

Ausgrid's Community Power Network trial waiver application

Tech Council of Australia Submission

September 2025



Introduction

The Tech Council of Australia (TCA) and the Consumer Energy Technology Alliance (CETA) thank the AER for the opportunity to respond to Ausgrid's trial waiver application.

We commend the AER for its policy-led sandboxing process as a vital step for fostering innovation. However, we are profoundly concerned that this framework is being considered for a proposal that lacks a clear legal basis and threatens to send an anti-competitive signal to the marketplace. This submission will demonstrate that the proposal's legal and economic foundations are unsound, and that its approval would damage the consumer energy resources (CER) sector by chilling the very innovation, competition, and investment essential for Australia's energy transition. This will ultimately lead to poor consumer outcomes.

The TCA is the peak industry body representing Australia's tech sector. The tech sector contributes \$167 billion annually to GDP and supports close to 1 million jobs. This includes direct ICT industries as well as tech workers embedded in other sectors such as retail and agriculture. Collectively, the tech sector is equivalent to Australia's third-largest industry – after mining and banking – and ranks as the seventh-largest employing sector in the country.

This year, the TCA is proud to also represent CETA, a voice for Australia's energy technology companies driving our renewable future. This technology-led shift is transforming our energy landscape, with CER projected to account for up to 66% of energy storage capacity by 2050.¹ Our goal is to empower these Australian companies to play a pivotal role in building a distributed, coordinated, and resilient energy system.

This transformation is already well underway. With more than one in three standalone houses now generating their own power – the highest per capita uptake of solar in the world – a remarkable consumer-led movement has catalysed a vibrant and sophisticated commercial ecosystem. A new generation of technology companies, aggregators, and energy innovators is attracting significant private capital to build the tools that make this distributed grid work. This is a market defined by rapid innovation, where competition is driving the development of smarter, more efficient, and more customer-centric energy solutions.

We recognise that a modern, distributed energy system demands new forms of coordination and governance. Managing Australia's energy transition efficiently will require all parts of the energy sector to work constructively to build the right regulatory architecture. This must be guided by the long-term benefit of consumers, achieved by carefully balancing commercial interests.

In the long-term, a competitive market is the only sustainable way to deliver what Australian consumers truly need: the innovation to modernise our grid; the investment to fund our transition; the diverse products and services for a diverse population; and the scalable solutions to get the job done.

¹ Australian Energy Market Operator. *2024 Integrated System Plan*. AEMO, 26 June 2024,

The AER's policy-led sandboxing process is the ideal mechanism to design and test new frameworks that foster collaboration between network operators and Australia's growing CER industry. A successful model will be one that appropriately rewards DNSPs for their essential role in connecting and integrating consumer resources, while ensuring the delivery of electricity services to customers remains fully open to fair competition.

While we strongly support using the sandbox to explore new models, we have significant concerns about using this framework to authorise a DNSP to deliver contestable, consumer-facing services. It would appear contrary to the stated purpose of the policy-led sandboxing framework – intended to increase equitable access, unlock innovation, lower system costs and meet consumer needs – to approve a project that would pave the way for the greater monopolisation of CER markets.

Ausgrid is requesting two waivers: one waiver to allow it to reopen its distribution determination, and a waiver from the national ring-fencing guidelines.

The TCA's concerns in relation to the requested waiver to allow it to reopen its distribution determination are outlined in section 1 of this submission, and TCA's concerns in relation to the requested waiver from the national ring-fencing guidelines are outlined in sections 2 and 3.

In summary:

1. Ausgrid's request to reopen its determination distribution lacks a clear legal foundation

The request to place new capital expenditure on Ausgrid's Regulated Asset Base (RAB) exceeds the scope of powers available to the AER through the trial waiver framework. The National Electricity Law (NEL) imposes a statutory obligation on Ausgrid to adhere to its active revenue determination. The AER's power to grant exemptions does not extend to this obligation, meaning it cannot be waived through this process.

2. Potential to cause a 'chilling' effect on private investment in Australian CER markets

A regulated entity with inherent structural advantages creates an unlevel playing field that private capital is unwilling to compete against. This project, if approved, inevitably would stifle the innovation and competition that is currently driving the CER industry forward. Instead of fostering a dynamic market, this proposal risks producing outcomes directly contrary to its own objectives by discouraging the very investment needed to build a smarter, more efficient energy grid.

