27 November 2020

Data Strategy Team
Energy Security Board

Electronic Lodgement to info@esb.org.au

To the ESB Data Strategy Team,

RE: ENA response to ESB Data Strategy Consultation Paper

Energy Networks Australia (ENA) are pleased to have the opportunity to make this submission in response to the Energy Security Board (ESB) Data Strategy Consultation paper ("the paper"). Data is a critical resource now and into the future that requires a coherent and well-structured implementation for the benefit of all stakeholders, especially consumers.

ENA is the peak industry body representing Australia's electricity transmission and distribution and gas distribution networks. Our members provide more than 16 million electricity and gas connections to almost every home and business across Australia.

We and our members are broadly supportive of efforts to improve data and visibility of Distributed Energy Resources (DER) in the National Electricity Market (NEM) and by extension the Wholesale Electricity Market (WEM). ENA and its members are keenly interested in the areas of data reform and capability uplift that is necessary to support the future needs of customers.

We look forward to a discussion of the practical implementation of these key issues with the ESB, customers and other industry stakeholders.

Key Messages

- The current scope of this strategy is extensive and it is hard to identify clear deliverables for networks to prioritise effort and resources.
- ENA supports the ESB's view that a minimum level of smart meter data be provided to networks.
- ENA welcomes bringing additional clarity to existing regulation for data sharing and achieving a consistent position accepted by all stakeholders including customers
- There are a number of recommendations with significant potential cost implications to customers and other stakeholders.
- The industry's capacity to invest in more large-scale data uplift is limited by numerous ongoing government (state & federal) and industry initiatives. Jurisdictional differences can also add a layer of complexity that must be managed

Energy Networks Australia www.energynetworks.com.au
Unit 5, Level 12, 385 Bourke Street Melbourne VIC 3000
P: +61 3 9103 0400 E: info@energynetworks.com.au
Energy Networks Association T/A Energy Networks Australia
ABN: 75 106 735 406

- While we support the intent of a Data Leadership and Coordination (DataLAC) advisory body we believe there is an opportunity for NSPs to help guide and leverage existing industry groups
- The strategy appears to emphasise that collecting gas data is essential to better understand the impact of the electrification of gas consumption. This intent will be misplaced if gas is also decarbonised at lower cost

Scope

A significant portion of the 32 recommendations from the paper have consequences of varying levels to networks, particularly distribution network service providers (DNSPs). It would be hugely beneficial to the discussion if the ESB were able to provide the industry a forward plan of recommendations for further consideration.

The paper is very high level and it is difficult for networks to provide practical feedback on implementation without further detail. ENA acknowledges the paper as a good first step, but clear identification of the tasks and milestones to deliver the ESB's Data Strategy is needed.

A clearly defined timeline of what needs to be delivered, by when and whom will help push the agenda forward and provide greater certainty to the industry.

Providing details of timeline, tasks and milestones will support stakeholder planning, particularly given the other initiatives related to data, visibility and cyber-security currently underway.

Minimum smart meter data to networks

It is commonly known that dynamic, high-quality visibility of the LV network has historically been poor, especially in NEM states outside of Victoria. Currently the minimum standard of data that is provided to networks is based on retail settlement requirements and does not meet the technical requirements to improve network operation that have been identified by the industry.

The paper states many issues such as duplication of infrastructure, inefficient data gathering and market power issues all contribute towards inefficiencies that are hampering innovation. ENA would also add that networks must manage the complexity of assessing the commercial offers where there is wide variance in the areas of data quality, frequency, cleansing, price, location etc.

The paper recommends that networks should have "minimum meter data access rights" where appropriate, such as neutral integrity detection. A similar conclusion was reached in the recent ENEA Consulting report Data Opportunities for Smarter Networks[1] where it recommended that a cost benefit analysis be undertaken to identify the value in minimum data sharing standards to networks.

An AEMC metering review is currently being planned and will begin in late 2020. While the final scope of this review is not yet known, we hope that it includes consideration of the findings identified by the ESB and ENA.

