

31 March 2026

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

Re: Updates to the AER's Rebidding and Technical Parameters Guideline – Consultation Paper

Dear Ms Holland,

OptiGrid Pty Ltd (OptiGrid) welcomes the opportunity to respond to the AER's Consultation Paper on updates to the Rebidding and Technical Parameters Guideline. We limit our submission to areas where we have direct operational experience: auto-bidding, battery rebidding, and Artificial Intelligence (AI) utilisation in the NEM.

About OptiGrid. OptiGrid is an Australian energy technology company that offers battery optimisation and trading intelligence software for the National Electricity Market. Our platform is used by Market Participants to optimise dispatch and market participation of battery energy storage systems (BESS). Our software determines and submits bids and rebids on behalf of Market Participants, making OptiGrid a direct stakeholder in the regulatory framework governing auto-bidding and third-party service providers.

Auto-bidding (Questions 8 to 10)

Question 8

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, additional guidance would be very useful. The current Guideline was drafted with human traders in mind, and many of its requirements do not translate clearly to automated systems. As the NEM increasingly relies on fast-responding assets like batteries, clear guidance for auto-bidding systems will support more efficient and compliant market participation. We would particularly welcome guidance in two areas:

(a) Human-in-the-loop expectations. The Consultation Paper notes that the AER considers approaches where bids are sent directly to AEMO by a third party "without the ability for the Market Participant to verify or adjust the bid" to be high risk. We support the principle of Market Participant oversight and seek clarity on what "verify or adjust" means in practice. We note that there is a spectrum of oversight models, ranging from pre-submission human approval through to real-time monitoring with the ability to intervene. Guidance on where the AER expects Market Participants to sit on this spectrum would help the industry design

systems that balance effective oversight with the responsiveness that the market requires from fast-responding assets. We note that requiring pre-submission human approval could introduce latency into 5-minute dispatch cycles and reduce market efficiency, particularly during volatile periods when rapid, accurate bidding is most important for price formation.

We consider that appropriate oversight is achieved where the Market Participant can:

- i. view all bids submitted on their behalf in real time;
- ii. disable auto-bidding at any time; and
- iii. submit manual bids to override the auto-bidder. This preserves the efficiency benefits of automation while ensuring meaningful accountability.

(b) Rebid reason determination. Auto-bidding systems process many inputs every 5 minutes (price forecasts, state of charge, FCAS market signals, network constraints, and others). Determining a single “primary reason” for a rebid, as required by the Guideline, is an inherent challenge for algorithmic systems. We would welcome guidance from the AER on acceptable approaches to rebid reason determination for auto-bidders, as this would improve the quality and consistency of rebid information provided across the market.

Question 9

Do you consider there would be any benefit from adding additional transparency on the utilisation of Auto-bidding in a rebid reason? Why?

We support the proposed “-AB” category suffix (e.g. P-AB, A-AB) as a practical step toward greater market transparency. This is a straightforward change that would provide the AER and market participants with clearer visibility into the proportion of bids generated by automated systems. We note that auto-bidder usage is already largely inferrable from publicly available data through rebid patterns and cadence, but the -AB suffix would make this information more accessible and standardised.

Question 10

Explain whether the proposed methodology for receiving this information listed above would be effective in providing market transparency.

The proposed methodology of appending “-AB” to the category code is practical and minimises system changes for both participants and AEMO. We consider it effective as a first step. More granular approaches (such as attaching bidding software metadata to each rebid) would impose greater integration burden on participants and AEMO for limited additional benefit, and are unlikely to be proportionate at this stage.

Battery rebidding (Questions 11 and 12)

Question 11

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?

The high volume of battery rebids reflects the fundamental nature of the technology as batteries experience continuous changes in operating conditions across every dispatch interval.

We consider that the Guideline might benefit from clearer guidance on what constitutes a material change in conditions for batteries, distinguishing between routine changes and genuine deviations that warrant a rebid. Without such guidance, there is a risk that routine changes are treated as grounds for a rebid at virtually every dispatch interval, which is clearly not the intent of the rules.

Question 12

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?

