31 March 2026

Rebecca Holland
A/General Manager, Compliance & Enforcement
Australian Energy Regulator
GPO Box 520
MELBOURNE VIC 3001

Via Email: aercompliance@aer.gov.au

Updates to the AER's Rebidding and Technical Parameters Guideline

Thank you for the opportunity to provide feedback on the participation of Voluntary Scheduled Resources (VSRs) in the NEM as well as market developments and emerging risks, to the extent that they fall within the scope of the Rebidding and Technical Parameters Guideline.

Alinta Energy makes the following recommendations:

1. **Ensure amendments to the Guideline related to the IPRR rule change support the participation of Voluntary Scheduled Resources (VSRs) in Virtual Power Plants (VPPs).**
2. **Adopt a flexible, risk-based approach to Ramp Rate Rebidding and Minimum Safe Operating Levels (MSOL).**
3. **Align ST PASA Recall Period requirements and Significant Price Reporting (SPR) without increasing the reporting burden.**
4. **Establish clear liability boundaries and a proportionate oversight framework for Auto-bidding and Artificial Intelligence (AI), without imposing unnecessary market transparency requirements.**
5. **Establish a battery-specific rebidding framework that includes a materiality threshold.**

In response to the Consultation Paper, we provide the following comments.

1. Ensure amendments to the Guideline related to the IPRR rule change support the participation of Voluntary Scheduled Resources (VSRs) in Virtual Power Plants (VPPs)

The integration of price responsive resources under the IPRR rule change requires that the Guideline recognise the diverse and dynamic operational characteristics of Voluntary Scheduled Resources (VSRs). Given the heterogeneity of VSR technologies, a uniform compliance framework risks constraining their ability to respond efficiently to market signals

and system needs. VSRs participating via VPPs often aggregate hundreds, and potentially thousands, of small scale assets with varying states, capacities, and operating constraints, meaning their availability can change rapidly and non-linearly. A rigid approach to rebidding, technical parameters, or dispatch compliance expectations would therefore undermine the intended benefits of integrating responsive demand and flexible resources into the market.

As identified in the Consultation Paper, a key challenge for VSRs is the complexity of complying with dispatch instructions when varying passive load is involved. For many VSR resources, particularly household and community batteries and distributed assets embedded behind the meter, passive load cannot always be controlled or predicted with enough precision to follow dispatch targets tightly. This creates a structural risk of inadvertent non-compliance even when the participant is acting in good faith and exercising all reasonable efforts. We support the use of dispatch inflexibilities to enable a participant to reflect unavoidable operational limitations, such as fluctuating local demand, device cycling behaviour, or the temporary unavailability of individual units, without breaching dispatch conformance requirements. The Guideline should explicitly acknowledge the legitimate role of these inflexibilities for VSRs and ensure they can be applied without imposing disproportionate justification or administrative burden.

For similar reasons, we also support the AER's proposal to introduce an "other abnormal operating requirement" category for VSRs when the dispatch mode mechanism does not permit accurate offering of VSR capacity. As identified, this will be particularly important during supply scarcity events, high price periods, or other system stress conditions, where VSR availability can be constrained due to localised operating requirements. In such circumstances, the standard dispatch mode classification may not capture the physical reality of aggregated VSR capability. Establishing an explicit category for these conditions provides a transparent and flexible pathway for VSRs to adjust their bids and availability without being forced into technically inaccurate representations of capability. This approach also aligns with the AER's stated focus on updating the Guideline to address market evolution and emerging risks, including the increasing role of new technologies.

Incorporating this flexibility will help ensure that VSRs can participate effectively, safely, and transparently in both VPPs and the NEM more broadly, while supporting system security and maintaining the integrity of dispatch outcomes. It also ensures consistency with the objectives of the IPRR reforms, which are designed to increase responsiveness and participation, not constrain it through compliance structures that do not reflect the operational reality of distributed and consumer driven resources.

2. Adopt a flexible, risk-based approach to Ramp Rate Rebidding and Minimum Safe Operating Levels (MSOL).

The AER's intent to address issues relating to ramp rate rebidding and technical parameters is appropriate, but the proposed treatment of zero ramp rates and the potential reliance on static technical or engineering reports requires reconsideration. The AER's concern about increasing instances of zero ramp rate bids must be balanced against the genuine physical limits of a wide range of technologies. For aging thermal plant, achievable ramp rates and MSOL vary materially with ambient temperature, equipment condition, and fuel source. For batteries, ramping capability and MSOL depend on state of charge, inverter limits, degradation, and fleet availability. These operating conditions change rapidly in real time, meaning that MSOL is inherently dynamic and cannot be accurately captured in a fixed engineering report.

