

Ms Naomi Menon Director Competition Exemptions Australian Competition and Consumer Commission 23 Marcus Clarke Street Canberra ACT 2601

10 June 2025

Dear Ms Menan

Draft determination and interim authorisation (AA100688-1): Energy Networks Association Limited and others in respect of national public key infrastructure for the management of consumer energy resources

The Australian Energy Council (AEC) welcomes the opportunity to make a submission in response to the Australian Competition and Consumer Commission (ACCC) draft determination and interim authorisation to Energy Networks Association Limited (ENA), Synergy and others (the Applicants) application to establish, and give effect to, national energy Public Key Infrastructure (PKI) for the management of Consumer Energy Resources ('the Proposed Authorisation').

While the AEC supports the ACCC's overall assessment that the likely benefits of the Proposed Conduct would outweigh any potential detriments, it does not support the ACCC's proposed limitation of the Proposed Conduct to the initial use cases only. The attached submission provides a more detailed discussion of the issue.

Any questions about this submission should be addressed to Jo De Silva, General Manager Retail Policy by email to <u>jo.desilva@energycouncil.com.au</u> or by telephone on 03 9205 3100.

Yours sincerely,

Jo De Silva

Jo De Silva General Manager Retail Policy

About the Australian Energy Council

The AEC is the peak industry body for electricity and downstream natural gas businesses operating in the competitive wholesale and retail energy markets. AEC members generate and sell energy to over 10 million homes and businesses and are major investors in renewable energy generation which is a part of the transition currently occurring in the industry. The AEC supports reaching net-zero by 2050 as well as a 55 per cent emissions reduction target by 2035 and is committed to delivering the energy transition for the benefit of consumers. The AEC and its members are strong supporters of protections that provide appropriate support for all customers and the need to ensure regulation is fit for purpose in the evolving energy market.

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Australian Energy Council submission to ACCC draft determination and interim authorisation: Energy Networks Association Limited and others in respect of national public key infrastructure for the management of consumer energy resources

Establishment of a national energy public key infrastructure (NEPKI) provider remains a key energy reform priority

The AEC agrees with the ACCC's overall conclusion that the likely public benefit is likely to outweigh any likely detriment should the Proposed Conduct be authorised by the ACCC. We remain supportive of the need to establish an entity for the procurement of PKI services and the supply of PKI services to support the integration of consumer energy resources (CER).

The Proposed Conduct is a key national reform priority under the National CER Roadmap, and we reiterate the importance of a national approach to the development and procurement of PKI services. We also note that the Commonwealth Department of Climate Change, Energy, the Environment and Water (DCCEEW) has consistently supported the Proposed Conduct.

AEC does not support the proposed limitation of NEPKI to initial use cases only

In the draft determination and interim authorisation, the ACCC considered that the Proposed Conduct has the potential to result in public detriment by enabling expansion of public key infrastructure solution to future use cases autonomously and without appropriate oversight and cost frameworks. It is considering whether to only grant authorisation to the conduct that relates to the initial use cases of solar and battery energy storage system orchestration via CSIP-Aus for the purposes of emergency backstop and dynamic operating envelopes (DOEs).

The AEC does not support the ACCC's proposed limitation for the reasons set out in the sections below.

Limiting the application of NEPKI would essentially reverse the policy intention of a national approach to establish a secure communication system to CER devices, creating inefficiencies and increased costs for many market participants

PKI is a cybersecurity measure that enables secure communication between devices by providing encryption and authentication capability and supporting data integrity. PKI is not specifically designed for CSIP-Aus and can be used to support other forms of digital communication. The same PKI service that the Proposed Conduct will provide to enable secure communications to implement emergency backstops and dynamic operating envelopes can be used to secure the communications that will enact other energy sector functions. It is also widely used in other industries to secure communications between devices.

