

# INDUSTRY ENGAGEMENT ESSENTIAL TO SUCCESS OF 'GATEWAY' MODEL FOR ENERGY SECTOR CDR

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Legal Briefings - By **Julian Lincoln**, **David J Ryan** and **Mandy Milner**

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The ACCC's selection of a 'gateway' model as the preferred data access model for implementation of the Consumer Data Right (**CDR**) in the energy sector is anticipated to align to the preferences of incumbent energy sector participants, but may not fully meet the expectations of potential new market players.

In its *Position paper: data access model for energy data* (**Position Paper**) released last week, the ACCC outlined its preference for a CDR model that will see the Australian Energy Market Operator (**AEMO**) act as a 'gateway' for the provision of CDR energy data to accredited data recipients (**ADRs**). Under this model AEMO will collect the relevant data from existing and new energy data holders, requests by ADRs for access to energy data will be made to AEMO, and AEMO (rather than the energy data holders) will provide that data to ADRs.

The energy sector 'gateway' model differs from the model adopted for CDR in the banking sector (for our previous briefings on the CDR, see [here](#)), in which data holders will provide CDR data directly to ADRs. The adoption of different data access models across sectors highlights the challenges of interoperability in a future CDR 'ecosystem' including in relation to cross-industry reciprocity and the complexity and consistency of CDR Rules and Data Standards.

A key reason for the adoption of a different model in the energy sector relates to AEMO's existing role as market operator, whereby it already holds certain energy data and operates the 'B2B e-Hub', a platform on which information is provided, operated and maintained by AEMO to facilitate business-to-business communications. Additionally, the distributed nature of energy data means that the adoption of a model similar to that used for the banking sector would likely require an ADR to approach multiple parties to collect relevant CDR data.

<b>DRIVERS FOR SELECTION OF THE GATEWAY MODEL</b>	<b>GATEWAY MODEL CHALLENGES</b>
<p>The Position Paper notes that the majority of energy retailers supported the gateway model, distributors took varying positions, and technology companies generally preferred an 'economy-wide' model similar to that used in the banking sector. Key advantages of the gateway model that are indicated by the regulator include:</p> <ul style="list-style-type: none"> <li>• AEMO's significant experience in, and existing processes for, managing energy data flows and technical expertise in developing data standards and accreditation processes;</li> <li>• the flexibility of AEMO's existing IT and data transfer infrastructure, which can facilitate the addition of data and data holders;</li> <li>• high existing levels of user functionality and reduced implementation and ongoing costs, due to:               <ul style="list-style-type: none"> <li>◦ there being a single source of unified data, consent management and accreditation confirmation; and</li> <li>◦ a reduction in infrastructure requirements for data holders (who should only need to build a closed API with AEMO, rather than an open API which is more vulnerable from a security perspective); and</li> </ul> </li> <li>• standardisation of data format and improved data security due to the reduction in data links and authentication processes.</li> </ul>	<p>The ACCC has acknowledged that the gateway model presents some challenges. Further refinement of the model will likely be required to ensure alignment to the policy objectives of the CDR and the integrity of the CDR as a whole. Key themes regarding the challenges of the gateway model identified from the ACCC's commentary include:</p> <ul style="list-style-type: none"> <li>• potential impacts to interoperability across the broader CDR ecosystem, including the requirement for varying CDR Rules and Data Standards appropriate for the gateway model, and the need for players operating outside the energy sector to interface with AEMO as the energy market operator, rather than directly with data holders;</li> <li>• reduced simplicity and quality of consumer experience given the potential inconsistency with the CDR regime in other sectors and added complexity of the CDR ecosystem, which may be compounded by the fact that consumers and new market entrants do not have existing relationships with AEMO. However, the ACCC notes that the gateway model is only intended to apply to third parties' (i.e. ADRs') access to energy CDR data, and that consumers' access to energy data will remain governed by the existing national energy legislation framework;</li> <li>• a centralised point of access which creates a 'single point of failure', potentially leading to reduced service reliability, difficulties in meeting high demand and increased risks from a security and privacy perspective; and</li> <li>• lack of 'future-proofing' – if the CDR regime is focused only on metering data, the gateway model may become redundant with the introduction of five minute settlement, under which AEMO will receive full energy consumption data from all energy retailers.</li> </ul>

## OUTSTANDING ISSUES AND NEXT STEPS

Following the ACCC's recommendation of the gateway model, the ACCC will run a public consultation for development of the CDR Rules for deployment in the energy sector. This process will be key to ensuring that the CDR regime is appropriately adapted to the requirements of the energy sector, including regarding the interactions with the broader energy regulatory environment and energy policy, and the most appropriate authorisation and authentication models for the gateway model and for the sector. Previous submissions to the ACCC note that there will need to be a clear delineation between AEMO's obligations when acting in the capacity of gateway as opposed to data holder, and that each party's privacy obligations and liability will need to be clearly defined given the numerous parties to be involved in data flows.

The ACCC has identified that the first iteration of CDR in the energy sector will be limited to the data sets available in the National Electricity Market, suggesting a phased CDR implementation is likely to be taken (aligning to the approach in the banking sector). Treasury is yet to determine the in-scope data holders and priority data sets for the purposes of the energy sector designation instrument, and will consider the number and nature of energy sector stakeholders and the types of data they hold in making its determination.

Further key outstanding issues for consideration include:

1. whether the current CDR privacy framework is appropriate for the energy sector;
2. whether there will be a single or dual tier of accreditation in the energy sector, having regard to the desire for competition and reduced barriers to entry; and
3. how consumers' consent will be obtained and managed in the energy sector.

**"Our view is that the public consultation process has a key role to play in resolving these issues, and that industry specific CDR factors will need to be fully considered to enable a fit-for-purpose energy sector CDR framework."**

The ACCC has confirmed that the original timeframe for initial implementation of CDR in the energy sector (i.e. the first half of 2020) is not achievable. That said, sector participants are encouraged to actively engage in the ACCC's public consultation process and should continue preparing for the CDR's implementation, particularly given that requirements for the provision of CDR data to the AEMO gateway will differ from existing 'B2B' protocols and practices.

We recommend that sector participants continue to involve themselves in the energy CDR implementation process as the energy-specific CDR Rules and the ACCC Register for managing authorisation and authentication is developed.

**"Active industry participation will be key to ensuring that the regime actually deployed is representative of the interests of consumers, new market entrants and existing industry stakeholders."**

[Please click here to return to our CDR showcase page](#)

## KEY CONTACTS

If you have any questions, or would like to know how this might affect your business, phone, or email these key contacts.



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