Australian Government | Energy Innovation Toolkit

WAIVER APPLICATION

Summary

ID	SBX-0000172
Title	[redacted]
Submitting User	[redacted]
Job Title/Position	

Initial Submission Date	12/05/2025 3:04 PM	**Latest Submission Date**	12/05/2025 3:05 PM

I have read, understood and agreed to the Legal Disclaimer	Yes
I have read, understood and agreed to the Consent to Information Sharing Statement	Yes
I have read, understood and agreed to the Privacy Statement	Yes

Organisation

ABN	78 508 211 731
ACN (if applicable)	n/a
Organisation Name	The Trustee for Blue Op Partner Trust & Others
Information about the type of organisation applying for a trial waiver (i.e. whether the applicant is a private limited company, partnership, trust, or joint venture etc.)	Ausgrid is a partnership with the NSW Government holding 49.6% and a consortium of Australian Super, IFM Investments and APG Asset Management holding the remaining 50.4%

Organisation Business Address

Address line 1	24-28 Campbell Street
Address line 2	
City/Suburb	Sydney
State/Territory	NSW
Postcode	2000

Is the applicant's postal address the same as the business address? Yes

Organisation Postal Address

Address line 1	
Address line 2	
City/Suburb	
State/Territory	
Postcode	

Contact Details

Organisation website	https://www.ausgrid.com.au/
Name of contact	[redacted]

NOTE: some questions may appear in in this PDF that were not presented to you in the application process. Questions will differ depending on whether you are applying to the AER or ESC for a trial waiver. Responses to questions not presented to you will be left blank.

Contact role [redacted]
Contact telephone [redacted]
Contact email [redacted]@ausgrid.com.au

General Information

Previous Engagement

Has the applicant previously engaged with the Energy Innovation Toolkit on this matter?	Yes
Has the applicant previously engaged with the AER or ESC regarding a trial waiver?	AER

Applicant Licence and Exemptions

Does the applicant hold any licences or exemptions to hold a licence to operate in the electricity and/or gas industry?	Yes
If so, is it a licence, an exemption or both licence(s) and exemption(s)?	Licence
Licence(s) held	Electricity distribution licence
Exemption(s) held	

AEMO Registration

Is the applicant registered with the Australian Energy Market Operator as a market participant?	No
If so, which categories?	
If the applicant is intending to register, provide details of the registration or inquiries made. If the applicant is not intending to register with the Australian Energy Market Operator, please provide a reason.	The Community Power Network concept is structured to operate without requiring Ausgrid to seek additional registration as a market participant. Currently, Ausgrid is registered with AEMO as a network service provider (distribution), special participation distribution operator, metering coordinator, and market SAPS resource provider.

Parent Licences and Exemptions

Does the applicant's parent company or company group hold any licences or exemptions from having to hold a licence to operate in the electricity and/or gas industry?	No
If so, is it a licence, an exemption or both licence(s) and exemption(s)?	
Licence(s) held	
Exemption(s) held	

Previous Licence Suspensions and Cancellations

Has the applicant or their parent company previously held a licence that has been suspended or cancelled?	No
Suspension/cancellation details	

NOTE: some questions may appear in in this PDF that were not presented to you in the application process. Questions will differ depending on whether you are applying to the AER or ESC for a trial waiver. Responses to questions not presented to you will be left blank.

Has the applicant, any directors of the applicant, any related body corporate, or any person with significant managerial responsibility or influence on the applicant been involved in any material breaches of obligations regulated by the commission or any other regulator? **If yes, please provide details**	No
Is the applicant, any directors of the applicant, any related body corporate, or any person with significant managerial responsibility under investigation in relation to its regulatory obligations? **If yes, please provide details**	No

Partner Organisations

Are you submitting an enquiry on behalf of a third-party, or is the applicant proposing its innovation to be delivered in partnership with other organisation(s)?	No

Provided Organisation Details (if any)

Project Description

Overview

Description of the applicant's project, including if the innovation is a product, service, new business model or other	The Community Power Network concept involves the accelerated deployment of Distributed/Consumer Energy Resources (DER/CER) in a local network area, planned and funded by Ausgrid. It pools surplus solar from rooftops to redistribute during the evening peak, providing cheap power for all customers. Strategically placed storage across the network will also provide grid balancing, power quality management, improved grid utilisation, flattened NEM demand, and reduced capital needs for the traditional grid. Our hypothesis is that this DNSP-led coordinated of CER/DER will extract more value from these assets, lower energy costs for all customers, and decouple the need to personally own solar to benefit from the bill savings. We propose testing the concept in two regions: one largely residential and the other a mix of commercial, industrial, and apartment buildings. Both areas have a high proportion of renters and represent a significant portion of Ausgrid's network, providing valuable insights into the concept's success and scalability. The locations are Mascot-Botany in Sydney and Charmhaven on the Central Coast.
Confidential information (if any)	
Aims, objectives and success criteria for the applicant's project	The three primary aims of the pilot are:

NOTE: some questions may appear in in this PDF that were not presented to you in the application process. Questions will differ depending on whether you are applying to the AER or ESC for a trial waiver. Responses to questions not presented to you will be left blank.

