

Small changes to the IPRR Rule

Overview

On 17 February 2026 the Australian Energy Market Operator (AEMO) submitted a request for an expedited rule change to the Australian Energy Market Commission (AEMC or Commission). AEMO proposed five small amendments concerning the implementation of the Integrating Price-Responsive Resources (IPRR) Rule (which was made 19 December 2024).

We have initiated this rule change with this information sheet instead of a standalone consultation paper. We have set out the questions we have for stakeholders and invite written submissions on these questions and any other areas of the request stakeholders consider relevant, including AEMO's proposed changes to the IPRR rules. The rule change request is available on our website and should be read with this information sheet.

We propose to use the expedited rule making process under section 96 of the NEL. If stakeholders wish to object to us using the expedited process, objections (in writing and containing reasons) are due 2 April 2026.

Written submissions responding to this information paper must be lodged with the Commission by 16 April 2026 via the Commission's website, <https://www.aemc.gov.au/contact-us/lodge-submission> using the project code ERC0430.

Please reach out via the contact form on the project webpage if you wish to engage further on this rule change.

Background

The AEMC made a final rule on 19 December 2024 on [Integrating price-responsive resources into the NEM](#).¹ The final rule allows aggregated and large price-responsive resources to voluntarily participate in dispatch and ancillary services markets.

The IPRR Rule includes three key components: dispatch mode, the Voluntarily Scheduled Resource (VSR) Incentive Mechanism (VIM) and new monitoring and reporting frameworks:²

1. Dispatch mode allows resources to voluntarily be scheduled and participate in central dispatch. Scheduling previously invisible price-responsive resources will improve the accuracy of AEMO's dispatch forecasts, resulting in more efficient pricing and reducing unnecessary FCAS costs.
2. The VIM encourages uptake of these new frameworks through giving VSR providers (VSRPs) incentive payments for participating in dispatch mode. Costs are capped at the expected benefits of these frameworks and are recovered from market participants.
3. The IPRR Rule also includes monitoring and reporting frameworks for unscheduled price-responsive resources. These frameworks assess the consequences and costs caused by unscheduled price-responsive resources.

¹ AEMC, Rule determination, [National Electricity Amendment \(Integrating price-responsive resources in the NEM\) Rule 2024](#), 19 December 2024

² AEMC, Rule determination, [National Electricity Amendment \(Integrating price-responsive resources in the NEM\) Rule 2024, p.iv-vii](#), 19 December 2024

There are two imminent deadlines within the implementation of the IPRR final rule that are relevant for this rule change request:³

- the VIM will commence on **1 April 2026**.
- AEMO must amend the Frequency Contribution Factors Procedures (FCFP) by **1 June 2026**.

Throughout the implementation process, including engagement with industry, AEMO has identified five issues with the final rule.⁴AEMO considers that if left unchanged, these issues will:

- increase implementation and operational risks
- expose the market operator to unintended financial risk
- result in inconsistent treatment of dispatchable resources
- undermine the efficient and timely implementation of the IPRR Rule.

Please refer to AEMO's rule change request for its proposed drafting of these rule amendments.

Why we propose to use an expedited process for this rule change

We propose to use the expedited rule making process under section 96 of the NEL because we consider the rule change request is a request for a non-controversial rule, and using the expedited process (eight weeks in total, with one round of consultation) is appropriate in the circumstances. The process for objecting to the expedited rule making process is set out below.

We consider the rule change request is non-controversial – that is, the rule change is unlikely to have a significant effect on the national electricity market.⁵ This is because the proposed amendments would not meaningfully alter the eligibility settings or incentive design established by the IPRR Rule, and would have limited effect on the policy intent of the IPRR rule. The changes are likely to ensure the IPRR Rule operates as intended and can be implemented efficiently and consistently with NEM frameworks.

How to object to an expedited process

You can object to the use of the expedited process for this rule change. We will switch to the standard rule change process if we receive a valid objection.⁶

Due date: Written objections to the expedited process must be lodged with Commission by **2 April 2026**.

How to lodge an objection to the expedited process: Go to the Commission's website, www.aemc.gov.au, find the "lodge a submission" function under the "Contact Us" tab, and select the project reference code ERC0430.

Contents: Objections must set out the reasons why you consider the Rule is not unlikely to have a significant effect on the national electricity market.