Requiring static, one size fits all engineering reports to justify ramp rates or MSOL is potentially flawed and could force generators into unsafe operating practices if real world conditions shift outside the parameters of a static document. To remain meaningful, such reports would require continual updating as plant conditions evolve. Mandating independent, third party engineering reports for every generating unit is too costly, administratively heavy, and unlikely to deliver any substantive improvement in transparency. Instead, these requirements would create persistent and unnecessary regulatory overheads across the entire market without addressing the specific behaviour that concerns the AER.

A more effective approach is the adoption of a Self Certification Model, under which participants would internally certify MSOL and ramp rate capability using telemetry, engineering records, and real time operational data. The AER would retain full oversight through a targeted, audit based enforcement model, triggered only when a participant exhibits persistent or unexplained “zero ramp” rebidding patterns. This approach directly addresses the potential for misuse while avoiding unnecessary compliance costs and ensuring generator safety. It also preserves the flexibility needed for newer asset classes such as batteries and VSRs to reflect their highly variable operating states.

This approach better aligns with the AER’s broader review objective of updating the Guideline to reflect evolving market conditions, technology diversity, and emerging operational risks. Rather than imposing rigid, static documentation requirements. The AER should adopt a dynamic, risk based framework that supports accurate, safe, and efficient dispatch outcomes, while still preserving participants ability to demonstrate compliance as required.

3. Align ST PASA Recall Period requirements and Significant Price Reporting (SPR) without increasing the reporting burden.

The AER’s consultation signals an intention to incorporate additional clarity regarding ST PASA recall periods into the Guideline. Given that both the ST PASA Procedures and the updated SPR Guidelines are already established and operational, bringing these requirements into the Rebidding and Technical Parameters Guideline should be purely administrative, and not an opportunity to introduce new or bespoke reporting obligations. The Guideline must align directly with these existing frameworks to ensure consistency and to avoid creating parallel compliance regimes.

It is essential that the AER avoids adding new or overlapping reporting formats. This is because during extreme market events such as sudden plant failures, unexpected scarcity conditions, or periods of operational stress, participants are already managing complex operational risks and prioritising physical safety. Requiring duplicative reporting across ST PASA and SPR channels would not serve to improve market transparency rather, it would distract operators from safely and quickly managing the events the reporting is meant to illuminate. By way of example, a participant should not be required to separately explain a delayed ST PASA recall time in one format and then submit a second, differently structured explanation in response to an SPR obligation describing the exact same technical limitation. This duplication would create administrative noise and increase the chance of unintentional inconsistencies without adding meaningful and new information.

For newer technologies such as VSRs and DER aggregations, the problem is even more pronounced. Their recall capabilities can shift rapidly due to state of charge limits, fleet availability, passive load, or local network conditions. The purpose of the Guideline should therefore be to clarify the interface between these existing obligations, not to expand them. Aligning the Rebidding Guideline with existing ST PASA and SPR frameworks, without introducing additional templates, categories, or reporting triggers, will minimise compliance

complexity and ensure that participant resources remain focused on maintaining plant safety, supplying accurate real time market data, and supporting system security and reliability.

4. Establish clear liability boundaries and a proportionate oversight framework for Auto-bidding and Artificial Intelligence (AI), without imposing unnecessary market transparency requirements.

The AER's Consultation Paper acknowledges growing concerns about Auto-bidding systems, including the operational risks that arise from complex technology supply chains and the separation between a participant's commercial intent and a software provider's technical execution. However, any reform must remain grounded in the following core principle:

> "*if bidding behaviour is compliant with the NER and associated Guidelines, it should not matter whether the bid was submitted manually, through rules based automation, linear optimisation, or AI enabled software.*"

We question the value of any requirement for additional disclosure to the wider market about the internal tools a participant uses as it would not improve market efficiency or integrity. It would merely expose participants' commercial strategies and potentially create unnecessary operational and competitive disadvantage, without positively contributing to meaningful transparency or reliability.

We welcome the AER's recognition of the risks associated with increasingly sophisticated third party Auto-bidding software and agree that there must be a clear delineation of responsibility between Market Participants and software vendors. A participant's regulatory liability should be tied to what it can reasonably control, its commercial objectives, its bidding parameters, and its oversight of the system, not the hidden internal code, algorithmic architecture, or potential software defects embedded deep within a third party provider's platform. The Guideline should adopt a balanced liability framework where:

- **Market Participants** retain ultimate responsibility for ensuring that bids submitted into the NEM comply with the relevant regulatory obligations including the NER and associated Guidelines.
- **Third party software providers**, however, must bear responsibility for the correctness, robustness, and integrity of the code, algorithms, optimisation logic, and internal decision processes that they design and operate.

