

## **AEMO CER DATA EXCHANGE INDUSTRY CO-DESIGN - CONSULTATION PAPER**

**21 NOVEMBER 2024**

### **INTRODUCTION**

The Energy Users' Association of Australia (EUAA) is the peak body representing Australian commercial and industrial energy users. Our membership covers a broad cross section of the Australian economy including significant retail, manufacturing, building materials and food processing industries. Combined our members employ over 1 million Australians, pay billions in energy bills every year and in many cases are exposed to the fluctuations and challenges of international trade.

Thank you for the opportunity to make a submission under AEMO's CER Data Exchange Industry Co-Design - Consultation Paper.

The EUAA sees orchestration of Customer Energy Resources (CER) and maximising utilisation of distribution and transmission infrastructure as critical components of an efficient transition to a net zero electricity system. One part of the puzzle for ensuring CER's active participation in the NEM is the ability for CER to be integrated into the electricity market through a secure, reliable, flexible and cost-effective exchange of data. We see that the proposed CER Data Exchange incorporates that goal into its design.

However, the CER Data Exchange Consultation Paper in large reflects the needs of AEMO and the retailers/aggregators, collectively known as Financially Responsible Market Participants (FRMPs) without a large amount of consideration of consumer needs, even though the "benefits" for consumers are listed throughout the Consultation Paper.

From that perspective, and from the recommended approaches, we see that AEMO would like more visibility of CER to better inform its modelling efforts while FRMPs want to secure their own investment in data systems going forward to de-risk their own involvement in CER trading (e.g. we already see this in a number of current offers from FRMPs where their "firmed" offer transfers wholesale price volatility to consumers).

From a large energy user perspective, we observe they are increasingly exposed to significant price volatility brought about by poorly coordinated output from CER. What EUAA members want is a stable, consistent market with reduced volatility that allows far better predictability of price and electricity outcomes, with electricity being available when they require it at a reasonable price and presented to them as firmed offers. Consumers see this as a way to reduce their own risk if contracting directly while, reducing FRMP risk premiums and increasing competition in the FRMP marketplace, leading to better offers from FRMPs.

A standardised data infrastructure asset with privacy and transparency at its core may assist in achieving all of these benefits as well as the benefits listed in the Consultation Paper. However, without maximising consumer involvement in the CER market as well as maximising FRMP utilisation of the CER Data Exchange, it is unlikely that many of these benefits will be realised.

The Consultation Paper uses other data exchanges in other sectors to explain how the benefits will flow, e.g. Swift in the international banking sector and My Health Record in the Australian health sector. The largest difference between the example data exchanges in the Consultation Paper and the CER Data Exchange is the impact of non-participation on the rest of the users. If consumers do not participate in CER trading and/or FRMPs share data outside of the CER Data Exchange, then these CER are invisible, which, as the Consultation Paper describes, is the biggest issue with the existing CER fleet of rooftop solar, the expanding fleet of batteries and the future fleet of electric vehicles. We believe that maximising participation by designing a consumer centric (i.e. privacy, trusted and secure) data exchange and maximising FRMP data sharing through the CER Data Exchange are the primary principals to its success.

## USE CASE FUNCTIONALITY

The EUAA agrees that the CER Data Exchange should start small, adding more use cases as it evolves as everybody becomes more familiar with its operation. We agree with the Guiding Principles of:

1. prudent and efficient,
2. adaptable and scalable and
3. trusted and secure,

however, we believe that “trusted and secure” should be the first Guiding Principle instead of the third, as this seems to get lost at various places in the Consultation Paper e.g. under *Table 3, Strategic Use Cases, Visibility of CER Customer Choices* appears to lose its focus on “trusted and secure” with its Aim:

*“...allowing service providers to better understand consumer preferences and **support personalised service offerings...**”.*

This use case will be viewed by FRMPs to be prudent and efficient, but is contrary to data privacy doctrines. At most, we would support visibility if it was a de-identified average by either Customer Type in a NEM region or network, or an average per zone substation. These averages would allow FRMPs to develop a suite of products that meet the average needs of consumers.

We will not support individual consumer data visibility through the CER Data Exchange, and we support the text in Table 1:

*“...ensuring data privacy was a clear non-negotiable.”*

We do support the initial three priority use cases of sharing network limits, supporting local network services and consistent CER standing data

## DATA SHARING

We agree with the industry co-design preference that the CER Data Exchange should be designed with a narrow capability initially but have flexibility to expand in the future.

