



AER Authorisation of Software Changes by AEMO

Publication of final rule determination and final rule

The AEMC has made a rule which establishes a more flexible framework under which AEMO makes changes to the software and IT systems it uses to operate the national electricity market.

The rule change request

The rule change request from the Australian Energy Regulator (AER) sought to remove the National Electricity Rules (NER) requirement for the AER to authorise the Australian Energy Market Operator (AEMO)'s software changes. In addition, the AER proposed that a new requirement be created under which AEMO would be required to make software changes in accordance with its IT Change Management Procedures Manual.

The final rule

The Australian Energy Market Commission's final decision is to make a rule that removes the requirement on the AER to approve changes made by AEMO to the software required for the operation of the electricity market as requested, but does not insert a new requirement on AEMO to make software changes in accordance with its IT Change Management Procedures Manual (Manual).

Reasons for the Commission's decision

Having had regard to the views of stakeholders in submissions to the consultation paper and draft rule determination, and having undertaken its own analysis and review, the Commission considers that the final rule will, or is likely to, contribute to the national electricity objective (NEO) by improving the regulatory design of AEMO and the AER's responsibilities and improving administrative efficiency. Further, the Commission consider that the rule will better contribute to the NEO than the proposed rule.

This is because it maintains the efficiency benefit as intended by the AER's rule change request.

The Commission considers it appropriate to make this final rule determination because:

- it will enhance administrative efficiency by removing from the NER a requirement for the AER to participate in a process that is not consistent with its broader statutory role and functions under the NEL; and
- it promotes good regulatory design by avoiding unnecessary and potentially duplicative regulation by recognising that the NEL and NER already provide a constraint on AEMO's ability to make software changes which may be detrimental to the operation of the market.

Detailed reasons for the Commission's decision are provided in the final rule determination.

Objections to the expedited rule change process

The Energy Supply Association of Australia (ESAA), the National Generators Forum (NGF) and GDF Suez Australian Energy (GDF) each objected to this rule change request being considered under an expedited process. Broadly, these stakeholders were of the view that the rule, if made, could have significant implications for market participants and therefore should not be considered as non-controversial.

In light of these objections, and to ensure that these (and other) stakeholders would be provided with the opportunity to further participate in the process, the Commission decided to proceed under the substantially longer, standard rule change process.

The Commission notes that subsequently, three submissions were received in response to the consultation paper (from GDF, Origin Energy and the proponent) and no submissions (other than a note of clarification from the proponent) were received in response to the draft rule determination.

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