

27 February 2014

AEMO Governance Review – Next Steps

Prior to AEMO's commencement, a commitment was made for its governance arrangements to be reviewed following three years of operation.

To support this commitment, over the last year AEMO carried out an internal review of the corporate governance arrangements currently in place, publishing its findings in August 2013. AEMO sought feedback from industry stakeholders and Members alike on the issues raised, which were discussed with Members at the AEMO Members Briefing in November 2013.

At the Members briefing, AEMO noted and welcomed feedback that had been raised over the course of the review process, where eight formal submissions were made to the AEMO consultation. AEMO also highlighted a number of subtle, but potentially effective, options for change to the AEMO Constitution, notably surrounding the board appointment process. However, AEMO also noted that there had been a range of views submitted in respect of the existing governance arrangements, some of which were focused on issues outside of AEMO's remit to consider, including structural changes to its ownership.

Given the range of feedback received, and in light of the SCER review of energy market institutions planned for later this year, AEMO considers it appropriate to defer consideration of any changes to its Constitution at this time. If appropriate and support remains across Members to take forward some of the more minor amendments to the AEMO Constitution, AEMO will look to proceed with them following the SCER review.

We note that although minor amendments have been proposed, there is clear and wide-ranging support for the arrangements as broadly fit for purpose as they currently stand. AEMO does not consider that any delay in taking forward such proposals would act to the detriment of its operations or governance over this period.

AEMO would like to extend its thanks to all parties that have provided feedback over the course of this review process. If you would like to discuss any aspect of this further, please contact David Swift, Executive General Manager Corporate Development at david.swift@aemo.com.au.