

## Ausgrid Waiver Register

Ausgrid maintains this register in accordance with clause 5.7 of the Australian Energy Regulator's (AER) [Ring-fencing Guideline \(Electricity distribution\) – Version 3 \(Guideline\)](#).

Date of AER's decision to grant class waiver	Description of the conduct to which the waiver or interim waiver applies	Terms and Conditions of the waiver or interim waiver
<a href="#">Distribution ring-fencing class waiver for Central-West Orana (CWO) Renewable Energy Zone (REZ)</a>		
29 March 2022	<p>The AER granted a class waiver of DNSPs' ring-fencing obligations in respect of the following clauses of the Guideline:</p> <ul style="list-style-type: none"> <li>• <b>3.1(b)</b> – legal separation;</li> <li>• <b>4.2.1(a)</b> – physical separation/co-location;</li> <li>• <b>4.2.2(a)</b> – staff sharing; and</li> <li>• <b>4.2.3(a)</b> – branding.</li> </ul> <p>This class waiver applies to the provision of REZ network services for the planned Central-West Orana REZ only, should Energy Co select a DNSP as a Network Operator for the Central-West Orana REZ network project.</p>	<p>Waiver term:</p> <ul style="list-style-type: none"> <li>• The class waiver expires at the end of the concession period<sup>1</sup> agreed in the project deed<sup>2</sup> signed between EnergyCo and the successful participant in EnergyCo's procurement process.</li> <li>• In circumstances where a DNSP (or DNSPs) participated in the competitive procurement process to build and operate network infrastructure for the planned CWO REZ, the class waiver will no longer apply to a DNSP (or those DNSPs) that are not selected to build, own or operate the CWO REZ, from the point in time when EnergyCo has concluded the procurement process by signing a project deed with the successful participant.</li> </ul> <p>The class waiver is granted on the condition that:</p> <ul style="list-style-type: none"> <li>• Any DNSP that is selected by EnergyCo to be the Network Operator for the Central-West Orana REZ must amend its cost allocation methodology (<b>CAM</b>) made under Chapter 6, Part F of the National Electricity Rules (<b>NER</b>) to include REZ network services for the Central-West Orana REZ. Under the NER, the AER must approve any amendments to a DNSP's CAM; and</li> <li>• The AER must be notified in writing by a DNSP that is selected by EnergyCo to be the Network Operator for the Central-West Orana REZ of the length of the concession period within 30 business days of signing a project deed. The AER must also be notified of any variations to the length of the concession period within 30 business days of any such variation.</li> </ul> <p>The class waiver specifies that the class waiver is granted to Ausgrid.</p>
<a href="#">Distribution ring-fencing class waiver for Reliability and Emergency Reserve Trader (RERT) via voltage management</a>		

<sup>1</sup> The concession period refers to the term of the Project Deed signed between the Infrastructure Planner and the Network Operator selected to build and maintain network infrastructure under the *Electricity Infrastructure Investment Act 2020* (NSW) (**EII Act**).

<sup>2</sup> A project deed refers to a contract entered by the Infrastructure Planner with the Network Operator to construct and maintain network infrastructure projects under s.63(4)(a) of the EII Act.

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14 December 2022	<p>The AER decided to grant a ring-fencing class waiver, effective from 14 December 2022 to 15 April 2025, to allow DNSPs to contract with AEMO to provide RERT services via voltage management.</p> <p>The class waiver exempts DNSPs from their obligations to comply with <b>clause 4.2</b> of the Guideline (functional separation) in relation to the provision of RERT services via voltage management.</p>	<p><b>Waiver term:</b> Effective from 14 December 2022 to 15 April 2025</p> <p><b>This class waiver is subject to the following pre-conditions:</b> The scope of the class waiver is limited to:</p> <ul style="list-style-type: none"> <li>• DNSPs that negotiate with AEMO to enter into, and/or enter into, a RERT Panel Agreement with AEMO for the provision of short notice reserve via voltage management pursuant to rule 3.20.2 of the National Electricity Rules and clause 6 of the RERT Guidelines.<sup>3</sup> <ul style="list-style-type: none"> <li>• DNSPs must not contract with AEMO to recover payments for pre-activation of reserve.</li> <li>• If the DNSP's RERT Panel Agreement with AEMO ceases, the DNSP will no longer qualify for the class waiver (unless, and until, the DNSP commences negotiation to enter into a further RERT Panel Agreement with AEMO). For clarity, this class waiver expires on 15 April 2025, and will not apply to any RERT Panel Agreement (pre-existing or otherwise) beyond this date.</li> </ul> </li> <li>• DNSPs that meet the precondition of providing the AER with a copy of the RERT Panel Agreement entered into with AEMO. <ul style="list-style-type: none"> <li>• Where possible, the RERT Panel Agreement should be emailed to <a href="mailto:AERringfencing@aer.gov.au">AERringfencing@aer.gov.au</a> immediately, or if it is being negotiated, within 20 business days of the agreement being finalised. The AER will treat this information as commercially sensitive and note our policies regarding information privacy and disclosure of information.</li> </ul> </li> </ul> <p><b>This class waiver is subject to the following conditions</b></p> <ul style="list-style-type: none"> <li>• DNSPs participating in the class waiver must provide the AER with quarterly performance reports, where RERT has been provided in that quarter, detailing: <ul style="list-style-type: none"> <li>• the number of instances the DNSP provided short notice reserve to AEMO in a quarter (i.e. the number of times the reserve was activated by AEMO);</li> <li>• the volume (MW) of reserve provided in each instance that the DNSP provided short notice reserve to AEMO; and</li> <li>• the revenue received for each instance that the DNSP provided short notice reserve to AEMO.</li> </ul> </li> <li>• These quarterly performance reports will be published on the AER website.</li> <li>• DNSPs must notify the AER if the DNSP receives: <ul style="list-style-type: none"> <li>• notification from a customer about any adverse impacts of the DNSP's provision of RERT services via voltage management; or</li> <li>• any other customer complaints relating to the quality of supply that may be associated with the provision of RERT services via voltage management.</li> </ul> </li> </ul>
<p><a href="#"><u>Distribution ring-fencing class waiver – batteries funded under the Commonwealth Government's Community Batteries for Household Solar Program</u></a></p>		

