



29 May 2020

The Treasury
PARKES ACT 2600
Submitted by email: data@treasury.gov.au

Dear Sir/Madam

Submission: Consumer Data Right – Energy Sector Designation Instrument

CS Energy welcomes the opportunity to provide a submission to the consultation on the draft *Consumer Data Right (Energy Sector) Designation 2020 (Designation)*.

About CS Energy

CS Energy is a Queensland energy company that generates and sells electricity in the National Electricity Market (**NEM**). CS Energy owns and operates the Kogan Creek and Callide coal-fired power stations. CS Energy sells electricity into the NEM from these power stations, as well as electricity generated by other power stations that CS Energy holds the trading rights to.

CS Energy also operates a retail business, offering retail contracts to large commercial and industrial users in Queensland, and is part of the South-East Queensland retail market through our joint venture with Alinta Energy.

CS Energy is 100 percent owned by the Queensland government.

Comments

CS Energy's comments are limited to the definition of "customer" in the Designation.

"Customer" has been defined in the Designation to give it the broadest possible meaning. It will capture any person (natural or otherwise) that purchases electricity. The Designation has not maintained the existing distinction in the energy sector between "small customers" and "large customers" (as those terms are defined under the National Electricity Retail Law).

CS Energy supports the extension of the consumer data right (**CDR**) to the energy sector where it will enhance competition for consumers. However, it is not clear how a blanket extension of the CDR to capture all "large customers" (ie commercial and industrial businesses whose energy consumption exceeds the upper consumption threshold), or all retailers, will enhance competition or provide any benefit for certain customers. For some customer cohorts, CS Energy believes the extension of the CDR will simply give rise to additional costs for the retailer with no additional benefits for this cohort.

Brisbane Office
PO Box 2227
Fortitude Valley BC Qld 4006
Phone 07 3854 7777
Fax 07 3854 7300

Callide Power Station
PO Box 392
Biloela Qld 4715
Phone 07 4992 9329
Fax 07 4992 9328

Kogan Creek Power Station
PO Box 41
Brigalow Qld 4412
Phone 07 4665 2500
Fax 07 4665 2599

Under CS Energy’s retail strategy, CS Energy retails only to commercial and industrial users who are “large customers” with consumption significantly in excess of the 100 MWh “large customer” consumption threshold (**Significantly Large C&I Users**).¹ CS Energy’s customers already have access to significant amounts of data (including real time data) and detailed reporting; CS Energy’s customer’s also engage brokers to manage their procurement process and usually their account for the term of their retail arrangements.

If the CDR is extended to all customers, CS Energy is likely to incur significant compliance costs (initial and ongoing). There are also likely to be significant IT costs incurred to implement the IT system changes required to facilitate data transfers through the gateway to be operated by AEMO. Extending the CDR to this customer cohort will however provide no additional benefits to this cohort, or see any improvement to the energy data and reporting this cohort already obtains.

CS Energy is not alone in this retail space. CS Energy is aware that there are several retailers who also retail only to Significantly Large C&I Users. Given that the data and reporting requirements are stipulated by the Significantly Large C&I User as a requirement under the competitive tender process for its energy procurement, we expect that any retailer who retails to a Significantly Large User is providing data and reporting similar to that which CS Energy provides to its customers.

By defining “customer” as proposed, the application of the CDR to the energy sector will capture bespoke retailers such as CS Energy who retail only to Significantly Large C&I Users. As stated above, such a broad-brush approach delivers zero benefit to these customers but results in additional costs for these bespoke retailers.

CS Energy encourages Treasury to reconsider the definition of “customer” to limit it to customers below a specified consumption threshold. For consistency with the existing distinction in the energy sector, this threshold could be specified as the “large customer” threshold under the National Energy Retail Law. Alternatively, a higher consumption level may be specified, such as 5 GWh per annum, so that mass market C&I “large customers” have the opportunity to be afforded the benefit of the CDR if considered appropriate following the ACCC’s consultation on the Rules framework.

Please contact us if you would like to discuss this submission further.

Yours sincerely



Teresa Scott
Market Policy Manager

Enquiries: Teresa Scott
Market Policy Manager
Telephone 07 3854 7447

¹ Examples of the type of customer with the load size that CS Energy retails to include mines, ports, coal terminals, hospitals, mineral processing plants.