3. The proposal does not satisfy the AER's innovative trial guidelines

The AER has established a series of tests that it must give regard to when assessing whether to approve a trial project. This proposal lacks the substance and detail required to enable the AER to properly assess its potential benefits against its costs and whether the project meets the AER's trial guidelines. Without defined success metrics and a transparent methodology, it is impossible to assess the benefits from a 'network-led' model relative to the known benefits of CER uptake. As such, the trial cannot provide the AER, government, or

market participants with any reliable confidence to proceed or to use it as a basis for future expansion.

1. Ausgrid's request to reopen its determination distribution lacks a clear legal foundation

Ausgrid's application seeks two waivers for the project to proceed: from the ring-fencing guidelines and from clause 6.6.5 of the National Electricity Rules ('Reopening of distribution determination for capital expenditure'). This section responds to the latter, and Ausgrid's request to waive the ring-fencing guidelines is dealt with in sections 2 and 3 below.

Ausgrid's request to waive clause 6.6.5 of the National Electricity Rules

Ausgrid's application requests a waiver from the materiality threshold provision within rule 6.6.5 of the National Electricity Rules. The stated purpose of this waiver is to enable new capital expenditure to be funded through its Regulated Asset Base (RAB).

Neither the application nor, even more surprisingly, the AER's consultation paper has identified the power that would authorise the AER to grant this.

To assess whether a legal foundation exists for the application, it is necessary to examine the AER's relevant powers, which are as follows.

NER Rule 6.6.5: Reopening of distribution determination for capital expenditure

6.6.5 (a) *Subject to paragraph (b), a Distribution Network Service Provider may, during a regulatory control period, apply to the AER to revoke and substitute a distribution determination that applies to it where:*

- (1) an event that is beyond the reasonable control of the Distribution Network Service Provider has occurred during that regulatory control period and the occurrence of that event during that period (or of an event of a similar kind) could not reasonably have been foreseen by the Distribution Network Service Provider at the time of the making of the distribution determination ('the event');*
- (2) no forecast capital expenditure was accepted or substituted by the AER for that period under clauses 6.5.7(c) or 6.12.1(3)(ii) (as the case may be) in relation to the event that has occurred;*
- (3) the Distribution Network Service Provider proposes to undertake capital expenditure to rectify the adverse consequences of the event;*
- (4) the total of the capital expenditure required during the regulatory control period to rectify the adverse consequences of the event:*

- (i) exceeds 5% of the value of the regulatory asset base for the relevant Distribution Network Service Provider for the first year of the relevant regulatory control period;
 - (ii) is such that, if undertaken, it is reasonably likely (in the absence of any other reduction in capital expenditure) to result in the total actual capital expenditure for that regulatory control period exceeding the total of the forecast capital expenditure for that regulatory control period as accepted or substituted by the AER in accordance with clauses 6.5.7(c) or 6.12.1(3)(ii) (as the case may be);
- (5) the Distribution Network Service Provider can demonstrate that it is not able to reduce capital expenditure in other areas to avoid the consequence referred to in subparagraph (a)(4)(ii) without materially adversely affecting the reliability and security of the relevant distribution system;
- (6) a failure to rectify the adverse consequences of the event would be likely to materially adversely affect the reliability and security of the relevant distribution system; and
- (7) the event is not a pass through event or a contingent project.

Rule 6.6.5(a) establishes a specific mechanism for a DNSP to manage the financial impact of high-cost, unforeseen and adverse events.

This provision permits a DNSP to apply to the AER to have its existing distribution determination revoked and substituted during a regulatory control period to permit the unforeseen expenditure. This course of action is contingent upon a strict materiality threshold being met (sub-paragraph (4)(i)). It is also contingent on an event occurring that is “beyond the reasonable control” of the DNSP (sub-paragraph (1)). There are also references to “adverse consequences” of the event (sub-paragraphs (3) and (6)). And the DNSP must demonstrate that it is not able to reduce capital expenditure in other areas to avoid these adverse consequences without materially adversely affecting the reliability and security of the relevant distribution system (sub-paragraph (3)). The AER must be satisfied with each of the matters referred to in paragraph (a) (paragraph (d)).

Ausgrid’s application focuses only on one of these requirements, known as the ‘materiality threshold’: the requirement that the capital expenditure required to rectify the adverse consequences of the event must exceed 5% of the DNSP’s RAB, as valued at the commencement of the regulatory period. But as shown, the other conditions in Rule 6.6.5 are also not satisfied by this proposal.

