Australian Energy Market Operator

By email to cerdataexchange@aemo.com.au

21 November 2024

Consultation Paper – CER Data Exchange Industry Co-Design

AGL Energy (**AGL**) welcomes the opportunity to provide responses to the questions posed by the Australian Energy Market Operator (**AEMO**) in response to the abovementioned Consultation Paper.

AGL is investing in flexibility and has been making strong progress against our grid-scale battery and distributed energy resources (DER) targets. As of FY24 AGL had 1.25 GW of decentralised assets under orchestration, with a FY27 target of 1.6 GW. Most of these assets are installed behind the connection point, and include residential batteries and solar, as well as flexible loads and backup generation systems at commercial and industrial customer sites. AGL is also a market leader in the development of innovative products that enable consumers to make informed choices on how and when to optimise their energy usage to better manage their energy costs.

AGL is broadly supportive of the concept of a CER Data Exchange (the data exchange) but cautions that many of the proposed use cases rely on future frameworks and reforms to be effective. In the face of uncertainty, there is a risk of building solutions that either encompass various future states (leading to unnecessary broadening of the project scope and costs) or which simply do not deliver on their intended benefits. To limit this risk, the initial focus should be on use cases that address gaps in the current regulatory framework.

We are mindful that AGL is uniquely placed to commit significant investments to support the delivery of our orchestration targets and to empower and educate consumers. Our experience developing effective technology solutions has shown that these often need to be tailored to meet specific needs – e.g., to integrate our virtual power plant (VPP) with different technology types or to adapt to the preferences of different consumer cohorts. AGL will continue to invest in these types of technology and is of the view that the data transfers and processes required to deliver these solutions are not suitable candidates for a data exchange.

However, AGL agrees that there are opportunities to improve information sharing across businesses when this information is complex to procure or subject to data sharing restrictions. AGL is broadly supportive of the core purpose of the data exchange – i.e., to enable industry to share CER related data in an efficient, secure and standardised manner. We are also broadly supportive of the consultation paper's primary use cases – particularly, the use case for 'Consistent CER standing data' – providing the use cases are complemented by reforms to ensure information quality and completeness and that certain data becomes available to retailers.

AGL does not support designing the data exchange for any of the strategic use cases identified in the consultation paper at this stage. The need for these uses cases is not fully justified and the challenges they are seeking to resolve are likely to be addressed outside of this process. AGL's view is also that the data exchange does not need to be built to meet all the priority use cases at once. AEMO could implement the 'Consistent CER Standing Data' use case first and seek to implement the network use cases after the necessary foundations (reforms, processes and technology) have been established.

Appendix A includes responses to select questions in the consultation paper. If you have any queries about this submission, please contact Andrea Espinosa on 0422 165 705 or aespinosa2@agl.com.au.

Yours sincerely,

Kyle Auret

Senior Manager Policy and Market Regulation

Appendix A – Response to consultation questions

Question	Response

Question 1: Priority Use Cases - Do the identified priority use cases effectively address immediate data-sharing needs, and are there any additional use cases you would recommend prioritising?	AGL agrees the priority use cases reflect those identified through industry engagement to date. We are broadly supportive of these use cases – particularly of establishing a common point for agencies to access and share verified CER asset data. However, without complementary initiatives and/or reforms these use cases cannot be effectively delivered. We have outlined our interpretation of the use cases and our views below.
	
	- *Sharing Network Limits*
	
	    o *AGL's Interpretation:* Distribution network service providers (DNSPs) would use the data exchange to share network limits dynamically with other organisations (including retailers). Other organisations would have access to this data if the CER affected by the network limit is owned or operated by a consumer in their portfolio. Access to this data would not be limited to consumers with assets under orchestration (e.g., a retailer with a rooftop solar customer not captured under a VPP would also be able to access this information).
	    o *AGL Position:* AGL is tentatively supportive of this use case. Retailers and other parties require visibility of network constraints affecting their customers as these can affect their ability to deliver market and network services via VPPs or to provide certain consumer products. As a minimum, customer agents should have information on the upper / lower limits applying to their customers (e.g., a customer is able to export a minimum of 2 kW and a maximum of 10 kW). However, many DNSPs are still developing the necessary technology and processes for this use case. Further work is required to standardise the way network limits are established and communicated. There are also no real levers to hold DNSPs accountable for their service agreements with customers (e.g., a minimum level of exports). This use case would also need to be complemented by obligations on DNSPs to use the data exchange – otherwise it would have very limited application.
	
