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Australian Energy Market Operator
Level 12
171 Collins Street
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Submitted via email: cerdataexchange@aemo.com.au

Re: CER Data Exchange Industry Co-Design Consultation Paper

Red Energy and Lumo Energy (Red and Lumo) welcome the opportunity to make this submission to the Australian Energy Market Operator's (AEMO's) consultation paper for Customer Energy Resource (CER) Data Exchange. The CER Data Exchange has the potential to significantly improve outcomes for energy consumers and to support the energy transition. A secure and common infrastructure platform for standardised data sharing will encourage broader market participation by flexible energy services. Streamlined data coordination and access to the data exchange can reduce costs by supporting improved network planning, reliability and system security. The use of CER in this fashion will deliver benefits to all consumers, not just owners of CER services.

One of the key issues for us is to establish a process for delivering the project that is iterative and adaptable. This is due to the significant uncertainty about key inputs to the value that the CER can potentially deliver. The first is the scale and timing of investment in and use of CER by a broad range of energy consumers, and their willingness to use those resources in the manner that many stakeholders are predicting. This is highly uncertain and the benefits of some use cases are more obvious at this stage than others; a widely accepted example is consistent CER standing data. Furthermore, many of the examples of large scale CER utilisation have occurred within the context of pilots, studies and government-funded initiatives and may not provide a reliable basis for determining how CER owners will employ their assets..

It may take some time before consumers (particularly residential) are willing to participate in the wholesale and FCAS markets, or provide network support at a scale necessary to deliver substantial benefits. This includes relinquishing control to a third party, such as their retailer. In some ways, it is not yet clear what gap the Data Exchange will fill compared to what the market might deliver through a more organic approach to reform. Another possible risk is that the solution could bias the use of CER in favour of one use case (e.g. network support) when it might generate greater benefits through other mechanisms.

Another factor is the progress of various regulatory initiatives that will complement or drive the potential use of the CER Data Exchange. These are broad ranging and will influence the timing

and scale of investment in CER and lay the foundation for market participation. Examples include the outcome of the Australian Energy Regulator's review of new energy services, progress of the Accelerated Smart Meter Deployment, Unlocking the Benefits of CER, various initiatives under the CER Roadmap, and the Australian Energy Market Commission's current review of *Electricity Pricing for a Consumer-driven Future*.

Project governance should account for the uncertainty about the outcome and timing of these initiatives, leading to a phased approach to implementation that explicitly includes reassessment of the use cases for CER and how a specific form of the Data Exchange can deliver them. Otherwise, the project could deliver an outcome that doesn't align with other initiatives or the maturity of the CER market.

Red and Lumo support the use of existing and in-development systems to focus on quick wins which prove the effectiveness of the data exchange. We also support the use of standardised formats and interoperability to achieve the stated benefits of a data exchange. While market trials have been conducted which utilise some of the data involved on a small scale, the development of a data exchange needs to be adaptable to the future needs of the market.

Consumer protections and fairness are essential to the successful engagement of CER and security, integrity and confidentiality are critical requirements if the data exchange is to interact with the energy system. Consequently, Red and Lumo consider that the balanced regulatory oversight offered by existing regulators and market bodies through an AEMO-led model is preferable. This offers familiar structures and confidence in fairness and consumer protections.

About Red and Lumo

We are 100% Australian owned subsidiaries of Snowy Hydro Limited. Collectively, we retail gas and electricity in Victoria, New South Wales, Queensland and South Australia and the ACT to over 1.4 million customers. Should you wish to discuss aspects or have any further enquiries regarding this submission, please call Sean Jennings, Regulatory Manager, on 0403 846 585.

Yours sincerely

A handwritten signature in dark ink, appearing to read "G. Hargreaves".

Geoff Hargreaves
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