	• Bill savings: unlocking the lowest total system costs • Greater accessibility and fairness: improve disadvantaged customers' ability to fully participate in energy markets and the distribution of value between all customers, regardless of their living circumstances or access to capital. • Reduced carbon emissions: accelerate the transition toward renewables, lowering greenhouse gas emissions faster than our current trajectory. The main success criteria are: • Rapid deployment of the right amount of distributed assets into the right places in low voltage networks. There is spare capacity in distribution networks. Deploying distributed assets (with active customer participation) de-risks delays associated with utility scale infrastructure and maximises utilisation of existing capacity in distribution networks. • The ability to share and orchestrate distributed assets, including building larger shared assets like community batteries rather than sub-scale infrastructure in individual houses. Shared, orchestrated assets reduce the total spend on energy. • Participation by all customers, including tenants, residents of shared dwellings, and disadvantaged customers. • Incentives and value sharing mechanisms that deliver value from distributed assets back to customers, including enabling arrangements that actively include disadvantaged groups.
Confidential information (if any)	

Waiver Frameworks

Selected framework(s) for the waiver application **Is this confidential?**	National Energy Framework False
Selected National laws and/or rules for which the waiver is being sought **Is this confidential?**	National Electricity Rules (NER) False
Selected Victorian laws and/or rules for which the waiver is being sought **Is this confidential?**	 False
If Commission Code of Practice, please specify **Confidential information (if any)**	
If Commission Guideline, please specify **Confidential information (if any)**	
If Other, please specify **Confidential information (if any)**	

NOTE: some questions may appear in in this PDF that were not presented to you in the application process. Questions will differ depending on whether you are applying to the AER or ESC for a trial waiver. Responses to questions not presented to you will be left blank.

Description of the particular provision(s) the applicant is seeking a waiver from	Our regulatory sandbox application proposes waiving clause 6.6.5 of the NER. This clause allows the AER to approve additional capex not included in a 5-year regulatory determination if unexpected costs exceeding 5% of a DNSP's regulated asset base (RAB) have, or are reasonably expected, to be incurred.
Confidential information (if any)	

Purpose and Assets

Why is the trial waiver required to conduct the trial project?	We are seeking to waive the 5% RAB materiality threshold in clause 6.6.5 of the NER, which for Ausgrid is over $800 million. Waiving this threshold would allow the AER to reopen our 2024-29 determination to approve the additional costs for the Community Power Network pilot, totalling $110.4m ($186.7m if Ausgrid installs all solar) which is substantially less than the materiality threshold set by clause 6.6.5. Without a trial waiver to facilitate reopening our 2024-29 capex allowance, Ausgrid will incur penalties under the Capital Expenditure Sharing Scheme (CESS) if we proceed with the Community Power Network pilot. These CESS penalties, at 30% of the pilot's costs, would prevent the project from moving forward.
Confidential information (if any)	
Description of whether the applicant's project will include the installation of new infrastructure or assets	As part of the pilot, Ausgrid will install new storage and solar assets. Solar units will only be installed and owned by Ausgrid if targets in our spatial energy plan are not met. These targets define the optimal level of CER needed to maximise customer benefits. Batteries will be installed and owned by Ausgrid, with returns capped at the regulated weighted average cost of capital (WACC). This cap shifts incentives towards maximising the value created for customers using batteries, rather than simply profiting from 'buying low, selling high'.
Confidential information (if any)	

Markets and Locations

Description of the applicant's intended audience/customer. How many and what type of consumer will be involved? How does the applicant intend to recruit them?	Mascot-Botany and Charmhaven on the NSW Central Coast
Confidential information (if any)	
Which market/s will it operate in?	NSW
Is this confidential?	False
Location/s of the applicant's intended customers	Metro; Outer Metro
Is this confidential?	False

NOTE: some questions may appear in in this PDF that were not presented to you in the application process. Questions will differ depending on whether you are applying to the AER or ESC for a trial waiver. Responses to questions not presented to you will be left blank.

