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AUSTRALIAN
ENERGY
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VIOTAS Trial waiver decision

Regulatory Sandboxing – Energy Innovation
Toolkit

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1 Decision

Pursuant to s18ZL and 18ZM of the National Electricity Law (NEL), the Australian Energy Regulator (AER) has decided to grant a trial waiver to VIOTAS from clause 2.3.6(m)(1)(i) of the National Electricity Rules (NER) for 10 sites for a period of 5 years, subject to conditions outlined at section 3.4 and the standard disclaimer at section 4. This trial waiver will allow VIOTAS to test participation of up to 10 sites with multiple connection points in the Wholesale Demand Response Mechanism (WDRM) across the National Electricity Market (NEM).

The AER recognises the continuing work to reform the WDRM. The AER expects this trial to generate important learnings to inform the Australian Energy Market Commission's (AEMC) consideration of Enel X's proposed rule change to expand eligibility under the WDRM (the **Proposed WDRM Rule Change**). Trial learnings will also be key for the Australian Energy Market Operator (AEMO) in its implementation of the rule change, should it proceed.

The AER recognises from the AEMC's Final Report into the WDRM¹ that the market for demand response is constrained and the WDRM remains potentially underutilised. Submissions to VIOTAS' trial waiver application raised that granting a trial waiver to enable one market participant to provide wholesale demand response from sites with multiple connection points may affect competition or commercial arrangements in the wholesale demand response market. Therefore, the AER considers it important and appropriate to impose conditions, and consider parallel applications for similar projects, to minimise commercial impacts.

The AER notes that AEMO can accommodate up to 20 sites for demand response service providers (DRSPs) to test participation of multiple connection point sites in the WDRM. The AER also notes Enel X's trial waiver application from clause 2.3.6(m)(1)(i) of the NER for 10 sites for a period of 5 years. The AER has also decided to grant a trial waiver to Enel X outlined in a separate decision published on the Energy Innovation Toolkit website. The AER considers that granting trial waivers to both VIOTAS and Enel X ensures a level playing field and may encourage and attract new participants to the WDRM.

This decision has been formed because it is expected to deliver the strongest overall outcomes for the industry, including important learnings to inform the AEMC's consideration of the Proposed WDRM Rule Change. The demand response aggregation market is highly concentrated and still formative, and broader trial participation would generate evidence across a wider mix of site locations, unit types and operators than a VIOTAS-only trial. Sharing of the 20 sites that AEMO can support between multiple participants will extend WDRM access to a broader cohort of currently excluded customers.

The AER has decided to grant the trial for the requested 5-year term, as VIOTAS has advised that such time is needed to establish its operations, contract with customers and ensure there are sufficient learnings from WDRM events (which are not guaranteed to occur with any regularity). If, during this time, the AEMC does not decide to make the Proposed

¹ AEMC, [Final report – Review of the Wholesale Demand Response Mechanism](#), October 2025, accessed June 2026.

WDRM Rule Change, the AER can consider whether to exercise its power under clause 8.18.2(a)(2)(i) of the NER to terminate the trial before its scheduled expiry.

The decision to grant both this waiver and the related Enel X waiver is expected to produce faster learnings and benefits including providing directly relevant, in-market evidence for the Proposed WDRM Rule Change. AEMO also noted that the trial would provide useful evidence on the suitability of current baselining methodologies, information on settlement risks and operational processes to support this reform. Further learnings include whether the risk of gaming can be overcome, and how it supports the participation of commercial and industrial (C&I) sites. There is potential for cost savings and continued innovation in the operation of the demand response market.

The trial is granted subject to conditions set out in section 3.4, which relate to system protections, reporting, consumer protections and other matters proposed by the proponent, AEMO and stakeholders through consultation.

2 Background

2.1 The AER's trial waiver power

The AER can grant a time limited trial waiver for eligible trial projects, which temporarily exempts an innovator from having to comply with specific laws or rules that may be acting as regulatory barriers to allowing an innovative trial to proceed.

In considering whether to grant a trial waiver, the AER has regard to the eligibility requirements specified in the NER² and the innovative trial principles specified in the national energy laws.³ Clause 4.2 of the Trial Projects Guidelines sets out our proposed approach to assessing whether the eligibility requirements and innovative trial principles are met.

