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Australian Energy Market Operator

NEM Reform Program

Email submission to [NEMReform@aemo.com.au](mailto:NEMReform@aemo.com.au)

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### **Voluntary Scheduled Resources Incentive Mechanism – Draft Procedure**

AGL Energy (**AGL**) welcomes the opportunity to provide responses to the questions posed by the Australian Energy Market Operator (**AEMO**) in response to their Voluntary Incentive Mechanism (VIM) draft procedure.

AGL supports the intent of the Integrating Price Responsive Resource Rule and welcomes AEMO's open consultation process to date. AGL also supports the objective of the VIM and its role in building long-term industry capability to participate in dispatch mode. AGL also welcomes AEMO's decision to include a market sounding process ahead of each tender round.

AGL supports AEMO's proposal to make participation payments under Voluntary Scheduled Resources (VSR) participation agreements monthly and in arrears. Nonetheless, more clarity is needed on the assessment process through which AEMO would determine the level of compliance against the agreements.

AGL agrees with the importance of ensuring the VIM funds actual participation in central dispatch, and AEMO's objective of ensuring payments are reflective of actual performance. However, some asset classes will be better suited to meeting the technical requirements for dispatch mode. Under the proposed approach, VSRPs would accept commercial risk and build the infrastructure required to participate in dispatch mode ahead of receiving any payment. AGL expects certain asset classes will be more difficult to integrate than others, and therefore VSRPs will need to build their capability to consistently deliver on dispatch targets. Understanding how AEMO will determine compliance, how this would affect VIM payments, and any pathways to rectification will be critical information for prospective participants.

AGL looks forward to continuing to engage with AEMO on the implementation of this Rule. If you have any queries about this submission, please contact Andrea Espinosa on [aespinosa2@agl.com.au](mailto:aespinosa2@agl.com.au).

### **About AGL**

AGL is making a significant investment in flexibility and has been making strong progress against our grid-scale battery and distributed energy resources (DER) targets. As of FY24 AGL had 1.25 GW of decentralised assets under orchestration, with a FY27 target of 1.6 GW. Most of these assets are installed behind the connection point, and include residential batteries and solar, as well as flexible loads and backup generation systems at commercial and industrial customer sites. AGL is also a market leader in the development of innovative products and services that enable our customers to make informed decision on how and when to use their consumer energy resource (CER) assets to optimise their energy load profile and better manage their energy costs.

Yours sincerely,

Kyle Auret

Senior Manager Policy and Market Regulation