NEL Section 18ZL Trial Waiver

(1) Subject to this section, the AER may, on application by a person or body that proposes to undertake a trial project (a “proponent”), make a determination to grant the proponent an exemption (a “trial waiver”) from 1 or more of the following--

(a) section 11 of this Law;

(b) the Rules, or a provision of the Rules.

(2) Before making a determination to grant a trial waiver, the AER must have regard to the innovative trial principles and any matter required by the Rules.

(3) An application for a trial waiver must be made in accordance with the Rules.

Section 18ZL of the NEL is the source of AER's authority to grant trial waivers.

This provision empowers the AER, upon receiving an application from a proponent of a trial project, to issue an exemption known as a trial waiver. While the term 'trial waiver' is given for convenience, it is an 'exemption' which section 18ZL facilitates.

The effect of a trial waiver is to grant a specific exemption from certain regulatory obligations, on a time-limited basis². The scope of this power is specifically delimited, allowing the AER to provide an exemption only from:

- section 11 of the National Electricity Law; and/or
- the National Electricity Rules, or any provision of the National Electricity Rules.

This mechanism was intended to be the principal instrument through which the AER can facilitate innovative trials by temporarily removing certain regulatory barriers that might otherwise prevent a new project from proceeding.

TCA assessment

The purposes of trial waivers under section 18ZL (below) and Rule 6.6.5 could not be more different. Whereas trial waivers are to facilitate innovative trials by temporarily removing certain regulatory barriers, Rule 6.6.5 was intended for an entirely different purpose: as a regulatory safeguard to cater for unforeseen adverse events. Rule 6.6.5 provides a structured process for a DNSP to recover substantial, unbudgeted costs needed to restore network integrity and service capability following an unforeseen major incident, such as a natural disaster. It ensures that the regulatory framework can accommodate exceptional circumstances that would otherwise place unsustainable financial pressure on the network business.

In short, the AER is entertaining an application for a trial waiver intended to facilitate innovative trials, utilising a procedure intended for adverse, unforeseen events.

Turning to Rule 6.6.5 itself, Ausgrid is seeking a waiver from the materiality threshold for this specific project so that it can reopen its revenue determination to approve the additional costs of the project.³

² S. 18ZP, NER.

³ Ausgrid - trial waiver application, pg 5.

While the application is framed as a request for a trial waiver, in fact the application would require the AER to redefine or amend one of its core components (the materiality threshold) and even then, other conditions of the Rule outlined above would not be satisfied anyway.

We submit this request to 'waive' clause 6.6.5 of the NER is not permitted by the powers granted through NEL section 18ZL and hence the proposal cannot legally be approved through the sandbox process.

This is for five reasons:

1. The application seeks an exemption from a rule that itself provides a permissive mechanism for obtaining *relief* from obligations, and is not a source of obligation itself. As a trial waiver is an "exemption,"⁴ its function is to relieve a party from an obligation. Applying an exemption from a rule that does not impose a duty is a *non sequitur*, a misapplication of the trial waiver power.
2. The AER lacks statutory authority to waive the real source of the obligation. The core duty for Ausgrid to adhere to its revenue determination is imposed by section 14B of the NEL. But the AER's trial waiver power, sourced in section 18ZL of the NEL, is expressly limited to section 11 of the NEL and the NER. The power does not extend to 14B of the NEL.
3. A further issue is the clear distinction between the AER's power of "exemption" and a power of "amendment." An exemption permits non-compliance with an existing rule; it does not empower the AER to change a rule or create new funding mechanisms, like the one Ausgrid is proposing. This delineation of powers is a common feature of Australian regulatory design. For example, the *Corporations Act 2001* grants ASIC distinct powers to 'exempt' and to 'modify' under separate provisions.⁵ This demonstrates that if the legislature intended AER to have a power of amendment, they would have expressly said so.
4. In the context of the National Electricity Law, this distinction is foundational: the power to grant exemptions is assigned to the AER,⁶ while the power to make or amend rules is assigned to the AEMC.⁷ This proposal asks the AER to exercise a power that not only the AER does not have, but which the regulatory framework assigns to a different body.
5. Finally, the proposal is inconsistent with the intended purpose of Rule 6.6.5. The legislative intent of this rule is to provide a narrow mechanism for reopening a determination to address costs from unplanned and unforeseeable adverse events.

⁴ S. 18ZL of the NEL.

⁵ E.g. the power to **exempt** in s. 791C of the following provisions in which ASIC has power to **exempt** and **vary**, each being expressed under different 'heads': ss 283GA, 601QA, 741, 926A, 992B and 1020F.

