31 March 2026

Rebecca Holland
A/ General Manager, Compliance and Enforcement
Australian Energy Regulator
GPO Box 520
Melbourne VIC 3001

Submitted via email to AERCompliance@aer.gov.au

Dear Ms Holland

Re: Updates to AER's Rebidding and Technical Parameters Guideline Consultation

Stanwell Corporation Limited (Stanwell) welcomes the opportunity to provide a response to the Australian Energy Regulator's (AER) Consultation on the Rebidding and Technical Parameters Guideline.

Stanwell is Queensland's leading provider of electricity and energy solutions to the National Electricity Market (NEM), and large energy users along the eastern seaboard of Australia. With over 40 years of continuous operations, Stanwell's experience in working with communities to build, operate and maintain reliable energy generation assets is also being applied to the rollout of renewable energy.

Stanwell is developing a pipeline of renewable energy and energy storage projects throughout Queensland, whilst maintaining a reliable supply of baseload power from two of the most efficient and reliable coal-fired power stations in Australia – the Tarong Power Station near Kingaroy, and Stanwell Power Station near Rockhampton.

Stanwell acknowledges the work of the AER in preparing this Consultation Paper and seeking the input and views from industry on proposed updates to the Rebidding and Technical Parameters Guideline.

This response contains the views of Stanwell only and should not be construed as indicative or representative of the views of the Queensland Government.

Introduction

The bidding and rebidding behaviour of automated bidding systems (auto bidders) is placing strain on the market and existing regulatory settings, originally designed to accommodate human decision-making in bidding practices. With the emergence of compliance-driven, algorithm systems, challenges are emerging for regulatory enforcement and market integrity.

Automated bidding and rebidding are typically inferred from observable patterns such as high bid frequency and large bid volumes, noting that there are currently no formal mechanisms for identification.

However, identifying a bid as automated does not, of itself, indicate non-compliance. Instead of attempting to constrain bidding automation, an acceptance that automation is now an inherent feature of market operation is needed.

As such any reform of the rebidding framework should begin by clearly articulating the intended outcomes for an automated market, and align obligations with those outcomes, rather than seeking to impose behavioural concepts that are no longer practical under the current Rules.

1. A review of the guidelines should be considered more holistically

Recognising the growing role of algorithmic bidding, the NEM Review Panel recommended that market bodies strengthen their understanding of the associated risks and opportunities.[1] In December 2025, the Energy and Climate Change Ministerial Council (ECMC) assigned the Australian Energy Market Commission (AEMC) to undertake this work.

While we do appreciate the AER's desire to revisit bidding and rebidding behaviour in light of the wider use of algorithmic bidding, the more prudent approach may be to postpone any review of the Guidelines until a more holistic regulatory review can be conducted. This would alleviate the risk of any misalignment and duplicative review processes.

2. Removing the "good faith" framework has contributed to increases in algorithmic rebidding

The 2015 Rule change that shifted the "good faith" rebidding requirement to a "reasonable basis" has facilitated the increase in algorithmic bidding and rebidding behaviour. That is, a rebid made on a "reasonable basis" is an objective and input-based standard ("something has changed, the previous bid no longer achieves its purpose"), rather than an assessment that is a behavioural test based on intent. [1] A machine may have a reasonable basis, but it cannot, of itself, have a genuine intent.

This, coupled with the obligation to rebid "as soon as practicable" [2] following a change in conditions is a key driver of high rebidding volumes, and arguably a necessary one.

This is not a criticism of participant behaviour, but a recognition that where automated systems are monitoring multiple inputs that change frequently, the requirement to rebid promptly results in repeated, technically compliant rebids, even where the informational value of each rebid is limited.

If the objective of this review is to meaningfully reduce rebidding volumes, the only effective lever is to remove or lessen the 'as soon as practicable' obligation. Revisiting the "as soon as practicable" obligation is structurally significant and sits more comfortably within the realm of regulatory change rather than through Guidance or procedural clarification.

3. Minimum Safe Operating Levels and bidding practices

There is a growing share of automated aggregated price responsive resources that can repeatedly defend mechanically minimum output positions.

