

17 February 2026

Ms Anna Collyer
Chair
Australian Energy Market Commission

By online submission

Dear Ms Collyer

Rule change request – Amendment rule on non-controversial changes to Integrating price-responsive resources into the NEM

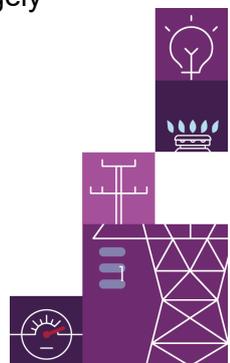
The Australian Energy Market Operator (AEMO) is submitting the attached rule change request seeking a small number of non-controversial amendments to the National Electricity Rules to support the efficient and timely implementation of the National Electricity Amendment (Integrating price-responsive resources into the NEM) Rule (IPRR Rule).

Since the AEMC's Final Determination in December 2024, AEMO has progressed detailed implementation planning and extensive stakeholder engagement. Through this process, AEMO has identified several drafting, timing and alignment issues that were not evident at the time of the Final Determination. While limited in scope, these issues – if left unaddressed – would increase implementation risk, create unintended financial exposure for AEMO, and lead to avoidable inconsistencies in the treatment of dispatchable resources.

The proposed amendments are implementation-focused and do not alter the policy intent, eligibility settings, or incentive design established by the IPRR Rule. In summary, the proposal seeks to:

- Align the timing of VSR Incentive Mechanism (VIM) payments and cost recovery with the final VIM Procedure;
- Defer transitional timing under NER 11.180.2(b) to enable additional consultation on whether VSRs should be eligible for frequency contribution factors;
- Clarify the application of minimum ramp rate requirements to voluntarily scheduled resources; and
- Align the treatment of non-conforming voluntarily scheduled resources with established arrangements for scheduled resources.
- Clarify the treatment of deactivated and hibernated VSRs for ancillary services.

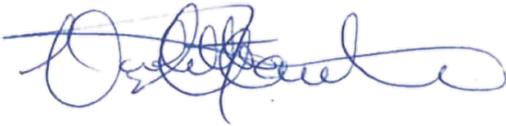
The proposal has been structured to identify the issue addressed by each amendment, the proposed rule change (marked up against the final IPRR Rule), the contribution to the National Electricity Objective, and any associated costs. In all cases, costs are expected to be negligible and largely absorbed within existing AEMO processes.



Given the limited scope and non-controversial nature of the proposed amendments, and the importance of regulatory certainty ahead of the first VIM tender expected in Q2 2026, AEMO requests the AEMC consider this request under an expedited rule change process.

Any queries concerning this letter should be directed to Hannah Heath, Group Manager – Strategic Market Reform, at hannah.heath@aemo.com.au.

Yours sincerely,



Violette Mouchaileh

Executive General Manager, Policy and Corporate Affairs

Attachments:

Electricity Rule change proposal: Amendment Rule: Non-controversial changes on Integrating Price-Responsive Resources



Electricity Rule Change Proposal

Amendment Rule: Non-controversial
changes on Integrating Price-
Responsive Resources

February 2026

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Contents

1. Summary	4
1.1. Overview of proposed non-controversial amendments	4
1.2. Urgency and timing	5
2. Background to the IPRR Rule	5
3. Rule Change Proposal	6
3.1. Timing of cost recovery under the VSR Incentive Mechanism	6
3.2. Deferring amendments to Frequency Contribution Factors Procedures pending consideration of VSR eligibility	8
3.3. Minimum ramp rate requirement for VSRs	10
3.4. Aligning the treatment of non-conforming VSRs with scheduled resources	11
3.5. Clarifying the treatment of deactivated and hibernated VSRs for ancillary services	12
4. Stakeholder engagement	14

1. Summary

On 19 December 2024, the Australian Energy Market Commission (AEMC) made a final determination and rule in the National Electricity Amendment, *Integrating price-responsive resources into the National Electricity Market (NEM) rule change (IPRR Rule)*. The IPRR Rule establishes a framework enabling aggregated consumer energy resources (CER), distributed energy resources (DER) and price-responsive loads to participate in the NEM dispatch through a new “dispatch mode”.

