25 March 2014

Mr Rory Campbell
Senior Director
Australian Energy Market Commission
PO Box A2449
Sydney South NSW 1235

Dear Mr Campbell

AER Authorisation of Software Changes by AEMO – ERC0151

The Australian Energy Regulator (AER) has requested a rule change under National Electricity Rules (NER) clause 3.17.1 to remove the requirement for them to authorise Australian Energy Market Operator (AEMO) software changes.

The AER's proposal would require AEMO to make software changes in accordance with its IT Change Management Procedures Manual rather than the current rule.

A number of concerns were raised by Origin Energy and GDF Suez Australian Energy about AEMO's IT Change Management Procedures Manual, including its governance processes, change management obligations, reporting, and dispute resolution.

AEMO has met with representatives from these organisations to better understand their concerns.

Attached is AEMO's response to those concerns.

For further details or if you would like to meet with AEMO to discuss this submission please contact Tim Daly on 02 8884 5052 or by email at tim.daly@aemo.com.au

Yours sincerely

Susan Sly
Chief Information Officer

cc: Sophie Cazabon

Attachment 1: AEMO's discussion with AEMC on further plans and reconvening the IT Change Management Committee.

Attachment 1

AEMO's discussion with AEMC on further plans and reconvening the IT Change Management Committee

1. Background

The Australian Energy Regulator's (AER's) rule change request proposed to:

*   Remove the AER's obligation to authorise software changes made by AEMO.
*   Require AEMO to make software changes in accordance with its IT Change Management Procedures Manual (Manual).

On 24 October 2013, the Australian Energy Market Commission (AEMC) initiated the rule change request. Two submissions were received, from GDF Suez Australian Energy (GDFSAE) and Origin Energy (Origin).

AEMO have again met with representatives from Origin and GDFSAE to provide them better understanding of AEMO's next plans and strategy around this piece of work. The sections below represent AEMO's next plans.

2. AEMO is progressing:

2.1. Internal IT Change Management overhaul and improvements

IT Change Management pack has been produced to implement the IT Change Policy and update the current internal IT Change Management process with the principles around impact assessment, improved governance, better planning, good communication, collaboration and transparency. Workshops are underway to implement the updated IT Change Management process and procedure internally.

2.2. AEMO has established new IT Services team to lead and mature IT Service Management process and procedures (based on ITIL) across AEMO

The new IT Services team has been established to develop the IT Service Management competency within AEMO and focus on bringing Service culture. This team will be implementing the processes based on ITIL framework.

2.3. Met and consulted with Origin Energy and GDF Suez

AEMO representatives met with Origin Energy and GDF Suez and outlined the plans as per the below. Origin Energy and GDF Suez representatives were happy to hear the plans and will collaborate to take this forward.

3. Outlining 3 dimensions to Change

The below diagram depicts the 3 dimensions to change. AEMO will be working on establishing the model to cater to the different dimensions of the change from Market Participants. The 3 levels of change is to be catered via **consistent engagement model at different levels of AEMO.**
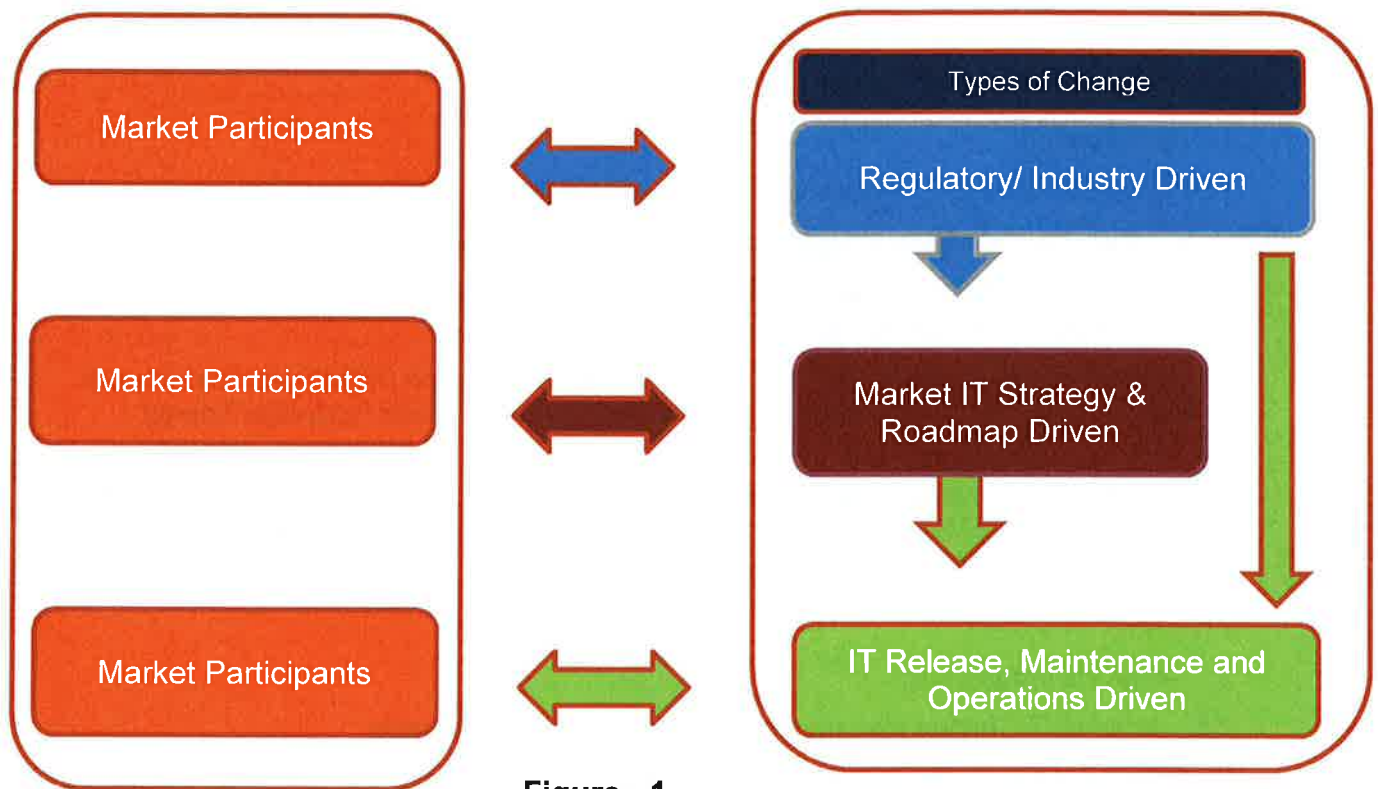
Figure - 1

Figure 1 – describes the type of changes. Regulatory/Industry Lead, IT Systems Architecture and IT Operational Changes. Regulatory/Industry Lead changes can influence IT Systems Architecture or it can directly go IT Change Management process to be implemented upon approval. IT Systems Architecture changes need to assessed and once approved to be implemented via formalised project if required. IT Operational Changes encompasses day to day maintenance of IT systems and applications, patch releases, acceptance of new systems or changes in productions etc.

4.   AEMO proposes to:

   a. Engage with additional participants.

   b. Collate additional feedback from the participants.

   c. AEMO will come up with the consultation mechanism with the Market Participants.

   d. Reconvene IT Change Management Committee with additional interested stakeholders by 30 April 2014 as per the agreement with AEMC dated 10 March 2014.

   e. Drive for consensus on new approach to managing change to Market IT systems consistent with the approach proposed.