

5 June 2014



**Vector Limited**

101 Carlton Gore Road  
PO Box 99882, Newmarket  
Auckland 1149, New Zealand  
[www.vector.co.nz](http://www.vector.co.nz)

Corporate Telephone  
+64-9-978 7788

Corporate Facsimile  
+64-9-978 7799

Australian Energy Market Commission  
PO Box A2449  
Sydney South NSW 1235  
Australia

Project Reference Code: ERC0171

## **Submission on Consumer Access to Electricity Consumption Information**

### **Introduction**

1. Vector Limited ("Vector") welcomes the opportunity to make this submission on the Australian Energy Market Commission's ("AEMC") consultation paper, dated 8 May 2014, on the proposed:
  - National Electricity Amendment (Customer access to information about their energy consumption) Rule 2014; and
  - National Energy Retail Amendment (Customer access to information about their energy consumption) Rule 2014.
2. The proposed rule changes would enable consumers to access information on their electricity consumption from their Distribution Network Service Provider ("DNSP") or retailer.
3. No part of this submission is confidential and Vector is happy for it to be made publicly available.
4. For convenience, this submission uses the term "consumers" to similarly refer to "customers" or "end users".
5. We would be happy to discuss with AEMC officials and staff any aspect of this submission. Vector's contact person for this submission is:

Luz Rose  
Senior Regulatory Analyst  
+644 803 9051  
[Luz.Rose@vector.co.nz](mailto:Luz.Rose@vector.co.nz)

## **Provision of electricity consumption information to consumers**

6. We agree, in principle, that consumers should be able to access information on their electricity consumption from their DNSP or retailer. This is particularly the case where the information would encourage demand side participation (“DSP”) and incentivise consumers to behave in their long-term interest, for example, by switching to another retailer that provides more competitive or better quality services.
7. This would also promote a more dynamic and efficient electricity market, where service providers are constantly striving to win (or win back) the favour of consumers by continuously providing new and innovative services and improving the efficiency of their operations.
8. There should, however, be limits to the amount of consumption information that consumers can obtain for free. Service providers should be allowed to recover the costs of providing information where these are high. This would minimise inefficiency in the form of other consumers ‘subsidising’ those who obtain information at no cost to themselves.

## **Data provision guidelines**

9. We note that technology already exists that would enable consumers to have ready access to information on their electricity consumption from their smart meter. This information can be provided, for example, through an in-home display device, web portal or smartphone app.
10. The transition to smart metering would make any requirements on DNSPs or retailers to provide consumption information to consumers less relevant over time. Any proposed data provision guidelines should therefore not be too prescriptive so as not to impose unnecessary costs on the relevant market participants and consumers, or pre-empt the mass market transition to smart meters.

## **Responses to specific questions in the consultation paper**

11. We set out our responses to the specific questions in the consultation paper in the **APPENDIX**. These responses support the overall view we express above.

Yours sincerely



Ian Ferguson  
**Regulatory Policy Manager**

## **APPENDIX: Vector's responses to specific questions in the consultation paper**

### Question 1: Proposed assessment framework under the NEL

a) Do you consider that the proposed issues to consider are appropriate for this rule change request? Are there any other issues that we should consider?

1. Vector supports, in principle, the proposed assessment framework under the National Electricity Law ("NEL"), which considers: 1) consumer participation and decision making, 2) competition, 3) transparency of regulatory frameworks, and 4) regulatory and administrative burden.
2. We support the provision of more information to consumers where it is likely to promote DSP and drive behaviours that are in consumers' long-term interest. For example, providing more information regarding price differentials between retailers could provide sufficient motivation for consumers to switch. If the price differential is sufficiently large, this will certainly be true.
3. The provision of information to consumers could also reflect market realities and create opportunities for niche offerings by the DNSP, retailer or other service providers through product differentiation.
4. To minimise regulatory and administrative burden, and therefore encourage greater consumer participation and decision making, any proposed data provision guidelines should focus on making access to information low-cost and convenient for both DNSPs/retailers and consumers. This would require simple and low-cost processes that would make it easy for consumers to request information and receive it in a timely manner.
5. The AEMC should also consider the implications of providing more consumer information on existing contractual agreements between the DNSP/retailer with other relevant market participants (whether voluntarily or through the NEL) and how any issues can be addressed.

### Question 2: Proposed assessment framework under the NERL

a) Do you consider that it is appropriate that the proposed issues to consider, which we will use as a basis to assess whether the proposed rule meets the NERO, should be the same as those used for assessment against the NEO?

b) Are consumer protections that relate to the provision of information to customers the relevant class of consumer protections for consideration in this rule change request? Are there any other relevant classes of consumer protections that we should consider?

