

19 September 2025

Ms Stephanie Jolly
Executive General Manager, Consumer, Policy and Markets Division
Australian Energy Regulator
Submitted electronically

Dear Ms. Jolly,

JEC submission to Ausgrid Community Power Network trial waiver application

The Justice and Equity Centre (JEC) welcomes the opportunity to respond to the Australian Energy Regulator's (AER) Ausgrid Community Power Network trial waiver issues paper.

The JEC is a key consumer stakeholder representing the interests of NSW households. We are represented on both the Customer Consultative Committee (CCC) and the Network Innovation Advisory Committee (NIAC). In these capacities we have been actively engaged in discussions surrounding the community power network trial (CPNT) since its initial presentation to the CCC in November 2024.

We acknowledge and appreciate the consistent openness and willingness to engage with stakeholders which Ausgrid have demonstrated throughout the process. This has involved a significant and welcome commitment from Ausgrid, notwithstanding some concerns we have regarding the influence engagement has had on the details of proposal.

While we commend Ausgrid's ambition to explore innovative models for improved network utilisation and distributed battery orchestration, we share the concerns outlined in the CCC/NIAC joint submission. Our ongoing concerns leave us unable to support the proposal in its current form. These concerns centre on an insufficiently robust demonstration of consumer benefit in the structure of the trial, as well as issues of cost and equity impacts, the depth and breadth of stakeholder engagement, and potential regulatory implications.

The sandboxing mechanism should be used to trial and explore areas of genuine innovation, guided by robust criteria for success and demonstrable consumer benefit. However, the current trial structure does not clearly set out the problem it seeks to address, nor does it establish appropriate success metrics to enable a meaningful assessment of relative consumer benefit.

We are not convinced that the regulatory barrier Ausgrid is testing – namely, securing capital funding from consumers – is a genuine impediment to innovation. Furthermore, by focusing solely on a DNSP-led model of battery orchestration, the trial offers no basis for assessing whether this approach represents the least-cost option or delivers greatest value to consumers.

The proposal also places financial obligations on Ausgrid customers both within and outside the trial zones, without adequate engagement or transparency. Customers outside the trial zones bear costs without receiving commensurate benefits, and those within the zones face risks such as the premature expiration of the feed-in tariff supplement and exposure to sharper export tariffs post-trial. The lack of a clear framework for the equitable distribution of the CPNT dividend¹ and use of this metric as the central measure of success is a significant concern.

Despite Ausgrid's substantial engagement efforts, the process has not met the standards outlined in the AER's Better Resets Handbook. There is no formal engagement plan, and consumer and stakeholder involvement has largely been limited to high-level information sharing, with limited scope for consumers or stakeholders to influence the shape of the proposal. A more collaborative and inclusive engagement process is needed – particularly given the scale and complexity of the proposal, the inability of customers to opt out, and the substantial precedent the project would set.

If the trial proves successful, Ausgrid intends to use the findings to seek a permanent ring-fencing waiver that would allow community power networks to be classified as a Standard Control Service. Such a classification risks accelerating growth in DNSP regulated asset bases without sufficient safeguards, and may also undermine the development of a competitive market for distribution-connected batteries. This could entrench monopoly control over emerging energy services, curtail development of more efficient alternatives, and limit consumer choice.

We strongly support the CCC/NIAC recommendation for a temporary pause in the waiver application process. This would allow Ausgrid to work more closely with stakeholders to address the concerns raised, refine the proposal, and co-design a more transparent and equitable framework for trial implementation and benefit sharing.

Such a pause would also provide an opportunity to explore alternative funding models, particularly if legal barriers prevent the reopening of the 2024–29 revenue determination. If Ausgrid is required to seek external funding, this could help alleviate some of our concerns around cross subsidies and simplify the path forward.

The JEC remains committed to supporting genuine innovation that delivers new or materially improved approaches to energy services and progresses more efficient services promoting the interests of consumers. There is potential in many aspects of the CPNT proposal, but it must be developed in a way that promotes fairness, supports improved utilisation and efficiency, maintains effective competition, and is shaped by meaningful consumer engagement.

¹ We understand Ausgrid is partnering with RACE for 2030 and the University of NSW to assess options for how to equitably share the dividend. However, in the absence of any requirement or incentive for retailers or embedded network operators to pass on the dividend, there is a significant risk that the actual benefits received by consumers will fall short of expectations.

We look forward to continuing our collaboration with Ausgrid and other stakeholders to refine this proposal and ensure it contributes to the promotion of the long-term interest of all consumers.

We welcome the opportunity to meet with the AER project team and other stakeholders to discuss these issues in more depth. Please contact Douglas McCloskey at dmccloskey@jec.org.au regarding any further inquiries.

Yours sincerely

Douglas McCloskey
Program Director, Energy and Water Justice