<sup>3</sup> AEMC Reliability Panel, Reliability and Emergency Reserve Trader Guidelines, Final guidelines, 21 August 2020, clause 6: [https://www.aemc.gov.au/sites/default/files/2020-08/Updated%20Amended%20Panel%20RERT%20Guidelines%20-%2018%20August%202020%20-%20Final%20for%20publication\\_0.pdf](https://www.aemc.gov.au/sites/default/files/2020-08/Updated%20Amended%20Panel%20RERT%20Guidelines%20-%2018%20August%202020%20-%20Final%20for%20publication_0.pdf).

Date of AER's decision to grant class waiver	Description of the conduct to which the waiver or interim waiver applies	Terms and Conditions of the waiver or interim waiver
3 February 2023	<p>The AER decided to grant a ring-fencing class waiver, effective from 3 February 2023 to 30 June 2041, to allow DNSPs to lease battery capacity to third parties for batteries funded under the Commonwealth Government's Community Batteries for Household Solar Program, subject to strict controls and criteria.</p> <p>The class waiver exempts DNSPs from their obligations to comply with <b>clauses 3.1, 4.3.1 and 4.2.1</b> of the Guideline (legal and functional separation) in relation to leasing out spare capacity in batteries to third parties.</p>	<p><b>Classes this waiver applies to:</b>  The scope of this class waiver is limited to DNSP-led projects where the battery asset is funded under the Australian Government's Community Batteries for Household Solar Program (administered by the Business Grants Hub or ARENA), where:</p> <ol style="list-style-type: none"> <li>a. the asset is wholly excluded from the DNSP's RAB; or</li> <li>b. what is allocated to the DNSP's RAB is only the part of the total cost of the asset that reflects the proportionate share (that relates to direct control services) of the total quantified benefit that is forecast at the time the investment decision is made, where: <ol style="list-style-type: none"> <li>i. prior to the RAB allocation at the DNSP's next regulatory proposal, the DNSP includes in its regulatory proposal evidence, and a report from an independent auditor, that confirms compliance with this provision b);</li> <li>ii. the DNSP may use the Government contribution to offset costs (regulated or unregulated) either partially or fully but may not exceed the total cost allocation to a particular stack (regulated or unregulated);</li> <li>iii. the total cost of the battery allocated to the RAB must be an amount equal to or less than the forecast network benefit; and</li> <li>iv. definitions: <ul style="list-style-type: none"> <li>▪ the total quantified benefit is the sum of both the forecast network benefit (quantified benefit derived from the deployment of the asset for direct control services<sup>4</sup>) and the forecast non-network benefit (quantified benefit accruing to the DNSP derived from the deployment of the asset for other distribution service and other services) over its economic life.</li> </ul> </li> </ol> </li> </ol> <p><b>Criteria</b>  The following criteria apply to projects that fall within class (b):</p> <ol style="list-style-type: none"> <li>1. A DNSP must comply with the Cost Allocation Principles that require a DNSP to appropriately allocate and attribute costs for use of the asset between direct control services, other distribution services, and other services.</li> <li>2. A DNSP must provide, as part of that DNSP's independently audited annual ring-fencing compliance report that is required under clause 6.2 if the Guideline. <ol style="list-style-type: none"> <li>a. the total quantified benefit derived from the deployment of the asset or all services over the most recent financial year;</li> <li>b. the total quantified benefit derived from the deployment of the asset from direct control services over the most recent financial year;</li> <li>c. the total quantified benefit derived from the deployment of the asset from other distribution services and other services over the most recent financial year; and</li> <li>e. d. a comparison of the uses (volume and frequency) of the battery that confirms the usage by the DNSP and usage by its</li> </ol> </li> </ol>

<sup>4</sup> DNSPs should calculate total quantified benefits from the provision of direct control services with reference to the AER's DER integration expenditure guidance note and in particular, the benefit streams identified therein. <https://www.aer.gov.au/networks-pipelines/guidelines-schemes-models-reviews/distributed-energy-resources-integration-expenditure-guidance-note/final-decision>.

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		<p>retail partner (or other third party), including the initial proposed allocation as a baseline against which actual usage of the assets can be compared.</p> <p>The following criteria will apply to projects which fall within class (a) or (b):</p> <p>3. A DNSP must provide the AER with information as to the terms and conditions of the contracts entered into with third parties for the leasing of battery capacity. This information should include:</p> <ul style="list-style-type: none"> <li>a. the name of the contracting party or parties;</li> <li>b. the volume of capacity (in kW or kWh) leased to that party or parties;</li> <li>c. the price the capacity is leased for; and</li> <li>d. which party controls the operation of the battery and on what terms.</li> </ul>

Date of this Register: 15 April 2024

If you have any questions about this Register, please contact Ausgrid via [ringfencing@ausgrid.com.au](mailto:ringfencing@ausgrid.com.au).