

19 August 2025

Department of Climate Change, Energy, the Environment and Water
GPO Box 3090
Canberra ACT 2601
By email: CapacityInvestmentScheme@dcceew.gov.au

To whom it may concern,

Aggregated Resources in the Capacity Investment Scheme

The Justice and Equity Centre (JEC) welcomes the opportunity to respond to the Department of Climate Change, Energy, the Environment and Water's (DCCEEW) consultation paper on aggregated resources in the Capacity Investment Scheme (the consultation paper).

The JEC supports aggregated resources participating in the Capacity Investment Scheme (CIS).

While technological- and size-neutrality for CIS agreements should be the default, we agree with DCCEEW that alternative eligibility criteria will need to be developed to enable aggregated resources to participate. As much as possible, any alternative criteria should be available to all potential participants, rather than limited to aggregated resources. Specifically, our recommendations to reduce the capacity threshold and dispatchable duration threshold should be extended to all participating resources, not be exclusive to aggregated resources.

Aggregated resources should not be required to provide details of the resource(s) forming the foundation of the proponent's bid. Single load resources can provide this information very easily. However, aggregated resource bids cannot meet this requirement as practically. The entity running the auction should not expect details of each of the loads comprising the aggregation from an aggregator. In most cases it would be prohibitively difficult for the proponent to produce and would disadvantage aggregated resources relative to non-aggregated resources for reasons other than economic competitiveness. This would not be in consumers' interests.

Requirement to be a special purpose vehicle

We appreciate the need for participating projects to operate as special purpose vehicles (SPV) and see no reason why these requirements do not apply to aggregated resources. An SPV is the simplest way to provide transparency and demarcation of the project from other

operations of a given business for the purposes of underwriting. The administrative costs in this solution appropriately fall on the proponents.

If potential proponents of small capacity aggregated resource projects raise concerns about the cost of running their underwritten projects on SPVs, the department should investigate and assess these claims. Should the costs be found to be prohibitive and prevent small scale aggregated resource proponents from applying for the CIS, it may be in consumers' interests to move these administrative costs from the proponent to the Office of CIS or AEMO Services.

Capacity threshold

The 30MW capacity threshold for CIS generation projects should be replaced by a 1MW threshold. If the CIS is to include flexible demand – in promotion of the consumers' interest - the threshold must lower than 30MW as this would rule out most aggregated flexible demand and fail to realise the significant consumer benefits available.

5MW is the absolute highest threshold which should be set, consistent with AEMOs' registration requirements for scheduled resources.

However, the minimum dispatchable quantity of demand response in the Wholesale Demand Response Mechanism (WDRM) is 1MW, which would support allowing dispatch of 1MW. Whatever arrangements are arrived at should not exclude flexible dispatch at 1MW.

Dispatchable duration

Some flexibility in dispatchable duration should be allowed in order to optimise the use of aggregated resources. Larger quantities can be required to be dispatched for a full two hours but smaller quantities should be able to be dispatched for shorter periods.

Financial Value Assessment

While it is appropriate to expect that proponent claims concerning the anticipated behaviour and use of aggregated assets are viable, it is not in consumers' interests to extend this expectation to requiring historical evidence around bidding behaviour. Part of the intention of the CIS is to bring online new resources, including new behaviours using existing resources, and this will involve innovation and hypothecation about behaviours which don't yet exist.

We welcome the opportunity to meet with DCCEE and other stakeholders to discuss these issues in more depth. Please contact me at mlynch@jec.org.au regarding any further follow up.

Yours sincerely,

Michael Lynch
Senior policy officer