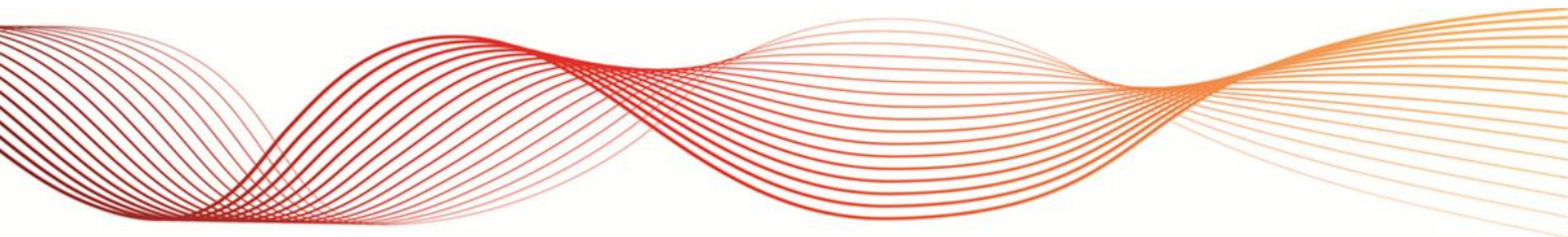




POWER OF CHOICE IMPLEMENTATION PROGRAM

INDUSTRY PLAN – RISK & ISSUE MANAGEMENT

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1. DOCUMENT CONTROL

1.1 Version Control

Version	Date	Description	Amended by
1.0	14 Jun 2016	Initial release	AEMO (PMO)
1.1	19 Aug 2016	Updates based on Industry Feedback	AEMO (PMO)

1.2 References

Ref No.	Document Title	Version
1	POC Industry Register	V1.0



2. OBJECTIVES

This Industry Management Plan has been developed for the purpose of identifying, tracking and addressing Risks and Issues which affect the implementation and post-implementation phase of the Power of Choice Program.

The Power of Choice Implementation Program requires significant interaction with industry, spanning a range of policy, business and technical topics. This interaction takes place through a range of industry groups and other governance forums, which facilitate communication, consultation and coordination. Throughout this interaction, risks or issues will be identified which may impact the program.

The program will utilise processes for ongoing risk and issue management. A program-wide Risk and Issues Register will be actively maintained and integrated with the status reporting process, with key risks and issues regularly reported on.

The Industry Management Plan aims to define a process to facilitate discussion and resolution for these risks and issues.

The Objectives of this Plan are to:

- Define a process for identifying and capturing risks/issues,
- Define a method for assessing and rating the risk/issue,
- Define process for monitoring all identified risks and issues,
- Define how a risk or issue is allocated and subsequently reported on,
- Define accessibility of the register, and how often it will be updated.



3. RISKS

The risk management process for the Power of Choice Implementation Program aims to:

- Facilitate the identification of risks.
- Facilitate the discussion & agreement of mitigation strategies for each risk.
- Provide a process for the monitoring of risks and mitigating actions on an ongoing basis throughout the program.
- Facilitate the risk escalation process.

3.1 Risk Identification

All impacted parties within the program may take part in the risk management process. The identification of risks is an iterative process and new risks can be identified as the program progresses.

Risks should have a clear title and a description which clearly identifies the risk, states the circumstance which amplifies the risk and the consequence associated with the risk.

Title – Describes the subject of the risk.

Description – Clearly identify the risk, the circumstance which amplifies the risk and the consequence associated with the risk.

3.2 Risk Assessment

Once a risk has been identified, it must be assessed, ranked and prioritised for further action.

Key terms to be familiar with include:

Risk Likelihood – what is the probability that each specific risk event will occur?

Risk Consequence – the potential effect on the program/industry if the risk event was to occur.

Based on the likelihood and consequence, a classification of ‘high’, ‘medium’ and ‘low’ risks can be defined.

