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Integrating Price-Responsive Resources (IPRR) – Staged Delivery Path Consultation

Executive Summary

The Clean Energy Council (CEC) is the peak body for the clean energy industry in Australia.

The CEC supports AEMO's proposal to adopt a staged delivery approach for IPRR as a pragmatic response to delivery complexity, competing reform priorities, and system constraints. A staged approach can:

- reduce implementation risk and cost
- enable iterative learning
- improve long term design outcomes

However, the success of this approach will depend critically on ensuring that early stage participation is commercially viable, operationally feasible, and broadly representative of existing CER portfolios.

The CEC believes that three core principles should guide implementation:

- 1. Simplicity and proportionality**
Requirements must be fit for purpose for CER and avoid replicating large scale generator obligations where not necessary.
- 2. Technology neutrality and competitive fairness**
Frameworks should not favour particular portfolio compositions or business models and should align obligations with capabilities across all participants.
- 3. Clear pathway to scale**
Participants require confidence that early stage investment will translate into meaningful, scalable participation that is supported by incentives and practical processes.

Without these, there is a risk that participation will be limited, the learnings will be narrow, and that implementation costs will outweigh benefits.

Overall Positioning

While the CEC agrees requirements should be relaxed in early stages, maintaining a pathway that progressively links performance to incentives will be important to support system outcomes.

The CEC broadly support:

- the use of staged implementation
- the use of regulatory sandboxing for Stage 1
- the introduction of VIM in Stage 2

However, we consider that:

- Stage 1 risks under-delivery due to weak incentives and restrictive guardrails
- Stage 2 remains constrained by aggregation and operational limitations
- Strong alignment with broader DER reforms is essential to avoid duplication and inefficiency

We emphasise that CER and aggregated resources have fundamentally different characteristics to traditional scheduled generation, and frameworks must reflect this

General Responses

1. What benefits would be required to enable participation in Stage 1?

Participation in Stage 1 will require clear benefits that outweigh cost and risk. This includes reduced compliance obligations, the suggested flexibility in telemetry requirements, and access to available value streams such as energy and ancillary services. Participants will also require alternative cost offsets or from early participation.

2. What risks or limitations could prevent Stage 1 from achieving its intended outcomes?

The primary risk is low participation due to weak incentives and high perceived effort. Restrictive guardrails and limited operational flexibility may also reduce the relevance of learnings. Regulatory uncertainty associated with sandboxing arrangements may further discourage participation.

3. What factors would influence participation in Stage 1, noting the proposed guardrails?

Participation will largely depend on whether benefits exceed costs and complexity. Simplicity of requirements, clarity of obligations, and confidence in transition to later stages will be critical. Limitations on aggregation and portfolio management could reduce participation from larger aggregators.

4. Would participants be interested in operating under these conditions in Stage 1, and if so, what limitations or issues would apply?

We can estimate that participation is likely to be limited and conditional. Interest will depend on how far compliance requirements are relaxed and whether meaningful learning or future benefits can be realised. Key limitations include cost exposure, constrained aggregation models, and a lack of incentives.

5. What challenges do you see with suspending non-conformance monitoring?

Suspending non-conformance monitoring may reduce behavioural discipline and create some operational risk. It may also result in data that does not fully reflect future compliant behaviour. These risks can be managed through monitoring and controlled participation.

6. What feedback do you have on the use of regulatory sandboxing to deliver Stage 1?

Regulatory sandboxing is appropriate to support any early stage trials. It should be clearly defined, limited in scope and duration, and administered in a transparent manner. It is important that sandboxing does not introduce unnecessary administrative complexity or structural advantages.

7. What current scheduled resource obligations do you consider would need to be waived to make stage 1 participation practical for your organisation?

Key obligations include strict dispatch conformance, full telemetry requirements, and detailed bidding and compliance obligations. These should be reduced or simplified. Requirements should be proportionate and focused at the portfolio level rather than individual devices.

8. What level of participation do you expect under the proposed Stage 2 functionality?

Participation is expected to increase compared to Stage 1 due to the introduction of VIM and improved functionality. However, participation may remain moderate due to continued constraints on aggregation and system complexity.

9. Does industry see the provision of DOEs via the CDX as a requirement to support Stage 2 in a cost effective way?

Provision of DOEs via CDX would improve efficiency and support scaling. However, it should not delay implementation. Interim solutions may be required if CDX capability is not fully available.

10. To what extent does the Stage 2 design enable participation?

Stage 2 improves participation by allowing portfolio management and removing caps.

11. What challenges, inefficiencies or benefits may arise compared to full implementation?

Stage 2 introduces some inefficiencies due to incomplete functionality and this may increase operational costs. The benefit is reduced delivery risk and the ability to refine design before full implementation.

12. Should AEMO have discretion to waive dispatch conformance in Stage 2 for participants that do not apply for funding through the VIM?

Yes, AEMO should have limited discretion. This should be applied transparently and consistently, with safeguards in place to manage system impacts.

13. To what extent should VIM (VSR Incentive Mechanism) eligibility be linked to conformance requirements in Stage 2?

Eligibility should be linked but not strictly. A tiered approach is appropriate whereby higher conformance results in greater incentives. This allows participation while encouraging improved performance.

14. What practical approaches could be used to administer the VIM in Stage 2, recognising the additional challenges of participation compared to the more mature functionality expected in Stage 3?

Technology neutral baselines, streamlined verification, and standardised processes will reduce complexity. Technology neutrality should apply to outcomes and access to value, while obligations should remain proportionate to capability. Predictable tender cycles will support participation.

15. How should any differences between Stage 1 participants and new entrants be addressed in Stage 2?

Differences should be managed by ensuring equal access to participation and incentives. Stage 1 participants may benefit from experience but should not receive structural advantages.

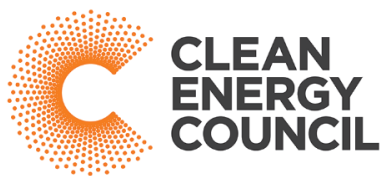
16. Are there aspects of the staged implementation (including timing, obligations, or eligibility) that could be structured differently through the Rules to reduce these challenges?

Earlier introduction of portfolio management and relaxation of aggregation constraints would improve outcomes. Alignment with broader CER reforms would also reduce complexity and duplication.

17. How valuable is the inclusion of energy model changes to support mixed aggregations?

This is highly valuable. Mixed aggregations reflect real-world portfolios and enable more efficient operation. Their absence limits participation and system performance.

18. What other feedback do you have on the proposal?



The staged approach is supported, but success depends on maintaining simplicity and ensuring participation is commercially viable. Strong alignment with broader reforms and a focus on cost effective implementation will be critical

Conclusion

The staged delivery approach presents a viable pathway to implementing IPRR under current constraints and has implicit trade-offs. Its success will depend on:

- strong early-stage participation
- proportionate and flexible requirements
- effective incentives
- clear progression to full implementation

Yours sincerely,

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