



13 February 2023

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ARENA response to the ESB consultation on a Data services delivery model

ARENA's purpose is to support the global transition to net zero emissions by accelerating the pace of pre-commercial innovation, to the benefit of Australian consumers, businesses and workers. To help achieve this purpose, ARENA actively shares the knowledge and insights it gains from the projects it funds to aid energy policy reform.

Consequently, ARENA supports the ESB's drive to provide decision makers ready access to market data and information that supports innovation and the transition to a low emission economy. We support the analysis and logic contained in the paper, including the five delivery models identified, and offer the following suggestions:

- Adopt a competitive process to choose a data services provider
- Appoint a single body to manage the data services delivery contract
- Make collection of electric vehicle (EV) supply equipment data a greenfields task for the data services provider.

Competitive process to choose a data services provider

Models 2 (dedicated unit inside AEMO) and 4 (new independent unit) appear to be similar in respect of the tasks required to implement them. In the choice of one over the other, a trade-off is being made between them with respect to expected time and cost and the potential compromise in the quality of service. If there is a reasonable chance there might be interest from companies in providing and operating a dedicated team, there may be merit in running a competitive process. Such a process provides more discipline and greater opportunity to hone the obligations and expectations and would provide the decision maker with more options from which to establish a time/quality/cost trade-off.

Under both models, the ESB (or some other governance body) needs to specify objectives and expectations for the new unit and establish a source of funding to cover the cost. AEMO would be required to provide an estimate of costs and resources to fulfil the objectives and list of expectations.



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As an example of the competitive process in action, New Zealand adopts an approach where the Electricity Authority purchases market services from service providers on contract. The Electricity Authority develops and manages multi-year contracts for several market services such as:

- System operations
- Market operations
- Metering registry
- Reconciliation
- Clearing and settlement.

This model focusses service providers on specific tasks and objectives and on performing a role at a level of quality and costs that is competitive, should the Electricity Authority decide to go back to market. Interestingly, rather than adopt this model for market data services, the Electricity Authority delivers market data services itself. However, this is consistent with its statutory obligation to conduct market monitoring and compliance actions,¹ functions the AER performs in Australia.

The results of the Electricity Authority's efforts are available on its [EMI website](#). While not casting any dispersions of its performance, the downsides of the New Zealand (NZ) approach in respect of data services delivery are the same as they would be under model 2 here. The Electricity Authority isn't subject to a contract for its own performance, nor the threat of competition from other providers. Also, it is under no obligation to collect and publish metrics on outputs and outcomes, which would help its stakeholders assess how successful it has been in increasing the use of market data.

Single body to manage data services delivery contract

The consultation paper suggests governance of a dedicated unit within AEMO (model 2) might be left to a combination of:

- standing committee with a range of wider data users and data holders - across government, industry and research party representation
- formal regulatory governance body (Reliability Panel, IEC etc)
- public consultation.

Considering the NZ example for data services, whichever model is preferred, governance of even a relatively small unit providing services under contract would ideally rest with a single existing counterparty whose interests are well-aligned with those of the parties that benefit from it. That counterparty should then have an interest in ensuring the services are provided to a satisfactory quality and cost to the consumer. It should also be subject to public scrutiny and accountability for the results of the service provider, managed via the terms and conditions of the contract with the service provider, and armed with a credible option to switch service provider in extreme circumstances.

¹ <https://www.legislation.govt.nz/act/public/2010/0116/latest/DLM2634340.html>



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Here, the AER (if willing) might be best placed to manage and operate a contract with a new data services provider, as it is a prime user in its statutory duties to monitor the market on behalf of consumers. It would also presumably welcome more eyes on market data from a competitive and monitoring perspective. The AEMC would be another option.

EV standing data as a task for the data services provider

ARENA notes the ESB is also considering the organisation best placed to collect and manage standing data for electric vehicles. This new data would appear to provide a greenfield opportunity and priority for a data service provider (AEMO or otherwise) otherwise tasked with brownfield priorities. We are not convinced AEMO should be obligated to do so because it collects all the other standing data on DER.

About ARENA

The Australian Renewable Energy Agency (ARENA) was established in 2012 by the Australian Government. ARENA's function and objectives are set out in the Australian Renewable Energy Agency Act 2011.

ARENA provides financial assistance to support innovation and the commercialisation of renewable energy and enabling technologies by helping to overcome technical and commercial barriers. A key part of ARENA's role is to collect, store and disseminate knowledge gained from the projects and activities it supports for use by the wider industry and Australia's energy market institutions.

ARENA welcomes the opportunity to support this process. Please contact Greg Williams, Principal Policy Advisor (greg.williams@arena.gov.au) if you would like to discuss any aspect of ARENA's submission.

Yours sincerely,

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