Publication: The Commission publishes objections on its website. However, we will not publish materials that we agree are confidential, or that we consider inappropriate (for example offensive, defamatory, vexatious or irrelevant content, or content that is likely to infringe intellectual property rights).⁷

³ AEMC, Rule determination, [National Electricity Amendment \(Integrating price-responsive resources in the NEM\) Rule 2024](#), p.xii, Table 3, 19 December 2024

⁴ AEMO, Rule change proposal, [Amendment rule on non-controversial changes to Integrating price-responsive resources into the NEM](#), p.4-5 and p.14-15, 17 February 2026

⁵ Section 87 of the NEL

⁶ See section 96 of the NEL. The Commission will consider if the reasons set out in the objection are misconceived or lacking in substance

⁷ Further information is available here: <https://www.aemc.gov.au/contact-us/lodge-submission>

We are seeking stakeholder views on five changes to the IPRR Rule

Making VSR incentive mechanism (VIM) payments and cost recovery monthly

The IPRR Rule stipulates that incentive payments for the VIM will be recovered at the end of the financial year, as requested by AEMO during consultation on the IPRR Rule.⁸ The rationale for an annual schedule was to minimise administrative costs. The incentive payments and cost recovery were aligned to prevent AEMO from carrying debt that might affect its operational neutrality.⁹

During AEMO's consultation in developing its VIM procedure, stakeholders expressed a strong preference for monthly incentive payments.¹⁰ AEMO made the change from annual to monthly VIM payments through the VSR incentive mechanism procedures, published 27 October 2025. However, the IPRR Rule requires annual cost recovery payments.¹¹

Without a modification to the cost recovery timeline, AEMO would carry the difference between incentive payments and costs as debt until the end of financial year recovery.

AEMO proposes to move cost recovery to a monthly basis. AEMO considers that this amendment will promote the efficient operation of electricity services by ensuring that the VIM can be administered in a financially sustainable manner.¹²

AEMO recognises that Cost Recovery Market participants (CRMPs) bear the cost of these incentive payments.¹³ However, AEMO argues that a more regular cost recovery pathway will reduce cash flow volatility from CRMPs and improve how they manage downstream cost pass-throughs.

QUESTION 1: DO STAKEHOLDERS SUPPORT ALIGNING COST RECOVERY PAYMENTS WITH THE MONTHLY SCHEDULE FOR VIM PAYMENTS?

- Do stakeholders consider this will impose any meaningful costs or risks on market participants?

Delaying transitional rules to consider VSR eligibility for Frequency Performance Payments

The IPRR Rule required the application of frequency performance payments to VSRs through changes to the FCFP by 1 June 2026.¹⁴ However, during planning, AEMO calculated that the cost and complexity of implementing Frequency Performance Payments (FPPs) for VSRs might outweigh the benefits. AEMO intends to raise this issue in a separate rule change request.

AEMO proposes to defer the deadline to update the FCFP to allow for full consideration of and consultation on the eligibility of VSRs for FPPs to a future set time, to allow for full consideration of and consultation on the eligibility of VSRs for FPPs in a future rule change process.

AEMO proposes that this amendment would support the efficient operation of electricity

⁸ AEMC, [National Electricity Amendment \(Integrating price-responsive resources into the NEM\) Rule 2024](#) No. 24, 3.10B.3 (c)-(e), p.37, December 2024

⁹ AEMC, Rule determination, [National Electricity Amendment \(Integrating price-responsive resources into the NEM\) Rule 2024](#), B.1.9, p.77, 19 December 2024

¹⁰ AEMO, Rule change proposal, [Amendment rule on non-controversial changes to Integrating price-responsive resources into the NEM](#), 3.1, p.6, 17 February 2026

¹¹ AEMC, [National Electricity Amendment \(Integrating price-responsive resources into the NEM\) Rule 2024](#) No. 24, 3.10B.3 (c)-(e), p.37, December 2024

¹² AEMO, Rule change proposal, [Amendment rule on non-controversial changes to Integrating price-responsive resources into the NEM](#), 3.1, p.6-7, 17 February 2026

¹³ AEMO, Rule change proposal, [Amendment rule on non-controversial changes to Integrating price-responsive resources into the NEM](#), 3.1, p.7, 17 February 2026

¹⁴ AEMC, [National Electricity Amendment \(Integrating price-responsive resources into the NEM\) Rule 2024](#) No. 24, 3.11.180.2 (b), p.53, December 2024

services by ensuring that procedural changes are informed by appropriate consultation and cost-benefit analysis.¹⁵ AEMO argues that this is a cost-efficient change, as it averts the risk of inefficient or duplicative implementation without cost to market participants.

