Greg Denton
Incite Energy Pty Ltd
Level 6, 123 Eagle Street
Brisbane QLD 4000
Australia

Australian Energy Market Operator (AEMO)
To whom it may concern

20/03/2025

Submission on the Development of the Voluntarily Scheduled Resource Guidelines

PUBLIC VERSION

Incite Energy welcomes the opportunity to respond to AEMO's consultation paper on the Development of the Voluntarily Scheduled Resource (VSR) Guidelines. As the owner of the BESY Energy Platform, we are at the forefront of integrating price-responsive resources into energy markets. The BESY Energy Platform has been developed and commercialised on islanded networks [redacted] Our platform provides advanced energy management solutions that support consumer empowerment, system reliability, and decarbonization goals.

We acknowledge AEMO's effort to facilitate the participation of distributed energy resources (DER) and aggregated consumer energy resources (CER) within the NEM. This document follows the response template provided in Appendix B of the consultation paper.

Q1: What should be the effective date of the VSR Guidelines and why?

Incite Energy supports the proposed effective date of 23 May 2027, aligning with the commencement of the IPRR dispatch mode. However, we recommend an industry-wide testing period ahead of this implementation to ensure a smooth transition for Voluntarily Scheduled Resource Providers (VSRPs). AEMO should also assess whether existing market timelines and testing protocols adequately support new entrants, ensuring a viable pathway to compliance without unnecessary delays.

Q2: Do the proposals 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?

AEMO is failing to ensure that the VSR framework supports broad participation without imposing undue complexity or barriers. Current market structures were designed for a small number of large

generators, and adjustments are needed to facilitate the integration of participants focused on smaller, distributed energy resources. For example, we recommend modernizing settlements processes (e.g. there is no good reason why AEMO continues to require AustraClear as the only payment method), reviewing registration, bid and conformance requirements, and ensuring that telemetry and communication requirements are appropriate for decentralized resources.

[redacted]

AEMO must ensure that its systems can model VSR zones at the substation level, which can then be combined into larger zones if no differentiation exists. Substation level is needed as VSR may offer non-network solutions under the Regulatory Investment Test – which is triggered by investment of this scale.

[redacted] we describe it as Consumer Energy Resources (CER).

Q10. To what extent do you agree with the requirements, conditions and processes for VSRPs forming VSR aggregations within the proposed zones?

AEMO acknowledges that it is imposing a barrier to participation with the 1MW limit. Therefore this needs to be addressed and corrected. There should be no lower limit. AEMO does not have a mandate to reduce competition – indeed this is in direct conflict with the market objectives.

The definition of qualifying resource is static and is anticipated to be problematic in a dynamic environment. We question whether this is needed, and whether simply the metering installation is sufficient (without AEMO involvement or consideration of behind-the-meter assets).

[redacted]

We strongly oppose AEMO's minimum nameplate or combined nameplate rating of 5 MW. There is no good reason for this limit other than AEMO seeking to protect incumbent players from new entrants. It conflicts with the NEM objectives [redacted]

If any limit is needed at all, it will be for practical reasons in the introduction of the VSR arrangements. During this introductory period, participants should be limited to an upper limit of 5MW, thereby ensuring all VSR participants are treated equally during the introductory period.

Q17. 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?

As noted above, we do not believe its within scope for AEMO to consider individual CER assets. Therefore we would limit the AEMO's ability to request availability and operating status to the NMI level. It is logical that a materiality test applies to any such request.

Q18. 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?

As noted above, there should be no minimum threshold, and therefore NMI churn is no longer an issue for the VSR design.

Q19-24: Are there any other matters AEMO should consider in relation to the proposed telemetry requirements? To what extent does the proposed approach to telemetry appropriately balance between minimizing barriers to VSR development and system security considerations? To what extent do you agree with AEMO's proposed approach? Do you agree with AEMO's notice periods for switching between VSR participation modes? Do you agree that VSR can only switch between modes on a per day basis, rather than per time intervals within the day? Do you agree with the notice information requirements that AEMO proposes?

The solutions being pursued are central control heavy, and do not suitably weight:

- **Cost-Effectiveness for VSRPs:** The financial burden of telemetry installation and maintenance should not act as a barrier to entry, especially for smaller aggregators. SCADA-lite and other lower-cost telemetry solutions should be allowed.
- **Scalable & Interoperable:** The system should be designed to accommodate future technological advancements and evolving grid conditions. Ensuring interoperability with existing CER platforms will prevent unnecessary duplication of infrastructure.
- **Cybersecurity & Data Privacy:** AEMO must ensure that telemetry systems comply with best practices for cybersecurity and data privacy to protect sensitive market and operational data from unauthorized access.
- **Aligned with International Best Practices:** A review of telemetry requirements in other jurisdictions (e.g., California ISO, PJM, Chile and European markets) could provide useful insights into best practices for balancing market participation and grid reliability.
- **Flexibility for Different Resource Types:** The telemetry requirements should be technology neutral and not be limited to the operational characteristics of known/common VSR types today.