Other location description (if applicable)	
Confidential information (if any)	
Customers' aggregate consumption at a supply point is or is likely to be	Less than 40 MWh (small residential and/or business customers)
Is this confidential?	False

Project Progress

Proposed duration of the trial project (in months or years)	5 years
Is this confidential?	False
Stages of the applicant's innovation project that have already been completed	Consultation; Product Development
Is this confidential?	False
Has the applicant previously engaged with any of the following entities about the innovation?	Australian Energy Market Commission (AEMC); Other federal or state agency; Australian Energy Regulator (AER)
Is this confidential?	False
Other entities the applicant has engaged with	We have engaged with over 30 organisations in the development of our planned pilot. These include local and state governments, tier 1 and innovative retailers and aggregators, Ausgrid's Customer Consultative Committee, large and small customer representatives, as well as suppliers, installers, and operators of solar, storage, and electric vehicles.
Confidential information (if any)	

Project Funding

Has the applicant received funding or financing from a third party?	No
Is this confidential?	False
What sources have approved financial support?	
Is this confidential?	False
Funding received from specified Government agency and program (if applicable)	
Is this confidential?	False
Funding received from other financial source (if applicable)	
Is this confidential?	False

Project Stage

When does the applicant plan to launch its innovation?	Less than 6 months
Is this confidential?	False

NOTE: some questions may appear in in this PDF that were not presented to you in the application process. Questions will differ depending on whether you are applying to the AER or ESC for a trial waiver. Responses to questions not presented to you will be left blank.

Description of the applicant's business development stage	
Confidential information (if any)	
Description of how the trial project will be monitored, reported on and evaluated, include how learnings will be shared	We plan to report annually to the AER on the pilot's progress, coinciding with our Regulatory Information Notice (RIO) submission each October. This information will help assess whether the pilot is meeting its objectives and will focus primarily on customer outcomes and technical and operational performance. Customer outcomes: • Size of the dividend on a $ per year basis. • Equity analysis: split of customers benefiting (e.g., homeowners vs renters, C&I vs residential). • Customer feedback surveys: satisfaction, perceived fairness, engagement levels. • Participation rates: customers aware of or engaging with the pilot (even if passive). Technical and operational performance: • Amount of solar and battery capacity installed due to the pilot (MW). • Utilisation rates of battery assets: % of time dispatched for market services vs network support). • Utilisation of the LV network within the pilot region. Impact on local network constraints: improvements in load management, voltage management, hosting capacity.
Confidential information (if any)	

Eligibility Criteria

Consumer Impacts

Description and identification of the benefits to consumers from the trial project, and how these benefits will be measured	We aim to test our hypothesis that distribution networks, through enhanced coordination and benefit sharing, can extract more value from CER for our customers compared to current methods. If proven, the additional value generated by the pilot can be used to: • lower unit rate energy costs for all customers in the selected locations; • enable a faster realisation of NSW and national decarbonisation targets; and • decouple the need for customers to personally own CER to share in its benefits. We will measure these benefits throughout the pilot and report our findings to the AER annually, coinciding with our RIO submission each October.
Confidential information (if any)	

NOTE: some questions may appear in in this PDF that were not presented to you in the application process. Questions will differ depending on whether you are applying to the AER or ESC for a trial waiver. Responses to questions not presented to you will be left blank.

Description of how consumers experiencing vulnerability will be supported	The Community Power Network concept allows customers to benefit from CER without needing to own solar or batteries. It achieves this by storing surplus solar energy generated during the day and redistributing it as a low-cost power source during the evening peak. This shared resource approach ensures that all customers, particularly the most vulnerable, can access the benefits of CER. We selected Mascot-Botany and Charmhaven as pilot locations because they collectively represent the broad spectrum of challenges in providing equitable access to CER under current regulatory and market structures. In Mascot-Botany, 68% of residents live in apartments and 50% are renters, resulting in a solar penetration rate of just 9%. Charmhaven, on the other hand, mostly consists of detached dwellings with only 9% apartments. It has pockets of social disadvantage, with a relatively low median household income of $1,566 per week, compared to an average of $2,237 across other locations investigated.
Confidential information (if any)	
Description of how consumer protections will be maintained through the trial	The current protections that safeguard retailer customers will remain intact, ensuring no alterations to the standard roles and protections.
Confidential information (if any)	
Description of how customer privacy will be maintained, including how customer information will be collected, used, managed and disclosed	We will apply our standard procedures in maintain privacy for customers. Any small customer personally identifiable information (PII) contained within a customer complaint or query to the Retailer will be provided directly to the AER by the Retailer.
Confidential information (if any)	

Risk management

Description of the risk management plan for the proposed trial project	Ausgrid has comprehensive compliance and risk management policies including a: • Risk Management Framework • Sustainable Procurement Policy • External Partner Code of Conduct • Environmental Management System Manual and certificate of registration • WHS Risk Management Policy Ausgrid also has a project plan that includes identifying and managing risks for the project with weekly project meetings and monthly steerco meetings to track progress with Executives. It includes risks to the project such as receiving the waiver, finalising partnerships with retailer and commercial parties and meeting key timeframes.

