

30 August 2023

Australian Energy Market Commission
Level 15, 60 Castlereagh St
Sydney NSW 2000

Submitted online via: www.aemc.gov.au/contact-us/lodge-submission

Reference EMO0047

Dear Sir/Madam

Response to Bill Transparency Consultation Paper

Thank-you for the opportunity to provide a submission in response to the Energy Security Board's (ESB's) Bill Transparency Consultation Paper (the **Paper**) which is now being consulted on by the Australian Energy Market Commission (**AEMC**).

Momentum Energy Pty Ltd (**Momentum or we**) is an Australian operated energy retailer, owned by Hydro Tasmania, Australia's largest generator of renewable energy. We pride ourselves on providing competitive pricing, innovation and outstanding customer service to electricity consumers in Victoria, New South Wales, South Australia, Queensland, the ACT and on the Bass Strait Islands. We also retail natural gas to Victorian customers.

1. Overview

In 2017 the Council of Australian Governments' ministers agreed to an independent review of the national electricity market (**NEM**). This independent expert panel chaired by Dr Alan Finkel released "The Final Report, Independent Review into the Future Security of the National Electricity Market: Blueprint for the Future" on 9 June 2017.¹ This report recommended the ESB to develop a data strategy for the NEM and to this end, in 2021, the ESB identified the need for more transparency of consumer data covering electricity prices and consumptions. It was suggested that this data was required to assist consumers, service providers, system operators and policy makers with their future energy needs and policies.

Since 2018 the Australian Competition and Consumer Commission (**ACCC**) has been tasked, under legislative controls, with monitoring and reporting annually, on retail and wholesale

¹*Independent Review into the Future Security of the National Electricity Market: Blueprint for the Future at <https://www.energy.gov.au/government-priorities/energy-markets/independent-review-future-security-national-electricity-market>*

prices in the NEM via the Retail Electricity Pricing Inquiry (**REPI**). The REPI ends in 2025 and the Paper proposes options for alternative arrangements for:

- an automated collection of all customer billing data; and
- an authorisation process by other parties to access the data.

It is proposed that various parties such as federal and state governments, government departments, universities, and individual researchers will be able to seek authorisation to access this data. We provide further comment on these options below.

2. Options for data collection, management and sharing.

The table below outlines Momentum's understanding of the various changes required and impacts of the four options proposed in the Paper, for the replacement of the REPI which expires in 2025.

	Description	Change required to implement outcome	Cost/Customer impact
Option 1	ACCC Inquiry is extended.	Treasurer makes ministerial direction to continue REPI until 2035. Data sharing restricted with policy decisions based on present approach.	No additional cost to retailers and consumer data privacy and integrity maintained.
Option 2	Australian Energy Regulator (AER) is empowered to collect and share data, building on their existing retail reporting and the ACCC's current approach.	Requires legislation/regulation changes for AER to collect and share data. AER increases existing data collection and builds IT system and publishes report similar to the REPI. AER shares billing data with others.	Increased costs for AER to manage and build IT system. Additional costs to consumers as AER costs are funded by retail licence fees. Presents additional risks for data integrity and privacy.
Option 3	AER undertakes a new automated system of data collection and sharing.	Requires legislation/regulation changes for AER to collect and share data. AER collects Consumer Data Right (CDR) data from retailers and shares data with other parties. AER builds new data sharing platform.	Significant cost increase to build AER platform and costs to retailers. Presents increased data sharing risk compared to options 1 and 2. Presents major risks for data integrity and privacy.
Option 4	AEMO undertakes a new automated system of data collection and sharing.	Requires changes to legislation/regulation for AEMO to collect and share data. Uses CDR data and collects billing data from retailers. AEMO builds data sharing platform and manages authorisation of other data users.	Significant cost increase to build IT platform and costs for retailers. Extends AEMO's activities and expertise away from core function of electricity and gas market operator. Presents major risks for data integrity and privacy.

Momentum believes that Option 1 (extending the existing ACCC REPI) presents the least implementation and operational cost option. Options 2, 3 and 4 present data integrity risks, privacy risks, significant additional system costs and are not supported by robust cost benefit analysis.

3. Cost benefit analysis

The Paper purports that change to the data collection process will benefit retailers as they will no longer be required to respond to the ACCC REPI and they will no longer receive ad hoc data requests from government departments and agencies. Momentum has existing system functionality to respond to the ACCC REPI and we do not believe that governments and their agencies will cease making special data requests in the future, regardless of what data is generally available via the billing transparency project. Instead, based on options 2, 3 and 4 in the table above, we would be required to support alternative collection activities at significant additional expense.

Furthermore, there appears to be an ongoing demand for additional data in the NEM on the perceived understanding that it will, or may, deliver benefits to consumers. Recent examples of this include the implementation of the CDR for the energy sector. Large retailers have implemented this significant system change in 2022 with the remaining retailers scheduled to comply in November 2023, at a huge cost, with minimal benefits identified. However, recently we note that the Federal Assistant Treasurer and Minister for Financial Services Stephen Jones announced a pause on extending the CDR to the telecommunications industry, as the use cases in banking (established in July 2020) have also been minimal and well below expected cases.

In October 2021 the NEM rules were changed in the wholesale electricity market to implement a five-minute settlement regime based on a blurred understanding of costs and benefits to participants. This change vastly underestimated the implementation costs to retailers with marginal offsetting benefits. Another example of overestimated data benefits was the mandated roll out of smart meters in Victoria which commenced in 2007 and was partly justified on the additional data available to the market. In 2015 the Victorian Auditor-General's Office reported that there was a risk that the net cost of \$319 million to consumers would increase and that the full benefits of the smart meter rollout would not be achieved.²

Momentum does not believe that the options and recommendations described in the Paper will deliver the implied benefits from the additional data sets achieved. The Finkel Review requested that information regarding the costs be collated, to underpin the data strategy and this does not appear to have been undertaken, at this stage. As the energy market has

² Victorian Auditor-General Report - Realising the Benefits of Smart Meters (slide 14)
<https://www.audit.vic.gov.au/sites/default/files/20150916-Smart-Meters-presentation.pdf>



progressed significantly, since the Finkel Review, in 2016, we contend that improved data sets are already available in the market.

4. Summary

During these times of rising energy costs, while the energy market transitions to renewable electricity generation, the AEMC needs to be particularly prudent in the assessment of new initiatives that will further increase participant costs with imprecise benefits. Momentum has strong reservations about the suggested benefits of options 2, 3 and 4 outlined in the Paper. Electricity consumers are particularly concerned about the affordability of electricity and every effort should be taken to minimise additional market changes that do not have tangible benefits.

Should you require any further information regarding this submission, please don't hesitate to contact me on 0478 401 097 or email randall.brown@momentum.com.au

Yours sincerely

[Signed]

Randall Brown
Head of Regulatory Affairs
Momentum Energy