



NEM Reform Program

AEMO

Submitted electronically: NEMReform@aemo.com.au

2 May 2025

Re: VSR Incentive Mechanism Procedure

The Energy Efficiency Council (EEC) welcomes the opportunity to comment on the Voluntarily Scheduled Resources (VSR) Incentive Mechanism Procedure consultation.

The EEC provided a written response to AEMO's consultation on the VSR Guidelines in March 2025 which recommended that the requirements, conditions and processes of the VSR mechanism are designed in a way which allows broad participation. The views contained in that submission on the VSR Guidelines remain current.

The EEC has no comment on AEMO's market approach strategy in relation to the tenders. This submission focuses on key areas of the VSR Incentive Mechanism (VIM). Beyond these areas, the EEC supports AEMO applying the general principles of maximising transparency and allowing sufficient time for Voluntary Scheduled Resource Providers (VSRPs) to prepare.

Timelines

Technical specifications

As noted in the consultation paper, potential VSRPs will need to have sufficient time to review the 'dispatch mode' technical specifications before being able to participate in the VIM tender process. AEMO states that it will endeavour to release a draft of the technical specifications as early as possible.

The EEC suggests that the failure to release a draft of the technical specifications within a suitable timeframe may result in low participation in the tender process and VSR mechanism more generally, as potential VSRP's will be unable to confirm that they can comply with the specifications.

Time between tender and 'go live'

The EEC notes that the tender is due to open in Q2 2026, with 'go-live' on 23 May 2027. If the tender results are announced in Q3 – Q4 2026, VSRPs will have less than a year to prepare for 'go-live'. During this time VSRPs will need to do significant work to get prepared. Earlier access to tender results would be favourable.

The EEC also notes that there could be a significant shift in wholesale prices during this time, and for the duration of market participation. The EEC kindly requests that AEMO clarifies whether there would be the ability for VSRPs to seek variations on their initial bids.

Determining the price cap

The EEC notes that the price cap will be determined by AEMO and remain confidential. The EEC recommends that AEMO shares the methodology in relation to determining the cap (but not the cap itself) to increase transparency and confidence in the process.



Weighting

The consultation paper notes that the weighting for each selection criteria will not be shared. The EEC recommends that the weighting is shared so that potential VSRPs can tailor their offers to what AEMO (and the grid) requires. Sharing the weighting criteria may also increase transparency and confidence in the process.

Thank you for your consideration of this submission. The EEC would welcome the opportunity to discuss these matters with you in detail.

For further information, please contact Amelia.Jarrett@eec.org.au.

Yours faithfully,

A handwritten signature in black ink, appearing to read "Jeremy Sung", with a stylized flourish at the end.

Jeremy Sung
Head of Policy
Jeremy.sung@eec.org.au