NOTE: some questions may appear in in this PDF that were not presented to you in the application process. Questions will differ depending on whether you are applying to the AER or ESC for a trial waiver. Responses to questions not presented to you will be left blank.

Confidential information (if any)

Description of the risks for other market participants and how these will be mitigated

In the Community Power Network model, other entities (such as commercial retailers, aggregators, and DER providers) may face risks, including:

1. Market Coordination Challenges:
- Risks: The fragmented nature of the market could create difficulties in coordinating assets effectively across different stakeholders. Without a unified approach, the integration of CER could become disjointed, leading to inefficiencies and potential conflicts between commercial entities.
- Mitigation: establish a clear and transparent framework for collaboration between all entities involved. This can be facilitated through regular communication, the creation of shared goals, and well-defined roles and responsibilities. Ausgrid can lead the coordination efforts to ensure alignment and prevent fragmentation.

2. Revenue uncertainty:
- Risk: commercial entities may face uncertainties around revenue streams
- Mitigation: Ausgrid will offer a guaranteed off-take price for new solar installations which sell their excess solar to the Community Power Network

3. Market disruption:
- Risk: The introduction of a new model, such as the Community Power Network, could disrupt existing business models. Retailers and aggregators may need to adjust their strategies to align with the pilot's objectives, potentially incurring costs for adaptation and innovation.
- Mitigation: the pilot is geographically constrained to two locations (Mascot-Botany and Charmhaven) which, relatively speaking, make up a very small segment of the market i.e. 0.33% of the entire NEM customer base. Ausgrid is also engaging heavily with commercial entities to incorporate their views into how the pilot operates.

Confidential information (if any)

Description of the processes in place to monitor and respond to potential risk events

Ausgrid can monitor and respond to potential risk events by establishing a dedicated project management team for the pilot. Regular risk assessments, stakeholder consultations, and performance data monitoring will enable Ausgrid to identify emerging risks early. Existing project management frameworks within Ausgrid will allow quick mitigation actions, ensuring proactive management of risks related to regulatory compliance, market coordination, and other risks that may emerge.

Confidential information (if any)

NOTE: some questions may appear in in this PDF that were not presented to you in the application process. Questions will differ depending on whether you are applying to the AER or ESC for a trial waiver. Responses to questions not presented to you will be left blank.

Does the applicant expect there to be any risks to the safety, reliability and security of electricity supply of energy and/or gas as a result of the project?	No
Is this confidential?	False
Explanation of what these risks are and how those risks will be avoided or mitigated	
Confidential information (if any)	
If no, why not?	Solar panels and batteries are established, proven technologies with a strong safety record. When rolled out for local communities, they do not present safety risks. Ausgrid's role in co-ordinating the deployment of CER will promote proper installation and adherence to stringent safety standards.
Confidential information (if any)	
Description of any consultation undertaken with Australian Energy Market Operator, Energy Safe Victoria or any other relevant bodies regarding the proposed trial project and the risk management plan	
Confidential information (if any)	

Operational capability

Evidence of the organisation's operational, technical and financial ability to carry out the proposed trial project	As the largest electricity distributor on Australia's east coast, we provide safe, reliable, and affordable energy to millions of homes and businesses every day. For over a century, Ausgrid has operated and maintained a complex electricity network spanning 22,275 square kilometres along Australia's east coast. We employ over 3,000 staff including a large team of engineers and technical specialist. Ausgrid is financially resourced to deliver large-scale projects, with a proven track record. Over the last five years we have delivered over $3 billion in critical investment needed to keep the grid safe, reliable and secure.
Confidential information (if any)	

Exit strategy

Description of the trial project closure process and how participating customers will revert to their pre-existing supply arrangements or move onto suitable alternative arrangements that comply with all relevant regulatory requirements after closure of the trial project	At the end of the trial project (5 years), Ausgrid assumes that either: a) The Community Power Network project will continue under the AER's 2029-34 regulatory determination by: • classifying the Community Power Network concept as a 'distribution service' for the 2029-34 period, allowing the associated activities to proceed without a ring-fencing waiver. • approving the additional costs required to

NOTE: some questions may appear in in this PDF that were not presented to you in the application process. Questions will differ depending on whether you are applying to the AER or ESC for a trial waiver. Responses to questions not presented to you will be left blank.

sustain the Community Power Network concept.

b) Ausgrid dismantles the Community Power Network project by:

- selling the core assets of the pilot (the solar, batteries, and supporting equipment) to a third party through an arm's length transaction. This ensures the continuation of guaranteed offtake payments to solar owners under the Community Power Network contracts.
- retaining the DSO assets within the SCS RAB, given their broader customer benefits beyond the pilot, including improved reliability, increased DER hosting capacity, and more efficient network operation.