QUESTION 2: DO STAKEHOLDERS SUPPORT DELAYING THE TRANSITIONAL REQUIREMENT FOR AEMO TO UPDATE THE FCFP TO ALLOW FOR CONSIDERATION OF WHETHER FPPS SHOULD APPLY TO VSRS?

Including VSRS in the definition of minimum ramp rate requirements

The IPRR Rule intended to include VSRS in all relevant provisions of chapter 3 of the NER as well as associated definitions in chapter 10, including in relation to minimum ramp rates.¹⁶ The final rule determination indicated that VSRS were meant to be included in the minimum ramp rate requirement definition.¹⁷ However, the *minimum ramp rate requirement* definition was not changed to include VSRS in the final rule drafting.

AEMO proposes that this amendment will promote the secure and reliable operation of the power system.¹⁸ Adding VSRS to the Chapter 10 definition will clarify requirements for dispatchable resources and ensure consistent application of ramp rate obligations across resource types. AEMO considers that the costs of this change would be negligible.

QUESTION 3: DO STAKEHOLDERS SUPPORT INCLUDING VSRS IN THE DEFINITION OF MINIMUM RAMP RATE REQUIREMENTS AS PROPOSED BY AEMO, I.E. WITH THE SAME REQUIREMENTS AS BIDIRECTIONAL UNITS?

- Do stakeholders consider this will impose any undue costs on the market?

Aligning VSR non-conformance requirements with other scheduled resources

The IPRR Rule introduces a notice-based approach to defining and making provisions for non-conforming VSRS that was modelled on requirements for wholesale demand-response units.¹⁹ This means that AEMO can currently place an upper limit on VSRS' output, but could not require a VSR to consume or generate a specified amount. AEMO proposes to change this to align the VSR non-conformance provisions with those that currently apply to scheduled resources, where AEMO can set specific targets for generation or consumption.²⁰

AEMO considers this change would promote efficient price outcomes by enabling effective management of non-conforming resources.²¹ AEMO also considers this change will reduce implementation complexity and reduce operational risk during dispatch. AEMO expects minimal incremental costs for AEMO or market participants.

¹⁵ AEMO, Rule change proposal, [Amendment rule on non-controversial changes to Integrating price-responsive resources into the NEM](#), 3.2, p.8-9, 17 February 2026

¹⁶ AEMC, [National Electricity Amendment \(Integrating price-responsive resources into the NEM\) Rule 2024](#) No. 24, 3.8.3A, p.6-7, December 2024

¹⁷ AEMC, Rule determination, [National Electricity Amendment \(Integrating price-responsive resources in the NEM\) Rule 2024](#), p.59-60, 19 December 2024

¹⁸ AEMO, Rule change proposal, [Amendment rule on non-controversial changes to Integrating price-responsive resources into the NEM](#), 3.3, p.10, 17 February 2026

¹⁹ AEMC, Rule determination, [National Electricity Amendment \(Integrating price-responsive resources in the NEM\) Rule 2024](#), p.51-52, 19 December 2024

²⁰ [NER 3.8.23](#)

²¹ AEMO, Rule change proposal, [Amendment rule on non-controversial changes to Integrating price-responsive resources into the NEM](#), 3.4, p.11, 17 February 2026

QUESTION 4: DO STAKEHOLDERS SUPPORT ALIGNING VSR NON-CONFORMANCE WITH SCHEDULED RESOURCES?

- Do stakeholders consider this will impose any significant costs on VSRs or the market?
- Do stakeholders consider it is feasible for VSRPs to be required to meet an output or consumption target?
- Do stakeholders have views on AEMO's proposed legal drafting included in the rule change request?

