



Consultation submission: Development of the Voluntarily Scheduled Resource Guidelines

Part of the Integrating price-responsive resources (IPRR)
reform implementation project

March 2025



About the EEC

EEC is the peak body for Australia's energy management sector.

We are a membership association for businesses, universities, governments and NGOs that have come together to ensure Australia harnesses the power of efficiency, electrification and demand management to deliver a prosperous, equitable, net zero Australia with:

- People living and working in healthy, comfortable buildings;
- Businesses thriving in a decarbonised global economy; and
- An energy system delivering affordable, reliable energy to everyone.

EEC works on behalf of its members to drive world-leading government policy, support businesses to rapidly decarbonise, and to ensure we have the skilled professionals to drive Australia's energy transformation.

3.2 Proposed effective date

1. What should be the effective date of the VSR Guidelines?

The IPRR indicative timeline sets out multiple workstreams running in parallel. The EEC notes that the technical specifications are currently due to be released in draft form in June 2026 with the final version published on the 'go live' date of 23 May 2027.

The EEC recommends that the technical specifications are provided to potential VSRP's as soon as practical. This is to enable potential VSRP's to confirm that they can comply with the specifications prior to participating in the tender process.

3.3 Balancing ease of participation and power system security

2. Do the proposals in this consultation paper strike the right balance between ease of participation for VSRs in central dispatch and the need to maintain a secure and reliable NEM power system?

The EEC recommends that the technical specifications are provided to potential VSRP's as soon as practical. Without the technical specifications it is difficult to determine whether this balance has been met.

3.4 Amendments to the VSR Guidelines and 2030 review

3.5 Issues for consultation

3. How appropriate is AEMO's proposed structure for the new VSR Guidelines?

The EEC has no comment on the proposed structure.

3.5.1 Determining zones and loss factors (questions 4-9)

The EEC has no comment on all VSRs being allocated a loss factor of one.

In relation to VSR zones, the EEC notes that AEMO is interested in hearing views on the potential use of the 5 NEM zones initially, with AEMO suggesting that an amalgamation of AEMO's 17 congestion zones are then used (leaving 13 VSR zones).

The EEC understands that AEMO is balancing multiple factors when setting the VSR zones. A larger zone will enable aggregation of resources across a larger number of NEMs, potentially increasing the diversity of technology and type of VSRPs. Conversely, a large zone that crosses multiple distribution

networks may pose challenges associated with requiring the VSRP to comply with network requirements from multiple network providers (e.g. specific limits on exports) and require the VPP technology to account for site-specific circumstances of the participating sites. This complexity may deter some potential VSRPs from participating.

However, the EEC is aware that accounting for individual site constraints is technically possible with the appropriate systems and technology and may result the most effective use of demand side resources, benefiting participating businesses and the energy system more broadly.

10. To what extent do you agree with the requirements, conditions and processes for VSRPs forming VSR aggregations within the proposed zones?

The EEC notes that the requirements include that the VSRP will be responsible for ensuring resources within each VSR comply with their individual distribution connection agreements. It is noted that the VSRP will have no visibility of this distribution agreement and related network limits so further consideration should be given to this requirement.

The requirement that the VSRP is also the Financially Responsible Market Participant (FRMP) may also post a barrier to the participation of smaller aggregators, unless they partner with a FRMP. The EEC recommends that the requirements, conditions and processes for VSRPs are designed in a way which allows broad participation, which may mean establishing specific guidelines specifying how smaller aggregators can participate without being a FRMP. As it stands, the FRMP requirement is likely to limit, participation primarily to retailers.

11. Do you agree with AEMO's minimum lead time of six months for a change in zones?

The EEC has no comment.

3.5.2 Nomination

12. What other factors should be considered in setting the minimum VSR nameplate rating threshold and why?

The EEC understands AEMO's preference for a 5MW threshold.

However, in order to encourage a larger number of participants the EEC suggests that the threshold could be set at a lower threshold (potentially at 1 or 2MW) initially to enable potential VSRPs to aggregate sufficient resources. A smaller threshold could encourage a wider diversity of participants and technology.

13. What are your views on an initial lower VSR nameplate rating threshold that adapts as dispatch mode capability and capacity grows?

The EEC has no comment.

14. What are the options for aggregations of > 1 MW to participate in dispatch mode, given the 1 MW bidding threshold?

The EEC has no comment.

15. Do you have any feedback you would like to provide on the nomination process for a VSR?

The EEC has no comments on the nomination process.