The IPRR rule represents the final stage of a reform process initiated by the Australian Energy Market Operator’s (AEMO’s) January 2023 “Scheduled Lite Mechanism” Rule change request and reflects the *Energy Security Board’s (ESB’s) Post 2025 Market Design* recommendations to Energy Ministers.

Throughout 2025, AEMO has progressed detailed implementation planning and stakeholder engagement. Through this process, AEMO has identified a limited number of drafting, timing and alignment issues that were not evident at the time of the Final Determination. If left unaddressed, these issues would:

- Increase implementation and operational risk;
- Expose AEMO to unintended financial risk inconsistent with its statutory funding model;
- Result in inconsistent treatment of dispatchable resources; or
- Undermine efficient and timely implementation of the IPRR Rule.

This proposal seeks a small and discrete set of non-controversial amendments to the National Electricity Rules (NER) to address these issues. The proposed amendments do not alter the policy intent, eligibility settings, or incentive design established by the IPRR Rule. Rather, they ensure the IPRR Rule operates as intended and can be implemented efficiently and consistently with established NEM frameworks. AEMO has also engaged extensively with stakeholders in the formation of these amendments, primarily through forums related to the implementation of the IPRR Rule. Therefore, AEMO proposes these proposed amendments are considered under an expedited rule change process.

A related minor and administrative amendment is also presented for the AEMC’s consideration. AEMO also considers this minor and administrative change to be non-controversial.

1.1. Overview of proposed non-controversial amendments

This proposal seeks amendments in five areas:

1. **Timing of Voluntary scheduled resources (VSR) Incentive Mechanism (VIM) payments and cost recovery:** Amend NER 3.10B.3 to align cost recovery with the monthly payment frequency specified in the VIM Procedure.
2. **Alignment of transitional timing in NER 11.180.2(b):** Defer the deadline for AEMO to amend and publish certain procedures to align with consultation processes associated with a separate, forthcoming rule change request.
3. **Minimum ramp rate requirement for VSRs:** Amend the Chapter 10 definition of “minimum ramp rate requirement” to include VSRs, consistent with the AEMC’s Final Determination.
4. **Treatment of non-conforming VSRs:** Amend NER 3.8.23B(e) to align treatment of non-conforming VSRs with established conformance arrangements for scheduled resources.

5. **Clarifying the treatment of deactivated and hibernated VSRs for ancillary services:** A minor amendment to clarify that deactivation or hibernation affects participation in central dispatch for energy only.

AEMO considers these amendments to be non-controversial given they do not alter the policy intent, eligibility settings, or incentive design established by the IPRR Rule and are unlikely to have a significant effect on the NEM.

1.2. Urgency and timing

These amendments are pressing because:

- The first VIM tender is scheduled to occur in the second quarter of 2026, ahead of the commencement of dispatch mode on 23 May 2027.
- NER 11.180.2(b) currently requires procedures to be amended and published by 1 June 2026, which is not practical with the timing of related consultation processes; and
- Clarity on ramp rate and conformance requirements is necessary in advance of dispatch mode commencement to support system readiness and participant investment decisions.

As such, AEMO requests the AEMC consider these amendments under an expedited rule change process.

2. Background to the IPRR Rule

AEMO has established the AEMO IPRR program to deliver the procedural, system, and operational changes required to implement the IPRR Rule. This includes the development of the VSR Guidelines, which set out the technical and operational requirements for participation in dispatch mode.

The IPRR Rule includes the following implementation milestones:

- **By 31 December 2025:** AEMO to develop and publish the VSR Guidelines, outlining technical requirements for qualifying resources, VSRs and VSR Providers (VSRPs), as contemplated in NER 3.10A.3.
- **By 1 June 2026:** AEMO to review and, where necessary, amend and publish procedures, guidelines and other documents to take into account the IPRR Rule (NER 11.180.2).
- **From 23 May 2027:** Commencement of dispatch mode.

The Final Rule also establishes the VSR Incentive Mechanism (VIM), under which AEMO may conduct competitive tenders for short term incentive payments of up to three years to successful participants. The VIM is intended to lower barriers to entry and accelerate participation in dispatch mode. Principles guiding the design of the VIM are set out in NER 3.10B.2(e).

