that trial products and services in this category should be not offered indefinitely, and it may be necessary to ensure that the CDR regime applies to products and services where they reach scale and are expected to be moved from EnergyAustralia's peripheral customer management platform to its core customer management platform.

EnergyAustralia proposes that trial products and services will only be considered "at scale" if the number of active customers for the product or service is the lesser of 16,000 customer accounts or equivalent to 2% of a retailer's mass-market electricity account base.

Expansion to the Non-Bank Lending Sector (energy component)

We appreciate there was ambiguity following the DSB's noting paper 248 on the requirement to provide product data, and we believe Treasury and DSB's concern is justified that this could result in customers not receiving the appropriate level of service when accessing the CDR in relation to receiving required product data. We therefore support formally requiring retailers to ensure users can access energy sector product data.

In discussions with Treasury and the DSB it was advised that the rules would provide the flexibility in how energy retailers facilitated providing product data, allowing energy retailers to produce a product data request service that allowed for more nuanced and customer centric offerings of product data (given the product data met the minimum requirements); however, the current drafting of the rules, in EnergyAustralia's opinion, does not provide this availability.

⁴ [EnergyAustralia_3.pdf \(acc.gov.au\)](#), p 11

As Tier One energy retailers' CDR projects have largely culminated, this formal requirement will take longer to implement as new project teams will need to be established. We therefore propose an implementation timeframe of six months following completion of the final rules. Additionally, we request that the final rules clearly outline that energy retailers have the choice to produce their own product data request service and subsequent product data (compliant with minimum standards), without the requirement to use the AER's product data request service.

EnergyAustralia appreciates the opportunity to participate in the AEMC's consultation.
If you would like to discuss this submission, please contact Travis Worsteling on 03 9060 1361 or Travis.Worsteling@energyaustralia.com.au.

Regards

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