Australian Government

AUSTRALIAN ENERGY REGULATOR

Automated bidding and utilisation of third-party services Compliance Bulletin

August 2026

Important notice

The information in this publication is for general guidance only. It does not constitute legal or other professional advice. You should seek legal advice or other professional advice in relation to your particular circumstances.

The AER has made every reasonable effort to provide current and accurate information, but it does not warrant or make any guarantees about the accuracy, currency or completeness of information in this publication.

Parties who wish to re-publish or otherwise use the information in this publication should check the information for currency and accuracy prior to publication.

At the AER, we use artificial intelligence (AI) to enhance our internal productivity and data analysis. Our AI tools do not make decisions or take action on our behalf. We maintain high standards of security measures to safeguard personal information. The AER remains fully responsible for all work and oversight, including checking the quality of any AI outputs. We ensure our AI use complies with all legal and regulatory requirements. To learn more, see the AER AI transparency statement. If you have any questions about this statement or would like further information on our use of AI, please contact us.

Inquiries about this publication should be addressed to:

Australian Energy Regulator
GPO Box 3131
Canberra ACT 2601
Email: aerinquiry@aer.gov.au
Tel: 1300 585 165

AER reference: PRJ-00000085

Amendment record

Version	Date	Pages
1	5 August 2026	7

1 Introduction

1.1 Background

The National Electricity Market (NEM) has experienced a rapid transformation in recent years. This has included the introduction of new technology types, a significant increase in the number of Market Participants,[1] as well as the move to 5-minute settlement periods. As a result of this, Market Participants are utilising a range of new and emerging systems, tools and mechanisms to manage their bidding. In particular, we have seen a significant increase in the utilisation of 'auto-bidding'.

The term 'auto-bidding' is used to describe the use of a computer algorithm with a pre-defined set of instructions or rules which automatically determines, with little or no human intervention, one or more parameters of a bid such as whether to initiate a bid, timing, price, capacity or how to manage the bid after submission to market. These tools are typically utilising five-minute pre-dispatch and dispatch data for this decision-making. Use of auto-bidding has become increasingly common in the NEM, and now represents the vast majority of rebids made by renewable and battery resources.

While there are numerous benefits to the market related to the use of auto-bidding software, the AER considers use without appropriate safeguards in place gives rise to an increased risk of non-compliance with the National Electricity Rules (NER) and potentially creates undesirable market outcomes. Regardless of how a bid is made, Market Participants are still required to comply with all relevant obligations under the NER. Third-party providers also need to be aware that their actions could be subject to a penalty where they are found to have accessorial liability.

1.2 Purpose

This compliance bulletin sets out a series of best practice expectations for Market Participants and third-party providers to help ensure NER compliance when utilising third party services related to bidding. Market Participants and third-party providers should review their practices in light of the information set out in this compliance bulletin and update them as appropriate.

It also provides suggestions for the provision of contemporaneous records for automated bids. These are designed to assist the AER's understanding of the key factors underpinning an automated rebid, as well as seeking to reduce some burden on stakeholders in terms of contemporaneous record keeping requirements. These are not binding requirements until such time as the AER's Rebidding and Technical Parameters Guideline (Guideline) is amended.

This bulletin is not a substitute for any provisions of the NER or an exhaustive statement of the AER's expectations. It is the responsibility of participants to understand and comply with

---

1 NER clause 2.4.1(a) states that a Market Participant is a person in any one or more of the following NER categories: (1) Market Generator; (2) Integrated Resource Provider (other than a Non-Market Integrated Resource Provider); (3) Market Customer; (4) Demand Response Service Provider; (5) Market Network Service Provider; and (6) Market SAPS Resource Provider.

all relevant obligations under the NER, some of which can attract substantial civil penalties, and to make decisions about how best to operate, guided by independent legal advice where appropriate.

Participants often contact the AER seeking clarification of relevant NER obligations. While the AER does not provide legal advice, we encourage participants to continue doing this as these communications, along with our ongoing monitoring and compliance work, will inform our policy position and assist us to determine whether further AER guidance may be appropriate.

This bulletin does not have legal force. The AER cannot provide a definitive interpretation of the relevant legislation because that is the role of the Courts. The AER will approach each potential compliance and enforcement matter on a case-by-case basis, considering all relevant circumstances, and by applying the factors set out in our Compliance and Enforcement Policy.

