



1 September 2023

Australian Energy Market Commission
GPO Box 2603
Sydney NSW 2000

Bill Transparency – Consultation paper

Alinta Energy welcomes the opportunity to respond to the Energy Security Board's consultation paper on bill transparency, which forms part of the ESB's Data Strategy.

As an active investor in energy markets across Australia with an owned and contracted generation portfolio of over 3,300MW and more than one million electricity and gas customers, Alinta Energy is heavily invested in reform and regulation impacting the retail market.

We understand the bill transparency stream is an important element of the Data Strategy, but progressing options further should be underpinned by detailed, defensible and credible cost-benefits analysis of the net benefits of identified alternatives. To not do so risks amplifying the high costs associated with current data requests. While the ESB suggests a business case and supporting cost-benefit analysis may apply to any shortlisted options, there is no commitment to make this a requirement ahead of a decision being made.¹

The issue of duplicative, burdensome and costly uncoordinated data requests, at times with limited evidence of the need for, or practical use of the data provided, is not new. As the ESB itself notes, the Retail Electricity Pricing Inquiry recommended such issues should be addressed more than five years ago.

A commitment to reduce existing duplication and eliminate unnecessary data requests from various bodies currently seeking data should be a pre-condition to proceeding with a streamlined option of providing enhanced billing information and customer data. Simply adding further reporting obligations on retailers will increase costs and without cost-benefit analysis, the net benefit of making further changes will not be supported by evidence in an environment of higher energy costs impacting consumers.

Alinta Energy recommends the removal of existing data reporting obligations that retailers are required to action today. In the absence of delivering that outcome, of the options set out in the consultation paper, Alinta Energy supports option one. Significant analysis and a comprehensive cost-benefit analysis would be required for the other options, particularly options three and four. On this basis, we support recommendation five on page 67 of the consultation paper to undertake a detailed design and assessment phase.

¹ Energy Security Board (2023), *Bill Transparency – Consultation paper*, page 37.

We would welcome further discussion of this response with the ESB, please contact David Calder (David.Calder@alintaenergy.com.au) in the first instance.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Shaun Ruddy', written in a cursive style.

Shaun Ruddy
Manager, National Retail Regulation

Consultation questions

Q1. Have we appropriately captured the issues with the current approach to data gathering?

Q2. What are the issues faced by data holders or data users in providing and/or collecting data?

Chapter 2 of the consultation paper describes in detail the challenges retailers face in responding to data requests from multiple agencies, on regular and ad hoc timeframes and with varying degrees of enforcement from data requesting agencies.

In principle, a new approach to data collection that streamlines and simplifies the costly, cumbersome and expensive status quo is supported. However, as noted above, past experience of regulatory reform suggests that new information gathering powers on retailers will be cumulative and add to the compliance burden on retailers, rather than reduce these costs, which are ultimately borne by consumers.

Concerns that recommendations put forward in the consultation paper may not reduce the existing regulatory and compliance costs imposed on retailers arises from the historic cumulative nature of regulatory oversight in the retail energy market and the need to undertake a thorough (quantitative) cost-benefit analysis to inform the best approach to meet the ESB's objectives.

Final recommendations on a new approach to collecting retailer-held data, in addition to a thorough and defensible published cost-benefit analysis would need to secure a commitment from existing data collectors to streamline (and therefore eliminate many) existing data requests, whether ad hoc or scheduled.

Q3. Do you agree with the policy themes identified that need to be answered through small customer billing data? If not, are there other policy themes relevant to billing data?

The policy themes identified are extensive and cover the areas of interest from various data user groups.

Q4. Are there other potential end users that need consideration?

Alinta Energy believes the cohort of end users discussed in chapter 3 of the consultation paper largely reflects the likely users of data provided by retailers.

Q5. Of the limitations identified, what are the most critical issues for policy makers to address? Are there other limitations which have not been identified?

Alinta Energy is unable to speculate on which limitations are the most relevant or critical for policy makers. The limitations described, in the context of billing transparency, capture the key challenges for billing transparency.

Q6. Do you have views on the scope of data collected and preferred common data standards?

The consultation paper indicates a preference for the use of Consumer Data Right formatted data as providing the widest scope for the purpose of options three and four. It is unclear the amount of work that will be required to facilitate the transfer of de-identified CDR data to either the AER or AEMO, whether application programming interfaces are to be designed and built just for this purpose, and how different CDR solutions implemented by retailers will be able to support bulk or sample data requests outside of the normal CDR processes.

While the scope of CDR data may meet the requirements of different data seeking bodies, the cost of implementing and maintaining this approach is uncertain, but likely to be significant. Again, this emphasises why a thorough quantitative cost-benefit analysis is required.

Q7. Do you have views on the preferred body to collect the data?

Ideally, the ACCC would remain the collection body, as retailers have built processes and systems to support the long-running inquiry requirements. We agree that the Australian Bureau of Statistics and a private, commercial entity would not be an appropriate body. For bodies other than the ACCC, without a thorough analysis of the data collection method and preferred model, it is not possible to provide a view on the optimal body to collect customer data.

Q8. Do you have views on the collection of data from retailers and considerations to optimise this? What scope of retailers should be included?