Confidential information (if any)

Consumer protection

Description of how participating retail customers and/or participants will provide their explicit informed consent and how this will be recorded. If it is intended that explicit informed consent will not be obtained, the applicant must explain why this should not be required

Dividend payment:
All customers will receive bill savings through a 'customer dividend,' regardless of their energy retailer. This initiative aims to extend the benefits of solar and storage to customers who cannot install CER due to their living arrangements or limited access to the capital needed to finance the installations.

By distributing benefits through an automatic 'customer dividend,' there is no need to obtain explicit informed consent. This payment is not a service that customers need to accept or reject, and receiving it will not affect their existing retail arrangements. The dividend represents a share of the collective benefits generated by the Community Power Network model, which Ausgrid is choosing to share with all customers to ensure a more equitable distribution of the value created by solar and batteries.

There are also efficacy considerations. By passing through benefits via an automatic dividend, Ausgrid can efficiently distribute the value created by the Community Power Networks trial without having to recruit customers to participate in the trial. This ensures that the process is streamlined and that all community members can share in the benefits of the pilot program.

Guaranteed solar export price:
The Community Power Network will purchase all surplus solar from customers at a rate determined by a reverse auction process.

Bids will be accepted from the lowest to highest until the required solar capacity, as outlined in the Spatial Energy Plan, is met. Successful bidders will self-fund the initial capital cost of the solar installation and use

	the guaranteed price to recover their investment. The contracts that underpin the guaranteed off-take rate will include terms that secure explicit informed consent. The contracts are likely to be agreed to with commercial entities that are likely to be well resourced and obtain their own independent advice.
Confidential information (if any)	
Description of how participating retail customers and/or participants can raise a dispute in relation to the proposed trial project and the processes and procedures in place to resolve these, noting this could include recourse to the relevant energy ombudsman	To ensure transparency and provide customers with easy access to information, Ausgrid will leverage its website and a dedicated, well-staffed call centre. The website will provide detailed information about the Community Power Network, including how it works, the benefits to customers, and updates on the pilot's progress. Additionally, customers can reach out to the call centre for specific inquiries or support, ensuring that any questions or concerns about the pilot are promptly addressed
Confidential information (if any)	
Description of how trial project participants will have access to the Energy and Water Ombudsman (Victoria)'s dispute resolution services and if the applicant is, or will become a member of the Energy and Water Ombudsman (Victoria) **Confidential information (if any)**	
Description of how trial project participants can raise a dispute in relation to the proposed trial project if the applicant is not a member of the Energy and Water Ombudsman (Victoria)'s dispute resolution services and if so, what alternative form of external dispute resolution is proposed. Please explain why the applicant considers that approach to be appropriate **Confidential information (if any)**	
Description of what consultation the applicant has undertaken with the Energy and Water Ombudsman (Victoria) in relation to dispute resolution processes **Confidential information (if any)**	
Description of how participating retail customers and/or participants can opt out of the proposed trial project or, if it is proposed that customers should not be able to opt out of the trial project or that there should be restrictions on the circumstances in which customers can opt out, the reasons why this should be the case	Under the Community Power Network concept, customers do not need to opt in or opt out of the trial project. All customers in the pilot regions will automatically receive the benefits generated by the Community Power Network, including any potential savings or dividend payments. This automatic distribution of benefits ensures that every customer can share in the value created by solar, storage, and energy arbitrage, regardless of their living situation or ability to install their own energy resources. The worst outcome for any customer under the Community Power Network model would be receiving

	a zero dividend payment, which would occur if the pilot does not generate sufficient value to cover its costs. However, there would be no additional costs passed on to customers, and they would not face any negative impact from the trial. As the benefits are shared equitably across all customers, and the trial is designed to operate without requiring customers to take any specific actions, there is no need for customers to opt out. This streamlined approach avoids unnecessary barriers to participation, ensuring that the benefits of the Community Power Network model are accessible to everyone in the pilot areas.
Confidential information (if any)	

Disconnections

Description of the proponent's proposed processes in relation to disconnection where the proposed trial project directly involves the supply or sale of electricity or gas to small customers	
Confidential information (if any)	

