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13 September 2021

Kate O'Rourke
First Assistant Secretary
Consumer Data Right Division, Markets Group
Australian Government Treasury

By email: Kate.ORourke@treasury.gov.au

Dear Ms O'Rourke

Re: CONSULTATION ON RULES TO IMPLEMENT CDR IN THE ENERGY SECTOR

Thank you for the invitation to provide feedback on the exposure draft of the amendments to expand the CDR to the energy sector, along with the related proposals.

The AER is broadly supportive of the proposed amendments, and we have elected to provide feedback only on those aspects of the consultation that relate directly to our role under the CDR, and that have the potential to impact small energy consumer (households and small businesses) participation in the CDR.

AER role and timeline

We are well progressed with the development of our new technology solution that will facilitate sharing of retail product data under the CDR. We continue to work closely with our colleagues at the Victorian Department of Environment, Land, Water and Planning (DELWP), and with the Data Standards Body (DSB), to progress standards development and to ensure we deliver the most efficient, fit-for-purpose solution to share both data from our Energy Made Easy platform and that held by Victorian Energy Compare.

We do not foresee any impediments to enabling the sharing of product data by the Tranche 1 commencement date of 1 October 2022. However, we will endeavour to deliver our technology solution in advance of this date by utilising any available opportunities to expedite the project.

Staged implementation of CDR obligations

Tranche 1 retailers

We note the proposal to include only Origin Energy, AGL Energy and EnergyAustralia as the initial retailer participants on commencement of tranche 1. While these retailers service the greatest proportion of small customers across the National Electricity Market (NEM) as a whole, we observe that there are other retailers that have a significantly greater share of customers in certain jurisdictions (for example, the ACT, Tasmania and Queensland), according to recent analysis published in our *2021 State of the energy market* report¹.

In total, there are 9 retailers that collectively service over 90% of small customers in the NEM and they are:

- Origin Energy
- AGL
- EnergyAustralia
- Snowy Hydro
- Ergon Energy
- Alinta Energy
- Simply Energy
- Aurora Energy (98% of all small customers in Tasmania)
- ActewAGL (close to 80% of all small customers in ACT)

Retail competition exists in those markets where retailers outside of the 'big 3' have a greater share of small consumers, yet many consumers remain with the incumbent retailers, and many may not yet have taken advantage of switching to cheaper market offers from standing offers.

These consumers stand to benefit most from the comparator and switching services that are envisaged to be enabled by the CDR. To exclude them at the outset may hamper efforts to encourage consumers to participate in the CDR, and limit the benefits it can offer.

Given the objectives of the CDR to improve consumers' ability to compare and switch between products and services and encourage competition between service providers, we consider that additional retailers could be considered for inclusion on commencement. However, we appreciate that there may be practical limitations to including additional retailers at this point in time, particularly from a technology capability perspective. We consider that any decision to include additional retailers must weigh the benefits of greater consumer participation and uptake, against potential commencement delays due to retailer capability constraints.

Accreditation

We request that Treasury give appropriate consideration to accommodating accreditation for organisations like the AER. The AER, through our Energy Made Easy website, is a provider of energy product and price comparison services. As a service provider seeking to deliver a more efficient and personalised experience for consumers, using their energy data, we

¹ AER, *State of the energy market 2021*, p.248

consider there are significant benefits that would come from our participation as a data recipient under the CDR.

The AER has a legislative obligation to operate Energy Made Easy and government has invested in, and is committed to, its continuous improvement. As part of this ongoing program of work, the AER intends to offer consumers the ability to switch products and/or providers via Energy Made Easy and we have embarked on a major project to explore and evaluate options for doing so within the current energy legislative framework. As an accredited data recipient, Energy Made Easy would provide a more personalised comparator experience for consumers, and the AER would have greater confidence in determining eligible products and calculating potential savings they could achieve, by utilising their historical metering and billing data.

Energy Made Easy's value proposition for consumers is that it is both free and independent, backed by government and the only comparator offering a complete, unbiased view of all retail energy products available in the market to small energy consumers. If Energy Made Easy were not able to deliver a comparator and switching experience, at least comparable to that of a commercial service provider operating as an accredited data recipient, then consumers are likely to favour using commercial services that may not always act in their best interests.

If Energy Made Easy cannot keep pace with comparators operating under the CDR framework and loses relevance, then this creates a risk that it may no longer be viable for government to continue to fund its operation, which may impact the collection and sharing of Energy Made Easy product data under the CDR.

I would also like to thank you and your team for the collaborative engagement with us to date, and we look forward to continuing to work closely with Treasury to implement this important competition and consumer reform.

If your team has any questions in relation to this submission, or would like to discuss any aspect further, please contact Jon Milne, Director, Energy Made Easy and Consumer Data Right at jonathon.milne@aer.gov.au or (03) 9290 1463.

Yours sincerely



Liz Develin
Chief Executive Officer
AER

Sent by email on: 13.09.2021