Once a participant has conducted appropriate due diligence, which should include selecting a reputable vendor, validating the software in a controlled environment, and understanding its core operational logic, they should be legally permitted to rely on that software without being held strictly liable for unforeseeable coding errors or algorithmic anomalies.

Accordingly, we recommend that the Guideline explicitly articulate a due diligence safe harbour framework. Under such a model, a participant that can demonstrate robust vendor assessment, testing, and reasonable operational oversight would have its liability limited to the aspects of bidding behaviour within its direct control. At the same time, we support the AER's suggestion of applying greater scrutiny to third party Auto-bidding providers. The AER should consider establishing minimum technical standards, accreditation requirements, or direct audit powers over software vendors to ensure that responsibility for algorithmic integrity rests with the party providing the software as a service.

Importantly, in implementing this framework, the Guideline must draw a clear distinction between deterministic (non AI) optimisation tools (e.g rules based or linear programming Auto-bidders) which are transparent, and widely used, and AI driven systems that may involve adaptive (or self-learning) behaviour and require different audit mechanisms. Regulating these optimisation tools using separate regimes avoids over regulating simple, predictable Auto-bidders while still ensuring appropriate oversight of emerging AI capabilities.

In addition, the Guideline should explicitly specify that any Auto-bidding or bidding support software used by and across multiple Market Participants must treat each participant's capacity independently, reflecting their unique technical parameters, portfolio constraints, and commercial intent. This separation is essential to maintaining efficient market outcomes and supporting the National Electricity Objective.

We are of the view that all of these elements support a balanced, modernised framework, that recognises the growing complexity of bidding technology, preserves accountability, ensures fairness, and avoids unnecessary transparency obligations that do not improve market outcomes.

5. Establish a battery-specific rebidding framework that includes a materiality threshold.

The AER's consultation acknowledges the need to update the Guideline to reflect the increasing role of battery storage and other energy limited technologies in the NEM. In the current five minute market, the operating conditions of a BESS can change rapidly as its State of Charge (SOC) fluctuates in real time in response to dispatch targets, FCAS enablement, network constraints, and market prices. As a result, the high volume of battery rebids is not a strategic choice but an operational necessity. Batteries must constantly rebid to reflect their physical capability, and this creates a large number of small, frequent rebids driven solely by SOC management. The current level of documentation and record keeping for each of these minor adjustments is unworkable as it requires hundreds of near identical "state of charge adjustment" notes to be recorded each day, adding administrative burden without providing meaningful transparency.

Applying reporting rules designed for slow moving, fuel constrained thermal generation to fast -acting bi-directional assets is operationally infeasible. Batteries differ fundamentally from thermal units and legitimately rebid dozens of times per hour to maintain safe operation and ensure accurate dispatch. The requirement to provide full form rebid reasons for every state of charge driven adjustment risks overwhelming both Market Participants and the AER, diluting the value of rebid documentation and obscuring genuinely material events.

To resolve these issues, we strongly suggest that the AER adopt two complementary reforms:

A. Develop a Dedicated BESS Guideline

Rather than retrofitting rules built for thermal generators, the AER should establish a Rebidding Guideline specifically for bidirectional, energy constrained assets. This would allow the distinct operational, technical, and compliance characteristics of BESS assets to be appropriately addressed and ensure expectations around rebids, state of charge management, technical parameters, and dispatch conformance reflect real world technical parameters. Given the AER's acknowledgment that the market is evolving and its intention to incorporate emerging technologies into the Guideline review, a standalone BESS Guideline is a logical next step solution.

B. Introduce Materiality Thresholds for Rebidding Explanations

We recommend introducing materiality thresholds so that Market Participants are required to provide written rebid reasons but only for meaningful changes to bids. Any materiality thresholds should focus on changes in market prices or supply and demand (forecast or actual) rather than changes to a Unit's physical capability, as the primary focus should be on rebidding behaviour that has the greatest impact on the market such as significant changes in market prices or the cost of supply. Adopting this approach will ensure that genuine and significant rebids remain fully transparent while exempting the constant state of charge driven adjustments that constitute normal BESS operation. Exempting minor corrections will remove unnecessary administrative work while preserving the AER's ability to monitor bidding behaviour and take appropriate action in response to non-compliant rebidding.

Thank you for considering our submission. If you would like further information regarding this submission, please contact Edith Zuo at [redacted].

Yours sincerely
Jean Mileto
Manager, Trading Compliance and Governance