Development of regulatory experience

Description of how the proponent consider the trial project contributes to the development of regulatory and industry experience	We believe that the trial project will significantly contribute to the development of regulatory and industry experience by testing the hypothesis that distribution networks, through enhanced coordination and benefit sharing, can extract more value from CER than current approaches. If proven, the pilot will demonstrate how this additional value can: • Lower unit energy costs for all customers in the selected locations. • Accelerate the achievement of NSW and national decarbonisation targets. • Decouple the need for customers to personally own CER to benefit from it. The proposed Community Power Network concept is expected to yield substantial insights and drive advancements in regulatory and industry practices, fostering a more efficient and equitable energy system.
Confidential information (if any)	

Consultation with other regulators

Has the applicant engaged with the jurisdictional safety regulator on the project?	No
Is this confidential?	False

NOTE: some questions may appear in in this PDF that were not presented to you in the application process. Questions will differ depending on whether you are applying to the AER or ESC for a trial waiver. Responses to questions not presented to you will be left blank.

If no, why not?	The technologies we are installing (solar and batteries) are highly mature technologies that do not require oversight or approval for a jurisdictional regulator
Confidential information (if any)	
If yes, does the applicant require an exemption, and did the applicant receive one from them? Confidential information (if any)	

Confidential information

The commission must consider whether the extent and nature of any confidential information impair the commission's ability to provide public transparency in relation to the conduct and outcomes of trial projects. Provide any comments you consider relevant to this assessment Confidential information (if any)	
The AER must consider whether the extent and nature of any confidential information impair the AER's ability to provide public transparency in relation to the conduct and outcomes of trial projects. Provide any comments you consider relevant to this assessment	Our modelling includes market-sensitive inputs, which are subject to a confidentiality claim. This is the only confidentiality claim Ausgrid is making. These inputs are crucial for the pricing and financial assumptions of the trial and are integral to our reverse auction and commercial negotiations for purchasing the assets required for the pilot. Disclosing these details could undermine the reverse auction's competitiveness, potentially allowing third parties to adjust their bids, which would jeopardise Ausgrid's ability to secure efficient prices for the necessary assets.
Confidential information (if any)	
Explanation of whether the proponent considers the extent and nature of the confidential information may impair the appropriate development of regulatory and industry experience arising from the trial project	Ausgrid has taken a targeted approach to confidentiality, limiting our claim market-sensitive in our modelling. Our regulatory sandbox proposal includes high-level summaries of the modelling results, which provide a clear understanding of the pilot's objectives and expected outcomes. However, to protect the integrity of the reverse auction process and preserve our commercial negotiations, we have excluded sensitive market inputs, such as battery tender prices, from public disclosure. Releasing these confidential inputs could undermine the competitive nature of the reverse auction, as suppliers might alter their bids or adjust their commercial terms in response to this disclosed information. This would likely lead to less efficient pricing for the necessary assets, impacting the size of the benefit pool that can be passed onto customers.

NOTE: some questions may appear in in this PDF that were not presented to you in the application process. Questions will differ depending on whether you are applying to the AER or ESC for a trial waiver. Responses to questions not presented to you will be left blank.

	We believe that the protection of this commercially sensitive information is essential for the trial's success, ensuring Ausgrid can secure the most efficient prices for the assets required. Transparency will be maintained at the aggregate level, allowing for regulatory and industry learning without compromising the competitive dynamics of the trial or distorting market outcomes.
Confidential information (if any)	

Innovative Trial Principles

Innovative Trial Principles

Explanation of whether the trial project is focused on developing new or materially improved approaches to the use or supply of, or demand for, electricity	The Community Power Network trial project is focused on developing new and materially improved approaches to the use, supply, and demand for electricity. By leveraging enhanced coordination and benefit sharing, the project aims to maximise the value extracted from DER/CER. This involves: • New Approaches to Use: The project will pool surplus solar energy generated during the day and redistribute it during the evening peak, providing a low-cost power source for all customers, regardless of whether they own solar installations. • Improved Supply Methods: By strategically placing storage across the network, the project will enhance grid balancing, power quality management, and overall grid utilisation. This approach also aims to flatten NEM demand and reduce the capital required for traditional grid infrastructure. • Enhanced Demand Management: The project will develop a spatial energy plan to optimise the deployment of DER/CER, ensuring that the right assets are placed in the right locations. This will maximise the existing capacity of the distribution network and promote equitable access to the benefits of CER. Overall, the trial project seeks to demonstrate that a DNSP-coordinated approach can lower energy costs, accelerate decarbonisation targets, and decouple the need for personal CER ownership, thereby contributing to a more efficient and equitable energy system.
Confidential information (if any)	
Explanation of whether the trial project likely to contribute to the achievement of the national electricity objective	The Community Power Networks pilot will achieve the National Electricity Objective (NEO) by lowering energy costs through efficient use of local solar and storage, enhancing grid reliability with strategic asset placement, and accelerating decarbonisation. By maximizing the value of CER and ensuring equitable access to benefits, the pilot promotes a more