[1] https://www.energynetworks.com.au/resources/reports/2020-reports-and-publications/data-opportunities-for-smarter-networks/

ENA believes this is a positive step forward in enabling smarter networks at lower cost to customers and would be keen to engage further on this topic.

Clarity on data sharing regulations

The paper raises many issues around how data is/should be shared and notes that in many cases the frameworks effectively discourage data sharing when interpreting legal ambiguity in the existing regulatory frameworks.

We view this as a complex but important issue that has the potential to foster a greater level of innovation within industry and academia if resolved. Extensive engagement will be required to ensure that stakeholders, consumers in particular, are comfortable with any changes to the current legal framework that may result in further costs.

ENA supports the intent to clarify this current problem pending further consultation on how this might be achieved with the support of all stakeholders.

While the Consumer Data Right (CDR) and Cyber Security Strategy were covered in the paper, the obligations and legislation currently out for consultation as part of the Critical Infrastructure and Systems of National Significance were not. This legislation and the role of State Governments and jurisdictional regulators on data and cyber security[2] were also not included. These additional processes may also impact the ability of NSPs to share data.

Implementation costs

ENA would like clarity on the expected uplift that networks could/should/must provide as this will likely result in significant transformational programs for many networks, some of which do not have the capacity or the same identified need. We caution against broad mandates where uplift is not justified.

The industry is undergoing an extensive amount of change at present. In its most recent Annual Report the AEMC notes that this is the 3rd consecutive year where more than 30 rule changes have been initiated[3] with no sign of slowing down. Some these rule changes have required extensive resources from networks to manage their obligations e.g. DER Register, 5MS etc.

We would strongly recommend a thorough examination of the associated costs to identify, obtain, clean, maintain, store and communicate data to stakeholders for each of the recommendations. These costs are highly dependent on a forward plan mentioned earlier in this submission.

Additionally, any investment needed to deliver improved data outcomes will need to be approved by the AER through determinations. The AER has undertaken recent work[4] on ICT costs, but recognises that data assets are of a different nature and risk profile to typical network assets. It is clear that additional work needs to be done between networks and the AER on this issue.

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[2] https://www.nsw.gov.au/media-releases/new-cyber-task-force-to-drive-standards]
[3] https://www.aemc.gov.au/sites/default/files/2020-11/AEMC%202019-2020%20annual%20report.PDF
[4] https://www.aer.gov.au/networks-pipelines/guidelines-schemes-models-reviews/non-network-ict-capex-assessment-review

Recent determinations suggest that network visibility and cost related to data (acquisition directly or via third parties, management and mining) are still a complex issue for NSPs and the AER to navigate.

Avoid duplication of industry working groups

The paper currently suggests the formation of a Data Leadership and Coordination group (DataLAC) as an industry advisory body. ENA strongly supports the intent of this group but urges the ESB to recognise that there are already a number of groups in existence with overlapping objectives e.g. DEIP Standards, Data and Interoperability Working Group, API Working Group etc.

ENA believes this may be an optimal time for consolidation of some of these groups and there is an opportunity to leverage the much-anticipated Governance of distributed energy resources technical standards committee[5] in some way.

NSPs are a significant source and user of data, it makes sense that they should have significant involvement in the direction of data for the industry. Having network representation in this group will be critical to ensure objectives are clearly aligned with capability in practice.

It is far too early to comment whether one should be subordinate to the other, or if they are joint committees, but there is a clear opportunity to avoid duplication and ensure that engagement/representation is efficient, reducing the impact of multiple groups on the industry.

This consolidation may help strengthen the mandate of the Governing Committee and provide stronger certainty on the industry's direction of travel.

Gas

The paper does not provide a clear case for the need of data requirements. Not a lot of information is provided on the current data collected across the sector, how that is collected, by who and what it is used for. It is even less clear what the requirements of future data are. It would be beneficial to better articulate the current and future data requirements to determine the capability gap to be addressed by the Strategy.

