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Response to the Data Services Delivery Model Consultation Paper

AGL Energy (**AGL**) welcomes the opportunity to respond to the Energy Security Board's (**ESB**) Consultation Paper on Data Services Delivery Models.

AGL is one of Australia's leading integrated energy companies and one of the largest ASX listed owner, operator, and developer of renewable generation. AGL is also a significant retailer of energy and telecommunications with 4.3 million customer accounts across Australia. AGL supports an energy market system that empowers consumers to take control of their energy consumption and costs.

In principle, we support the intention of this consultation paper. In our previous submission to the ESB¹ we supported the reforms to make it easier for the Australian Energy Market Operator (**AEMO**) to share data securely and confidently with trusted bodies to provide benefits for consumers in supporting planning and policy development.

We note, the ESB's intention to ensure that the Initial Reforms are underpinned by a framework to overcome the practical constraints on data sharing. While the proposals outlined in the paper attempt to develop clearly defined data services to give effect to improved data access, it has not satisfactorily provided evidence of any detailed analysis of their costs and benefits. Without further details on the costs of establishing each model and evidence for the benefits the recipients of such services would receive, it is challenging to provide meaningful feedback in this submission.

In our preliminary review, in the absence of quantitative evidence of the costs and benefits of each data service delivery model, we recommend that the 'Dedicated unit with AEMO' model could be pursued with some amendments. This model should not be funded by market participant fees, but rather, it should be established as a beneficiary pays model. This could include subscription funding or direct contributions from major data users (such as governments) and fee-for-service funding for specific work. This reduces the risk of cost leakage to consumers for overrun timeframes in developing systems and also ensures that services can be scaled up to meet demand.

Importantly, AGL believes a robust cost benefit analysis must be undertaken to ensure energy consumers are the ultimate net beneficiaries. In an energy cost constrained environment that has and will have impact on broader cost of living implications, we need to ensure reforms are well targeted and do not unnecessarily add costs to end users without any commensurate or positive benefits. The Consultation paper notes that the costs and financing of the preferred model is low. However, we believe that the costs to build capabilities for these services have the potential to be graded at the 'Mid' to 'High' ratings. The absence of any detail on how a dedicated unit would be established, other than building on existing resources, does not sufficiently lead to the conclusion that costs would be low.

Additionally, the lack of detail on the governance arrangements and oversight that the steering group would have does not sufficiently invoke confidence in the preferred delivery model. The paper notes that "the steering group would provide more rigour and clarity over how funding is sourced and allocated." The

¹ <https://www.agl.com.au/content/dam/agl-thehub/220825-esb-data-strategy.pdf>



proposal of establishing a steering group raises more questions than the analysis answers. A few preliminary questions include:

- What function would the steering group provide?
- How much ability would the group have to shape the direction and utilisation of resources for public good research?
- Would the inclusion of government officials on the steering group cause conflicts of interest if proposals by their government agencies were seeking approval?

A key function under the Initial Reforms that AGL advocated for, is a public register/data log of requests and decisions which AEMO would maintain. Nevertheless, this consultation paper on the delivery of data services does not mention how this feature would be delivered. We believe a public register is an essential component of the establishment of any data delivery model to support consumers confidence and transparency in how their data is being shared by AEMO and used by public officials and research institutions.

Additionally, the paper notes that “stringent privacy and confidentiality rules, as well as broader organisational concerns relating to risks associated with data protection, often complicate access to raw data and data contracting.” While we understand that data sharing processes may be slower and more cumbersome than preferred by some stakeholders, the sharing of consumers data should always be conducted with cyber security risks front of mind. The ESB fail to provide any evidence of how each model would establish appropriate cyber security measures to ensure the safety of consumer data in any of the data services they have proposed to establish.

Finally, the ESB should revisit in its further analysis that we are recommending they undertake is that they analyse their proposals utilising the Data Strategy’s 5 energy data principles:

1. Drive outcomes consistent with the energy market objectives and the long-term interest of consumers
2. Ensure appropriate privacy and security safeguards are maintained
3. Capture benefits of a transparent, innovative, and informed digitalised energy market
4. Be fit-for-purpose, flexible and cost-effective for a digitalised market
5. Be coherent with wider national reforms on data

While the assessment criteria section of the paper noted that the 5 principles were included in the analysis of how each model would be compatible with broader policies and ability to be ‘future proof’, there was not a clear link to how each model addressed and satisfied each of the 5 principles.

If you have any queries about this submission please contact Emily Gadaleta, Regulatory Strategy Manager at egadaleta@agl.com.au.

Yours sincerely,

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