	- *Supporting Local Network Services*
	
	    o *AGL's Interpretation:* DNSPs would use the data exchange to procure non-network solutions to manage network congestion and constraints. The data exchange would not be used for every stage of the procurement, but could help standardise steps such as registration, communicating a service request, and verification of service delivery.
	    o *AGL Position:* AGL is tentatively supportive of this use case. While we strongly support DNSP efforts to procure non-network services, we are unsure whether the data exchange offers any concrete benefits to lower procurement complexity and costs. Some DNSPs are already piloting / proposing initiatives to procure network services from third parties and there is a strong risk of duplicating efforts and of stranded assets. Furthermore, the are several barriers to third-party procurement that should be addressed for this case use to be successful. These include information asymmetry, inconsistent network tariff treatment, and DNSPs' bias towards building and owning network assets.

Question	Response
	- Consistent CER Standing Data

o AGL's Interpretation: Existing CER standing data (i.e., data in the DER Register) would be shared through the data exchange with other parties including retailers. The data exchange would be used to improve how this data is collected (e.g., moving away from manual CER asset registration) and to collect additional information such as firmware data or inverter settings. 'Data producers' would not be limited to DNSPs but could include retailers, aggregators, original equipment manufacturers (OEMs) and CER installers.

o AGL Position: AGL strongly supports incorporating existing DER Register information into the data exchange and sharing this information with other data users (including retailers). This information would enable retailers to offer tailored products to consumers, identify and service consumers with secondary settlement points, and manage their CER/DER portfolio when participating in 'dispatch mode' under the draft Integrating Price Responsive Resources Rule.

AGL tentatively supports other elements of the proposal. AGL supports the concept of standardising and exchanging CER standing data across multiple organisations (subject to the appropriate data privacy and access management framework) but the use case is trying to solve several problems at once. Many of these problems will not be solved by a data exchange alone. Complementary reform would be needed, including obligations on new data producers who are currently outside of the scope of the National Electricity Law (NEL) such as aggregators, OEMs and CER installers. AGL's view is that this use case should focus on transferring data from the DER Register into the data exchange in the first instance, providing data access to other parties, and improving data capture for devices already in scope.

We are also supportive of exploring the stakeholder led use cases proposed by the Clean Energy Council. We agree there is a need to ensure dynamic limits and the emergency backstop are implemented consistently across DNSPs. However, further work is needed to determine whether the benefits of these use cases would outweigh its cost and complexity.

Question	Response

Question 2: Strategic Use Cases - How do you view the long-term value of the strategic use cases and are there specific outcomes you would like these use cases to achieve in the future? Also do the strategic use cases sufficiently complement the priority use cases? Do you have any feedback on when these use cases should be implemented?	AGL's view is that the data exchange should be built to deliver the priority use cases to contain costs. The need for the strategic use cases has not been fully justified and some of these challenges might be solved through reforms in progress or through emerging industry solutions. We have outlined our understanding of the use cases and our views on these below.
	
