

30 March 2026

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

*Submitted electronically*

Dear Ms Holland,

## **Rebidding and Technical Parameters Guideline Consultation Paper**

Snowy Hydro welcomes the opportunity to comment on the Consultation Paper regarding proposed updates to the Rebidding and Technical Parameters Guideline (Guideline). We set out our comments below.

### **VSR Passive Load and Compliance with Dispatch Instructions**

The AER highlights that Voluntarily Scheduled Resources (VSRs) may be unable to meet dispatch instructions during supply scarcity events, due to passive load. To address this, the Consultation Paper suggests amending the Guideline to classify this condition as an 'other abnormal operating requirement', allowing VSR Providers to bid inflexibly and avoid breaching their obligations under cl. 4.9.8(a).

Snowy Hydro opposes allowing dispatch non-compliance for VSRs. The AER has previously emphasised that the requirement to comply with dispatch instructions is essential to the secure operation of the power system,<sup>1</sup> a concern echoed by the NEM Wholesale Market Settings Review.<sup>2</sup>

Exempting a class of participants from the core dispatch compliance obligation creates an uneven playing field and increases systemic risk. As the AER stated in Compliance Bulletin No. 1 (Compliance Bulletin):

*Pricing, system security and the overall market integrity of the five minute dispatch cycle relies on market participants accurately representing their capabilities and following dispatch instructions as they are issued.*

Non-compliance with dispatch instructions increases the need for frequency control ancillary services and safety margins required by AEMO, reducing power system utilisation and compromising its operation.

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<sup>1</sup> See, AER, *Compliance Bulletin No. 1*, p7

<sup>2</sup> T. Nelson, P. Conboy, A. Hancock, P. Hirschhorn, *National Electricity Market wholesale market settings review* (2025), p46

## **Ramp Rate Rebidding and the Minimum Safe Operating Level (MSOL)**

The AER is considering providing further clarity on what constitutes a unit's MSOL, which could involve requiring an engineering report to substantiate a plant's MSOL across relevant operating conditions. Snowy Hydro supports this proposal, and in particular, the requirement for engineering evidence to justify a participant's MSOL levels.

Further guidance should also be provided regarding dispatchable unit identifiers (DUIDs) that comprise multiple units. In particular, a power station should not be permitted to bid the combined minimum loads of all its constituent units to justify a higher overall MSOL, unless strictly justified by plant engineering requirements. For example, if a station consists of two units, each with a 50MW minimum load, and receives a dispatch target of 50MW, the participant should not hold the station at a combined MSOL of 100MW. Instead, the participant should have the ability to turn one unit off to meet the 50MW target.

### **Responding to targets below MSOL**

Snowy Hydro considers that further guidance is required in relation to the expected behaviour of a generator in the dispatch interval (DI) after it has received a target below its MSOL.

As noted in the Consultation Paper, clause 4.8.9(a) permits generators to not follow a dispatch instruction, in a given DI, where doing so would materially risk damaging equipment. However, while the Compliance Bulletin emphasises the necessity of compliance with dispatch instructions in order to maintain the security of the power system, it is silent as to how generators should respond in following DIs.

Having generated at its MSOL, in circumstances where the MSOL exceeds the unit dispatch target, a generator has two options with the respect to the following DI: leave its dispatch offer unchanged, with the result that it continues to generate at the level of its MSOL (above the dispatch target); or bid the DUID unavailable, in order to turn off the unit.

Arguably, in order to comply with clause 4.9.8(b) of the NER, a scheduled generator should bid the relevant DUID unavailable, to avoid receiving a target which it knows it is unlikely, due to the existence of a binding constraint, to be able to follow. However, that does not seem to be a universal practice in the market. Given the importance of dispatch compliance to system security, generators should be required to be more proactive, to bid in a way to ensure, as far as possible, that it does not receive a target below its MSOL.