NOTE: some questions may appear in in this PDF that were not presented to you in the application process. Questions will differ depending on whether you are applying to the AER or ESC for a trial waiver. Responses to questions not presented to you will be left blank.

	sustainable, affordable, and reliable energy system, aligning with the objectives in the NEO.
Confidential information (if any)	
Explanation of whether the trial project is able to demonstrate a reasonable prospect of giving rise to materially improved services and outcomes for consumers of electricity	The Community Power Networks pilot will improve services and outcomes for electricity consumers by: • Lowering Energy Costs: by pooling surplus solar energy and redistributing it during peak times, the pilot reduces the overall cost of electricity for consumers. • Enhancing Grid Reliability: strategic placement of storage assets improves grid balancing and power quality management, leading to a more reliable electricity supply. • Promoting Equity: the pilot ensures that all customers, including those without personal solar installations, benefit from lower energy costs and improved services. • Accelerating Decarbonisation: by maximising the use of renewable energy sources, the pilot supports faster achievement of decarbonisation targets.
Confidential information (if any)	
Explanation of whether the trial project maintains adequate consumer protections, including whether the trial project may involve risks to consumers and (if so), how those risks might be mitigated	The current protections that safeguard retailer customers will remain intact, ensuring no alterations to the standard roles and protections. All customers will receive bill savings through a 'customer dividend,' regardless of their energy retailer. This initiative aims to extend the benefits of solar and storage to customers who cannot install CER due to their living arrangements or limited access to the capital needed to finance the installations. The dividend payment is not a service that customers need to accept or reject, and receiving it will not affect their existing retail arrangements. It simply represents a share of the collective benefits generated by the Community Power Network model, which Ausgrid is choosing to share with all customers to ensure a more equitable distribution of the value created by solar and batteries.
Confidential information (if any)	
Explanation of whether the trial project is unable to proceed under the existing regulatory framework	We are seeking to waive the 5% RAB materiality threshold in clause 6.6.5 of the NER, which for Ausgrid is over $800 million. Waiving this threshold would allow the AER to reopen our 2024-29 determination to approve the additional costs for the Community Power Network pilot, totalling $110.4m ($186.7m if Ausgrid installs all solar) which is substantially less than the materiality threshold set by clause 6.6. Without a trial waiver to facilitate reopening our

	2024-29 capex allowance, Ausgrid will incur penalties under the Capital Expenditure Sharing Scheme (CESS) if we proceed with the Community Power Network pilot. These CESS penalties, at 30% of the pilot's costs, would prevent the project from moving forward.
Confidential information (if any)	
Explanation of whether the trial project has moved beyond research and development stages but is not yet established, or of sufficient maturity, size or otherwise commercially ready, to attract investment **Confidential information (if any)**	Yes, the trial project is ready to commence subject to the regulatory sandbox waiver.
Explanation of whether the trial project may negatively impact the Australian Energy Market Operator's operation of the national electricity system and national electricity market and, if there are impacts, how those impacts can be mitigated **Confidential information (if any)**	No, there will be no impact on AEMO's operations. The solar and batteries deployed as part of the Community Power Network pilot will be settled in the market in the same manner as existing arrangements. All energy will be settled using the current AEMO processes, leveraging their current systems.
Explanation of whether the trial project may impact on competition in a competitive sector of the national electricity market	The Community Power Networks model is designed to evolve and eventually transform Ausgrid's network into a platform for competition. Notwithstanding, we acknowledge that introducing a new way of generating and distributing energy through community-based solar and battery systems could disrupt aspects of the competitive landscape. These concerns should be weighed against: • Cost Efficiency: solar and battery systems within the Community Power Networks can provide energy at a lower cost compared to traditional sources. This cost efficiency can create competitive pressure on existing energy providers to lower their prices or innovate. • Regulatory Oversight: The AER will oversee the trial to ensure that the benefits are equitably shared among customers and that the model does not unfairly disadvantage any market participants. This oversight may involve the use of formal enforcement powers or rely on informal mechanisms such as reputational incentives, both positive and negative. • Community Benefits: The primary goal of the Community Power Networks is to provide equitable access to renewable energy benefits. By focusing on community-wide benefits rather than individual gains, the model aims to enhance overall market fairness and sustainability. • Pilot Nature and Evolution: As a pilot program, the Community Power Networks model is limited in scope and duration, allowing for careful monitoring and adjustment to address any emerging competition concerns. Over time, the model is expected to evolve, turning Ausgrid's network into a

	competitive platform that supports multiple energy traders and commercial entities. In summary, while the Community Power Networks model may introduce new dynamics into national electricity market, its design ultimately aims to ensure that it enhances competition and provides equitable benefits to all participants. The model's evolution towards a competitive platform further underscores its potential to positively impact the market.
Confidential information (if any)	

