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27 March 2026

Rebecca Holland
A/g General Manager, Compliance & Enforcement
Australian Energy Regulator
Email: aercompliance@aer.gov.au

Dear Ms Holland,

2026 review of the Rebidding and Technical Parameters Guideline

Ergon Energy Retail (Ergon Retail) welcomes the opportunity to provide a submission to the Australian Energy Regulator (AER) in response to its consultation paper on the 2026 review of the Rebidding and Technical Parameters Guideline (Guideline).

We support the Guideline's role in providing clarity to Market Participants on the AER's approach to relevant obligations, including its monitoring and enforcement of rebidding and technical parameter requirements under the National Electricity Rules (NER).

The consultation paper proposes several amendments to the Guideline arising from the integrating price-responsive resources (IPRR) into the National Electricity Market rule change and the emergence of Artificial Intelligence (AI). While it is essential that the Guideline remains aligned and reflects the evolving regulatory and operational environment, these developments should be approached with caution. They should not, of themselves, justify significant changes to the existing rebidding governance framework, nor be applied on a carte blanche basis without careful regard to their underlying intent or a thorough assessment of the potential implications against this framework, which we consider continues to remain fundamentally sound, robust, and fit for purpose.

Further, we suggest that the AER should focus more on participant bidding behaviour as expressed in pre-dispatch, rather than on the technology used to generate bids. This view is discussed further in our attached responses to the consultation paper's questions.

This submission does not contain confidential information and may be published. Should you require additional information or wish to discuss any aspect of this, please do not hesitate to contact me or Lindsay Chin on [redacted].

Yours sincerely

[redacted]

Alena Chrismas
Manager, Regulatory Affairs

Telephone: [redacted]
Email: [redacted]

Enc: - Ergon Retail's responses to the consultation paper's questions.

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Below are our responses to the consultation paper's questions.

	Section	Feedback sought	Ergon Retail's comments

1.	2.1	Are there any other items related to the IPRR rule change that may need to be addressed in the Guideline outside of those set out in sections 2.1.1 and 2.1.2, and if so, what are they?	Yes. The Guideline should address several structural risks arising from the current design of dispatch mode and its interaction with price-responsive resources (voluntarily scheduled resources (VSR), consumer energy resource (CER) aggregations, flexible load, and batteries).
			
			Ergon Retail notes the following key issues:
			
			• **Controllable resources should be able to arbitrage without being forced into dispatch mode -** The purpose of the IPRR reforms is to provide better visibility of price-responsive activity and improve short-term demand forecasting, not to create a new category of semi-scheduled units. Controllable resources should retain the ability to perform economically efficient arbitrage without mandatory entry into dispatch mode. Forcing small, flexible, or aggregated assets into dispatch mode risks imposing obligations designed for traditional scheduled plant, increasing compliance overhead, and undermining economically efficient arbitrage that supports price formation.
			
			• **Dispatch mode creates a "selective exposure" market design -** Since dispatch mode is voluntary, aggregators and behind-the-meter assets can:
			
			  • optimise load/charging behaviour behind the meter during normal conditions
			  • avoid dispatch obligations during unfavourable periods, and
			  • enter dispatch mode only when it is profitable.
			
			This creates structural asymmetry compared with scheduled units, which must comply continuously with dispatch conformance requirements.

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			The result is an uneven playing field, with VSRs and CER aggregators able to influence net demand and price formation without equivalent obligations. • **Risk of "phantom capacity" without governance -** Aggregated behind-the-meter assets may be presented to the market as flexible capacity without verified availability, physical performance standards, telemetry and visibility, or real-time conformance obligations. This leads to forecast error, reduced transparency, and increased spot volatility which are the very issues the IPRR reforms were intended to address. • **IPRR should improve visibility, not create a lightly regulated parallel market -** Dispatch mode must not evolve into a quasi-scheduled category with inconsistent obligations. Clear participation boundaries and governance are required to preserve system integrity, equity, and forecasting accuracy.
2.	2.1.2	Given the policy intent and broader benefits of the IPRR rule change, do you consider that it would be appropriate for the 'other abnormal operating requirement' categorisation to be used for VSRs in circumstances where the dispatch mode mechanism does not allow the accurate offering of VSR capacity during certain conditions (such as during a supply scarcity event)? Why?	No. Dispatch mode should only be permitted where AEMO can enforce continuous availability obligations, performance compliance, telemetry visibility, and dispatch conformance. Applying 'abnormal operating requirements' to VSRs incorrectly assumes a single physical generator model. VSRs are aggregated digital resources, whose failure modes may be information technology or communications related rather than plant related. These assets require purpose-built rules, not retrofits of scheduled generator constructs.
3.	2.1.2	Do you have any views on other ways in which this passive load issue could be addressed, for example, by rebidding a unit's ramp rate down to zero if required?	Rebidding to zero or a defined floor during certain conditions may help reduce pre-positioning and improve transparency. However, such measures must be designed carefully to avoid distorting economically efficient arbitrage behaviour.

