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16 September 2025

Ms Stephanie Jolly
Executive General Manager
Australian Energy Regulator
GPO Box 520
Melbourne VIC 3001

Dear Stephanie,

Ausgrid Community Power Network trial waiver application

Essential Energy welcomes the opportunity to comment on the Ausgrid's Community Power Network (CPN) trial waiver application as outlined within the Australian Energy Regulator's (AER) Issues Paper. Essential Energy supplies more than 900,000 customers across regional, rural and remote communities in New South Wales (NSW). We operate and maintain one of Australia's largest distribution footprints and are focused on safe, affordable and innovative supply for the communities we serve.

At a principles level, Essential Energy supports the exploration of innovative proposals where they are aligned with customer interests. For this reason, we consider the CPN trial to be a worthwhile and timely initiative.

ESSENTIAL ENERGY SUPPORTS THE CPN TRIAL WAIVER APPLICATION

Essential Energy supports the AER's policy-led sandboxing approach which aims to support large-scale trials to overcome barriers to the access and orchestration of Consumer Energy Resources (CER). The proposal explores network-led orchestration of rooftop solar and community-scale batteries, with value shared among all customers in the trial areas. It aims to improve access to the benefits of distributed energy for households and businesses that are not able to install their own systems, while reducing local peaks, improving power quality and supporting emissions reduction. We consider these objectives squarely aligned with the long-term interests of customers and relevant to all NSW networks as CER continues to grow.

The CPN proposes to coordinate additional rooftop solar and community batteries, with Ausgrid undertaking spatial energy planning and optimising the batteries. Retailers would remain customers' primary point of contact and billing agent. This model is intended to pool value from wholesale market participation, avoided or deferred network augmentation and local emissions benefits, then return that value as a dividend payment to all customers in the pilot areas. In our view this is a practical way to test how orchestration can support equity and lower system costs, not just for those able to invest directly, but for the broader community.

For these reasons we consider the trial well suited to the AER's sandbox framework. It addresses real integration challenges at the distribution level, it is time-limited, and it sets out clear learning objectives. The focus on a dividend mechanism, together with spatial planning and measured battery control, provides a structured way to demonstrate outcomes that are central to both customers and the broader energy transition, including reductions in local peak demand, improved hosting capacity on low voltage networks, and better utilisation of existing assets. In our view, the learnings from this trial will be highly transferable to the regional and rural settings that Essential Energy serves, where demand profiles, customer density and network topology differ from metropolitan areas, yet the need to integrate CER efficiently are the same.

Essential Energy agrees with the proposal about the importance to keep existing retail relationships unchanged, with simple and transparent information for customers about how the dividend is calculated and paid, and how questions and complaints can be raised and resolved. We also support the development of an equitable and clearly documented dividend methodology with independent input, so that benefits are shared fairly across different customer types. These features will help build trust and social licence.

We recognise there are wider questions that the trial is expressly designed to test, including equity in locality based models. For example, the proposal to underwrite the pilot so the customer dividend is never negative during the trial raises questions about how value is shared between participants and non-participants. It also presents worthy questions regarding customer choice and whether opt-in and out clauses are a required feature of a trial. In our view, these questions are precisely why a scale trial is needed. The learning value exists whether elements of the design ultimately succeed or not, and transparent evaluation of both benefits and disbenefits will inform future local-use-of-system approaches and tariff design.

Essential Energy recognises that the AER is considering the most appropriate legal mechanism to give effect to this trial. Whether that is a waiver enabling a NER clause 6.6.5 re-opener or another lawful pathway, we support a flexible and proportionate approach that allows strategic, customer-centred innovation to proceed where it was not foreseeable at the time of the five-year reset. Allowing mid-period adjustments, subject to transparent conditions and knowledge sharing, will help ensure worthwhile trials are tested and evaluated for the benefit of customers across NSW.

Essential Energy supports the evaluation and knowledge sharing that will occur under the trial waiver. Under the AER's Trial Projects Guidelines, we understand the applicant will be required to submit and publish progress annual reports and will provide a final outcomes report, with the content and frequency set as conditions of the waiver. We support these requirements and the public reporting they entail, as they will help translate trial insights into benefits for all customers across NSW.

CONCLUSION

Essential Energy supports the AER granting the trial waiver for the CPN. The proposal tests important innovations that put customers first and can inform how NSW networks can integrate consumer energy resources at scale. The trial's value lies in its learning agenda as much as its objectives, and transparent evaluation of both successful and unsuccessful elements will provide insights that can be applied to future designs. We consider it well aligned with the objectives of the sandboxing framework and capable of producing learnings that are valuable across metropolitan, regional and rural contexts.



If it would assist the AER, we are happy to meet to discuss any aspect of this submission. Please feel free to contact [REDACTED] via email at

[REDACTED] or [REDACTED] via email at [REDACTED].

Yours sincerely

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[REDACTED]

Head of Regulatory Affairs