



Ausgrid Community Power Network Trial Waiver Application

Clean Energy Council Submission

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Response to Issues Paper: Ausgrid Community Power Network Trial

The Clean Energy Council (CEC) welcomes the opportunity to provide feedback to the Australian Energy Regulator's (AER) consultation on the Ausgrid Community Power Network Trial Waiver Application.

The CEC is the peak body for the clean energy industry in Australia. We represent and work with Australia's leading renewable energy and energy storage businesses, as well as accredited designers and installers of solar and battery systems, to further the development of clean energy in Australia. We are committed to accelerating the transformation of Australia's energy system to one that is cleaner, equal, fair and transparent for all consumers.

The CEC acknowledges the AER's Energy Innovation Toolkit provides a new pathway for accelerating the deployment of consumer energy resources, distributed energy, and novel community energy models in ways that cannot yet be accommodated within the existing regulatory regime. It enables real-world, time-limited trials under waiver or modified rule arrangements, allowing innovators and networks to test new models such as pooled rooftop solar, local batteries and trading in the wholesale market. Such trials can reveal both technical and regulatory barriers, provide evidence of consumer benefit, cost reductions, demand flexibility, and inform rule changes

The CEC also notes the Ausgrid's Community Power Network trial could help demonstrate how surplus solar might be aggregated, stored and traded to deliver lower peak-period prices, greater reliability, and potentially revenue sharing with customers.

However, any waiver or sandbox trial must respect the fundamental architecture of Australia's energy system. Networks remain natural monopolies; they must not gain unfair competitive advantage by competing directly in retail or other contestable markets in ways that undermine competition. Accordingly, Ausgrid's proposal must satisfy existing ring-fencing requirements, or else subject any competitive functions to open tenders so that independent parties may bid to provide them. Maintaining these safeguards ensures that regulatory innovation does not come at the cost of consumer protection, efficient investment, or the competitive discipline that underpins the design of the National Electricity Market (NEM).

The ARENA *Community Battery Market Snapshot Report* indicates that network-owned (front-of-the-meter) community batteries have generally exhibited higher installed costs per kilowatt-hour compared to behind-the-meter systems (such as residential or commercial batteries) and larger utility-scale installations. However, it is important to note that battery costs have continued to decline since the report's publication. Ausgrid's estimated costs for the batteries involved in the Community Power Networks project are at the lower end of the cost range identified in ARENA's Round 1 findings. Additionally, our commentary below on the use of a competitive tender process may support broader insights into current storage cost trends.

This ARENA report also explored what benefits are provided from community storage assets. It found the majority of non-network owned projects saw reduction of consumer bills as the main source of benefit that would flow from the community storage assets. On the other hand, only 2 of the 10 network projects saw a reduction of customer bills as a main benefit from their project. The majority of network projects are focused on enabling more solar as a key community benefit.

In assessing Ausgrid's Community Power Network proposal, the AER should carefully consider the risk of crowding out competitive market alternatives already delivering tangible consumer benefits. Schemes like the Cheaper Home Batteries Program are rapidly expanding behind-the-meter storage at lower cost and with greater consumer control. Introducing network-operated models risks displacing or deterring private investment and innovation, potentially undermining emerging competitive markets.

To ensure the Ausgrid Community Power Network trial delivers maximum value to consumers and fosters true innovation, it is essential that alternative business models be thoroughly considered as part of the trial design. This includes evaluating models where delivery is not limited to a network-led approach but opens participation to the broader market. Community energy solutions can be deployed by a range of parties including private sector, local energy providers, or community organisations, each offering unique capabilities and potentially lower-cost, consumer-focused solutions. Exploring such alternatives ensures the trial tests not just technical feasibility but also the most efficient, scalable, and equitable pathways for delivering community energy.

A practical way to support this could entail Ausgrid to partner with an independent, non-network entity (such as NSW EnergyCo or AEMO Services) to run a transparent, competitive tender process for the proposed trial locations. This approach would allow a range of providers to propose diverse business models, ownership structures, and benefit-sharing mechanisms, all benchmarked against network-led delivery. Running such a process at arm's length would uphold ring-fencing principles and provide a clear test of whether the competitive market can deliver these services more efficiently. This would also help build trust and legitimacy in the trial outcomes and inform future regulatory settings.

Further, trialling alternative business models can uncover consumer benefit-sharing arrangements that enhance participation without requiring mandatory inclusion. These models may offer flexible, opt-in structures that promote customer choice while still delivering shared savings, improved reliability, or revenue opportunities, ensuring benefits are distributed fairly without compromising existing consumer protections.

The competitive tender process can also invite commercial and community battery operators to propose solutions to deliver targeted behaviours like peak shaving, load shifting and voltage support. This approach reveals true market pricing, identifies efficient service models, and avoids assumptions about value or cost-effectiveness upfront.

The CEC believes Ausgrid's proposed spatial energy plan is a valuable component of the Community Power Network trial, providing a data-driven approach to identifying optimal locations for community batteries. By targeting areas with high solar penetration, network constraints, and strong community interest, the plan can underpin efficient deployment and maximise potential network and consumer benefits. This strategic siting helps ensure the trial delivers meaningful insights into where community energy solutions can have the greatest impact on grid performance and customer outcomes. This plan can then be used by NSW EnergyCo or AEMO Services to run a competitive process, inviting diverse business models to deliver and operate community energy solutions at those sites.

We note and welcome that Ausgrid has committed to knowledge sharing, to support the industry to test and learn from the trial. If the AER proceed with granting the waiver the CEC suggests the additional safeguards should be included in the waiver:

1. **Competitive Tendering for Key Functions:** Any contestable services (e.g., ownership, operation, aggregation, trading) in the trial should be open to procurement through competitive tenders, ideally managed by an independent entity (e.g. AEMO Services, NSW EnergyCo). This ensures market discipline, cost effectiveness, and gives non-network businesses opportunity to participate.
2. **Strong Ring-fencing Conditions:** Maintain strict separation (functional, legal and financial) between Ausgrid's regulated monopoly (network) business and any competitive side of the trial. Ensure no cross subsidy, no leveraging of monopoly infrastructure or branding in ways that give unfair advantage.
3. **Transparent Reporting & Knowledge Sharing:** Ausgrid must be required to publish regular, detailed reports covering costs, technical performance, business models tried, customer uptake, benefit streams, challenges and lessons. All data, methodologies and assumptions should be shared with all market participants.
4. **Opt-in Consumer Engagement:** Consumer benefit-sharing options should allow customers to choose whether to participate; no mandatory inclusion without opt-out and clear disclosure.
5. **Review / Sunset / Variation Clauses:** The waiver should include provisions for review (within the shorter term), possible variation or revocation if outcomes (costs, competitive impacts) are adverse, or if competition is being harmed.

The Clean Energy Council welcomes further opportunity to discuss the recommendations in this response with the AER. If you have any queries or would like to discuss the submission in more detail, please contact Con Hristodoulidis (christodoulidis@cleanenergycouncil.org.au).

Kind regards,



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