

Ausgrid Community Power Network Trial Waiver Application

Submission to the Australian Energy
Regulator on Ausgrid's proposal for a trial
waiver in the policy-led sandbox

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DATE: 15/09/2025

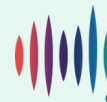
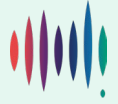


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Energy Consumers Australia is supportive of the trial on 3 conditions.

Energy Consumers Australia (ECA) welcomes the opportunity to provide feedback on Ausgrid's application to the Australian Energy Regulator (AER) for a trial waiver under the regulatory sandboxing framework.

ECA is supportive of the trial, subject to important conditions being met. We recognise the merit in testing new approaches that can help address pressing challenges in the energy system, particularly around the integration and orchestration of consumer/distributed energy resources (C/DER).

We see the trial as potentially bringing benefits in various ways:

- Stimulating investment in solar on under-utilised commercial and industrial roof space.
- Operating batteries to smooth operational demand, improving network utilisation and avoiding network upgrades.
- Sharing the benefits of CER assets with consumers who cannot directly invest in CER — such as renters and those living in apartments.

However, our support for the trial rests on three key conditions:

1. Evidence of a strong, adequately resourced focus on learning to ensure the trial delivers meaningful and transferable insights.
2. Approval by the AER of an engagement plan and methodology for determining how the dividend is shared among customers before the trial commences.
3. The publication of data collected through the trial and Spatial Energy Plans to inform wider industry and policy development.

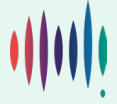
In addition, we encourage the AER to consider how a counterfactual can be established to strengthen the evidence base for this initiative. For example, running a comparable trial in a different location or by a third party.

Condition 1: A strong and resourced focus on learning.

Embedding learning and evaluation from the outset is central to success. ECA supports Ausgrid's focus on learning in the trial waiver application. However, a stronger, more structured focus on learning is required to test different aspects of the trial and ensure that whatever the final outcome of the trial may be, the funding spent on the trial delivers benefits through clear learning and insights across the sector.

Recommendation 1: Ausgrid must develop a Monitoring and Evaluation Framework before commencing the trial.

Ausgrid should develop a Monitoring and Evaluation Framework with a theory of change and program logic. A program logic articulates the trial inputs (e.g. financial, administrative, system and human resources), activities, outputs and outcomes. This enables evaluation of the trial against clearly defined expectations. Research questions should be grouped according to the program logic.



The AER should be confident that the evaluation approach allows the sector to conclude whether the business model/solution trialled does or does not work, and whether and how it should be trialled again. This requires clarity about exactly what elements of the model we are testing and how.

Recommendation 2: Ausgrid must identify indicators, measures and data sources for each expected outcome, and collect data from the outset of the trial.

Ultimately, this trial is all about testing how doing something differently affects outcomes for consumers and the grid. These expected outcomes should be made more explicit and defined up-front, rather than when the trial has already begun, to create an objective measure of effectiveness.

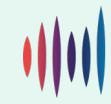
It may be useful for Ausgrid to separate outcomes into short-term and long-term outcomes. The outcomes identified in the waiver application documents are short term, such as the outcomes for customers in the trial. The ultimate rationale for the trial, however, is a long-term change in the market. Ausgrid should find ways to measure these longer-term and more systemic outcomes, such as changes to network tariffs for all Ausgrid customers and market distortion in the competitive market for CER.

The AER should feel confident that the data collected during the trial will be sufficient to make a decision about the future of this trial and whether a similar model should be scaled. From our perspective, it is still unclear how the trial will be set up to test the following fundamental questions, noted in Ausgrid's application:

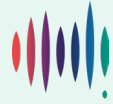
- How can commercial batteries be incentivised to provide the same benefits as DNSP-operated benefits in the trial?
- Are DNSPs better equipped than other providers to deliver these same benefits?

The AER should feel confident these questions can be answered before granting approval of the trial. Modelling showing whether the benefits of a DNSP-led model outweigh the cost to all consumers may be needed to show answer these questions.

For each outcome identified in the program logic, Ausgrid should map indicators/measures and data sources. The table overleaf has turned several short and long-term outcomes in the trial waiver into specific examples of outcomes, indicators and measures. These should be taken as examples only, for Ausgrid to develop further in the Monitoring and Evaluation Framework.



Time horizon	Outcome	Indicator	Measure	Data sources
Short-term	Customers benefit financially, regardless of their circumstance	Size of dividend	\$ per year dividend payment	Ausgrid data
		Retailers pass on dividend payment to customers	# of customers who receive the dividend payment	Ausgrid and retailer data
		The split of homeowners/renters who receive a dividend payment is the same split as the population	# of homeowners vs. renters who receive the dividend payment, compared to demographics	Ausgrid data & population/dwelling data
		Customers in embedded networks receive dividend payment	% of total customers who live in embedded networks who receive dividend	TBC, Ausgrid monitoring
	Customers are engaged	Customer awareness of the Trial	# of customers in the trial area who indicate they know about the trial	Ausgrid community engagement data
		Customers' interaction with the trial	# of customers who participate in community engagement forums	Ausgrid community engagement data
		Customers have opportunities to engage if desired	% of customers who state they have had enough opportunities to engage	Ausgrid customer sentiment survey
Long-term	Consumers benefit from improved network utilisation	Battery operation improves long-term network utilisation	% change in network utilisation	Ausgrid network data
		Avoided cost of network upgrades	\$ of infrastructure upgrades avoided, directly attributed to the trial	Ausgrid network data; modelled future costs
		Network tariffs decrease for all Ausgrid customers	\$ change in network tariffs	Ausgrid network data; modelled future tariffs
	The market for commercial batteries remains strong and innovative	Non-network battery operators continue to provide similar services in the trial area	# of battery service providers who operate in the area, compared to what it expected	Industry data, TBC
		Non-network battery operators saw no impact of the trial on their business	# of other service providers who report the trial had an impact on their businesses	Industry sentiment data
		A DNSP-led model does not prevent third party non-network solutions	# of other service providers providing non-network solutions in the trial area	Industry data, TBC



Recommendation 3: An independent evaluator should report to the AER, well-resourced by Ausgrid.