As with Swift, we would like to see the CER data exchange become the preferred mechanism for sharing CER data, as that provides for the maximum visibility and transparency of CER allowing for the best chance of meeting the

benefits listed in the Consultation Paper. To achieve this, the CER Data Exchange needs to give both consumers and FRMPs benefits that they would be unable to achieve without participation.

We consider that in the early days of the CER Data Exchange, voluntary participation should only occur for use cases where there are no negative impacts to the market, as we can see the impact of across-the-board voluntary participation as having major consequences in the 5-minute market and has a high potential for gaming.

## **OWNERSHIP, OPERATIONS AND OVERSIGHT**

Based on participation in the Workshops and reading the Consultation Paper, there has been no compelling argument made for what type of ownership should be preferred. This is partly due to the limited range of options presented and a general lack of clarity around the proposed ownership models and alternate options.

We are therefore unable to support any of the proposed models provided.

### **Industry-Led Consortium**

To draw parallels to Swift, Swift is an industry owned cooperative with all member/user organisations being equal owners and oversight/governance provided by ten European Union central banks. The proposed industry-led consortium is not comparable as consortiums and cooperatives have very different legal structures. Generally speaking, consortium members can have a say in who can participate and/or join, whereas cooperatives are generally open to new membership.

We do see benefits in an industry-led body being able to “read” the developing markets and therefore develop new use cases faster than the alternative proposals, as Swift has demonstrated in international banking.

We may support an FRMP industry led organisation dependent upon the structure, eligibility to enter the organisation, ability of the organisation to change its constitution/rules, separation of operations etc.

### **AEMO-Led**

We agree that there are real conflicts-of-interest for an AEMO-led ownership and operations of the CER Data Exchange, particularly between its business-as-usual market operations and the operations of the CER Data Exchange, and see this having a potential impact on AEMO’s ability to develop new use cases as quickly as an industry-led organisation. However, we do not see this as a huge barrier to AEMO-led ownership as AEMO is governed through the National Energy Laws, which could have a new section establishing the CER Data Exchange as a division within or beside AEMO with very specific roles and functions.

However, the proposal to have an industry and consumer based advisory body to oversight AEMO in its CER Data Exchange operations demonstrates the general lack of experience the industry co-design participants have had with AEMO advisory groups. In our experience, it is rare for any substantive comments or advice provided through AEMO’s various existing advisory groups to have any meaningful impact on AEMO operations. Therefore, if this were the preferred approach then a very clear set of guidelines and governance model must be established to give consumers confidence this approach will result meaningful, consumer centric outcomes.

## **New Independent Agency**

While not completely opposed to a new independent agency of government, we are curious as to why establishing a new role or division of an existing agency was not discussed in the Consultation Paper. We agree that establishing a new independent agency will be time consuming and costly, however that is not necessarily the case for expanding the role of an existing organisation. We would like to see AEMO explore some of the existing options that are available.

## **CER Data Exchange Oversight**

Table 9 of the Consultation Paper summarises the likely regulatory oversight environment for each of the three ownership proposals above.

While we agree with the position that flexibility in operations (i.e. highly prescriptive through to highly discretionary), will depend upon the final ownership and operating model selected, we do not think this can be determined until the actual model is selected, e.g. a cooperative versus a consortium are two very different legal structures.

In addition, we find it difficult to understand how the level of basic oversight changes from AER through to self-governing for an independent government agency. This is contrary to the governance arrangements for other important data exchanges operated by government, e.g. My Health Record is oversighted and regulated by the Office of the Australian Information Commissioner.

We are of the firm opinion that regulatory oversight of any ownership structure needs to be independent and performed by a trusted entity. From this perspective AER/ACCC and/or the Office of the Australian Information Commissioner are well placed to perform this role, which should not change with different ownership models.

## **CONCLUDING REMARKS**

The EUAA is comfortable with the proposed priority use cases presented in the Consultation Paper. This section of the Consultation Paper contained an adequate amount of background, alternate options and discussion for the reader to become fully appraised of the concepts and to therefore make an informed decision about the content being presented. We consider that the other sections of the Consultation Paper have provided a good “progress report” for the work that has taken place to date on the data sharing, ownership, operation and oversight concepts of the CER Data Exchange. However, the information provided is insufficient to provide feedback to AEMO on the proposals other than “more work is needed in these spaces” and to agree or oppose base principles.

Do not hesitate to be in contact should you have any questions.



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