There is no requirement that the AER must be satisfied that all innovative trial principles are met to grant a waiver. The AER takes a holistic approach to the consideration of the eligibility requirements and innovative trial principles when assessing each application.

We have assessed VIOTAS' trial waiver application against the innovative trial principles and eligibility requirements, as set out in the Trial Projects Guidelines. We consider that VIOTAS' application sufficiently meets these requirements to grant the waiver, for reasons set out at section 3.2.

2.2 VIOTAS' application

VIOTAS, a global company providing demand response services to C&I energy consumers, sought a trial waiver from the AER from clause 2.3.6(m)(1)(i) of the NER. This clause prohibits participation in the WDRM of loads that have multiple, electrically interconnected connection points. Only sites with one connection point to the grid are eligible to participate in wholesale demand response.

VIOTAS applied for a waiver of up to 5 years for up to 20 trial sites to enable greater WDRM participation with loads from large C&I customers that have multiple connection points to the grid. VIOTAS is yet to specify the sites, which may be located in New South Wales, Queensland, South Australia, Tasmania and Victoria.

2.3 Wholesale Demand Response Mechanism

The WDRM operates by paying registered participants to reduce their demand (from a predicted baseline calculated by AEMO) during anticipated high-demand conditions. Demand response through the WDRM reduces the need for generation to be dispatched. The prohibition on sites with multiple connection points in 2.3.6(m)(1)(i) exists because such sites could artificially lower usage at one classified connection point, while increasing it at others, resulting in being unduly paid for demand response services that were not provided.

In October 2025 the AEMC released its final report on the WDRM, which found that the mechanism has generated more value than it has cost. The AEMC recommended that the

² NER clause 8.16.4(a); NERR clause 178(1); NGR clause 135MC(1).

³ NEL section 18ZL(2); section NERL 121C(2); section NGL 30W(2).

WDRM be expanded. It noted the Proposed WDRM Rule Change and stated this would be considered by the AEMC.⁴ The AER recognises the potential benefits of a trial to inform this future rule change.

2.4 Consultation and stakeholder views

We publicly consulted on VIOTAS' trial waiver application from 10 March to 10 April 2026. We received 3 submissions and have published these on the Energy Innovation Toolkit website under [VIOTAS' trial waiver application](#).

The submissions were broadly supportive of using the regulatory sandbox to test expanded participation in the WDRM, while highlighting concerns about competition, settlement integrity and potential gaming.

Stakeholders generally accept the WDRM is still developing and that a well-controlled trial could produce evidence to inform operational practice and the AEMC's upcoming rule change work. Supportive submissions emphasised consumer benefits and competition gains, arguing that additional WDRM participation can increase competitive pressure in wholesale markets and provide alternatives to retailer-centric demand response offers.

The main objections focused on the risk that a multi-year trial could confer a first-mover advantage on the proponent and 'lock in' customers ahead of any enduring reforms. Some stakeholders characterised the proposal as an incremental refinement in terms of innovation. The AER also considered feedback on potential conditions that should apply to the trial.

⁴ AEMC, [Final report – Review of the Wholesale Demand Response Mechanism](#), October 2025, accessed June 2026.

3 Waiver assessment

3.1 Benefits to test in the trial

The AER considers the waiver may generate several benefits and contribute to learnings while increasing participation in the WDRM. The AER considers the waiver will offer the following benefits: Trialling a similar approach to the Proposed WDRM Rule Change; and Broadening participation in the WDRM without harming the system.

3.1.1 Trialling a similar approach to the Proposed WDRM Rule Change

The Proposed WDRM Rule Change as it was lodged in 2022 proposes that the load for all connection points at a site participate in WDRM on an aggregate basis. This would likely require changes to AEMO's standard baselining and settlement systems to facilitate an aggregate approach, as opposed to the current per-connection point basis.

In comparison, VIOTAS has proposed in this trial that it would adopt a baselining approach that is currently standard – reflecting a lesser impact on AEMO's systems than the Proposed WDRM Rule Change. VIOTAS has done desktop analyses that demonstrate that sites with multiple, interconnected electrical connection points can successfully participate in the WDRM without the need for significant or costly changes to AEMO systems. The trial model will associate the load's connection points with each other to allow for data aggregation and performance monitoring. Both VIOTAS' and Enel X's trials will seek to demonstrate this approach.

