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2 September 2021

### **Consumer Data Right Strategic Assessment Consultation Paper**

The Australian Energy Council ('AEC') welcomes the opportunity to make a submission to Treasury's *Consumer Data Right Strategic Assessment Consultation Paper*.

The Energy Council is the industry body representing 20 electricity and downstream natural gas businesses operating in the competitive wholesale and retail energy markets. These businesses collectively generate the overwhelming majority of electricity in Australia, sell gas and electricity to over ten million homes and businesses, and are major investors in renewable energy generation.

This Strategic Assessment forms part of the Federal Government's Digital Economy Strategy. While its intent is admirable, the value of performing a strategic assessment at this point of the CDR's development seems limited. The CDR has only recently commenced operation in the banking sector, while the rules for the next designated sector, energy, are still being developed. In other words, it is unclear what the Strategic Assessment can assess.

The Consultation Paper appears to be aware of this, as it instead focusses on the future sequencing and designation of sectors or datasets under the CDR. From the AEC's viewpoint, it would have been more valuable for this prioritisation process to occur at the outset (i.e. before any sector was designated). In any event, performing a future assessment now seems to duplicate the work Treasury has already undertaken through its Future Directions Inquiry. We therefore hold some concern that this Consultation Paper will invite contradictory or gratuitous speculation about future use cases before the recommendations of the Future Directions Inquiry have been duly considered.

Even though speculation on the CDR's future capabilities can be exciting, it must be tempered by an appreciation of the likely consumer uptake and a commitment to upholding strong customer protections. Treasury should bear in mind that data recipients are businesses too and their views on what is best for the customer tend to align with what is best for their business. To characterise data as an 'inaccessible resource used by businesses for profit' and that the CDR is here so data holders are 'forced' to share their data, is unhelpful and unfairly sidelines the legitimate customer privacy and protection concerns that data holders, along with other stakeholders, raise.

To use the energy sector as an example, the likely CDR use cases centre around customer switching. The Consultation Paper refers to such, noting that 'a representative South Australian residential electricity customer on the default market offer could be saving up to \$442 per year by switching to the cheapest market offer'. The inference here is that the CDR will lead to waves of customers switching and saving large sums of money.

What is not mentioned, however, is that electricity switching rates in Australia are already among the highest in the world.<sup>1</sup> Despite this, in the past few years, the energy sector has undergone its own regulatory reviews to consider how customer engagement and market competition can be improved. This resulted in the ACCC publishing its extensive *Retail Electricity Pricing Inquiry Final Report* in July 2018 while Victoria had its own [Independent Review](#) (otherwise known as the 'Thwaites Review').

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<sup>1</sup> For example, the AEMC's [2020 Retail Energy Competition Review](#) found overall switching rates to be 19 percent.

Many of the recommendations from these reports have since been implemented, and although it is still early, it is difficult to see a positive causal relation between the reforms and increased customer engagement.<sup>2</sup>

While the AEC is not advocating a do-nothing approach, strategic assessments like this need to be mindful of the impacts of further reforms, including sector-specific reforms, and perform a genuine assessment of their likely benefits. The AEC encourages Treasury to ensure the use cases presented are:

- a) Likely to benefit a reasonable portion of customers. Right now, customer awareness of the CDR is low.
- b) Proportionate to the costs. Developing more use cases does not lead to greater benefits if customer uptake is minimal. This is particularly important in scenarios where the use cases propose to amend already functioning processes within sectors.
- c) Respectful of customer protections. Lowering existing customer protections to enable use cases may not negatively impact every customer, but the number of negatively impacted customers will surely increase.

It should also be clarified to stakeholders what the outcomes or next steps are of this Strategic Assessment. The AEC has actively participated in CDR consultations to date and wishes to continue working with Treasury to ensure the CDR is rolled out and expanded in a safe and secure way.

Any questions about this submission should be addressed to Rhys Thomas, by email to [Rhys.Thomas@energycouncil.com.au](mailto:Rhys.Thomas@energycouncil.com.au) or by telephone on (03) 9205 3111.

Yours sincerely,



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<sup>2</sup> To use the same example as above, switching rates remain high, but have not become higher since the reforms.