6. Yes. Having consistent assessment frameworks across various legislation, rules and regulations regarding similar issues would reduce, if not avoid, gaps and overlaps, and unnecessary compliance costs that are likely to be borne by consumers.
7. The AEMC could further promote consumers' interests by ensuring information made available to consumers would enable them to benchmark their current energy costs against those of other service providers. The information could provide an authoritative picture of either the rates of change of average consumer electricity prices or the drivers of those changes.

Question 3: Obtaining access to electricity consumption data

- a) Do you think it is appropriate that the NER be amended to allow a customer to access its consumption data by requesting that data from its DNSP?
- b) Should MDPs be able to provide electricity consumption data directly to customers or their agents?

8. We agree that it is appropriate and helpful for consumers to have access to their consumption information from their DNSP, provided the information is likely to drive DSP or changes in their behaviour. The complexity of information on retail tariffs could impose costs on consumers seeking to switch. It is therefore important that the information provided is easy-to-understand and meaningful, to enable them to make informed and efficient decisions, for example, about their choice of retailer.
9. Access to consumption information for free, however, should be subject to limits so it would not impose unreasonable costs on the DNSP and other consumers. Where the costs of delivering the requested information are high, other consumers would be subsidising the requesting consumer (who benefits from the information) to an inefficient extent.
10. Limiting the number of free requests for information through some threshold(s) would be sensible. For example, information could be provided free of charge for a single or a minimum number of billing periods; the DNSP/retailer could then charge the customer for any additional information.
11. Regarding Metering Data Providers ("MDPs") providing the requested information, we note that MDPs do not have relationships with consumers and are probably not well placed to respond directly to consumer requests. However, they may need to provide data to DNSPs and retailers in a format that can easily be sent to consumers.
12. If MDPs are required to provide information to consumers, those requirements should take into account any contractual requirements facing MDPs (i.e. if an MDP is required in its contract to keep consumer information confidential, then any legal requirement to disclose it should clearly override the contract).

Question 4: Minimum format requirements for electricity consumption data

- a) What is the nature and magnitude of costs on market participants of providing data in raw format and summary format to their customers?
- b) What information should be required in the summary data format?
- c) Should the NER stipulate a specific period of time in relation to which the electricity consumption data must cover? If so, what is the appropriate period of time?

13. We recognise that minimum format requirements could be a useful addition to current methods of data dissemination. Any proposal for such requirements, however, should be developed at a high level rather than being too prescriptive. The nature and costs of providing data in raw and summary formats would be driven by the requirements of each individual requester. For example, requests would vary in terms of the particular data required, coverage period, levels of aggregation required, etc. This cannot be fully anticipated in advance and would be unnecessary, if not costly, to pre-empt.
14. In the same manner, the delivery method should not be mandated as the requesting consumer's requirements are likely to drive how the data will be delivered. Some retailers may already have made some of the information accessible, for example, through their website or mobile apps. The retailer and the requesting consumer are best placed to determine the most efficient way of delivering the information.
15. More importantly, the metering market for residential and small business consumers is in a transition from a regulated to a competitive environment. Highly prescriptive requirements could delay or frustrate this transition.
16. It is our observation in the New Zealand market that some retailers seek to differentiate themselves by providing consumers with information about their usage in easy-to-grasp formats. Retailers therefore have strong incentives to provide useful information. A prescriptive approach to the formatting of consumption information may hamper such innovation.

Question 5: Time frame to respond to a request for electricity consumption data

- a) Is 10 business days an appropriate time frame for market participants to respond to a request from their customers for their electricity consumption data?

17. Yes. The DNSP or retailer, however, should be able to seek an extension if the request is onerous, or would take longer than 10 business days to process, or for any other constraints within reason.
18. In addition, the suggestion that consumers could request information from either the DNSP or retailer should be amended to clarify that either party could refuse to provide information that is not in their possession.

Question 6: Fees payable by a customer

- a) How often should customers be able to request their energy consumption information free of charge in the NERR?
- b) Are there any other consumer protections we should take into account when assessing this aspect of the rule change request?

- 19. We agree that consumers should be able to request energy consumption information free of charge “unless the information is requested more than once in a ‘billing period’ or beyond the minimum format set out in the metering rules”. Beyond that, the requesting consumer should be subject to a reasonable charge.
- 20. The ‘raw data’ of consumption history could be a very large file, e.g. half-hourly readings for two years. The practicality and cost of providing a huge amount of information to a consumer should be considered and made available at a reasonable cost. Otherwise, other consumers would end up subsidising those who request voluminous consumption data.