Table 1 Risk Rating Matrix

		Consequence		
		Low	Medium	High
Likelihood	High	Medium	Medium	High
	Medium	Low	Medium	High
	Low	Low	Low	Medium

The following table provides guidance on how risks may be assessed as high, medium or low. Note that when assessing consequence, one or more of the suggested criteria can apply in order to be assessed as high, medium or low. For risks raised within working groups, it is suggested that agreement be ascertained within the working group as to the likelihood and consequence of the risk.

Table 2 Risk Likelihood

Rating	Likelihood
High	>75%
Medium	25%-75%
Low	<25%

Table 3 Risk Consequence

	Consequence		
	High	Medium	Low
Participant Impact	Greater than 5 Market Participants impacted.	2-5 Market Participants impacted.	Less than 2 Market Participants impacted
Customer Base or Market Share	Greater than 25%.	Between 5%-25%.	Less 5%.
Rules	New policy / process / rules required.	Variations to existing policy / process/ rules.	No variation to existing policy / process / rules.
Program Milestone	Overall Program Schedule impacted by greater than 7 days.	Overall Program Schedule impacted by between 1 and 7 days.	Overall Program Schedule impacted by less than 1 day.
Market Disruption	Severely impacts Participants ability to operate in the Market.	Moderately impacts Participants ability to operate in the Market.	Minor impacts Participants ability to operate in the Market.



4. ISSUES

Throughout the program, issues may arise which could affect the program. An issue is defined as a risk that has materialised or an unforeseen event which may disrupt the program. An issue may also be where an error or incident has occurred which can be resolved through normal project management processes.

The issue management process for the Power of Choice Implementation Program aims to:

- Facilitate the identification of issues.
- Facilitate the discussion & agreement of actions of how to address an issue.
- Provide a process for the monitoring of issues and actions on an ongoing basis throughout the program.
- Facilitate the issues escalation process.

4.1 Issue Identification

Issues should have a clear title and a description which clearly states the event as well its impact.

Title – Describes the subject of the issue.

Description – Clearly details the issue, impacted parties as well as the consequence of this issue.

4.2 Issue Assessment

Once an issue has been identified, it must be assessed, ranked and prioritised for further action and reporting purposes.

The following table provides guidance on how issues may be assessed as high, medium or low. Note that when assessing, one or more of the suggested criteria can apply in order to be assessed as high, medium or low. For issues raised within working groups, it is suggested that agreement be ascertained within the working group as to the assessment of the issue.

Table 4 Issue Assessment

	Assessment		
	High	Medium	Low
Participant Impact	Greater than 5 Market Participants impacted.	2-5 Market Participants impacted.	Less than 2 Market Participants impacted
Customer Base or Market Share	Greater than 25%.	Between 5%-25%.	Less 5%.
Rules	New policy / process / rules required.	Variations to existing policy / process/ rules.	No variation to existing policy / process / rules.
Program Milestone	Overall Program Schedule impacted by greater than 7 days.	Overall Program Schedule impacted by between 1 and 7 days.	Overall Program Schedule impacted by less than 1 day.
Market Disruption	Severely impacts Participants ability to operate in the Market.	Moderately impacts Participants ability to operate in the Market.	Minor impacts Participants ability to operate in the Market.



5. MONITORING & REPORTING

5.1 Forum for Monitoring Industry Risks & Issues

The Program Consultative Forum will be responsible for ensuring industry risks/issues are being monitored and reviewed.

5.2 Differentiation between Stream and Industry Risks and Issues

Throughout the program, risks/issues will be identified amongst the various working groups running within the procedural, technical and readiness streams. Risks/issues identified through these groups which only impact a particular stream should be managed within that working group utilising the risk and issues register. AEMO's work stream lead will ensure that risks/issues are being monitored and actions are being taken within their stream.

Risks/issues identified within working groups should be escalated as an industry risk/issue if:

- The risk/issue is unable to be satisfactorily mitigated or resolved within the individual work stream.
- The risk/issue has implications for a number of work streams within the program, or the required actions must be taken across a number of work streams.