To achieve this, the Guideline should be amended to require a generator in these circumstances to bid its maximum availability to zero, in order to turn off each DUID. If needed, the generator can subsequently start back up using the Fast Start Inflexibility Profile (FSIP), provided the FSIP is similarly justified on the basis of engineering evidence. We note the AER's established position in the Compliance

Bulletin that the possibility of future dispatch instructions requiring a rapid shut-down and start-up cycle is irrelevant. Furthermore, wear and tear on a plant as a result of its operation does not amount to a material risk of damaging equipment for the purposes of clause 4.9.8(a).

Snowy Hydro considers that this amendment would go a long way to resolving this issue, and improve system security and market efficiency.

### **Auto-Bidding and Artificial Intelligence**

The AER has proposed adding additional transparency measures for the use of auto-bidding, such as requiring an "AB" inclusion in the rebid category code. The AER is also considering introducing obligations that would require Market Participants using AI to have and maintain necessary organisational and technical resources, as well as requirements to certify, test, govern, and record each model.

Snowy Hydro suggests caution before implementing any new rules or reporting requirements in this space. Auto-bidding improves market efficiency, and there is currently no evidence that it leads to an increase in non-compliance or lowers system reliability. In fact, as the AER outlined in the Compliance Bulletin, given that the NEM operates on a 5-minute basis, the offer of each generator must be monitored and varied as required to ensure it always complies with the capability of that unit as conditions change. Auto-bidding is an effective mechanism for participants to ensure they meet this regulatory expectation.

With the increase in nominatable contracts across the market, "F" (Financial) type rebid reasons may become more common. This will occur as participants use auto-bidding software to rebalance their generation in response to a change in contracting levels, where the underlying driver of the counterparty's nomination is technically 'unknown'.

Regarding AI specifically, care must be taken to ensure that new regulations are not overly burdensome. Market participants are already responsible for ensuring that bids, whether the result of auto-bidding or otherwise, are compliant. In this respect, the key question is whether or not an AI system can reliably ensure that the rebid reason it generates meets the current guideline requirements (specific and verifiable).

The benefits of imposing additional, AI-specific requirements, such as the proposed requirement to maintain specific organisational and technical resources are unclear. Ambiguous or heavy-handed resourcing requirements could preclude use of AI technologies by smaller participants.

### **Rebidding of Batteries**

The AER notes that the sheer volume of rebids submitted by batteries increases risks to the market and creates a significant regulatory burden for participants regarding the recording of contemporaneous notes.

Battery rebidding is a rational approach by operators to manage limited storage capacity, contract obligations and variable opportunity costs. Because a battery's state of charge changes frequently and its commercial position is more sensitive to changes in market conditions, they must amend their bids more often than other types of generation. An increase in battery rebidding is an expected consequence of this type of storage, and should not, of itself, be seen as problematic.

However, greater scrutiny is required where batteries are submitting multiple rebids in a single DI. A rebid should match a participant's intention and should not require a subsequent rebid. In the absence of new information arising within that specific DI, any changes to the bid should be aggregated together and submitted as a single rebid. This single submission should be driven by the primary change necessitating the rebid. Enforcing this aggregation will naturally reduce the volume of intra-interval battery rebids.

### **Rebidding Thresholds**

One option to reduce rebidding volumes, generated by auto-rebidding systems or otherwise, would be to create explicit tolerance thresholds for capacity and energy values. For example, a technical rebid should only be deemed necessary if the change exceeds:

- **Capacity:** X% change or 5MW, whichever is smaller.
- **Energy:** Y% change or 100MWh, whichever is smaller.

Part of the current growth in rebid volumes can be explained by attempts to bid these parameters to the integer level for all DUIDs. Providing a tolerance threshold would reduce rebid volumes without compromising system security.

### **About Snowy Hydro**

Snowy Hydro Limited is a producer, supplier, trader and retailer of energy in the National Electricity Market and a leading provider of risk management financial hedge contracts. We are an integrated energy company with more than 5,500MW of on-demand generation capacity. We are one of Australia's largest renewable generators, the third largest generator by capacity and the fourth largest retailer in the NEM through our award-winning retail energy companies - Red Energy and Lumo Energy. We are one of the largest investors in wind and solar power purchase agreements in the NEM, helping to underwrite more than 2GW of new variable renewable energy capacity.