National Energy Regulations Additional Principles

Explanation of whether the trial project is able to be trialled and evaluated	We plan to report annually to the AER on the pilot's progress, coinciding with our RIO submission each October. The data submitted will likely include details on the installed solar and battery capacity and the costs incurred by Ausgrid.
Confidential information (if any)	
Explanation of whether there is potential for the trial project to be successfully expanded	The Community Power Network model coordinates and deploys CER within areas serviced by zone substations. Ausgrid operates 155 zone substations, each of which could potentially implement the Community Power Network in some capacity.
Confidential information (if any)	
Explanation of whether the trial project will provide for public sharing of knowledge, information and data resulting from the trial project	Data Sharing and Spatial Energy Plan Development: Ausgrid is committed to publicly sharing data on the performance and lessons learned from the Community Power Network pilot. A key part of this transparency will be the publication of a detailed spatial energy plan. Spatial Energy Plan: The spatial energy plan will map the current state of the Community Power Network region to identify optimal sites for future CER/DER deployment and forecast how local generation and demand could evolve as assets are deployed. It will be developed using current geospatial network data combined with meter-level energy flow data. AI techniques will be applied to this meter data to detect the presence of solar, storage, and EV charging at each NMI, cross-validated against existing DER registries to build a detailed, accurate baseload model of the low-voltage network. Additional data, such as rooftop solar potential, storage and EV adoption rates, and broader electrification trends, will be layered onto this model. Engagement with key stakeholders — including local councils, state agencies, retailers, and major C&I customers — will further inform the forecasts. The model will predict daily power flows feeder-by-feeder,

identify network constraints, direct consumption opportunities, and surplus solar availability.

Critical sensitivities, such as different DER uptake scenarios or V2G impacts on storage needs, will be assessed. The plan will generate street-by-street maps highlighting optimal solar and storage locations, prioritising feeder-specific battery placements to maximise benefits.

Importantly, the spatial energy plan will support not only the Community Power Network pilot but also broader network planning initiatives, including the development of a future Distribution Integrated System Plan (D-ISP).

Confidential information (if any)

Victorian Specific Requirements

Explanation of whether the trial project is focused, or will it continue to focus, on developing new or materially improved approaches to the use or supply of, or demand for, electricity or gas
Confidential information (if any)

Explanation of whether your trial project is likely to contribute to the achievement of the objectives of the Commission under the Electricity Industry Act 2000 (Vic), Gas Industry Act 2001 (Vic) and the Essential Services Commission Act 2001
Confidential information (if any)

Explanation of whether the trial project will be able to demonstrate, or can it continue to demonstrate, a reasonable prospect of giving rise to materially improved services and outcomes for customers who purchase electricity or gas
Confidential information (if any)

Explanation of whether the trial project maintains, or will continue to maintain, adequate consumer protections for customers who purchase electricity and/or gas, including whether the trial project may involve risks to such customers and, if so, how those risks might be mitigated
Confidential information (if any)

Explanation of whether the trial project is unable to proceed, or continue to proceed, because of the Electricity Industry Act 2000 (Vic), Gas Industry Act 2001 (Vic) and/or any instrument made under those two Acts (as applicable)
Confidential information (if any)

Explanation of whether the trial project has moved beyond research and development stages but is not

NOTE: some questions may appear in in this PDF that were not presented to you in the application process. Questions will differ depending on whether you are applying to the AER or ESC for a trial waiver. Responses to questions not presented to you will be left blank.

yet established, or of sufficient maturity, size or otherwise commercially ready, to attract investment
Confidential information (if any)

Explanation of if the trial project may negatively impact the Australian Energy Market Operator's (AEMO) operation of the national electricity system and national electricity market or AEMO's operation of systems relating to natural gas (including AEMO's performance of its declared system functions) and markets and auctions for natural gas and how those impacts can be mitigated
Confidential information (if any)

Explanation of whether the trial project is able to be trialled and evaluated
Confidential information (if any)

Explanation of whether there is potential for the trial project to be successfully expanded
Confidential information (if any)

Explanation of whether the trial project will provide for public sharing of knowledge, information and data resulting from the trial project
Confidential information (if any)

Supporting Files

Description	Filename	File Size
Optional supporting material file	Ausgrid - Community Power Networks Proposal - 12 May 2025.pdf	1.79 MB

NOTE: some questions may appear in in this PDF that were not presented to you in the application process. Questions will differ depending on whether you are applying to the AER or ESC for a trial waiver. Responses to questions not presented to you will be left blank.