5.3 Risk & Issue Allocation

Each risk/issue will have a nominated owner. The party raising the risk or issue is required to specify the initial owner, which can later be confirmed in the appropriate workshop/forum.

In cases where a nominated owner cannot be determined by the party raising the risk/issue, the default owner will be the raising parties Program Consultative Forum representative.

Risk/issue owners can be from any impacted party within the Program and may be an individual organisation or a group of organisations.

Risk/issue owners are responsible for:

- Ensuring the risk/issue is being monitored and actions are being applied.
- Providing updates on the risk/issue remediation and status of actions prior to Program Consultative Forums in order for the register to be updated periodically.

It is suggested that the party raising the risk/issue communicates with the nominated owner and seeks to reach agreement on ownership of the risk/issue.

5.4 Risk & Issue Monitoring and Reporting

Once a risk or issue has been identified, it should be monitored and updated on an ongoing basis. Each risk/issue should have the following attributes so it can be monitored and reported on: **Status** – either Open or Closed.

Work Stream – the Work Stream in which the risk/issue is being managed (either Procedures, Technical, Readiness or Program).

Initiating Party – the party which raised the risk/issue.

Title – Describes the subject of the risk/issue.

Description – Clearly identify the risk/issue, impacted parties and the associated consequence.

Likelihood (risks only) – what is the probability that each specific risk event will occur?

Consequence (risks only) – the potential effect on the program/industry if the risk event was to occur.

Rating - a classification of 'high', 'medium' or 'low'.



Actions – actions in place to mitigate/address the risk/issue.

Owner – the party which the risk/issue is assigned to.

Date Raised – the date the risk/issue was identified.

Date Last Updated – the date the risk/issue was last reviewed and updated.

Target Resolution Date – the planned date for the risk/issue to be resolved & closed by.

Date Resolved – the date on which the risk/issue was resolved and ‘Status’ changed to ‘Closed’.

Related Risk/Issue ID # – for risks which have materialised into an issue, the ID # of the associated risk/issue.

Related Risk/Issue Title – title associated with the related risk/issue ID#.

Comments – any comments which require noting, relating to the risk/issue.

Industry risks and issues will be reported to the Program Consultative Forum periodically. Reporting will be based on the ratings of risks and issues. The Program Consultative Forum will ensure that all industry risks and issues, including actions, are being monitored and updated. This will require input from risk owners.

Risks and issues should be reviewed at Program Consultative Forum meetings with priority of discussion being on those risks or issues that have a high rating and short resolution timeframe.

5.5 Risk & Issue Resolution

As the program progresses and risks or issues are deemed to be closed by the impacted party, it is the responsibility of the risk/issue owner to provide an update to AEMO advising that the risk/issue has been closed. Closed risks/issues will be reported to the Program Consultative Forum periodically.

5.6 Risk & Issue Escalation

The Program Consultative Forum may decide to escalate risks/issues to the appropriate party if deemed necessary.



6. RISK & ISSUE REGISTER

The following section details the Power of Choice Industry Risks & Issues Register as well as providing information on where the register is located and how updates to the register will be made.

The Power of Choice Industry Risks & Issues Register is located on Power of Choice section of the AEMO website.