⁶ Section 18ZL of the NEL.

⁷ Section 34 of the NEL.

This rule cannot be relied on to fund a planned, strategic initiative like Ausgrid's proposed trial.

Accordingly, the AER is obliged to reject the application.

Given these limitations, it is notable that the AER's consultation paper only makes a cursory reference to whether "the trial rules allow the waiver as requested". Given the clear legal impediments outlined above, we are surprised this was not a primary consideration for the AER and that this proposal progressed to consultation.

The AER also notes they are exploring whether "an alternative mechanism is more appropriate". While we generally support a regulator looking to promote innovation, we wonder why the AER considers its function to include exploring potential legal solutions on behalf of the applicant to achieve something that so clearly contradicts the current legal framework.

We strongly suggest that the AER should issue a definitive clarification on the scope of the trial waiver framework to provide certainty to the market and prevent similar proposals from advancing this far in the future. Without this, we are concerned that similar proposals may be advanced and foster more uncertainty that will distract from the important focus of the AER's trial framework.

2. The proposal will harm competition, investment, and innovation

We submit that the AER should not grant a waiver from the national ring-fencing guidelines. Such a decision would be adverse to the long-term interests of consumers by undermining competition, chilling private investment, and stifling the innovation needed to navigate the energy transition. This application isn't merely a request for a minor exemption; it is a test of the foundational principles underpinning our national energy market.

The rapid growth of CER is creating a new and complex dynamic. As CER drives more efficient use of infrastructure, it is understandable that DNSPs seek to participate in the value creation occurring in this emerging market. This creates pressure to relax the regulatory boundaries that separate monopoly network services from contestable, consumer-facing services. While this may stem from DNSPs' desire to innovate, it poses a direct challenge to the long-term health of the competitive market.

The central issue is that an erosion of the ring-fencing guidelines would distort market incentives. A DNSP, which owns essential infrastructure, sets the terms for network access, operates with a legislatively guaranteed rate of return, and has inherent structural advantages that an independent technology company cannot match. Allowing a DNSP to compete directly for CER customers creates an unlevel playing field, which systematically disincentivises private investment. Capital will rationally avoid a market with such a high degree of asymmetric risk, leading to a less diverse and less innovative ecosystem than otherwise would develop.

This is not to say the regulatory framework should be entirely rigid. Waiver mechanisms exist to provide flexibility, but their application must be precise and principled. A waiver can be a useful tool to address a specific, clearly defined barrier to a pro-competitive outcome, such as testing a new form of data sharing that could enable third-party innovators. However, it should not be used as a mechanism to permit a monopoly to enter a contestable market where a competitive market already exists. Such a use is contrary to the foundational principles of ring-fencing and sets a precedent that undermines the development of a truly competitive energy services market in Australia.

Ausgrid's case for this waiver rests on an implicit assertion of a market failure in the deployment and orchestration of CER. The burden of proof to demonstrate a genuine and persistent failure – one that the private sector is structurally incapable of addressing – must lie with the applicant. Before an intervention of this scale and nature can be justified, it must be based on rigorous evidence.

Localised scarcity of CER assets is not, in itself, evidence of market failure. In fact, the market is proving exceptionally effective in driving consumer driven deployment of CER. More than 300,000 rooftop solar systems were installed across Australia in 2024, bringing the total number to more than 4 million.

The value of exporting a kilowatt-hour of solar energy is also falling dramatically, while the value of "self-consuming" that same kilowatt-hour by storing it in a battery for use during the evening peak is rising sharply. Battery installations have surged in response, with nearly 75,000 units sold in 2024.⁸

To the extent there is a market failure, policy has shifted significantly to address this. The Cheaper Home Batteries Program, for instance, is a clear success story, stimulating significant CER uptake through market-aligned incentives rather than monopoly expansion. With over 19,500 battery systems being deployed in a single month and consumer-led CER being deployed four to five times faster than utility-scale generation, it's clear a vibrant consumer market exists.

This rapid, organic growth is precisely the catalyst needed for a competitive ecosystem of private companies to emerge, invest and innovate. The proposal fundamentally misreads these market signals, seeking to intervene just as the competitive field is beginning to flourish.

Allowing a regulated monopoly to socialise its costs and risks across a captive customer base gives it an insurmountable advantage. Private competitors, who must attract private capital and succeed on their own commercial merits, cannot operate on such an uneven playing field.