Clarifying the treatment of deactivated and hibernated VSRs for ancillary services

The IPRR final determination stated that hibernated or deactivated VSRs should remain eligible to offer or be dispatched for market ancillary services, excluding regulation FCAS.²² However, AEMO considers this intention is not clearly reflected in the drafting of the IPRR Rule, specifically in provisions NER 3.8.2B(c), 3.8.23B(a) and 3.10A.2(l)(2)(ii). AEMO's proposed changes would clarify that deactivated and hibernated VSRs can participate in contingency FCAS, consistent with the position in the final determination.²³

AEMO's proposed changes are intended to promote the efficient operation of electricity services by providing regulatory clarity.²⁴ AEMO believes that the cost of this amendment is negligible, as it only affects rule drafting.²⁵

QUESTION 5: DO STAKEHOLDERS AGREE THAT THESE PROPOSED CHANGES ALIGN WITH THE INTENTION OF THE IPRR RULE?

- Do stakeholders have views on AEMO's proposed legal drafting included in the rule change request?

We propose three assessment criteria for this rule change request

The Commission proposes to assess the rule change request against three assessment criteria under the National Electricity Objective. We welcome stakeholder comments on these assessment criteria.

- **Principles of market efficiency:**
 - Transparency: Would improved clarity of the rules and better alignment with the intention of the IPRR Rule determination make access to the market easier and navigation of the new mechanism simpler?
- **Implementation considerations**
 - Cost and complexity: Would these changes reduce implementation costs and reduce complexity for market participants, and allow better market access?
 - Timing and uncertainty: Would the deadlines for FCFP and VIM implementation create additional costs for AEMO and uncertainty for market participants if these changes were not made?

²² AEMC, Rule determination, [National Electricity Amendment \(Integrating price-responsive resources in the NEM\) Rule 2024](#), A.3, p.60-63 and E.5, p.111-112, 19 December 2024

²³ AEMO, Rule change proposal, [Amendment rule on non-controversial changes to Integrating price-responsive resources into the NEM](#), 3.5, p.12-13, 17 February 2026

AEMC, Rule determination, [National Electricity Amendment \(Integrating price-responsive resources in the NEM\) Rule 2024](#), a.3.3, p. 63, 19 December 2024

²⁴ AEMO, Rule change proposal, [Amendment rule on non-controversial changes to Integrating price-responsive resources into the NEM](#), 3.5, p.12-13, 17 February 2026

²⁵ AEMO, Rule change proposal, [Amendment rule on non-controversial changes to Integrating price-responsive resources into the NEM](#), 3.5, p.14, 17 February 2026

- **Principles of good regulatory practice:**
 - Predictability and stability: Would these changes improve alignment of the IPRR Rule with the policy positions set out in the IPRR final determination, and reduce regulatory burden for market participants?

Submissions are due by 16 April 2026

Stakeholders can help shape solutions by participating in the rule change process. Engaging with stakeholders helps us understand the potential impacts of our decisions and, in so doing, contributes to well-informed, high-quality rule changes.

Written submissions responding to this consultation must be lodged with the Commission by 16 April 2026 via the Commission's website, www.aemc.gov.au.

How to make a submission: Go to the Commission's website, www.aemc.gov.au, find the "lodge a submission" function under the "Contact Us" tab, and select the project reference code ERC0430.²⁶

Tips for making submissions are available on our website.²⁷

Publication: The Commission publishes submissions on its website. However, we will not publish parts of a submission that we agree are confidential, or that we consider inappropriate (for example offensive, defamatory, vexatious or irrelevant content, or content that is likely to infringe intellectual property rights).²⁸

Acronyms

AEMC - Australian Energy Market Commission

AEMO - Australian Energy Market Operator

CRMP - Cost Recovery Market Participant

FCAS - Frequency Control Ancillary Services

FCFP - Frequency Contribution Factors Procedure

FPP - Frequency Performance Payment

IPRR - Integrating Price-Responsive Resources

NEL - National Electricity Law

NEM - National Electricity Market

NER - National Electricity Rules

VIM - Voluntarily Scheduled Resource Incentive Mechanism

VSR - Voluntarily Scheduled Resource

VSRP - Voluntarily Scheduled Resource Provider

For information contact:

Media enquiries: media@aemc.gov.au

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²⁶ If you are not able to lodge a submission online, please contact us and we will provide instructions for alternative methods to lodge the submission

²⁷ See: <https://www.aemc.gov.au/our-work/changing-energy-rules-unique-process/making-rulechange-request/submission-tips>

²⁸ Further information is available here: <https://www.aemc.gov.au/contact-us/lodge-submission>