	- *Grid Data Collaboration*
	   ○ *AGL's Interpretation:* DNSPs would use the data exchange to share grid operations and forecasting information with AEMO.
	   ○ *AGL's position:* AGL does not support this use case. AGL's view is that if the main user of this network information would be AEMO, then this data should not be procured through an industry or government funded technology project.
	- *Flexibility Services Requests*
	   ○ *AGL's Interpretation:* Retailers would notify aggregators / OEMs with CER in their customer base of a need for demand response services.
	   ○ *AGL's position:* AGL strongly opposes this use case. This use case is strongly related to a retailer's ability to verify the delivery of services from CER in their VPP portfolio. The costs of communicating a need for demand response services from a range of service providers who may not be able to meet the retailer's requirements would heavily outweigh the benefits of this use case. There are also industry solutions available that support this use case, and which do not need to be adopted consistently across retailers. Retailers may also develop in-house solutions to unlock demand response capabilities which do not rely on direct control of CER.
	- *Visibility of CER consumer choices* and *Streamlined CER Portfolio Data Access*
	   ○ *AGL's Interpretation:* Customer representatives including retailers and aggregators would record agreements with consumers (e.g., join a VPP / accept remote curtailment) in the data exchange.
	   ○ *AGL's position:* AGL does not support this use case. While we can identify potential uses, the complexity of collecting this information would outweigh its benefits. Improvements to existing systems could be used to track customer churn. At this stage, the risk of customers contracting with multiple service providers with direct control of the same asset is low (the exception are network limits, which are covered in the priority use cases).

Question 3: Additional Use Cases - Are there additional or alternative use cases that would enhance the CER Data Exchange's outcomes?	AGL hasn't identified additional / alternative use cases. AGL's view is that the scope of the data exchange should be specific to the priority use cases.
Question 4: Changes to Use Cases - Would you suggest any changes to the use cases presented? Please outline your reasoning.	Question 1 addresses AGL's views on complementary reforms / initiatives needed to support the priority use cases.

Question	Response
Question 5: Prioritisation - Do you agree with industry preference that the CER Data Exchange should be designed with narrow capability initially but have the flexibility to expand in the future?	AGL partially agrees. The data exchange should focus on priority use cases where the need has been validated through AEMO's consultation process. The data exchange should not be built in anticipation for future use cases as there is limited evidence of their benefits, they are subject to change, and ongoing reforms and industry-led initiatives are likely to solve these challenges.
Question 6: Capability - Do the proposed data sharing capability discussed above support both current and future CER data sharing use cases? Please nominate what essential data sharing capability would be required?	AGL is broadly supportive of the data sharing capabilities in the consultation paper. From AGL's perspective, the essential data capabilities are: - Information security - Format standardisation - Data governance - Access management - Batch processing - Platform interoperability (subject to following industry standard integration methods – similar to AEMO's approach in the Market Interface Technology Enhancements (MITE) work program – as opposed to building the data exchange to support every type of integration method available). We are unsure to which extent advanced data validation and custom data formats are essential. Real-time processing could result in substantially higher costs so this need should be evaluated in more detail. We also note the foundational work being done in the MITE work program can and should be leveraged for this project. For example, in addition to the capabilities listed in this section, MITE's Industry Data Exchange (IDX) foundation includes considerations for non-repudiation, versioning, unstructured data, near real time updates, message acknowledgements, etc.
Question 7: Additional Features - What additional features or capabilities could improve flexibility and scalability in the CER Data Exchange?	AGL hasn't identified additional features or capabilities for the data exchange.
Question 8: Ownership Preferences - Which ownership model do you believe is best suited for the CER Data Exchange: Industry-led consortium, AEMO-led, or a New Independent Government Agency? Do you have feedback on the models in addition to those summarised in this paper? Are there other ownership models not listed in this paper that you would like us to consider?	AGL's view is that an AEMO owned and operating model would the fastest and most cost-effective model. Alternatively, the data exchange could also be owned and operated by an AEMO affiliated entity (e.g., AEMO Services). If costs were to be recovered from market participants, it would be essential to: - Clearly define the scope of the data exchange - Conduct a robust cost-benefit analysis based on a detailed design before any investments are made - Ensure industry is meaningfully involved during its implementation - Ensure expansions to the data change are subject to consultation and a cost-benefit analysis.