The proposed approach makes progress in balancing market participation and system security; however, further refinements are needed:

- **Telemetry Intermittency:** While frequent updates are important for system reliability, excessive granularity for all VSR may not be necessary and could impose unnecessary costs. We see this as simply a requirement to provide timely information to AEMO if you wish to receive revenue for a VSR in a particular trading interval. This doesn't require that telemetry is up and available in other periods.
- **Incentives for Voluntary Telemetry Upgrades:** Rather than mandating high-cost telemetry solutions upfront, AEMO could introduce incentives or staged implementation options for participants willing to enhance telemetry capabilities over time. This allows telemetry costs to be considered against revenue streams.
- **Alignment with CER Aggregation Models:** The proposed telemetry approach should integrate smoothly with existing CER aggregation models, ensuring that additional layers of telemetry requirements do not create unnecessary redundancy.

AEMO's proposed notice periods for switching between VSR participation modes should be more flexible to accommodate real-world operational needs. The proposed seven-day notice period is unnecessarily rigid. [redacted]

Q25. 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?

VSR bidding needs to be a light and easy framework. [redacted] We are also concerned that this is not competitively neutral, but rather allows the existing oligopoly to extend into the new market of VSR. Consistent with the market objective of competitive outcomes, the AEMO should propose the best possible solution.

Q26 What information do you think it would be useful for AEMO to include in the Guidelines on NEMDE processes to support prospective VSRPs?

To ensure clarity and accessibility for prospective Voluntarily Scheduled Resource Providers (VSRPs), AEMO should provide:

1. **Step-by-Step Guidance on NEMDE Interaction:** A structured guide detailing how VSRPs interact with the NEM Dispatch Engine (NEMDE), covering bid submission, dispatch instructions, and compliance obligations. Worked examples of typical bid scenarios to illustrate how NEMDE prioritizes and schedules VSR bids.
2. **Clear Explanation of VSR-Specific Constraints:** How NEMDE will factor in the aggregated nature of VSRs. Any differences in how VSRs are dispatched compared to conventional scheduled generators.
3. **Bid Validation and Submission Rules:** A detailed explanation of bid validation requirements, including any unique conditions for VSR bids. Guidance on how VSRs can update bids dynamically, particularly in response to real-time market conditions.
4. **Expected Response Times and Dispatch Conformance Requirements:** Transparency on how quickly VSRs need to respond to dispatch instructions. Tolerances for deviations and how AEMO will assess conformance.
5. **Data Reporting and Compliance Requirements:** A clear description of what data VSRs need to provide before, during, and after dispatch events. Examples of telemetry reporting formats and expectations.
6. **Integration with Aggregators and Retailers:** How VSRPs operating as aggregators will submit bids on behalf of multiple resources. Coordination requirements between VSRs and retailers where applicable.

Q31 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?

Yes, noting the need for the AEMO to modify its settlements process to be fit-for-purpose for participants that are transacting smaller value amounts each week.

[redacted]

Q37 Do you see any issues with the other processes for the disclosure of data collected by AEMO from VSRPs to DNSPs and TNSPs (as applicable)?

We anticipate that it will be the VSRP that discloses data with NSPs and question the role the AEMO foresees for itself here.

Conclusion and Next Steps

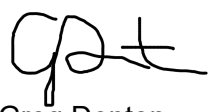
Incite Energy supports a VSR framework that is inclusive, fair, and scalable. We advocate for market mechanisms that promote competition, remove unnecessary barriers to entry, and ensure that all participants can contribute meaningfully to grid stability and efficiency.

AEMO must consider the evolving energy landscape and ensure that regulations adapt to new technologies and market trends. It must remain consistent to the NEM Objectives and not use the VSR framework to [redacted]

The integration of price-responsive resources must go beyond procedural adjustments and address the structural barriers that the AEMO maintains to limit competition and participation.

We look forward to continued engagement with AEMO and other stakeholders to refine the VSR Guidelines. We would welcome the opportunity to support the successful rollout of the VSR framework.

Kind regards,



Greg Denton
Managing Director