



## AER Authorisation of Software Changes by AEMO

AEMC consults on draft rule determination

**The Australian Energy Market Commission (Commission) calls for submissions on its draft determination to allow the Australian Energy Market Operator (AEMO) a more flexible framework under which it makes software changes to the IT systems it uses to operate the electricity market.**

### The draft rule determination

The rule change request from the Australian Energy Regulator (AER) sought to remove the National Electricity Rules (NER) requirement for the AER to authorise 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 Commission's draft 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, 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

In submissions to the consultation paper, stakeholders generally agreed that it was inappropriate for the AER to authorise AEMO's software changes. However, concerns were raised in relation to the content and the quality of the Manual, and as to whether there would be adequate governance in place for software changes.

Having had regard to the views of stakeholders, and having undertaken its own analysis and review, the Commission considers that the draft rule will, or is likely to, better contribute to the NEO than the proposed rule.

This is because requiring AEMO to make software changes in accordance with its IT Change Management Procedures Manual would be unlikely to promote further efficiency.

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

- it removes a redundant requirement and better aligns the National Electricity Rules (NER) with the AER's broader statutory role and functions under the National Electricity Law (NEL);
- it avoids unnecessary and potentially duplicative regulation by recognising that arrangements in the NEL already exist which act to constrain AEMO's ability to make software changes which are detrimental to the operation of the national electricity market; and
- there are some specific rules in the NER that impose requirements and checks on how AEMO changes software, including requirements for it to fully document the operation of the online dispatch process, to appoint a market auditor annually to review the process for software management, and to report to the AER on the outcomes of change management processes for software alterations.

### Submissions

The AEMC welcomes submissions on the draft rule determination by 13 March 2014.

For information contact:

AEMC Senior Director, **Chris Spangaro** (02) 8296 7800

Media: Communication Manager, **Prudence Anderson** 0404 821 935 or (02) 8296 7817

Date: 30 January 2014