Maintaining both gas and electricity networks, that both deliver decarbonised energy, provides more options for customers and improves energy reliability and security while also providing customers with choice.

Economic analysis completed as part of *Gas Vision 2050 – Delivering a Clean Energy Future*[6] showed that decarbonising gas can be done at half the cost compared to electrification of the gas load. Hence the focus of the data strategy to collect gas data to subsequently support the electrification of that gas is misplaced.

[5] https://www.aemc.gov.au/rule-changes/governance-distributed-energy-resources-technical-standards
[6] https://www.energynetworks.com.au/resources/reports/2020-reports-and-publications/the-benefits-of-gas-infrastructure-to-decarbonise-australia-frontier-economics/

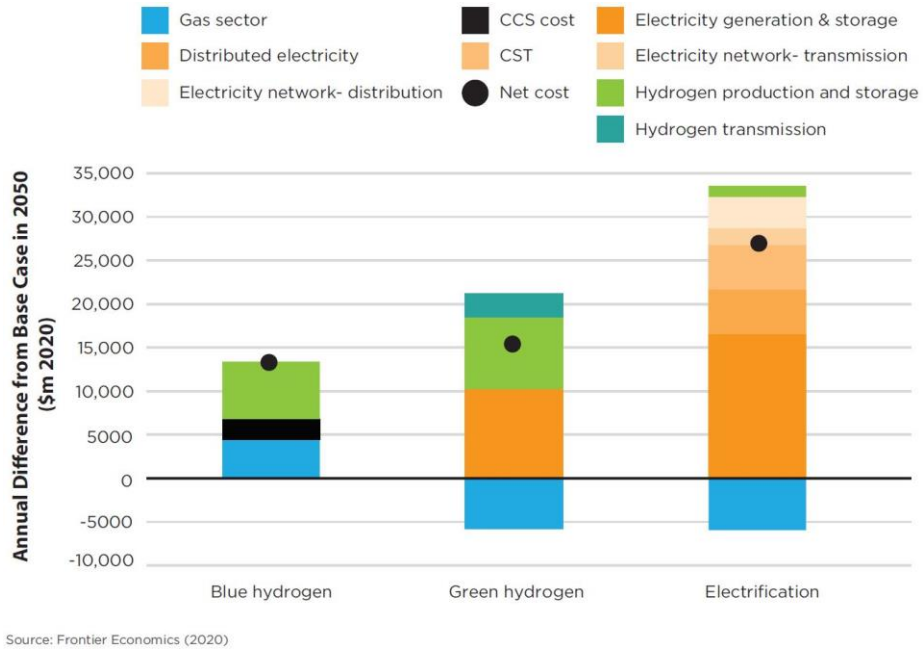

Figure 1 Decarbonising gas can be done at half the cost of electrification (Source: Gas Vision 2050)

Gas is a different energy source to electricity and the gas supply chain operates differently to the electricity supply chain. An important difference is that gas pipelines also inherently store energy, unlike electricity networks. This ability to store energy – known as linepack – ensures that the daily fluctuations in gas demand and gas production can easily be managed.

Given this ability, an equivalent of a "time of use" tariff does not apply to gas networks so it is unclear what value could be gained by collecting gas consumption data in real time. Increased data collection of gas consumption at individual homes may provide a better understanding how gas is consumed. However, it is unlikely the additional costs of sourcing that data can be justified.

The paper indicates that this additional data collection would be helpful to eventually electrify that gas demand. A roll out of smart gas meters simply to collect data to then abandon those gas meters and the network will result in a net cost increase for customers.

We thank the ESB for the opportunity to make a submission to this important work and look forward to working with them to ensure the energy future of Australia. Should you have any queries on this response please feel free to contact Dor Son Tan, Head of Distribution at dstan@energynetworks.com.au.

Yours sincerely,

Andrew Dillon

Chief Executive Officer