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Australian Energy Market Commission  
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By online submission at [www.aemc.gov.au](http://www.aemc.gov.au)

Thursday 21 November, 2013

Dear Ms Cazabon,

### **AER Authorisation of Software Changes by AEMO: Reference ERC0151**

GDF Suez Australian Energy (GDFSAE) appreciates the opportunity to respond to the Australian Energy Regulator (AER) Rule change proposal which seeks to remove from the Rules the requirement for the AER to authorise the Australian Energy Market Operator (AEMO)'s NEM software changes.

GDFSAE agrees that the requirement in the Rules that the AER review and approve any changes made by AEMO to the NEM software is inappropriate. It is however important to the stability of the NEM that software changes are subject to rigorous change management procedures, and that such procedures are bound by transparent and robust governance arrangements.

GDFSAE does not support the specific Rule changes proposed by the AER as they leave the change management obligation insufficiently defined, and do not put in place adequate governance for procedure changes. This submission includes further discussion of these concerns, and some suggestions as to how they might be overcome.

### **AEMO IT Change Management Procedure Manual**

The Rules currently place an obligation on the AER (clause 3.17.1) to authorise NEM software changes before implementation by AEMO. The AER currently meets this Rule obligation by deeming as approved, any software changes that have been subject to the AEMO IT change management procedures. As a further measure, the AER have also placed an obligation on AEMO through Rule clause 8.7.2, for AEMO to report to the AER on the outcomes of its change management processes for software alterations.

The Rule change proposed removes the obligation for the AER to authorise software changes, and instead requires that software changes be made in accordance with the AEMO IT Change Management Procedures Manual. The proposed specific reference to AEMO IT Change Management Procedure Manual does not place any responsibility on AEMO, other than to have a procedure manual so named.

A new Rules definition is proposed stating that the IT Change Management Procedures Manual is to be developed by AEMO and amended from time to time in consultation with registered participants. However, no policy guidance or obligation is provided on what the scope of the IT Change Management Procedures Manual should be or what it should contain.

GDFSAE suggests that if implemented these changes provide no specific policy guidance or obligation in the Rules regarding how NEM software changes should be carried out, other than they must be described in an AEMO procedure. GDFSAE believes that it is important to set out the policy objectives that AEMO must strive

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to achieve in writing and amending the IT change management procedures. For example, such policy objectives could include matters such as:

- time allowance between announcing a change and implementation
- requirements for testing and trial of changes
- provisions for emergency changes
- provisions for dealing with dissenting views on proposed changes
- etc.

These policy objectives might be included in the Rules themselves, or alternatively could be contained outside of the Rules – for example, in an IT Change Management Policy document, which could be established by the AER<sup>1</sup> through a consultative process.

### **Reporting on change management outcomes**

The AER have indicated in their Rule change proposal that they intend to continue to require AEMO to report to the AER on the outcomes of software change management processes.

The current obligation on AEMO to report to the AER on the outcomes of its change management processes for software alterations is one that has been imposed by the AER under its powers in Rule clause 8.7.2. This reporting obligation should be made more explicit in the Rules to provide more transparency to industry participants. Furthermore, the report provided by AEMO to the AER should also be made available to industry participants as well as the AER. This will give further confidence to the industry participants that the IT change management policies and procedures are being adhered to appropriately.

### **Dispute Management**

The current AEMO IT change management procedures include the requirement that if six or more participants object to a proposed software change, AEMO must refer the matter to the AER for determination. This was intended to achieve a balance between achieving timely implementation of software changes, and ensuring an effective right of appeal.

The proposed Rule change effectively removes the AER from the process completely. Market participants seeking to oppose a software change would then be required to enter into chapter 8 dispute resolution processes. This seems unnecessarily heavy-handed, and is unlikely to facilitate timely resolution. GDFSAE believes that the current process of referral to the AER where six or more participants object is reasonable, and is unlikely to place a large burden on the AER.

It is hoped that the comments in this submission are helpful to the AEMC in its deliberations. Please do not hesitate to contact me should you have any enquiries regarding this request.

Yours sincerely,



Chris Deague

Senior Market Specialist

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<sup>1</sup> The AER may not be the most appropriate body to establish an IT Change Management Policy. A further alternative could be that an appropriate industry body such as the Change Management Review Committee could manage such policies.