The risk this poses to private sector investment and innovation is therefore high. The immediate danger isn't just the displacement of private providers in the trial areas, but the

⁸ Wickham, B. "Rooftop Solar and Storage Biannual Report." *Clean Energy Council*, 17 Mar. 2025, cleanenergycouncil.org.au/news-resources/rooftop-solar-and-storage-report-july-to-december-2024. Accessed 11 Sept. 2025.

more significant signal it sends to the entire market. If foundational principles like ring-fencing can be waived arbitrarily, it introduces a profound level of regulatory risk. This uncertainty has a chilling effect on long-term investment, as capital will rationally avoid a market where the rules are perceived as capricious and unreliable.

Furthermore, the project threatens to disrupt the process of innovation itself. Technologies such as Virtual Power Plants (VPPs) are not static products; they are the result of continuous, iterative improvement in software, algorithms, and business models. This innovation is driven directly by the competitive pressure to deliver better and cheaper services to customers. Removing that competitive pressure by allowing a monopoly to dominate the service layer would slow this vital process, ultimately leading to less sophisticated and more costly outcomes for consumers.

We therefore urge the AER to uphold the integrity of the market framework and reject this application.

3. The proposal does not satisfy the AER's innovative trial guidelines

The AER has established a series of tests that it must give regard to when assessing whether to approve a trial project.

The following sets forth how these are not met.

Clause 4.2(a)(vii): whether the trial project is able to demonstrate a reasonable prospect of giving rise to materially improved services and outcomes for consumers of electricity, energy or gas (as applicable);

The TCA strongly supports the goal of deploying and utilising CER to provide enhanced energy services. We agree with Ausgrid that there is significant untapped value behind-the-meter CER can deliver, particularly through the provision of network ancillary services.

Today, technology companies can manage large fleets of household devices like solar batteries, smart air conditioners, and electric vehicle chargers. By coordinating these devices, they can provide valuable technical support back to the grid. These services are often much cheaper and more reliable than the traditional solutions offered by DNSPs which rely on performing the same job with much larger, more expensive, and centrally-owned equipment.

An example of this is voltage management. Effective voltage control is a growing challenge for the grid, as high solar generation on sunny days often pushes voltage above safe limits, forcing thousands of solar inverters to shut down and waste clean energy. The traditional management of this issue relies on expensive, slow-to-deploy physical hardware like transformers.

A more efficient, cost-effective solution can use the inherent capabilities of the CER that households are rapidly installing. Instead of building new hardware, voltage control can be achieved by orchestrating fleets of coordinated CER devices to dynamically voltage load when and where the network needs it. This approach is significantly cheaper because it utilises existing infrastructure at the low-voltage edge of the network, avoiding the slow and cumbersome process of major transformer upgrades. These offerings will become increasingly easy to implement and effective as Australia continues its rapid electrification.

However, the project's central hypothesis is:

"the coordinated deployment and orchestration of distributed storage by the network operator can deliver the lowest cost of electricity to all customers"

The success of this trial, however, cannot be measured by simply proving that CER can deliver these benefits—that principle is already well-established in the market. Rather, the critical test is whether the proposal can prove that its chosen delivery model, the "how," is demonstrably superior to a market-led, competitive alternative. The trial must be able to show that a network-led monopoly delivers superior outcomes for consumers that a competitive framework could not.

Critically, the proposal provides no evidence or logical justification as to why a monopoly is a necessary precondition for achieving its stated technical objectives. It conflates the technical goal of coordinated CER with the proposed commercial model of a single, network-controlled provider.

A more credible and genuinely informative trial would be designed to test these innovative concepts within a framework that preserves, rather than displaces, competition. For example, a trial could effectively test the Spatial Energy Plan by creating a structure where multiple, competing third-party providers are incentivised to deliver the required services. This would allow for a proper assessment of the core hypothesis and provide a meaningful comparison of different delivery models.

4.2(b)(ii): Whether the information provided is sufficient for the AER to determine whether the proposed trial project meets eligibility requirements and the innovative trial principles

The information provided in the application documents is missing key information required to validate the project's hypothesis, provide evidence for future scaling and mitigate key risks.

The project's costs require a much stronger justification, particularly as the proposal fails to account for recent, significant market and policy developments. The Cheaper Home Batteries Program is fundamentally altering the market's baseline by accelerating the supply of battery capacity and orchestration services. This market-aligned initiative significantly lessens the underlying need for a non-market intervention of the kind Ausgrid is proposing.