NER 11.180.3(a)(3) requires AEMO to make and publish the VIM Procedure by the earlier of 1 December 2026, or the date of the first VIM tender. To provide early certainty to potential participants, AEMO published the final VIM Procedure in October 2025 in anticipation of a first tender in the second quarter of 2026.

3. Rule Change Proposal

3.1. Timing of cost recovery under the VSR Incentive Mechanism

Background

Under the IRPP Rule, participation payments made under the VIM are recovered from Cost Recovery Market Participants (CRMPs), and AEMO’s administrative fees costs are recovered from Registered Participants. NER 3.10B.3(c) and (e) require AEMO to recover these costs annually in arrears.

Issue

During development of the VIM procedures, stakeholders expressed a clear preference for incentive payments to be made on a more regular basis (e.g. monthly) rather than through a single annual payment. This preference reflects cash-flow considerations for participants and supports the effective operation of the incentive mechanism by providing more timely signals and revenue certainty, reflecting the largely upfront and ongoing costs of participating in dispatch mode.

In response to this feedback, AEMO has developed the VIM Procedure on the basis that incentive payments would be settled and paid at regular intervals, rather than annually.

However, under the current NER, AEMO’s cost recovery for the VIM is tied to the annual cost recovery framework in NER 3.10B.3. This creates a timing misalignment whereby AEMO would be required to make incentive payments to participants throughout the year, while only being able to recover associated costs on an annual basis.

If left unaddressed, this misalignment would expose AEMO to unnecessary cash-flow risk and working capital impacts that were not contemplated in the design of the VIM. This outcome is not efficient, nor is it consistent with the intent that AEMO act as a neutral market operator without bearing financial exposure associated with incentive payment timing.

The issue arises as a direct consequence of stakeholder-driven design choices reflected in the VIM Procedures, rather than any change in policy intent, and therefore requires a targeted amendment to align the timing of cost recovery with the payment structure established through the procedures.

Proposed Change

Amend clauses 3.10B.3(c) and 3.10B.3(e) in Item [1] of Schedule 2 of the IPPR Rule to align the timing of cost recovery with the monthly payment frequency specified in the VIM Procedure.

AEMO has provided some indicative drafting below:

<p>Clause 3.10B.3(c) - Item [1] of Schedule 2 of the IPPR Rule</p>	<p>(c) Within 40-20 <i>business days</i> of the end of each <i>financial-year calendar month</i> in which AEMO made participation payments, AEMO must determine:</p> <ul style="list-style-type: none"> (1) the amount of all participation payments paid in that <i>financial-year calendar month</i>; and (2) (if applicable) the amount of all external funding received or receivable in that <i>financial-year calendar month</i>, less any amounts used to pay the costs and expenses under subparagraph (b)(3).
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<p>Clause 3.10B.3(e) - Item [1] of Schedule 2 of the IPPR Rule</p>	<p>(e) Within 40-20 <i>business days of the end of each calendar month after the completion of a relevant financial year</i>, AEMO must calculate a figure for each <i>Cost Recovery Market Participant</i> by applying the following formula in respect of that <i>financial year calendar month</i>:</p> $CRP = \frac{(E \times \text{Net Incentive Costs})}{\Sigma E}$ <p>where:</p> <p>CRP = the dollar amount payable by a <i>Cost Recovery Market Participant</i> in respect of the <i>financial year calendar month</i>.</p> <p>E = the sum, in MWh, of the <i>Cost Recovery Market Participant's adjusted consumed energy</i> amounts at its <i>market connection points</i> in all <i>regions</i> over the course of a <i>billing period</i> (selected by AEMO) in the <i>financial year calendar month</i>.</p> <p>ΣE = the sum, in MWh, of all amounts determined as "E" for all <i>Cost Recovery Market Participants</i> for the relevant <i>billing period</i>.</p> <p>Net Incentive Costs = the amount determined under subparagraph (c)(1), less the amount (if any) determined under subparagraph (c)(2). Where Net Incentive Costs is a negative number, it is deemed to be zero.</p>
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Contribution to the NEO and benefits of proposed amendment

This amendment promotes the **efficient operation of electricity services** by ensuring that the VIM can be administered in a financially sustainable manner consistent with AEMO's statutory funding model. By supporting timely and predictable incentive payments, the amendment also facilitates efficient investment and participation in price-responsive resources, contributing to improved system security, reliability and market efficiency in the long-term interests of consumers.