It is important that knowledge sharing and evaluation are adequately resourced. Ausgrid should engage an independent evaluator. This evaluator should report to the AER with input from Ausgrid, rather than reporting to Ausgrid directly.

Ultimately, the AER should determine the success of the trial, based on the final revaluation report. Any decisions about the future of the battery assets and role of Ausgrid in providing battery services rests with the AER.

Recommendation 4: Ausgrid –and the independent evaluator—should report to the AER and stakeholders every 6 months.

Ausgrid should publicise the learnings of the trial throughout the process against the questions identified in the Monitoring and Evaluation Framework.

We note that Ausgrid proposes to report annually. The AER should add a condition on the waiver that Ausgrid must report on progress every six months, and this reporting should include a distinct report from the independent evaluator. The AER should host public forums every six months during which Ausgrid and the independent evaluator discuss their findings.

We are supportive of the AER placing conditions on the waiver related to reporting on consumer complaints, including the nature of the complaints and how they are resolved.

Condition 2: Funding is conditional on AER approving the benefit sharing and community engagement methodologies.

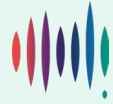
Ausgrid should ensure consumer benefit – both inside the trial and for the broader customer base – is front and centre in the design and development of the Trial.

Recommendation 5: Funding should be made conditional on the AER approving the methodology for determining an equitable share of benefits.

How the dividend is calculated is central to how the potential benefits of the trial are shared. ECA wants more clarity on how the 'equitable share' of benefits is determined for participating customers. This should be brought forward as early as possible, rather than determining it in the first 2.5 year of the Trial.

In determining this, Ausgrid should also identify how many consumers are in embedded networks in the trial area and how benefits will flow to them. Consumers in embedded networks risk having the benefits absorbed by the parent meter.

We have identified a material risk where the model relies on retailers to pass on the dividend payment, and any higher feed-in tariffs for solar, to the consumer. Before approving the trial waiver, the AER should feel confident that consumers will receive the dividend payment. ECA is concerned that market competition may not be sufficient incentive for retailers to pass on all of the benefit to consumers.



Recommendation 6: The AER should add a condition to approve a community engagement plan and budget.

Community engagement will be important to ensure the community understands the benefits of the trial and how they will be affected. Ausgrid should not rely on engagement through retailer being sufficient but should actively achieve buy-in from the community.

Communities need accurate and tailored information about the trial, communicated in places and times that are accessible to them. For example, after hours, in-person and online, at community centres and at train stations. Communication materials should be translated in languages other than English, such as in Mandarin, Indonesian, Cantonese, Greek and Spanish in Botany and Mascot.¹

Direct engagement with consumers is time intensive and costly. Ausgrid proposes to invest \$8.7m in community engagement and project delivery over the five years of the Trial. This includes running reverse auctions and learning, as well as engaging local communities. Ausgrid should provide more clarity on how consumers will be engaged and what proportion of the \$8.7m in funding for 'project delivery' is dedicated to engagement with consumers.

At a minimum, the following information should be clearly communicated to consumers:

- Where to go for any complaints/issues.
- Whether and what types of issues they can raise with the NSW Energy and Water Ombudsman.
- Clear articulation of benefits and risks, especially given consumers cannot opt out.

Condition 3: Ausgrid must make the Spatial Energy Plans publicly available.

The best outcomes for consumers would be achieved if anyone could identify the best places for batteries on the network. Through improved data sharing, consumers and third party installers should be able to know where their assets will maximise system and individual benefits.

Recommendation 7: Spatial Energy Plans should be made public and inform the IDSP rule change.

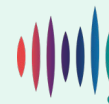
The information collected in the Spatial Energy Plan should be made public so consumers, directly or through third party aggregators, can connect CER assets to the networks efficiently. This would contribute positively to competition in the market and unlock CER orchestration by third parties.

We are supportive of a condition on the waiver that the information and data to be provided through the Spatial Energy Plan are made publicly available to allow third parties to respond to market needs.

Learnings from the Spatial Energy Plans should inform the Integrated Distribution System Planning (IDSP) rule change. There is an opportunity to determine:

- What data and at what level of data sampling frequency, spatial granularity, and update rate is most beneficial in order to determine where non-network options are best located.

¹ Australian Bureau of Statistics, 2021 Census Data, Mascot and Botany, available at: [2021 Mascot, Census All persons QuickStats | Australian Bureau of Statistics](#) [2021 Botany, Census All persons QuickStats | Australian Bureau of Statistics](#)



- Best practice data collection and sharing techniques should inform any guidelines for data standardisation and harmonisation that result from the IDSP rule change.
- Best practice for displaying the data in a user-friendly way, particularly in a way that can be useful to those without a technical background.
- Best practice for using smart meter data to inform grid planning and non-network options.
- How granular network data can be shared publicly while protecting privacy.

**The national voice for residential and
small business energy consumers**



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