3.1.2 Broadening participation in the WDRM without harming the system

This trial is expected to broaden competition for demand response aggregation services, by allowing currently excluded C&I sites with multiple connection points to participate in the WDRM, providing an alternative to retailer demand response programs. These larger C&I sites are more likely to have multiple connection points and are currently an untapped source of demand response capacity.

AEMO has indicated since providing its submission, that it is prepared to support **a total of 20 trial sites** given the impacts of such trials on its systems and staff capacity, and it supports the division of these sites between multiple trial participants if applicable. VIOTAS applied to undertake this trial at 20 trial sites and Enel X applied to undertake the related trial at 10 trial sites. The AER has provided the same trial waiver for 10 trial sites to both VIOTAS and Enel X.

Previous guidance provided by staff at the Energy Innovation Toolkit was that trials are typically only granted once. Historically, this supported the importance of trials existing to deliver unique learnings. In this instance, the AER has decided to grant the same waiver to two participants on the basis that additional and specific learnings are possible through Enel X's participation, with the trial scope remaining supportable by the impacted market body, AEMO.

The AER's view is that granting Enel X's trial waiver in addition to VIOTAS' should generate competitive tension between DRSPs, thereby producing additional learnings and better outcomes for all. Broadening trial participation also has the benefit of generating evidence across a wider mix of site locations, jurisdictions, unit types and dispatch thresholds. This increases the likelihood of any site being called to respond to a wholesale demand response (WDR) event.

AEMO supports the granting of trials for up to 20 sites. It affirms that the trials are likely to generate relevant and useful learnings about its ability to facilitate participation in the WDRM of sites with multiple connection points, and whether the risks of gaming and system harm can be overcome by the conditions put in place. These learnings are likely to directly feed into the consideration of the Proposed WDRM Rule Change and other reforms.

3.2 Innovative Trial Principles and eligibility requirements

The AER has undertaken a thorough assessment against the Innovative Trial Principles and eligibility requirements collectively. This assessment is summarised as follows.

3.2.1 Learnings and possible market improvements

Staff consider that having an additional participant in this trial will generate additional learnings beyond a single trial participant. AEMO has also expressly supported additional trial participants on the basis that it is likely to generate evidence across a wider mix of site locations, jurisdictions and unit types. This increases the likelihood of any site being called to respond to a WDR event.

This trial is likely to provide directly relevant, in-market evidence for the Proposed WDRM Rule Change. AEMO noted that the trial would provide useful evidence on the suitability of current baselining methodologies, information on settlement risks and operational processes to support this reform. Learnings also include the level of interest from sites with multiple connection points in participating in the WDRM and information about these sites as potentially reflective of future interest in the WDRM if the Proposed WDRM Rule Change is made. This trial will test whether the risks of gaming can be meaningfully overcome through the proposed protections, and the potential benefits of additional WDRM participation. This trial supports increased participation in the WDRM by allowing previously ineligible C&I sites. This trial also has the potential to support increased cost savings and may support continued innovation in the demand response market. The AER expects the overall impact of this trial to improve the operation of the WDRM and support continued benefits to the market that were identified by the AEMC review of the WDRM.

3.2.2 Implementation and scalability

VIOTAS has undertaken desktop assessments to prove baseline, performance and settlement assessments can be done on an individual connection point or national metering identifier (NMI) basis with no material difference to the result. The trial allows for in-market testing of this outcome. AEMO has confirmed that the trial is able to proceed with minimal impacts to its systems, and the AER has imposed conditions (set out at section 3.4) to further minimise impacts. The trial has been designed to minimise impact on AEMO systems. The

AER notes that the rule change as proposed may have a more material cost on AEMO systems, but this trial should assist in providing further information on these costs.

3.2.3 Consumer protections and National Electricity Objective

This trial has the potential to support the achievement of the National Electricity Objective through improved efficiency of energy services by reducing peak usage and avoiding network augmentation to support these peak periods. Additionally, by increasing participation in the WDRM, it supports emissions reduction across the NEM and contributes to a lower wholesale price, providing benefits to all users, as noted in the AEMC's final report for its WDRM review.⁵

This trial does not directly impact household and small business consumers. Energy consumers are protected from negative WDRM performance through AEMO's monitoring. Trial participants (large industrial site owners) will continue to have access to standard dispute resolution processes with VIOTAS. VIOTAS is required under the conditions (set out at section 3.4) to inform site owners that the sites are participating in a trial, and that this involves risk.