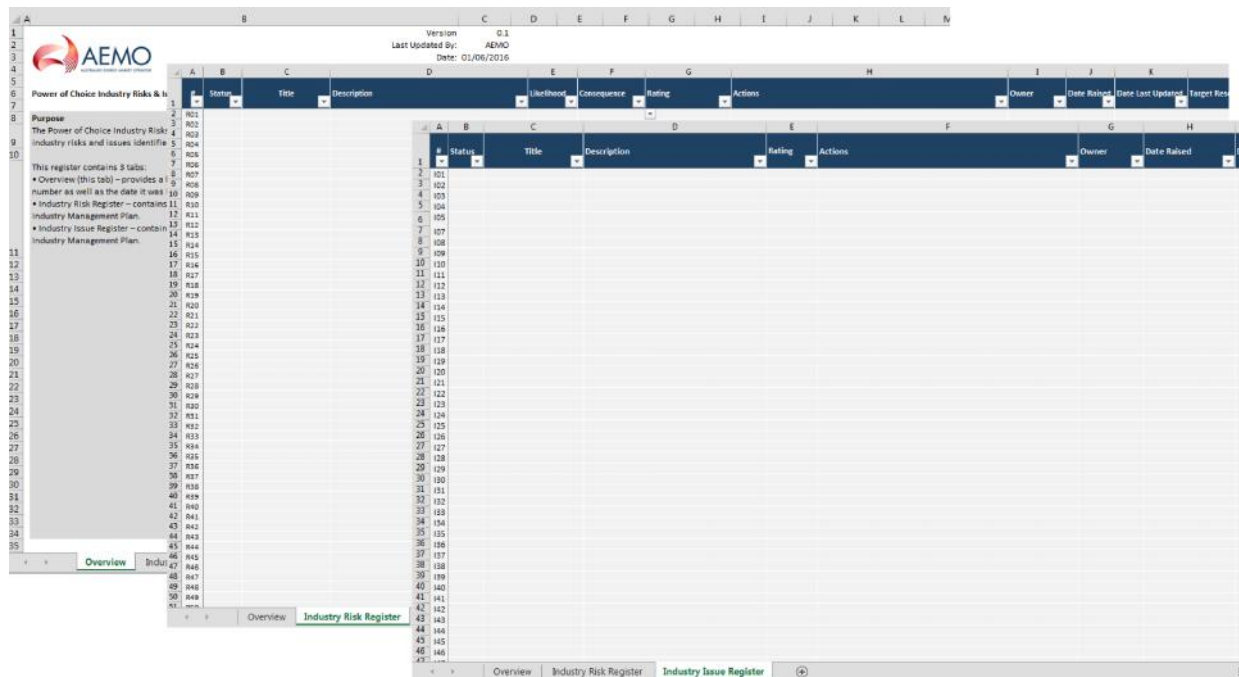
6.1 Overview

The Power of Choice Industry Risks & Issues Register aims to facilitate the monitoring and reporting on industry risks and issues identified within the program.

The register contains 3 tabs:

- Overview – provides a brief introduction to the register. Also contains the register version number as well as the date it was last updated.
- Industry Risk Register – contains all Power of Choice Industry Risks as detailed in Section 3 of this plan.
- Industry Issue Register – contains all Power of Choice Industry Risks as detailed in Section 4 of this plan.