Costs and who bears them

The VIM introduces a new category of incentive payments that are recovered from CRMPs in accordance with the NER. These incentive payments represent an ongoing cost to be recovered from CRMPs and are not part of AEMO's normal rule implementation or administrative activities.

The proposed amendment does not change the overall quantum of incentive payments to be recovered from CRMPs, nor does it alter the allocation of cost recovery across CRMPs. Rather, it aligns the timing of cost recovery with the timing of incentive payments made to participants under the VIM Procedures.

Under the current Rules, incentive payments would be made at regular intervals (for example, monthly), while cost recovery would occur on an annual basis. This misalignment would require AEMO to finance the interim cash-flow shortfall, with financing costs ultimately borne by CRMPs though higher total amounts recovered over time.

Aligning cost recovery with more frequent incentive payments supports a smoother and more predictable cost recovery profile for CRMPs. Compared to an annual lump sum recovery, a regular cost recovery pathway is expected to reduce cash flow volatility from CRMPs and improve their ability to manage downstream cost pass-throughs, particularly for large customers with direct wholesale cost pass-through arrangements.

Information on the total incentive payments to be recovered would be published in accordance with the VIM Procedures and existing settlement and cost recovery processes, providing CRMPs with greater transparency and predictability over expected costs.

On balance, the proposed amendment is expected to reduce financing costs, improve cash flow management for CRMPs and their customers, and lower overall cost recovery impacts compared to maintaining an annual recovery framework that is misaligned with payment timing.

3.2. Deferring amendments to Frequency Contribution Factors Procedures pending consideration of VSR eligibility

Background

NER 11.180.2(b) requires AEMO, by 1 June 2026, to review, amend and publish procedures, including Frequency Contribution Factors Procedures (FCFPs) to take account of the IPRR Rule.

Under the IPRR Rule, VSRs are included in the definition of “eligible unit,” for frequency performance payments (FPP), subject to appropriate metering.

Issue

Through detailed implementation design work undertaken as part of the IPRR program, AEMO has identified that extending the FPP framework to include VSRs (and recognising operation mode switching that is a concept unique to VSRs, not applicable to other types of scheduled resources) would involve additional complexity and cost. This includes among other matters:

- Material system, data and procedural changes to accommodate aggregated and dynamically configured resources; and
- Increased implementation and operational burden for both AEMO and affected market participants.

This more detailed design analysis indicates that, currently, the costs and complexity of implementing FPP eligibility for VSRs are expected to outweigh any potential system or market benefit.

Considering this information, AEMO intends to develop a separate rule change proposal to allow the merits of excluding VSRs from eligibility for frequency contribution factors to be considered through that consultation process.

In the interim, AEMO remains subject to the obligation in NER 11.180.2(b) to amend and publish the FCFPs by 1 June 2026. Meeting this requirement would necessitate substantial design, system and stakeholder effort to implement arrangements that AEMO considers may not be efficient or enduring, and which could be rendered redundant depending on the outcome of future consideration of VSR eligibility.

A rule change process to consider a change to VSR eligibility for frequency contribution factors would likely take longer than the 1 June 2026 deadline. Accordingly, AEMO is seeking a targeted and temporary deferral of the requirement to amend and publish the FCFPs, to allow the question of VSR eligibility to be considered in light of this additional implementation evidence.

Proposed Change

Amend NER 11.180.2(b) to defer the Frequency Contribution Factors Procedure made under NER 3.15.6AA(f), from the 1 June 2026 deadline, to allow for consideration of a change to VSR eligibility for frequency contribution factors.

Contribution to the NEO and benefits of proposed amendment

This proposed amendment supports the efficient operation of electricity services by ensuring procedural changes are informed by appropriate consultation and cost-benefit analysis, thereby reducing the risk of inefficient or duplicative implementation effort.

As the IPRR Rule has progressed from determination to detailed implementation, AEMO has obtained new and more granular information regarding the system, procedural and participant impacts associated with extending frequency performance payments and frequency contribution factors to VSRs. This implementation-stage analysis has revealed a cost and complexity that was not apparent at the time of the Final Determination, raising legitimate questions as to whether inclusion of VSRs in the FPP framework delivers a positive net benefit at this time.