3.3 Ending the trial

This trial is granted for a period of 5 years. If, through the AEMC's determination on the Proposed WDRM Rule Change, the NER is changed to allow multiple connection point sites to participate in the WDRM, the AER will engage with participants to determine an orderly exit strategy. Transitional arrangements may need to be established.

The AER, pursuant to cl. 8.18.2(a)(2)(i) of the NER, and the Trial Project Guidelines, has the power to terminate a trial early. The AER also, pursuant to cl. 8.16.5(a) of the NER, has the power to extend a trial by up to 12 months (on application). Should circumstances change – particularly those concerning the Proposed WDRM Rule Change – the AER reserves its right to determine appropriate action at that time.

3.4 Conditions

As provided in section 18ZM of the NEL, the AER may impose any conditions we consider appropriate for the trial. This allows the AER to impose conditions to ensure issues raised through public consultation are addressed, ensuring the trial maximises the learnings, while also ensuring other requirements are met. Section 18ZR of the NEL requires that a trial waiver proponent must comply with any conditions to which the trial waiver is subject. If the proponent breaches a condition, the AER may revoke the trial waiver or revoke or vary the condition, or impose further conditions on the trial waiver.⁶

The AER has imposed the following conditions on VIOTAS in granting the trial waiver. These are identical to the conditions imposed on Enel X under the separate trial waiver decision.

⁵ AEMC, [Final report – Review of the Wholesale Demand Response Mechanism](#), October 2025, accessed June 2026.

⁶ The AER's framework for monitoring and ensuring compliance with conditions on a trial waiver is set out in the AER's Trial Projects Guidelines on page 21 and is explained in the Trial Projects Guidelines Explanatory Statement at pages 26–27.

Condition 1: Site number

VIOTAS' trial project is to be limited to a maximum of 10 trial sites.

Condition 2: Mitigating impacts on AEMO

Applications to classify loads as wholesale demand response units (WDRUs) must be submitted to AEMO on a phased basis (maximum of 2 applications per week).

Condition 3: Single line diagrams

VIOTAS must provide the AER and AEMO with an up-to-date single line diagram (SLD) for each trial site at the time it seeks to classify that trial site with AEMO, and must provide updated SLDs within 3 business days in the event of any material changes to the electrical configuration of a trial site. The SLD must clearly identify the complete and fixed set of NMIs and metering points that together represent a single operational facility for the purposes of the trial. AEMO may engage with the local network service provider to validate SLDs.

Where changes occur, the AER may (after consulting with AEMO) determine whether the site may remain part of the trial or will cease participation in the trial.

Condition 4: Site selection

VIOTAS must propose any trial sites to AEMO and obtain AEMO's endorsement prior to commencing an application to classify the site as a WDRU, and must inform the AER once it has obtained this endorsement.

VIOTAS must provide to AEMO the following information in relation to trial sites:

- the number of connection points
- the (single) financially responsible Market Participant at each connection point of a site
- any history of non-compliance at the site
- whether real-time telemetry is available at the site
- whether multiple single connection point WDRUs will be dispatched by a single dispatchable unit identifier (DUID)
- the total capacity of the site and the registered WDR capacity of the site.

VIOTAS must provide any additional information reasonably requested by AEMO in its exploration of the suitability of the site. VIOTAS must provide this information to the AER on request. Any disputes between VIOTAS and AEMO will be resolved by the AER.

Condition 5: Performance and conformance

AEMO has the discretion to declare a trial site WDRU non-conforming after a single non-conforming dispatch outcome. VIOTAS must notify the AER of any such occurrence within 3 business days.

If any NMI at a specific trial site is made unavailable in AEMO's Portfolio Management System, all other NMIs at that site are to be made unavailable.

Condition 6: Classification for WDRM with the same DRSP and market customer or retailer

All connection points at a trial site are to be classified for WDRM, assigned with the same AEMO WDRM baseline methodology, registered by the same DRSP and share the same market customer or retailer.

Condition 7: Reporting and validation

VIOTAS is to provide 6-monthly reporting to the AER, AEMO and the AEMC of observed outcomes under the trial.

The first VIOTAS report is to be provided within 6 months of the date this trial is granted. The AER may require information from VIOTAS on written request outside of this reporting cycle, and will provide a reasonable timeframe in which VIOTAS must provide this information.