If the ACCC maintains its position in the final determination, the decision to restrict NEPKI to only the initial use cases would result in energy market participants needing additional PKI services for the purposes of providing services other than backstops and DOEs – for the same CER device. This is because the 'actions' that would be performed by solar and battery storage systems, and the and communication pathways used to convey the instruction to the device, would be the same. For example, the method to apply dynamic operating envelopes by a network operator is exactly the same as the way a retailer would be sent via CSIP-Aus to the device, secured by PKI. The Engie case study below demonstrates how the same communication channel could be used by both the network operator and the retailer to provide different services.

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Case Study: ENGIE's participation in SAPN's Market Active Solar trial

ENGLE recognises that dynamically managing the power exported relative to system demand by rooftop solar system can deliver significant benefits to the customers and the power system. ENGLE's means of integration leverages (in part) SA Power Networks' (SAPN) application of CSIP-Aus for managing dynamic operating envelopes on rooftop solar PV. It is currently trialling the shared use of SAPN CSIP-Aus and PKI infrastructure to remotely operate rooftop solar systems in response to changes in wholesale market price signals within the network limits set by SAPN.

The ACCC's proposed limitation on the Proposed Conduct would likely result in most retailers and other market participants contracting with multiple different PKI providers and would require CER to support multiple PKIs – one to support emergency backstop mechanism and dynamic operating envelope communications, and one for their own orchestration and interoperability purposes. The proposed limitation would increase complexity and cost for industry (particularly for original equipment manufacturers and other technology providers) to operate with more than one PKI.

The AEC submits that the ACCC's proposed limitation, if implemented, would significantly limit cost savings that would be accrued by NEPKI's creation, including:

- cost savings through removed duplication of network costs associated with developing and implementing separate PKI solutions
- reduce the compounding effect of multiple onboarding, validation and compliance processes for OEMs
- lower complexity for manufacturers and installers

It would also operate in contrast to the policy driver of reducing duplication and the need for bespoke solutions by individual energy sector participants and minimising the compliance and integration effort required by equipment manufacturers.

If the applications of NEPKI were limited only to the two initial use cases, the AEC expects that many of its members, and potentially other market participants, would likely choose not to use NEPKI at all.

The proposed limitation imposes cost on users of NEPKI services, not the NEPKI itself

As discussed above, PKI is a cybersecurity measure that supports secure communications between devices. It does not have the capability to differentiate between whether the communication to the device is intended to implement an emergency backstop or for market response purposes.

As a service provider, NEPKI does not have the means or capability to differentiate where its services are used for the limited purposes that they are allowed to provide. Only the parties using NEPKI's services (but not NEPKI) are able to demonstrate that they are used for the purposes for which the ACCC has granted authorisation. This is an inefficient way to address a potential public detriment by transferring the compliance cost to the users of the PKI services, and not on the service provider itself.

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Concerns around roles and responsibilities should be addressed through the CER Taskforce

The AEC considers that a vibrant and competitive market that provides meaningful choice to customers remains the most appropriate way to unlock the multiple benefits that CER can provide. However, the AEC also recognises that in some instances, a single consistent approach would provide the most efficient outcome for consumers and the system as a whole. The creation of NEPKI to provide PKI services is one such example.

As the energy sector becomes increasingly complex, the responsibilities regarding the management and coordination of CER are becoming increasingly blurred. Different parties now have the ability to orchestrate CER through different mechanisms, and separate mechanisms being implemented to ensure system security and improve overall consumer and market outcomes.

Overall, the AEC considers that there is no reason to restrict the use cases for NEPKI, but there should be clear delineation on the roles and responsibilities that energy sector participants are allowed to undertake. While the AEC understands the ACCC's concerns, we consider that the authorisation process for NEPKI is not the appropriate mechanism to address them. While the consideration of roles and responsibilities for energy sector participants is an important aspect of efficient CER integration, the AEC considers it an issue that is best progressed through the reform program that is led by the CER Taskforce.

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