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4.	2.2.1	Does the Guideline need to provide greater detail in relation to establishing the MSOL of a unit, and if so, what further detail is required? What criteria should be used to evaluate a unit's MSOL?	Minimum safe operating level (MSOL) is relevant for large synchronous units with physical minimum-stable levels. For VSRs and aggregated CER, MSOL is not meaningful and is better managed by the asset owner or aggregator. The Guideline should clarify where MSOL requirements do not apply.
5.	2.2.1	Would further specificity regarding the MSOL in specific conditions (for example, any time that a unit may need to be dispatched out of merit order to manage network constraints) be useful? If so, what specific guidance would be of use?	No. Aggregated resources do not operate as a single physical unit, and network constraints will not uniformly affect an entire VSR aggregation. Specific MSOL guidance is unlikely to be meaningful for these resources.
6.	2.2.1	What additional guidance on ramp rates would be of use? Do you think the Guideline clearly explains that ramp rates should not be utilised to manage the commercial impacts of network constraints?	Yes. The Guideline should reinforce that ramp rates must reflect physical capability only and not be manipulated for commercial outcomes or network constraints.
7.	2.2.2	What guidance (outside of reference to the ST PASA Procedures) would be beneficial in relation to the ST PASA Recall Period?	Guidance should clarify how recall obligations apply to distributed and aggregated resources, where availability is probabilistic rather than unit-based.
8.	2.2.3	Do you consider additional guidance relating to the expectations for Market Participants utilising Auto-bidding software (including third party software) and for the third party-providers would be useful? If so, what guidance would be of assistance?	Yes. Minimum expectations should include transparency, operator oversight, and alignment of Auto-bidding with true physical capability.

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9.	2.2.3	Do you consider there would be any benefit from adding additional transparency on the utilisation of Auto-bidding in a rebid reason? Why?	No additional transparency is necessary. Distinguishing between manual and automated bidding does not meaningfully enhance market understanding.
10.	2.2.3	Explain whether the proposed methodology for receiving this information listed above would be effective in providing market transparency.	No. The distinction between Auto-bidding and manual processes provides little practical benefit.
11.	2.2.4	How could the volume of battery rebids (particularly when we are seeing numerous rebids within the same dispatch interval) be reduced, whilst maintaining the necessary market integrity?	There should be consideration of incentives for longer-horizon bids, optional bid-locking windows, or improved integration of VSR behaviour into pre-dispatch to reduce unnecessary rebid churn.
12.	2.2.4	Do you consider there are any changes to the requirements for the recording of contemporaneous notes for battery rebids that could be implemented to help to reduce regulatory burden whilst still providing necessary integrity?	Simplified contemporaneous note requirements focusing on material changes could reduce burden for fast-responding assets while preserving integrity.
13.	3.1	What are your views regarding the utilisation of AI in Auto-bidding technology? What do you consider the potential benefits and harms as this technology becomes more utilised and sophisticated?	AI may offer efficiency benefits, but the priority should remain visibility and forecast accuracy, not enabling a parallel, lightly regulated dispatch market. Oversight must ensure AI does not exacerbate selective exposure or opportunistic rebidding. Pre-dispatch is central to AEMO's short-term visibility (of supply, demand, and price), participants' commercial decision-making and the stability and predictability of market conditions.

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			Since VSRs may alternate between passive load shifting and active dispatch-mode participation, the quality, stability, and transparency of their pre-dispatch bids have a much larger impact on market integrity than the internal optimisation software used.
14.	3.1	How can the AER ensure sufficient transparency and accountability of technology being utilised for bidding and rebidding?	The AER's oversight should focus on market outcomes (pre-dispatch alignment, availability accuracy, and conformance), not the specific technology used. Technology itself is not the root cause of pre-positioning behaviours.
15.	3.1	What, if any, amendments to the NER are required to address the utilisation of AI in the bidding process?	The NER may need explicit obligations regarding traceability of algorithmic decisions, auditability of automated bids, and human accountability for outcomes.
16.	3.1	Do you consider there are AI issues that are directly relevant to the Guideline which require it to be amended? If so, how?	We do not consider further changes are required at this time.
		Ergon Retail provides the following observation on the comparative pre-dispatch strategy of VSRs versus Scheduled Market Generators, which may assist in this review	To clarify where governance should be focused, it is useful to illustrate how pre-dispatch signals drive materially different behaviours and strategies for VSRs compared with scheduled generators: • **Obligations vs options -** Scheduled generators are subject to continuous conformance obligations where pre-dispatch operates as an operational constraint that must be managed. VSRs participate on a voluntary basis where pre-dispatch functions primarily as an opportunity signal, informing decisions to opt in to or out of market exposure • **Bid timing -** Scheduled generators submit bids earlier and rebid predominantly in response to legitimate physical or operational changes. VSRs can defer exposure until pre-dispatch indicates high value, and may enter dispatch mode close to real time.

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			• **Risk exposure -** Scheduled generators cannot readily avoid unfavourable trading intervals and must follow dispatch targets once committed. VSRs can remain passive during low-price periods and participate selectively when price spreads support arbitrage. • **Scarcity events -** Scheduled generators are required to offer genuine capacity and maintain conformance through system stress events. VSRs may participate selectively during high-price or scarcity intervals and withdraw once conditions normalise, resulting in "selective exposure". • **System visibility and forecasting -** Scheduled generators provide AEMO with high, continuous operational visibility. VSRs provide conditional visibility where behind-the-meter responses may alter net demand without being fully represented in pre-dispatch forecasts. • **Rebid behaviour -** Scheduled generator rebids are typically linked to physical or technical drivers. VSR rebids are more frequent and price-responsive, reflecting evolving pre-dispatch signals rather than binding physical constraints. • **Implication for the Guideline** - Governance should place greater emphasis on pre-dispatch behavioural expectations for VSRs, such as the accuracy of availability representations, stability of offered volumes, and timely signalling of entry and exit, rather than focusing predominantly on whether bids are generated using automated systems or manual processes.