Reporting to the AER, AEMO and the AEMC must include:

- the total number of trial sites currently classified or undergoing the classification process with AEMO
- the jurisdiction in which each trial site (current or undergoing classification) is located
- site use (e.g. industry), capacities (in MWh, both total and WDRM-classification) and number of connections points per site, of sites classified at the end of each reporting period
- number of dispatch events for each trial site during the reporting period
- post-dispatch performance and settlement data, comparing the proposed approach to the aggregation approach
- other emerging learnings or issues as relevant.

VIOTAS is to publish each subsequent report on its website and must provide a link or copy to the AER, within 20 business days from the end of each 6-month period.

Where requested, VIOTAS may seek to redact information from reporting that it considers to be confidential. VIOTAS must obtain the AER's written consent – which it may give at its sole discretion – to any redaction, and this consent must be sought prior to the date on which the report is to be published. VIOTAS must, on request by the AER, provide it with unredacted trial information, only excluding personal information.

Condition 8: Site classification

A minimum of 2 trial sites must be fully classified within 6 months of the trial start date to ensure that learnings are available in time for the Proposed WDRM Rule Change process.

The AER can in its absolute discretion extend the time for compliance with this condition if events outside of VIOTAS' control prevent compliance.

Condition 9: Protecting consumers

Where a trial site is owned or operated by a party other than VIOTAS, VIOTAS must provide written information to that owner or operator that its participation in the WDRM is as part of a trial, and that trials involve risk. This notice must be provided prior to classification of the site

with AEMO and must detail information about the trial, including its length, conditions and the possibility of the trial concluding before its scheduled completion for reasons outlined in the Trial Project Guidelines and cl. 8.18.2(a)(2)(i) of the NER. It must also explain how the trial might impact the activities of the third-party owner or operator of the site. A copy of this notice must be provided to the AER prior to site classification.

Embedded networks and residential electricity consumers will not be included in this trial.

4 Trial disclaimer

The terms below which are used in the disclaimer, have the following meanings:

Proponent means the party/parties benefitting from the Trial Waiver.

Trial means the project undertaken in accordance with the Trial Waiver for the duration and limited to the scope of that advised to the AER for the purpose of granting the Trial Waiver.

Trial Waiver has the same meaning as sections 18ZL(1) of the National Electricity Law, 30W(1) of the National Gas Law and 121C(1) of the National Energy Retail Law.

Trial Project Confidential Information means information regarding a trial project and submitted to the AER in, or in connection with, an application for a trial project that is identified by the applicant as being confidential.

Trial Projects Guidelines means guidelines of that name made and published by the AER under the National Electricity Rules.

AER means the Australian Energy Regulator.

By accepting the Trial Waiver, the Proponent acknowledges that:

- a) To the extent that is lawful, the AER by granting this Trial Waiver is not responsible or liable for any loss suffered by any party, including third parties, resulting from or related to the Trial.
- b) The AER makes no representations as to the likely success or failure of the Trial and the Proponent remains responsible at all times for the operation of the Trial. In granting a Trial Waiver, the AER is making no statement about, advising or commenting in any way, on the commercial viability of the Trial.
- c) The Proponent must not describe its propositions as “AER approved” or otherwise imply in any way that the AER endorses its product, service, methodology or business model.
- d) The Proponent at all times remains bound by all other laws, rules and regulations not expressly the subject of the Trial Waiver.
- e) The Proponent is responsible for the effective and lawful operation of the Trial in accordance with the terms of the Trial Waiver and as proposed by the Proponent in its application to the AER for a Trial Waiver. The AER has no direct involvement in the Trial beyond the granting of the Trial Waiver and the monitoring of any reporting (if required under the Trial Waiver).
- f) The AER, in granting this Trial Waiver, makes no comment or commitment, with regard to any further consideration of this Trial Waiver (e.g.: early termination; reconsideration of the conditions which apply to the Trial Waiver).
- g) The AER, in granting this Trial Waiver, makes no comment or commitment, with regard to any further applications regarding this Trial Waiver (eg: an application for extension of the Trial Waiver).
- h) To the extent that is lawful, the AER is not responsible for any loss suffered by the Proponent or a third party arising from any action, or inaction, by the AER in the course of the Trial, including through Trial monitoring activities.
- i) The Proponent must not misrepresent the information, guidance or regulatory relief given to the Proponent by the AER.