As the ESB notes on page 42 of the consultation paper:

A more detail design of the data and transfer mechanism and a cost-benefit analysis is required to assess the relative incremental costs.

In Alinta Energy's view, this should be a priority consideration as reforms in recent years have imposed certain costs on retailers and industry (ultimately borne by consumers), with uncertain, limited or no demonstrable benefits, or benefits that cannot be quantified, associated with a change. Nor are the ongoing costs and benefits of the overwhelming majority of regulatory interventions ever revisited to establish if they are still necessary or effective.

Minimising the cost of data collection should be central to the design of an approach, and only then if it is found the benefits outweigh the costs. As discussed earlier in this response, the proposed approach should only proceed if relevant bodies can commit to eliminating the numerous, duplicative and existing reporting obligations on retailers. A cost-benefit analysis should not exclude the myriad of existing reporting requirements, and the consequences to the cost of data provision if they remain, with the cumulative impact of a comprehensive new obligation.

Q9. Do you have views on the appropriate systems to collect data? Does this vary by which retailers are covered or which agency is collecting data?

The increasing level of maturity and sophistication of data collection approaches set out in figure 3 on page 44 of the consultation paper will result in higher levels of upfront costs and should be included in the cost-benefit analysis of shortlisted approaches. Excel format files are currently used to provide information to the ACCC and retailers have built procedures and processes to support this approach.

We believe any automated data collection systems will be costly to implement and will divert retailer resources, regardless of the size of the retailer.

Q10. Do you have views on the challenges in managing data quality and processes to achieve this efficiently?

We do not have any specific views on managing data quality. We note that each retailer covered by the CDR has its own system to support the required APIs and data requests as data holders to accredited data recipients.

Q11. Do you have views on the challenges managing regional coverage?

Different arrangements for Victoria are a significant risk to any model collecting billing data in the NEM. This issue should be considered in detail and resolved before any option is chosen or regulation made requiring retailers to create new systems for reporting obligations.

Q12. Do you have views on the coverage of billing data collection and preference for population or sample data?

The arguments for and against sample and population data are indicative of the uncertain uses and benefits resulting from any data collected. A sample approach would impose lower costs. The need for population data and the additional level of automation (through new systems), data cleansing and storing need to be measured against the benefits of its collection. To date, it would seem this has been considered only on a qualitative and high-level basis.

Q13. Do you have views on the frequency of data collection and the relative cost and timeliness of data collection?

Alinta Energy agrees that automated and more frequent collection of data may impose significant up-front costs and again, the associated benefits to policy makers and other data users is uncertain and loosely defined at best. The benefits of a more frequent cycle of data collection need to be considered as part of a cost-benefit analysis to assess options.

Q14. Do you have views on how to best facilitate sharing to ensure consumer benefits? What considerations are required around linking while also ensuring privacy? Is there a preferred body to facilitate?

We do not have specific views on the best approach to facilitate data sharing, though note that issues relating to privacy are topical and should be considered carefully when developing approaches for secure sharing of information.

As the ESB notes on page 49 of the consultation paper, current limitations on data sharing (for example, data collected by the ACCC) contribute to duplication in data collection from jurisdictions exercising their powers to collect data separately. As we have discussed above, a key concern with the proposed approach is that there is no guarantee that these existing powers will not remain if a more wholistic solution is adopted. The significant costs facing retailers will simply increase and add ultimately to energy costs for consumers.

Q15. Are there other options that we should consider for collection, sharing and analysis and reporting of billing data?

The options presented in the consultation paper seem to capture the potential approaches for the objective of collecting, sharing, analysing and reporting billing data. Options 3 and 4 involve significant costs and complexity and each option requires a thorough cost-benefit analysis.

Q16. Are there any other assessment criteria or relevant considerations which we should include to determine the preferred option?

The consultation paper sets out the relevant criteria and considerations at a qualitative level to assess the preferred option. However, some of these are assumptions, for example, under cost effectiveness for retailers:

Savings from the option arising from leveraging existing arrangements (such as CDR or existing ACCC reporting processes), replacing existing costs and process or avoided costs. *This includes reduced reporting to jurisdictional bodies for retailers.*²

The highlighted words in italics are not cost reductions (benefits) that could be considered concrete.

Q17. Do you agree with our preliminary assessment of each option?

While we understand the assessment criteria applied by the ESB would lead to a favourable assessment of options 3 and 4, the benefits of collecting and sharing comprehensive additional bill information are not well defined; there are no guarantees that better policy outcomes will result from access or analysis of this data or if it is used or needed.

² ESB (2023), op. cit., page 59.

Cost savings from multiple existing reporting processes are only an assumption. Without any commitment to reduce the reporting obligation on retailers, the options simply expand the costs already faced by retailers.

Q18. Do you agree with the ESB's recommendations?

Our comments on the ESB's recommendations are qualified by the need for the net benefits of any of the options to be demonstrated (including a thorough analysis of any identified benefits).

Alinta Energy strongly supports recommendations three and five; with respect to recommendation three in relation to customer privacy, and recommendation five which suggests a detailed design and assessment process to select the preferred model be undertaken.

In relation to recommendation four, the value of sampling, rather than the collection of all (a population) billing data, should be part of the detailed design and assessment phase.