



24 March 2023

Australian Energy Market Operator
PO Box A2449
Sydney South NSW 1235

Sent electronically: reformdevelopmentandinsights@aemo.com.au

Dear Sir/Madam

Structure of Participant Fees for the CDR Declared NEM Project – Consultation Paper

Origin Energy Limited (Origin) welcomes the opportunity to provide comments on the Australian Energy Market Operator's (AEMO) Structure of Participant Fees for the Consumer Data Right (CDR) Consultation Paper.

The recovery of costs through the existing Electricity Market fee structure is a simple and administratively straight forward approach. We support this approach.

However, an overarching concern Origin has with the cost recovery proposal is the increasing costs of providing CDR services; especially given that these costs will be borne by consumers through retail tariffs.

The Consultation Paper notes that AEMO's capital costs for CDR are estimated to be approximately \$5 million with ongoing expenditure from 1 July 2023 of approximately \$410,000 per annum¹. However, there is no breakdown of how these costs were determined and more importantly whether they are reasonable and efficient. In contrast, the original AEMO cost estimate of this project by HoustonKemp was in the range of \$138,000 to \$432,000 in additional establishment costs.² While we recognise that the scope of functions changed, this amount is vastly different to the amount that it being sort to be recovered by AEMO in this Consultation Paper.

While Origin recognises that AEMO will incur costs in providing CDR services, it is essential that costs are transparent, monitored and only system changes enacted where there is seen to be a tangible benefit to consumers.

Origin's responses to the questions raised in the Consultation Paper are set out below.

Question 1

- a. Do stakeholders agree with AEMO's proposed approach as described in section 3.4.1 for recovery of the CDR declared NEM project costs?
- b. Do stakeholders agree that the CDR declared NEM project costs are recovered from Market Customers only? If not, which other Registered Participants should fees be recovered from?
- c. Is there another fee structure that would be more appropriate for recovery of the costs of the CDR declared NEM project?

We are concerned about the lack of transparency of the proposed cost item. The Consultation Paper provides a lump sum for capital costs and ongoing operational costs without clearly demonstrating how the costs were derived. The only explanation provided is that the costs are for the development of 6 APIs and MSATS functionality³. Origin understands that the MSATS functionalities are existing for the last customer change date and it is up to retailers to implement the CDR Rule requirements. Origin questions the costs allocated to MSATS functionalities to determine whether they appear reasonable.

¹ AEMO, Structure of Participant Fees for the CDR Declared NEM Project – Consultation Paper, p3.

² HoustonKemp, Open Consumer Energy Data - Applying a Consumer Data Right to the energy sector, June 2018, p30.

³ AEMO, Structure of Participant Fees for the CDR Declared NEM Project – Consultation Paper, p11.

The ongoing operating costs of \$410,000 per annum appear high given that AEMO has no role in compliance or reporting with CDR Rules nor deals with any complaints with regards to CDR data requests. All obligations are on data holders. It would be useful to understand what functions are included within the ongoing costs category.

It appears reasonable that Market Customers are the only category of participant in which costs can be recovered. This is given that retailers are compelled to comply with the requirements. Distributors and generators are not part of the scheme.

The cost recovery quantum and approach should be considered as part of the 2026 Review of AEMO fee structures to determine whether the estimated costs and means for the recovery of fees remain appropriate.

Question 2

Is the fee metric used for Electricity Retail Markets fees appropriate to apply to the recovery of the CDR declared NEM project costs? If not, what metric/s is/are more appropriate?

The fee metric of \$/NMI seems appropriate given the costs will be recovered through Electricity Retail Market Fees.

Question 3

AEMO proposes a start date for recovery of 1 July 2023. Do stakeholders consider this appropriate?

Since the release of this Consultation Paper, AEMO has agreed to delay the MSATS change for last customer change date from May 2023 until November 2023. This delay in obligation means that costs will not be incurred until a later date. Origin supports this cost being extracted from the cost estimate and only being included when the cost is known and incurred by AEMO.

Question 4

Are there any other issues relating to AEMO's recovery of the CDR declared NEM project costs that need to be considered

A concern for the energy sector is that costs are being allocated to participants in a way that is not reflective of their involvement in the CDR scheme. While retailers are compelled to comply with the CDR requirements, it is accredited data recipients (ie ADRs) that benefit from the operation of CDR. It is imperative that any additional AEMO functionalities that are developed for the benefit of ADRs are costed and billed to ADRs on a 'users pay' basis.

If you have any questions regarding this letter, please contact Caroline Brumby in the first instance on (07) 3867 0863 or caroline.brumby@originenergy.com.au.

Yours sincerely



Sean Greenup
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