Question 7: Time frame for making and revising the data provision guidelines

- a) When should the first data provision guidelines be published?
- b) Should there be an obligation review [of] these guidelines? If so, how often should such reviews take place?

- 21. The AEMC should first focus on developing the proposed data provision guidelines, including proposals for a transition period (which would depend on the specific guidelines). The timing of their publication for stakeholder consultation can then be determined at a later date.
- 22. We suggest that a review of the guidelines should be undertaken on an ‘as needs to’ basis or when there are compelling reasons to do so, such as the emergence of systemic problems. A regular review ‘for review’s sake’ would only impose unnecessary costs on market participants which would have a negative cost impact on consumers.

Question 8: Request from large customers to provide electricity consumption data

- a) Should proposed rule 56A of the NERR only apply to small customers or should it apply to all customers, which would include large customers?

- 23. The proposed rule should only apply to small consumers. Unlike small consumers, large consumers have the wherewithal to negotiate commercial arrangements for obtaining information on their energy consumption that would suit their unique requirements or those of their clients. For some large consumers, arrangements may

already be in place for the provision of this information by their DNSP or retailer, for example, through customised B2B systems.

Question 9: Access by authorised agents or service providers to their customers' electricity consumption information

- a) What is the appropriate term to refer to these third parties (eg agents, authorised parties) in the NER?
- b) Beyond existing privacy laws, should the NER specify:
  - the nature of consent a customer must give to authorise a person to access its data; and
  - any additional privacy obligations on authorised parties, retailers or DNSPs in relation to the disclosure of electricity consumption data?

24. We consider either the term "agents" or "authorised parties" to be appropriate and meaningful in referring to third parties appointed by consumers in the NER.
25. The proposed data provision guidelines could include a standard process for a consumer to authorise its agent or a third party to request consumption information from that consumer's DNSP or retailer (for example, using a standard template developed by the AEMC). It is not uncommon in commercial transactions for a contracting party to engage a third party that can perform particular transactions more efficiently, allowing the former to avoid costs than is necessary. The authorisation process should be simple, standardised and not onerous on the information provider, consumer and the authorised agent.
26. In considering the likely impact of this proposal, the AEMC could assess whether many consumers are motivated to spend time investigating their electricity tariff options. We observe that consumers who are not motivated to do so may also not be motivated to contact or engage an authorised person to obtain information for them. While the consultation paper does not identify who the agents or authorised participants are likely to be, some of them may be entities who already have access to some consumption information and have expertise in interpreting it. This could be useful for consumers engaging their services.
27. Noting the Lockstep Report's recommendation that "privacy safeguards in relation to metering information were strong", we suggest that the AEMC refrain from imposing obligations and costs on market participants beyond general privacy law. The mass market transition to smart metering, which would provide consumers access to their consumption information at their fingertips, will diminish the need for consumers to request information on their energy consumption from their DNSP or retailer over time.

Question 10: Informing customers about the uses of their electricity consumption data

- a) Is there a significant risk or problem in the NEM that necessitates the publication of standard information on the websites of retailers and DNSPs about how electricity consumption data is used? What are the benefits associated with this proposal? Are there examples where a similar approach has been applied in other countries?
- b) Is it appropriate for energy-specific regulations to be used to extend privacy law by requiring information about how electricity consumption data is used to be published on the websites of retailers and DNSPs?
- c) Is there a significant risk or problem in the NEM that would require the creation of 'metering data common terminology guidelines'? What are the benefits associated with this proposal? Are there examples where a similar approach has been applied in other industries?
- d) Are there any other consumer protections we should also take into account?

- 28. We do not see the absolute necessity of developing 'metering data common terminology guidelines' at present. The expansion of competition in the metering market for residential and small business consumers is being considered by the AEMC and regulatory and transitional arrangements are yet to be fully developed. It would be prudent for the AEMC to coordinate any proposals with that work stream.
- 29. Introducing highly 'prescriptive' rules does not appear to be consistent with the AEMC's recent decision not to regulate access to metering functionality. It could stifle market participants' ability to be nimble in a rapidly evolving smart metering market. The ability of consumers to have near-real time access to their consumption information through smart meters makes mandatory requirements less relevant.
- 30. Should the AEMC pursue the development of terminology guidelines, we prefer those guidelines to be based on widely accepted industry terms, to ensure their immediate acceptability and avoid onerous transition costs for market participants and ultimately, consumers.