

10 April 2026

Australian Energy Regulator
GPO Box 3131
Canberra ACT 2601
By email: regulatorysandbox@aer.gov.au

Your Ref: AER212772

Dear Regulatory Sandbox team,

VIOTAS Sandbox trial waiver application

The Justice and Equity Centre (JEC) welcomes the opportunity to respond to the Australian Energy Regulator's (AER) consultation paper on providing VIOTAS with a waiver to conduct a trial of the provision of demand response services to participants with multiple connection points (the consultation paper).

The JEC supports the provision of a trial waiver

Expansion of the Wholesale Demand Response Mechanism (WDRM) is critical to the promotion of consumers' interests. The VIOTAS trial has scope to demonstrate the viability and benefit of opening participation in the WDRM to a class of demand response (DR) participants – large users with multiple connection points that use their assets actively – with significant untapped potential to increase both the DR capacity in the NEM as well as its actual dispatch. This would have potential to place material downward pressure on wholesale energy prices as well as offering additional system benefits.

Per our comments in relation to the review of the WDRM¹, the AEMC's analysis of the WDRM substantially under-states the benefits accruing to consumers from deploying DR. The AEMC inappropriately excluded consumers benefits accruing from price effects from their assessment, impacting their decision not to recommend expansion of the mechanism, including to enable arrangements such as those proposed here. Including the full set of benefits accruing to consumers, the increase of even a small set of new participants to the WDRM has the potential to provide substantial returns to consumers.

We agree with VIOTAS that the main competition impacts anticipated from the trial are positive, as an increase in participation in the WDRM provides consumers with an alternative

¹ Justice and Equity Centre, 22 August 2025, 'Submission to AEMC Review of the Wholesale Demand Response Mechanism draft report'. <https://jec.org.au/publication/submission-to-aemc-review-of-the-wholesale-demand-response-mechanism-draft-report/>

to retailer-centric DR offers. We would add that retailer-reliant DR offerings tend to be deficient, due to retailers inherent disincentive to provide effective DR services. Increasing avenues for WDRM participation – by enabling non-retail provision - makes it a viable proposition for a wider range of energy users. Increased DR increases competition with all energy suppliers in the NEM, not merely DR service providers, adding to the beneficial impacts.

Expectations of market participants should be uniform across the NEM

The proposed conditions placed on VIOTAS for the trial seem unreasonable and predicated on the starting assumption that DR participants are fundamentally different from other parties in the wholesale market and are more likely to act in a 'nefarious' way. The assumption seems to be that if there is an opportunity to act in a fraudulent manner by appearing to reduce energy demand, and be paid for it, without actually doing so, they will.

We note this is not in line with the baseline expectations placed on market participants elsewhere. For example, while it is acknowledged that rebidding can be used in an illegitimate way that is not in consumers' interest, the presumption is that market participants are conforming with good market behaviour expectations until there is evidence that they are not. Regardless of our perspective on the validity of this assumption in practice, the presumption of 'innocence' should be equally extended to demand response participants and supply-side market participants.

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

Yours sincerely,

Michael Lynch, PhD
Senior policy officer

mlynch@jec.org.au