[1] National Electricity Market Wholesale Marekt Settings Review Final Report, Recommendation 4, 4A, p 125.
[2] *National Electricity Rules*, v 243, Chapter 3, cl 3.8.22A.

This occurs through rebids that may not necessarily reflect technical constraints but instead reflect commercial preferences. While these bids may be technically compliant, algorithmic rebidding is making it more difficult for the Market Operator to distinguish genuine technical constraints from commercial preferences.

Placing large volumes at very low or negative prices in Band 1 effectively locks in dispatch and shapes price outcomes, even where the underlying reasons are commercial rather than technical. This raises concerns about whether the 'reasonable basis' test has practical force when inputs such as price, forecasts, demand, and state of charge change every five minutes.

This distinction is likely to be best addressed through a Rule change request limiting the use of price Band 1 to technical volumes, or a similar mechanism. We note that a similar but distinct Rule change request has been pending since 2021.

Registering a minimum MSOL (for example, in the same way maximum load and ramp rates are registered), would materially improve transparency by making it clearer whether bids reflect technical constraints or commercial preferences. For example, the technical MSOL for VRE and BESS would generally be zero, thereby enabling cleaner dispatch outcomes by reducing the need to constrain off VRE, and in some cases, constrain on thermal plant to meet system strength requirements.

4. The Integrated Price Responsive Resources Rule enables automated participation

The Integrating Price Responsive Resources Rule (IPRR) is intended to facilitate greater participation and visibility of price responsive resources, including Virtual Power Plants (VPPs) and aggregated batteries. It allows these resources to become visible to AEMO and, in some cases, to participate as Voluntarily Scheduled Resources (VSR).

When combined with automated bidding, the IPRR Rule will see very high rebid volumes that are technically compliant but provide limited informational value, ultimately creating pressure on existing market frameworks originally intended as behavioral and transparency tools, rather than indicating non-compliance. Again, this is largely a direct and expected consequence of the Rule design combined with more responsive automated market participation, rather than something to be addressed through behavioral guidelines.

5. System level integrity risks

Automated bidding is the use of computer-based- systems that execute bids or rebids according to a predefined set of rules or parameters, with little or no human intervention once these rules have been configured. By contrast, Artificial Intelligence (AI) learns or adapts based on inputs, potentially adjusting behaviour over time rather than simply executing fixed instructions.[3]

Where AI is used more widely for bidding and rebidding, a system level coordination risk arises where multiple AI enabled resources could rationally and compliantly respond to the same market signals, but in doing so, collectively alters those signals, which ultimately reduces the signal's usefulness for

[3] The Australian Energy Market Commission, 'Addressing the risk of algorithmic collusion, an AEMC staff working paper, July 2026.

coordination and planning. Again, we see this as an expected consequence of increased automation and responsiveness, rather than a breach of the Rules or a misuse of technology.

6. Regulatory change should be preventative and not corrective

A refocus of regulatory expectations on governance, accountability, and oversight of automated systems is most likely achieved through clear responsibility for algorithm design, regulatory parameter setting, and making provision for monitoring and auditing of bidding behaviour.

While the AER proposes to hold the auto bidders accountable for the bids they place, responsibility for bidding must rest with the market participant, retailer, or other bidder on whose behalf the bid was made. This aligns with principles and frameworks within other markets.[4]

Conclusion

Many of the observed outcomes within the rebidding framework are not unexpected and are an outcome of the existing rebidding Rule design. However, it is unclear whether a restoration of intent-based regulation would manage the increasing rates of automated bidding and rebidding in the market, or whether it is better to accept automation as an inherent feature of market operation.

These questions remain fundamental to the bidding and rebidding requirements of the NEM and will require a holistic regulatory review in order to establish and then determine a clear policy choice about whether the framework should restore intent, or explicitly adapt to automation and manage its consequences.

Stanwell welcomes the opportunity to discuss further any of the issues raised in this submission. Please direct any queries to Lya McTaggart by email at lya.mctggart@stanwell.com.

Yours sincerely

Ian Chapman
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[4] International Organisation of Securities Commission 2017, *Objectives of Securities Regulations* (IOSCOPD561), Principles 6, 7, and 8. See also Principle 3 as a foundational concept for responsibility and ultimate accountability for third party bidding.