Without the proposed amendment, AEMO would be required to progress amendments to the FCFPs by 1 June 2026 to accommodate VSRs, notwithstanding this new information. This would involve resource investment by AEMO and market participants to design, consult on and implement arrangements that may ultimately be found to be inefficient or unnecessary.

The counterfactual of deferring the procedural change requirement is that, should subsequent consultation conclude that inclusion of VSRs delivers a positive net benefit, there may be a short-term delay before those resources are able to participate in the FPP framework. However, this potential temporary deferral of benefits must be weighed against the risk of incurring material and unrecoverable costs to implement arrangements that are later amended or abandoned.

On balance, a targeted and time-limited deferral of the requirement to amend and publish the FCFPs represents a proportionate and efficient response to the new information that has emerged through implementation. It preserves the ability to progress procedural changes in the future if justified, while avoiding unnecessary cost, complexity and implementation risk in the interim.

Accordingly, the proposed amendment is expected to contribute positively to the NEO by reducing the risk of inefficient investment, avoiding premature or potentially redundant procedural change, and supporting a more evidence-based consideration of future market design options.

Costs and who bears them

The costs of this amendment are negligible, consisting solely of avoided or deferred procedural changes. No material costs are imposed on market participants.

3.3. Minimum ramp rate requirement for VSRs

Background

In the IPRR Final Determination, the AEMC stated that for aggregated VSRs, the aggregated capacity would be used when calculating the minimum ramp rate requirement. However, the “minimum ramp rate requirement” definition in Chapter 10 of the NER was not amended to include VSRs.

Issue

As currently drafted, the definition in Chapter 10 applies only to generating units, bidirectional units, scheduled loads, and scheduled network services, creating ambiguity and inconsistency with the AEMC’s stated intent in the Final Determination.

Proposed Change

Amend the NER Chapter 10 definition of “minimum ramp rate requirement” to include VSRs. AEMO has provided some indicative drafting below:

minimum ramp rate requirement

In relation to:

.....

(e) a voluntarily scheduled resource, means

- *in respect of generation, the lower of 3 MW/minute or 3% of the maximum generation provided in accordance with clause 3.13.3(b); and*
- *in respect of consumption means the lower of 3 MW/minute or 3% of the maximum consumption provided in accordance with clause 3.13.3(b),*

Stakeholder engagement

AEMO notes that this proposed amendment has not been subject to the extensive stakeholder consultation, detailed in section 4, that is common to the rest of this proposal. This issue was identified through implementation analysis and appears to reflect an unintended drafting omission, rather than a policy decision, with the intent of aligning the Rules with the AEMC’s Draft and Final Determinations. AEMO considers that the proposed amendment provides regulatory clarity and does not materially affect stakeholder rights, obligations or commercial outcomes.

Contribution to the NEO and benefits of proposed amendment

The amendment promotes the secure and reliable system operation of the power systems by clarifying operational requirements for dispatchable resources and ensuring consistent application of ramp rate obligations across resource types.

Costs and who bears them

Implementation costs are negligible and limited to minor documentation and system alignment work undertaken by AEMO.

3.4. Aligning the treatment of non-conforming VSRs with scheduled resources

Background

NER 3.8.23B(e) establishes a notice-based approach to managing non-conforming VSRs, requiring AEMO to specify a maximum capacity to which the VSRP must limit the availability of the non-conforming VSR. This differs from the treatment of scheduled resources, where AEMO may direct a generating unit to follow a specified production or consumption profile using real-time operational tools.

Issue

The current approach set out in the IPPR Rule:

- Introduces inconsistency between VSRs and other dispatchable resources:
 - the Rule introduces a formal notice requirement and a “maximum figure” limitation, which is the approach used to in the treatment of dispatch conformance for wholesale demand response units. However, this approach diverges from the more flexible “specified output/consumption profile” approach used for scheduled resources, and this is relevant because, unlike wholesale demand response units, voluntarily scheduled resources will be subject to real-time conformance as for scheduled resources.
- Is impracticable for real-time dispatch, particularly where a VSRP is unreachable or unable to re-bid; and
- Risks allowing non-conforming VSRs to continue influencing spot prices.

