



# Jemena Electricity Networks (Vic) Ltd

## Technology Plan

IT Investment Brief - Customer Data Right

Non-Recurrent - Compliance

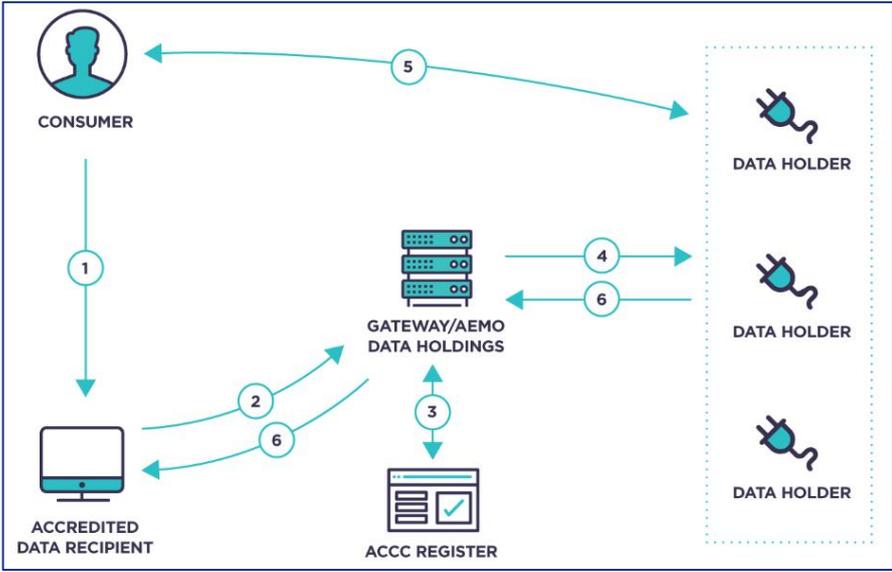


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## Glossary

Current regulatory period	The period covering 1 Jan 2016 to 31 Dec 2020
Intervening period	The period covering 1 Jan 2021 to 30 Jun 2021 covers the time between the current regulatory period and the next regulatory period. The Intervening period arises with the move from a calendar year regulatory year to financial
Next regulatory period	The period covering 1 Jul 2021 to 30 Jun 2026
RYxx	Regulatory year covering the 12 months to 30 June of year 20xx for years in the Next Regulatory Period and the 12 months to 31 December of year 20xx for years in the Current Regulatory Period. For example, RY20 covers 1 January 2019 to 31 December 2020 and RY22 covers 1 July 2021 to 30 June 2022
CYxx	The calendar year which covers the 12 months to 31 December of year 20xx. For the current regulatory period, this is equivalent to RYxx
JEN	Jemena Electricity Networks (Vic) Ltd
ICT	Information and Communications Technology
Jemena	Refers to the parent company of Jemena Electricity Networks

# Customer Data Right

Objective	To ensure that Jemena Electricity Network ( <b>JEN</b> ) has appropriate systems and tools to comply with customer data right ( <b>CDR</b> ) requirements.
Background	<p>The Australian Government has announced its intention to include energy data in the <b>CDR</b>.<sup>1</sup> The CDR will give customers a right to direct their data to be shared with others they trust so that they can benefit from its value. The banking sector is the first to have the CDR in place, and the energy sector is the next in line. The COAG Energy Council supports its implementation in the energy sector.<sup>2</sup></p> <p>Each sector included in the CDR will have a range of sector-specific nuances.<sup>3</sup> In energy, one relevant consideration is that several organisations may hold energy data on an individual consumer and it may not be possible for a single entity to provide sufficient data alone.</p> <p>In the electricity sector, the Australian Energy Market Operator’s (<b>AEMO</b>)s functions include operating the National Electricity Market (<b>NEM</b>). To fulfil this function, AEMO holds specific data, including data about each connection point in the market. AEMO also operates an e-hub for transactions between market participants and systems for participants to share information within the market. As a result of these energy market arrangements, AEMO will play a key role in meeting these customer requirements, and other market participants will support them.</p> <p>Customers will authorise the release of data to allow businesses to unlock value by offering customised products and services shaped by specific customer data, as outlined in Figure 1 below.<sup>4</sup></p> <p style="text-align: center;"><i>Figure 1: Flow diagram of CDR information flows</i></p>  <p>The diagram illustrates the flow of CDR information. It starts with a <b>CONSUMER</b> (represented by a person icon) who sends data (1) to an <b>ACCREDITED DATA RECIPIENT</b> (represented by a computer icon). The recipient then sends data (2) to <b>GATEWAY/AEMO DATA HOLDINGS</b> (represented by server racks). This gateway also receives data (3) from the <b>ACCC REGISTER</b> (represented by a document icon). From the gateway, data (4) is sent to three separate <b>DATA HOLDER</b> entities (represented by plug icons). Finally, data (5) is sent from the gateway back to the consumer, and data (6) is sent from the gateway to the accredited data recipient.</p>

<sup>1</sup> The Australian Government the Treasury, 2018, *Consumer Data Right*, <https://treasury.gov.au/consumer-data-right/>.