Figure 1 Overview of Risks & Issues Register



6.2 Process for Updating Industry Risk & Issue Register

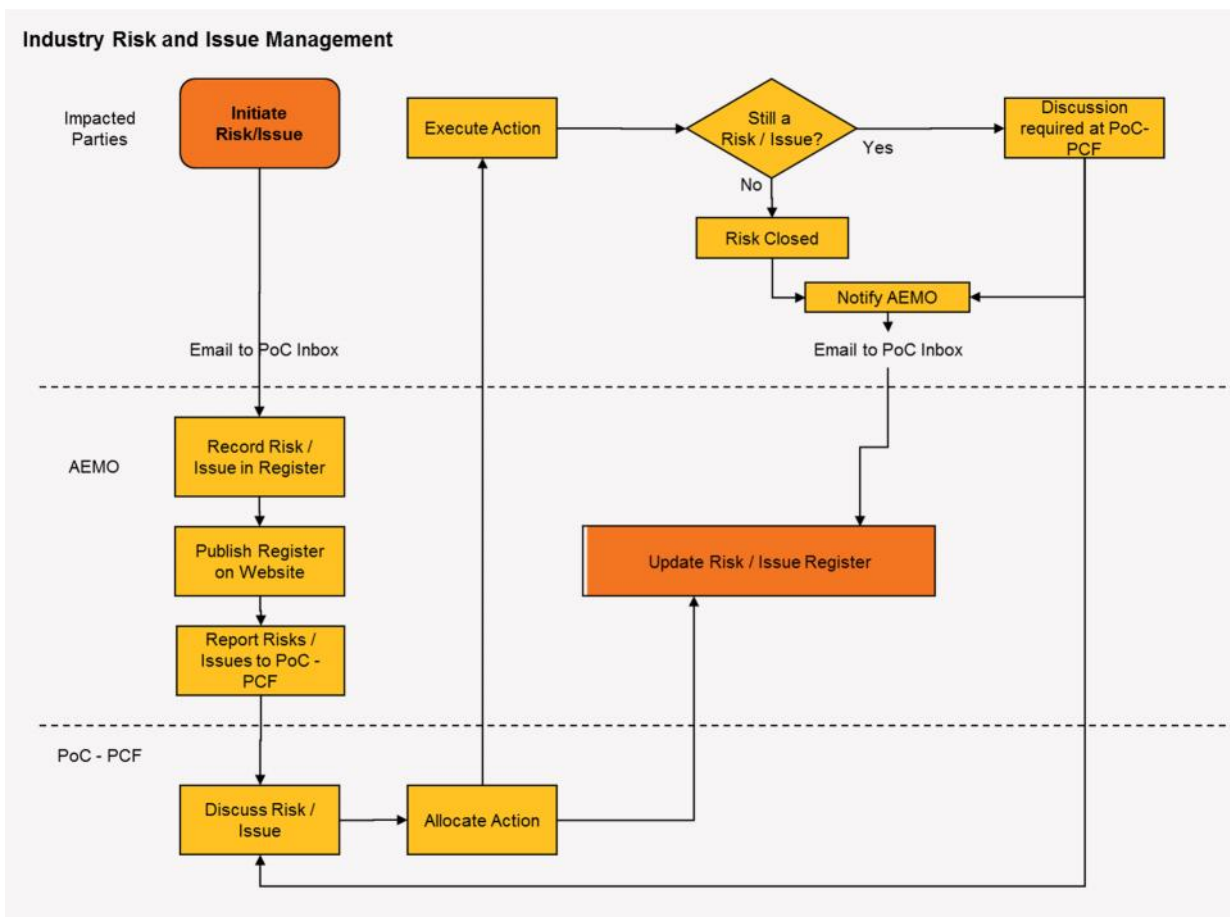
There are two ways that an Industry Risk or Issue can be entered into the register:

- Risks or issues raised in Power of Choice working groups which are deemed to be Industry Risks/Issues (as detailed in Section 5.2) can be requested to be added to the register by completing the email template available on AEMO’s website and addressing it with a relevant subject line to the appropriate work stream lead via the Power of Choice Mailbox (*POC@aemo.com.au*).
- Risks or issues which impacted parties are unable to raise via working groups can be advised to AEMO via the Power of Choice Mailbox (*POC@aemo.com.au*), with a relevant subject line using the email template available on AEMO’s website. The risk or issue will then be assessed and either entered into the register as an industry risk or issue or responded to appropriately.

Industry Risk/Issue owners will be requested to provide updates periodically in order for the register to be updated. Owners may also be requested to provide ad-hoc updates when appropriate. These updates should be provided using the email template available on AEMO’s website and should provide a clear update regarding the Industry Risk/Issue and any associated actions.

Industry Risks/Issue will be reported and reviewed at the Program Consultative Forum, based on the ratings of risks/issues.

Figure 2 Overview of Risk & Issue Management Process





7. GUIDING PRINCIPLES

The following principles may apply to the risk and issue management process.

- The risks and issues receiving the greatest attention should be those with a high likelihood of occurrence, high consequence to the project.
- All market participants impacted by the program may participate in the pro-active identification and management of risks and issues.
- Timely and accurate information must be maintained on all risks and issues.
- The assigned owner of a risk/issue is responsible for its mitigation and/or resolution.