

16/04/2025

Ms Emily Brodie
NEM Reform Project Lead, Australian Energy Market Operator
C/- NEM Reform Team
171 Collins Street, Melbourne
3000 Victoria

Dear Ms Brodie,

Voluntary Scheduled Resources Incentive Mechanism Procedure Consultation

Thank you for the opportunity to participate in the Australian Energy Market Operator (AEMO)'s Consultation on AEMO's Voluntarily Scheduled Resources Incentive Mechanism (VIM) Procedure.

SA Water is South Australia's leading provider of water and sewage services, providing regulated water and wastewater services to more than 1.7 million people throughout the state. Wholly owned by the Government of South Australia, we have been working to ensure a reliable supply of safe, clean water and a dependable sewerage system for more than 160 years.

To support the provision of regulated water and wastewater services, SA Water is one of the largest individual users of electricity in South Australia, operating facilities across more than 1,900 connection points across a wide spectrum of electricity loads.

Our unique position as an essential but flexible consumer of electricity has driven us to innovative approaches to securing a low-cost electricity supply over the last decade, resulting in SA Water becoming a full market customer in 2017. As such, we are now a leader in demand management and deliver significant cost reductions through scheduling our consumption of electricity at times when generation is abundant relative to demand, and prices are therefore low.

The VIM is a key driver for early adoption of the Voluntary Scheduled Resources (VSR) mechanism established by the Australian Energy Markets Commission (AEMC)'s Integrating Price-responsive resources rule change. SA Water recognises that facilitating strong adoption of VSR through the VIM is critical to enabling realisation of the \$14bn of benefits identified by the AEMC in its final determination.

SA Water strongly supports AEMO's proposal to model the VIM on the highly successful Reliability and emergency reserve trader (RERT) tenders. We welcome the flexible approach this enables and particularly note the strong focus on market engagement and market sounding this will enable while maintaining a high level of probity and confidence in the tender process.

In the VIM procedure consultation paper AEMO asked 10 questions. Where applicable, we have provided responses to each of these in the table below.

If you have any queries about this submission, please contact Mr Andrew Wilkins, Energy Markets Specialist at andrew.wilkins@sawater.com.au or (08) 7424 1877. We welcome the opportunity to continue engagement with AEMO on this important market reform.

Kind regards,



Andrew Jackson
Manager, Energy Strategy

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Section	Question	Comments
3.1	1. Do you agree with AEMO's initial approach to conducting the VIM tenders?	SA Water strongly supports AEMO's proposal to model the VIM on RERT tenders. We welcome the flexibility of this approach noting the strong focus on market engagement and market sounding and high level of probity this approach offers.
3.4.2	2. Based on the proposed timeline, is there enough time from the publication of the final VIM procedure to the date of the first tender for your business to prepare? 3. If not, please explain why?	Yes, SA Water believes six months is sufficient time to prepare for the tender so long as details of the deliverables required for a successful tender are clearly articulated.
	4. Is there enough time from the completion of the tender, for your business to prepare to participate in dispatch? 5. If not, please explain why?	Yes, SA Water believes nine months is sufficient time for participants who are successful in the tender to prepare for dispatch mode participation, noting that participants will have six months to prepare for the tender and should therefore be able to commence delivery as soon as an agreement is signed.
3.4.3	6. Do you agree that AEMO will achieve the VSR incentive objective and VSR incentive principles in its proposed VIM procedure? 7. If not, please explain why?	We believe that AEMO has designed a mechanism that is capable of achieving both the VSR incentive objective and the VSR incentive principles as outlined in the proposed procedure. Participation in VSR is also critical and we do not believe that the proposed VIM procedure imposes material barriers that might inhibit engagement by potential participants.
4	8. Do you agree that AEMO has captured the key clauses in this table? 9. If not, please explain why?	The clauses in the table in chapter 4 seem appropriate and comprehensive. SA Water notes that under the NER many of the clauses are required to be included in the procedure.
	10. Do you have any comments to specific clauses?	Nil.