Proposed Change

Amend clause 3.8.23B(e) in Item [36] of the IPPR Rule to align the treatment of non-conforming VSRs with that of scheduled resources. AEMO has provided some indicative drafting below:

(e) If a *voluntarily scheduled resource* is identified as non-conforming under paragraph (b), AEMO acting reasonably may, ~~by notice to a Voluntarily Scheduled Resource Provider, require the Voluntarily Scheduled Resource Provider to limit the available capacity of the non-conforming voluntarily scheduled resource to a maximum figure determined~~ direct the non-conforming voluntarily scheduled resource to follow, as far as is practicable, a specified output and (where applicable) consumption profile to be determined at its discretion by AEMO for so long as the *voluntarily scheduled resource* remains non-conforming.

~~(f) [Deleted]~~

Contribution to the NEO and benefits of proposed amendment

The amendment promotes **efficient price outcomes** by enabling effective management of non-conforming resources, by reducing implementation complexity and operational risk during dispatch.

In addition, the proposed amendment supports consistent treatment and effective competition between different categories of scheduled and scheduled-like resources with similar operating and compliance characteristics. Absent the amendment, non-conforming VSRs would be subject to materially different consequences to scheduled resources in comparable circumstances, despite their similar dispatch interaction with the market.

Aligning the treatment of non-conforming VSRs with established arrangements for scheduled resources promotes competitive neutrality, reduces the risk of inefficient resource selection or participation decisions, and supports confidence that similar operational behaviours are treated consistently under the Rules. This consistency is important to maintaining efficient market outcomes as new and hybrid resource types continue to emerge.

Costs and who bears them

The proposed amendment is expected to result in minimal incremental costs for AEMO or market participants. The amendment does not introduce a novel compliance concept, but rather extends established conformance and compliance assessment processes to non-conforming VSRs with operating characteristics similar to scheduled resources.

In practice, the amendment results in three parallel conformance pathways:

1. Scheduled resources
2. Wholesale demand response mechanisms
3. VSRs

Each pathway reflects the specific operational and dispatch characteristics of the relevant resource class, while applying consistent principles for identifying and addressing non-conformance.

Any additional effort required to administer a separate conformance pathway for VSRs is expected to be minor and absorbed within existing compliance, monitoring and operational frameworks. To the extent that costs are incurred, they would be borne by the relevant participants through existing market arrangements and are not expected to be material.

By reducing ambiguity and avoiding ad hoc or inconsistent treatment of non-conforming behaviour, the amendment is expected to lower compliance risk and implementation complexity over time, resulting in net efficiency benefits for both AEMO and market participants.

3.5. Clarifying the treatment of deactivated and hibernated VSRs for ancillary services

Minor administrative change

The following proposed amendment is minor and administrative in nature and is required to ensure the IPRR Rule operates as intended from the commencement of dispatch mode on 23 May 2027.

Issue

The IPRR Final Determination indicates that when a VSR is deactivated or hibernated, it should not participate in central dispatch for energy, but should remain eligible to offer and be dispatched for market ancillary services (other than regulation FCAS, which requires the resource to be scheduled).

However, as currently drafted, the interaction between NER 3.8.2B(c), 3.8.23B(a) and 3.10A.2(l)(2)(ii), together with the definition of central dispatch, creates ambiguity as to whether a deactivated or hibernated VSR retains its classification as an ancillary services unit (ASU) under Chapter 2 of the NER. This ambiguity risks confusion among participants and may inadvertently discourage participation in the IPRR framework, particularly for

aggregations such as virtual power plants (VPPs) that are capable of providing contingency FCAS as ASUs without being scheduled for energy.

Proposed amendment

Amend the following clauses to clarify that deactivation or hibernation: (1) only affects participation in central dispatch for energy, and (2) does not affect a VSR’s ability to participate in market ancillary services as an ASU:

- **Clause 3.8.2B(c) - Item [6] in Schedule 1 of the IPPR Rule** – confirm that a hibernated VSR does not participate in central dispatch in relation to energy and is not required to submit energy dispatch bids.
- **Clause 3.8.23B(a) – Item [36] in Schedule 1 of the IPPR Rule** – clarify that the non-conformance framework does not apply to inactive VSRs in relation to energy.
- **Clause 3.10A.2(l)(2)(ii) – Item [41] in Schedule 1 of the IPPR Rule** – clarify that a hibernated VSR is not a scheduled resource for the purposes of energy dispatch, without altering its ASU status under Chapter 2.