Furthermore, the proposal asks for consumers to fund, via the Regulated Asset Base (RAB), a service that is demonstrably more expensive than what private providers can deliver. This

is consistent with evidence from programs such as the Australian Government's Community Batteries for Household Solar, which found that network-owned batteries were substantially more expensive than non-network models. This is consistent with evidence such as the Australian Government's Community Batteries for Household Solar program, which found that "network batteries were more expensive on average than non-network (behind-the-meter) batteries with a weighted average cost of \$2.30 compared to \$1.33/Wh (\$2.24 vs \$1.27/Wh unweighted)".

Before such high, non-market-tested costs are socialised across all consumers, a compelling justification is required that properly accounts for the new market realities and the proven cost-effectiveness of competitive delivery models.

The application also does not provide specific, measurable metrics that can isolate the impact of the delivery model itself from the general benefits of increased CER uptake. The current 'measures of success' are not thresholds that can be objectively verified. Critically, the project should not be compared against a static snapshot in time, but a dynamic, market-led delivery approach.

We caution the AER against assessing this trial as providing evidence or justification of a network-led monopoly as a superior, or even a necessary, model for realisation of the value of CER. The success of the technology within the trial should not be conflated with the success or desirability of the proposed non-competitive delivery model.

In addition to above, Ausgrid's application is missing the following information:

- A clear rationale for why a regulated network entity should perform these functions rather than a fully contestable, market-led solution.
- The current "measures of success" are not defined with specific, measurable thresholds that can be objectively verified to determine the project's performance.
- The proposed evaluation metrics are not designed to distinguish the benefits of the non-competitive delivery model itself from the general benefits that would arise from any increase in CER.
- Information is also not given on how the project would transition to a competitive model, which should be the ultimate aim.
- Principles and criteria that will be used to judge whether the final distribution method is equitable.
- The precise criteria and trigger conditions under which Ausgrid would activate its role as the "solar owner of last resort".
- A breakdown of the modelling assumptions used to justify the benefits that will accrue to consumers.
- The detailed basis for the capital and operational cost estimates for batteries and solar.
- A justification for the proposed allocation of the costs between the pilot participants and the broader Ausgrid customer base.
- An independent analysis of the potential for the project's operation to distort price signals or constrain supply in CER markets.

- An analysis of potential adverse impacts or equity issues for customers located immediately outside the pilot boundaries.

This lack of information makes the proposal's provision for an early conclusion of the trial particularly concerning. For a policy trial to be a credible and useful exercise, it must be built on a foundation of objective and pre-defined success metrics, benchmarked against the correct alternative. Without this foundation, any declaration that the trial has been "conclusively proven to be successful" would be arbitrary.

This is not a minor procedural point; it goes to the heart of regulatory integrity. A trial without a rigorous assessment framework risks creating a veneer of evidence for a predetermined outcome, rather than generating genuine, contestable insights. Using the results of such a trial as a basis for broader policy would be a significant risk, potentially locking in a less efficient and more expensive delivery model.

4.2(f): In considering whether to grant a trial waiver the AER will also consider whether the trial waiver proponent has an appropriate exit strategy in place.

The proposal does not include a detailed exit strategy covering different scenarios. Beyond the vague potential for expansion, there is no clear plan for the assets or participating consumers should the trial fail or conclude. This creates the potential for either orphaned assets funded by the RAB or a situation where consumers are locked into a specific technology or service model without a clear, competitive path forward.

4.2(g): In having regard to whether the trial project maintains adequate consumer protections, including whether the trial project may involve risks to consumers and how those risks might be mitigated, the AER will apply the Consumer Risk Assessment tool developed by the Energy Security Board.

and

4.2(a)(viii): 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;

We are concerned by the proposal's lack of consumer protections, particularly the inability for households to opt out of the trial. Building consumer confidence and trust is a critical prerequisite for the successful rollout of CER and the adoption of more sophisticated energy services like Virtual Power Plants. A project that removes consumer choice risks undermining this trust and could create greater long-term barriers to adoption.

The assessment of consumer protections cannot be reduced to a simple cost-benefit analysis. Notwithstanding the view outlined above regarding the lack of detail regarding a clear marginal benefit to consumers, consumer protection must be a central and independent consideration when it comes to energy policy and CER deployment. A project's long-term impact on social licence must be a central consideration in all policy decisions related to the energy transition. A trial that imposes a model on consumers without their consent, even if it claims a net benefit, can be detrimental to this foundational goal.

The proposed transparency measures are insufficient for a mandatory trial. A passive website and call centre must be supplemented with a framework for proactive and continuous communication with all impacted consumers as a minimum requirement.