Question	Response
Question 9: Oversight – prescription vs discretion - What level of oversight should apply to the CER Data Exchange? Should its operation be heavily prescribed, or should it be provided with operational discretion?	To be useful, the data exchanged needs to be prescribed sufficiently to be consistent across users and other registers. This would ensure data sets can be managed efficiently, quickly updated and are readily available to all users with the appropriate access. However, the way data is shared amongst users should not be heavily prescribed – i.e., it should be more open and allow for agile evolution.
Question 10: Oversight body - Who should be responsible for overseeing the CER Data Exchange's operation? Are there other models of oversight that you would like considered? How important is regulatory independence in overseeing the CER Data Exchange, and would a new dedicated oversight agency or body better support transparent, impartial governance?	AGL's preference is that existing regulators and market bodies are responsible for oversight of the exchange. This is consistent with AGL's position that AEMO (or an AEMO affiliated entity) would be best positioned to own and operate the data exchange. However, if the data exchange were to seek to capture information from parties that are not currently market participants (e.g., aggregators, OEMs and CER installers) then complementary reform outside of the scope of the NEL – or collaboration with other regulators – would be needed.
Question 11: Data Governance Preference - Which data governance model best aligns with industry's desire for trust, compliance, and flexibility?	AGL's view is that a hybrid data governance model would be suitable. AEMO as a system operator would make decisions related to data security and access, while an industry collaborative (similar to the B2B working group) would develop processes to uphold data quality.
Question 12: Adaptability - In your view, how should the data governance model support the integration of new use cases as CER technologies and industry demands evolve?	As noted earlier, AGL's view is that the data exchange should be built for defined use cases after these have been validated. The scope of the data exchange should not be extended without appropriate industry consultation.
Question 13: Stakeholder Engagement - How frequently and in what format should the data governance framework engage stakeholders on changes to standards, compliance requirements, or new use cases?	The frequency and format of stakeholder engagement will depend on the structure of the data exchange and the use cases developed. However, AGL's view is that the data exchange would likely require reasonably frequent stakeholder support and oversight.
Question 14: Data Quality - Whilst not included in the scope of the CER Data Exchange, do you have feedback or key considerations for ensuring data quality in a manner which compliments the Exchange?	Obligations for market participants (including DNSPs) would be required to ensure data is shared in a complete and accurate manner. If the data exchange would be used by parties not covered under the NEL, then the complexity of achieving this would be substantially higher.

Question	Response
Question 15: Alternative Preferences - Are there any data governance models not listed in this paper that you would like us to consider?	Refer to question 11.
Question 16: Phased Implementation Roadmap - Do you agree with the proposed phased approach for the CER Data Exchange implementation? What adjustments or considerations would you suggest to better align the phases with the needs of your organisation?	AGL supports the initial phase of the implementation roadmap – the foundational phase which focuses on priority use cases. AGL's preference would be for this to be done sequentially by commencing with the implementation of the CER standing data use case, and then progressing to the network priority use cases. AGL does not support a further expansion to other use cases at this stage. AGL also notes that AEMO's MITE initiative has been flagged as a potential solution that could be expanded to support the CER data exchange. However, to the best of AGL's knowledge there is no concrete date for these initiatives to be implemented.
Question 18: Regulatory and Policy Reforms - Which areas of policy or regulatory reform do you believe are most critical to support the CER Data Exchange? How should these reforms balance compliance with operational flexibility?	Based on the three priority use cases, AGL's view is that the CER Data Exchange would need to be supported by: - Obligations on DNSPs to use the data exchange to share network limits and to procure local network services. - Obligations on CER 'data producers' to input CER standing data into the data exchange – noting the scope of these data users would require further consultation and this would be complex for organisations outside of the scope of the NEL. - Changes to the NER to allow retailers (and other parties as needed) to access data from the DER register. More broadly, complementary policies and regulatory reform are required to: - Standardise the way network limits are established and communicated - Ensure DNSPs are held accountable for network limit agreements with their customers (e.g., a minimum level of exports) - Address barriers to network procurement for third party services including information asymmetry, inconsistent network tariff treatment, and a capital expenditure bias.
Question 19: Technical and Operational Challenges - What technical or operational challenges do you foresee in integrating your systems with the CER Data Exchange? Are there specific support mechanisms that would facilitate smoother adoption for your organisation?	AGL considers that the CER data exchange should operate across industry but stop at energy users' / energy producers' 'front door'. This would allow users to operate their own systems but have a consistent flow of information between organisations. This would be consistent with the AEMO B2B model used between networks, retailers and metering businesses.