16. What issues do you see with AEMO's requirements for qualifying resources within a VSR or for a VSR?

The EEC has responses on the specific requirements below:

- Be in the same zone – the larger the zone the easier it will be to aggregate resources; however different site constraints may cause issues for VSRPs.
- Meet the operational requirements for telemetry and communications in section 3.5.4 –Can AEMO please clarify if a 'smart' meter would meet these requirements? If not, there could be issues with limited ability to participate.
- Minimum nameplate or combined nameplate rating of 5 MW - the 5MW threshold may limit participation, especially initially as participants work to aggregate resources.
- Can only be scheduled and dispatched via the relevant VSRP and not across multiple aggregated service providers - as the VSRP also needs to be the FRMP, this could limit participation in some cases. This requirement also limits the NMI from participating in the WDRM or providing other market services. This should be flagged to the market through MSATs and to the customer.
- Poses no threat to maintaining power and system security – agreed that this needs to be a requirement.

3.5.3 Portfolio management

17. Do you see any issues with AEMO's circumstances where it may request VSRPs that have aggregated qualifying resources to declare individual qualifying resource availability and operating status? What other factors should be considered?

The EEC has no comment.

18. What are your views on the processes and settings AEMO should establish to deal with cases of NMI churn resulting in a VSR dropping below the minimum threshold?

The EEC recommends that the process for dealing with NMI churn be as simple as automatic as possible.

3.5.4 Capability assessment

19. Are there any other matters AEMO should consider in relation to the proposed telemetry requirements?

The EEC has no comment.

20. To what extent does the proposed approach to telemetry appropriately balance between minimising barriers to VSR development and system security considerations?

The EEC has no comment.

21. To what extent do you agree with AEMO's proposed approach to the:

a) Initial capability assessment?

The EEC has no comment on the initial capability assessment.

b) Periodic capability assessments, including any views you have on the triggers and frequency of such assessments?

The EEC agrees that some leniency and flexibility around capability will be required in the early stages of participation. The EEC suggests that conformance expectations would increase over time as VSRs become a substantial proportion of the market.

c) Operational requirements for telemetry and communications equipment for VSR?

The EEC asks that AEMO clarifies whether a customer with a Type 4 'smart' meter, would meet the telemetry requirements.

3.5.5 Deactivation and temporary hibernation

The EEC has no comments on this section (questions 22 to 24).

3.5.6 Bidding

25. Do you have any suggestions on AEMO's plans to incorporate VSR bidding into its existing BDU bidding processes, or any other comments on AEMO's proposals for bid validation?

The EEC has no comment.

3.5.7 NEMDE processes

26. What information do you think it would be useful for AEMO to include in the Guidelines on NEMDE processes to support prospective VSRPs?

The EEC has no comment.

3.5.8 Dispatch

27. Do you have any suggestions for how AEMO should update its processes to allow VSR to submit dispatch bids and receive dispatch instructions?

The EEC has no comment.

3.5.9 Conformance

28. To what extent does AEMO's proposed approach to dispatch conformance appropriately balance ease of participation with the secure operation of the power system?

The EEC agrees that some leniency and flexibility around conformance will be required in the early stages of participation. The EEC suggests that conformance expectations would increase over time as VSRs become a substantial proportion of the market.

29. What other factors should AEMO consider in setting dispatch conformance requirements and parameters?

a) Do you have any views on what would be a reasonable error trigger to use in the context of the size of VSRs, or in how AEMO should approach setting this trigger?

The EEC recommends that the error threshold for VSR is set to be appropriate in relation to the chosen minimum nameplate or combined nameplate rating for VSR.

3.5.10 Metering

30. What are your views on the metering requirements proposed by AEMO for qualifying resources in a VSR?

The EEC notes that requiring a Type 4 category 4S meter may limit VSR participation.

The EEC asks that AEMO clarifies whether a customer with a Type 4 'smart' meter, would meet the telemetry requirements.

3.5.11 Settlement

31. Is AEMO's explanation of the settlement and NECR arrangements for VSR across the participation modes useful information to be included in the VSR Guidelines?

The EEC recommends that this information is included in the guidelines.

3.5.12 Prudential management

32. Do you have any recommendations on the content or processes by which AEMO will adjust its prudential assessments for VSRPs and their VSR?

The EEC has no comments.

3.5.13 Data and information sharing (questions 33 – 37)

The EEC notes that potential VSRPs will need information from network providers to account for dynamic operating envelopes and network limits more broadly. Consistency of data across network providers would also support participation.

In relation to data being provided to DNSPs, data which potential VSRPs already have access to (and can grant permission for the network provider to access) may be achievable, but requiring further information from VSRPs may be problematic as the costs involved in acquiring further data may limit willingness to participate.

Any other matters

Are there any other matters AEMO should consider as part of the development of the VSR Guidelines?

The EEC has no comment.