2 Expectations for use of auto-bidding

The requirement to ensure that all bidding is compliant remains regardless of whether a Market Participant is entering bids manually, through its own auto-bidding software, or when utilising a third-party provider. While the obligations under the NER remain unchanged, the associated risk profile or the nature of the risks, and the treatment or management of those risks, will differ depending on the approach taken. Market Participants should ensure that they are compliant with all relevant NER obligations when utilising auto-bidding and third-party services.[2]

When using third party or self-developed auto-bidding software to submit some or all bids or rebids, Market Participants should maintain appropriate oversight. We consider any approach where automated bids are sent directly to AEMO—either by a third party or through a self-developed auto-bidding system—without the ability for the Market Participant to verify or adjust the bid to be of a higher risk, given the inability to independently verify that the bid is compliant with all legislative obligations.

Market Participants should ensure they have appropriate risk mitigation and management processes in place to ensure any utilisation of auto-bidding complies with all legislative obligations.

It is important for Market Participants to undertake these steps (including the due diligence process set out below) because non-compliance resulting from a Market Participant's use of auto-bidding (whether directly or through a third-party service) will still be considered non-compliance by the relevant Market Participant. By conducting due diligence and maintaining appropriate oversight and control, a Market Participant minimises risk of non-compliance.

It is the AER's expectation that a Market Participant will ensure that bids and rebids made via a third-party provider are made independently based on individual Market Participant technical parameters, portfolio constraints and commercial intent. Businesses and individuals involved in any cartel conduct and/or concerted practices risk criminal and/or civil penalties. The laws about cartels, including bid rigging and concerted practices are contained in the *Competition and Consumer Act 2010*. Further guidance for businesses and individuals on the risks of engaging in anti-competitive conduct such as bid rigging is available on the Australian Competition and Consumer Commission's website.

2 Relevant obligations are located throughout Chapters 2, 3 and 4 of the NER, requiring information contained in bids and rebids to meet content requirements, be accurate, and/or reflective of plant capability. These obligations span energy as well as ancillary service and system service provision, and include (but are not limited to) requirements around rebid reasons (cl 3.8.22), the prohibition against false or misleading bids and rebids (cl 3.8.22A(a)), and requirements that participants must ensure that their plant is capable of complying with bids at all times (cl 4.9.8). The provisions listed are quoted as examples, and are not exhaustive of all bidding and re-bidding requirements prescribed in the NER.

3 Use of third-party providers

When engaging a third-party service provider (for instance, bidding services or an auto-bidder product, or self-forecasting), Market Participants should undertake a due diligence process. This process may include:

- vetting a third-party provider before contracting with them. This includes ensuring Market Participants have a comprehensive understanding of the third-party's practices, services provided and/or the software product and how use of these services and products will ensure Market Participants are compliant with relevant requirements under the NER
- setting up the contractual arrangement to ensure that all processes with the third-party provider are compliant with all legislative requirements
- ensuring that Market Participants are able to tailor relevant software to suit a Market Participant's particular circumstances to ensure compliance
- ensuring that the third-party provider is maintaining compliant processes in response to any legislative changes or updates in AER guidance
- routine monitoring, checks and/or audits to ensure that all practices and use of the third-party provider, services or products continue to be compliant
- maintaining awareness of any updates, changes or other technical issues which may impact the third-party service or product, and ensuring that there are appropriate contingencies to ensure compliance if the service or product is impacted.

We note that providers of third-party software and/or services are also required to ensure that the services provided do not cause or permit non-compliance. A third-party provider may be held to be liable for any breach which results from the utilisation of their services by a Market Participant, if they are directly or indirectly concerned in or a party to the breach.[3]

3 National Electricity Law, s 68 & Sch 2, cl 40.

4 Contemporaneous records for automated rebids

When providing contemporaneous records for automated rebids, we consider it would be beneficial for a Market Participant to include details of the instructions which the program was relying on in making the bid. This includes relevant triggers which the rebid was based on and the relevant thresholds for these. Any standing instructions for a third-party provider should also be noted.

If automated system-generated logs capture the inputs, decision logic, and outputs of each bidding decision, we consider that these would meet our requirements to be provided as a contemporaneous record. If a Market Participant chooses to rely solely on system generated logs, they must ensure that the necessary information is being generated, captured and retained in accordance with the NER and requirements set out in the Guideline.[4]

---

[4] See NER clause 3.8.22(ca).