Yes. The contemporaneous notes requirements were designed for human traders making individual decisions. For automated systems, the most practical and reliable approach is system-generated logs that capture the inputs, decision logic, and outputs of each bidding decision. These logs are inherently contemporaneous and are typically more detailed and auditable than manually written notes.

We would support an amendment to the Guideline that explicitly recognises automated, system-generated logs as satisfying the contemporaneous record requirement for rebids made by auto-bidding systems, provided those logs are retained and made available to the AER on request. This would reduce administrative burden on Market Participants without compromising the AER's ability to monitor and enforce compliance.

AI utilisation in the NEM (Questions 13 to 16)

Question 13

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-driven bidding technology offers clear benefits for the NEM. More responsive and efficient bidding strategies improve price formation, support system security during volatile periods, and are essential for integrating fast-responding assets like batteries and orchestrating consumer energy resources at scale. These outcomes benefit all market participants and energy consumers.

We note the AER's distinction between rules-based auto-bidding and AI/ML systems. We consider the AER's definition of an "AI System" to be appropriate and consistent with how bidding platforms in the NEM generally operate today.

Regarding risks, we acknowledge the AER's concern about the potential for algorithmic collusion. In practice, battery optimisation software typically treats each customer's assets as separate optimisation problems, with each asset potentially having different trading strategies, commercial objectives, and risk profiles, even when using the same platform. This means their behaviour would naturally differ. While we consider algorithmic collusion of this nature unlikely to occur, the Guideline should make clear that third-party providers must optimise each customer's portfolio independently to preserve competitive market dynamics.

More broadly, we consider that such expectations should apply consistently regardless of whether bidding decisions are made by automated systems or by human traders that seek to maximise combined revenues. A technology-neutral approach to this issue would ensure that the Guideline addresses the underlying risk of coordinated behaviour rather than focusing solely on one category.

Question 14

How can the AER ensure sufficient transparency and accountability of technology being utilised for bidding and rebidding?

Transparency and accountability can be achieved through a combination of

- i. clear record-keeping obligations for the models and algorithms used,
- ii. the ability for the AER to request detailed logs of bidding decisions, and
- iii. the requirement that Market Participants and their technology providers can explain the basis for any given bidding decision after the fact.

For machine learning models, determining a single causal "reason" for a given output is inherently difficult if not impossible, as the output is shaped by training data, model architecture, and real-time inputs. Regulatory expectations should account for this technical reality while still requiring that outcomes can be explained and audited.

Question 15

What, if any, amendments to the NER are required to address the utilisation of AI in the bidding process?

We do not consider that NER amendments are necessary at this stage to address AI in the bidding process. The existing obligations (including that bids must not be false or misleading under clause 3.8.22A) apply regardless of whether a bid is generated by a human or an algorithm. The Guideline is the appropriate instrument to provide practical guidance on how these obligations apply to automated and AI-driven systems. However, should algorithmic collusion become a demonstrated risk in the market, we would support consideration of targeted NER amendments at that time.

Question 16

Do you consider there are AI issues that are directly relevant to the Guideline which require it to be amended? If so, how?

Yes. The Guideline should be amended to address the practical realities of AI and auto-bidding systems, including:

- a) Guidance on acceptable approaches to determining rebid reasons for automated systems, recognising that algorithmic systems process many inputs simultaneously and cannot always isolate a single causal factor.
- b) Recognition that system-generated logs are an appropriate form of contemporaneous record.
- c) Expectations for third-party providers regarding independent optimisation of each customer's portfolio to maintain competitive market dynamics.

Regarding the proposed obligation to certify and recertify each AI model: we support the principle of model governance and testing. However, if "certification" requires a formal external process for each model update, this could slow the pace of innovation and reduce the responsiveness of bidding systems to changing market conditions. A self-certification and documentation regime, subject to AER audit, would be more proportionate and would allow the market to continue benefiting from rapid improvements in bidding technology while maintaining appropriate regulatory oversight.

OptiGrid is committed to building systems that support market integrity and efficient outcomes for the NEM. We welcome the AER's proactive engagement on these issues and would be pleased to meet with the AER to discuss any matters raised in this submission in detail.

Yours sincerely,

A black rectangular redaction box covering the signature of the sender.

Sahand Karimi

Chief Executive Officer

OptiGrid Pty Ltd