AEMO has provided some indicative drafting below:

<p>Clause 3.8.2B(c) - Item [6] in Schedule 1 of the IPPR Rule</p>	<p>(c) A <i>Voluntarily Scheduled Resource Provider</i> for a <i>hibernated voluntarily scheduled resource</i> does not participate in <i>central dispatch</i> and is not required to submit dispatch bids in respect of its <i>hibernated voluntarily scheduled resource</i>, <u>except in relation to the provision of market ancillary services where the hibernated voluntarily scheduled resource is classified as an ancillary services unit.</u></p>
<p>Clause 3.8.23B(a) – Item [36] in Schedule 1 of the IPPR Rule</p>	<p>(a) This clause does not apply to an <i>inactive voluntarily scheduled resource</i>, <u>except in relation to the provision of market ancillary services where the inactive voluntarily scheduled resource is classified as an ancillary services unit.</u></p>
<p>Clause 3.10A.2(l)(2)(ii) – Item [41] in Schedule 1 of the IPPR Rule</p>	<p>(l) If a <i>Voluntarily Scheduled Resource Provider</i> submits a hibernation notice in accordance with paragraph (k), then:</p> <p style="padding-left: 40px;">(1) AEMO must record the status of the voluntarily scheduled resource as a hibernated voluntarily scheduled resource in accordance with the voluntarily scheduled resource guidelines; and</p> <p style="padding-left: 40px;">(2) for the duration of the relevant hibernation period:</p> <p style="padding-left: 80px;">(i) AEMO may impose conditions on the hibernated voluntarily scheduled resource in accordance with the voluntarily scheduled resource guidelines, and the <i>Voluntarily Scheduled Resource Provider</i> must comply with those conditions; and</p> <p style="padding-left: 80px;">(ii) the <i>hibernated voluntarily scheduled resource</i> is not a scheduled resource and will not participate in central dispatch, <u>except in relation to the provision of market ancillary services where the hibernated voluntarily scheduled resource is classified as an ancillary services unit.</u></p>

These amendments align the drafting with the AEMC’s intent as expressed in section A.3.3 of the Final Determination.

Contribution to the NEO and benefits of proposed amendment

This amendment promotes the **efficient operation of electricity services** by providing regulatory clarity on the interaction between dispatch participation and ancillary service provision. Clear and consistent treatment reduces barriers to participation, supports efficient utilisation of flexible resources for system security services, and contributes to reliability outcomes in the long-term interests of consumers.

Costs and who bears them

The costs of this amendment are negligible. Implementation involves clarification of rule drafting only and does not require material system changes. Any minor documentation updates would be borne by AEMO as part of normal rule implementation activities.

4. Stakeholder engagement

AEMO has engaged extensively with stakeholders on the matters addressed in this proposal through VSR Guidelines consultations, VIM Procedure consultations, bilateral meetings, and industry forums throughout 2025 – other than as noted regarding the matter presented in section 3.3– details of which are provided in the table below. Feedback received has informed the identification and development of the proposed amendments.

Stakeholders	Forum	Topic	Timing & occurrence rate
VSR Guidelines Consultation	VSR Guidelines Second Draft Report VSR Guidelines Final Report	Rule change proposals, stakeholder submissions on rule change proposals	September 2025 November 2025
VSR Guidelines Stakeholder Information Session	Voluntarily Scheduled Resources Guidelines Second Draft Voluntarily Scheduled Resources Guidelines Final	Rule change proposals	12 September 2025 4 December 2025
VIM Procedure Consultation	IPRR VSR Incentive Procedures Focus Group Draft VIM Procedure Final VIM Procedure Industry stakeholder bilateral meetings	Payment frequency for VIM	April to October 2025

Stakeholders	Forum	Topic	Timing & occurrence rate
AEMO NEM 2025 Reform Program	Electricity Wholesale Consultative Forum Program Consultative Forum	Rule change proposals, VSR and PRR Guidelines consultations	Monthly Rule change proposals focus on 11 November 2025