<sup>2</sup> COAG Energy Council, Meeting Communique, 19 December 2018, <http://www.coagenergycouncil.gov.au/publications/21st-energy-council-ministerial-meeting>

<sup>3</sup> Under section 56AC of the *Competition and Consumer Act 2010* (Cth) (**Act**), the application of the CDR to energy will be achieved by specifying the energy data holders and data sets to which the CDR applies through a designation instrument issued by the Minister.

<sup>4</sup> ACCC, *Consumer Data Right in Energy, Position paper: data access model for energy data*, August 2019.

	<p><b>Process</b></p> <ol style="list-style-type: none"> <li>1. The consumer consents to the Accredited Data Recipient (ADR) obtaining their data</li> <li>2. The ADR contacts the gateway, seeking to access the consumer's data</li> <li>3. The gateway authenticates the ADR</li> <li>4. The gateway identifies which data holder(s) hold the consumer's data and provides transaction details to them</li> <li>5. The process of authentication and authorisation occurs with any requirement in the CDR energy rules</li> <li>6. The consumer's data is shared with the ADR via the gateway</li> </ol> <p>The AEMO gateway will direct the request for data to the retailer and network who will then provide data to the ADR – AEMO will not store consumer data.</p> <p>Early indications from COAG<sup>5</sup> outlined a preference for the requirements to be in place before the commencement of the next regulatory period. However, the current trajectory of progress and effort required indicates this is not likely and instead, the beginning of the obligation is expected to start in the next regulatory period. This timing assumption is supported by recent announcements by the Australian Competition and Consumer Commission (<b>ACCC</b>) which saw delays in the implementation of requirements in the banking sector (which is the sector that proceeds with the CDR ahead of the energy sector).<sup>6</sup></p>
Customer Importance	<p>The CDR will improve customer choice and convenience by allowing data to be shared with third parties. The improved ability to compare offers will increase a customer's ability to negotiate better deals or switch products.</p> <p>The CDR will improve the flow of information in the economy, encouraging the development of new products that reach more customers and are better tailored to their needs.</p>
Strategic Approach	<p>It is appropriate for JEN to implement the changes to give effect to the obligation. JEN should always seek to be compliant with laws and regulations as is required under the distribution licence. It is also essential that we support better outcomes for customers and that we can do this through the national endeavour.</p> <p>We should, however, ensure systems and processes are in place to protect customer data as required under privacy law and the AER's ring-fencing guideline.<sup>7</sup></p>
Options	<p>JEN has considered two options to comply with the customer data-right requirements, these include 1) do nothing, and 2) investment in systems to comply with the new requirements.</p> <p><b>Option 1: Do nothing</b></p> <p><b>Description</b></p> <p>This option requires that no action is taken and no changes are made to systems and processes.</p> <p><b>Summary</b></p> <p>This option is not considered viable, because it would cause JEN to not comply with laws and regulations, would not allow the benefits to be realised for customers and would go against our strategic objectives.</p>

<sup>5</sup> COAG Energy Council, Meeting Communique, 19 December 2018, <http://www.coagenergycouncil.gov.au/publications/21st-energy-council-ministerial-meeting>

<sup>6</sup> ACCC, *Consumer Data Right timeline update*, 20 December 2019 <https://www.accc.gov.au/media-release/consumer-data-right-timeline-update>

<sup>7</sup> AER, *Ring-fencing Guideline, Electricity Distribution Version 2*, October 2017.

**Option 2: Implement changes to provide data****Description**

JEN will implement the necessary system changes to comply with the obligations. The changes involve modifying market systems and providing data as outlined in Figure 1. At the time of developing the business case, the requirements have not been defined, therefore the timing and projected costs are high level estimates.

**Direct Escalated Costs (mid-year 2021)**

JEN's costs for this option is outlined in the table below.

\$2021	Project ID	RY22	RY23	RY24	RY25	RY26
Compliance with Customer Data Right Legislation	ITEH04		468,995	470,747		
<b>Total</b>		<b>0</b>	<b>468,995</b>	<b>470,747</b>	<b>0</b>	<b>0</b>

This option will incur non-recurrent capital costs for the modification of existing systems.

These costs were estimated using JEN's standardised estimator tool for IT projects as described in the Technology Plan under the section on Forecasting Method. Based on the currently available information on the requirement and experience with its systems, interfaces and the market testing requirements, JEN estimates that this will require a medium sized project to which will be completed within nine months and of medium complexity.

**Risks**

This option will expose JEN to a range of risks, mostly around implementation and data quality management. These are not expected to be significant and will be managed through our governance processes when the project is launched.

**Benefits**

There are no quantified benefits associated with this option; the benefits are identified in the Australian Government's rationale for the requirement.

**Summary**

This option will maintain the existing systems at a low cost and help us to maintain compliance with laws.

Options Summary	The table below summarises the quantitative and qualitative differences between the analysed options.			
		NPV \$2021	Qualitative Risks	Qualitative Benefits
	Option 1	N/A	N/A	N/A
	Option 2	-939,742	Low	High
What We Are Recommending	JEN proposes to proceed with option 2. The customer benefits from the investment are necessary to comply with the expected legal obligations, our strategic intent, and to realise customer benefits.			
Relationship to ICT Capital Forecast	The proposed option for this business case is contained in the ICT investment plan as non-recurrent (Project ID: ITEH04).			