# New Energy Storage Devices Waiver Application

*This application is for DNSPs who wish to apply for a waiver of its obligation under clauses 3.1, 4.2.1 and 4.2.2 of the Electricity Distribution Ring-fencing Guideline in respect of a New Energy Storage Device and believe they meet the criteria for a streamlined waiver as set out in Explanatory Statement to the guideline (Version 3). If applying for a waiver of obligations other than clause 3.1, 4.2.1, or 4.2.2, a full waiver assessment process will be needed.*

*Please attach any relevant documents.*

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| Applicant Information | | |
| 1 | **Name(s)** | *Please state the full legal entity name of the DNSP(s) applying for the waiver.* |
| 2 | **Project description** | *Please provide a short summary of the battery project, including information about the number, size, and location of the batteries, and details of the services (e.g., voltage support, FCAS, or storage) that the batteries are expected to provide. Please identify which party will be providing each service and explain how the network and other services provided by the battery relate to each other. Further information and specific details can be included in an attachment.*  *Please state the full legal names of any other entities that will be using the battery capacity* *e.g., community groups, RESPs, suppliers, retailers. Please describe the contractual relationship with each party.* |
| 3 | **Reason for waiver** | *Please provide the rationale for supplying excess capacity of the battery to third parties. Please also provide, for each battery, an estimate of the expected annual utilisation of the battery capacity for each different service identified above. This should include an indicative estimate of energy volume in kilowatt hours and capacity in kilowatts for each service by time of use over a representative summer and winter time period.* |
| 4 | **Period of the waiver** | *What is the proposed* *start date of the waiver?* - *What is the proposed end date of the waiver?*  *If the proposed end date is a date later than the end of the DNSP’s next regulatory control period, please provide supporting information about the life of the relevant battery assets.* |
| 5 | **Clauses to be waived** | *Please indicate which clause(s) the DNSP proposes to have waived.* |
| **Supporting information for waiver application** *This section is to provide information that will assist the AER’s assessment of whether the benefits outweigh the costs for the battery project.* | | |
| 6 | **Costs if waiver not granted** | *Please state and provide details of the costs of complying with the ring-fencing guideline if the waiver is not granted, both for the DNSP and for consumers, including non-financial costs. Please include details of the extent to which the battery capacity will still be installed without the waiver, and of how (if at all) the DNSP would use the battery in the absence of the waiver.* |
| 7 | **Benefits if waiver granted** | *Please state and provide details of the benefits, including non-financial benefits, that are likely to result from the granting of the waiver (and, particularly from the supply of the excess capacity by the DNSP to a third party), both for the DNSP and for consumers.*  *Please provide a clear and detailed explanation of how granting the waiver would contribute to the achievement of the National Electricity Objective.*  *We are particularly interested to understand if there are additional benefits the battery may provide for consumers experiencing vulnerabilities. Please describe.* |
| Evidence demonstrating that the risk of cross subsidisation is sufficiently addressed or does not arise  *Applications that sufficiently address risk of cross subsidisation or where the risk does not arise could be eligible for the streamlined waiver process.*[[1]](#footnote-1) | | |
| 8 | **Cost Allocation[[2]](#footnote-2)** | *Please provide the total cost of the battery project.*  *Please provide details of how the cost of the battery project is being funded, including (as relevant) the amounts that are being funded by: opex; capex; DMIA; grant; other external funding (please describe).*  *What cost allocation method is the DNSP proposing to use to allocate costs between the DNSP’s own uses of the battery capacity and the supply of the excess capacity to a third party. How will the risk of cross subsidisation be addressed? Will the battery assets be included in the RAB? If yes, please provide details of the extent to which this will occur.* |
| 9 | **Process to engage third party suppliers of network services[[3]](#footnote-3)** | *What is the process for testing the market for third-party suppliers for network support? Please describe the process undertaken, if a specific process was undertaken in relation to the network need addressed by these batteries and provide links or documents as supporting evidence.* |
| 10 | **Any other information** | *Please provide any additional information that you would like considered as part of your application. This could include, for example, details of any additional measures to reduce any identified risks with the project, and of stakeholder engagement undertaken.*  *Please also describe any unique features associated with this project and any broader observations about the costs and benefits to the project.* |

**Please note that, if approved, the following conditions are likely to apply:**

* Ex-post public sharing of information about the battery (e.g., location(s), size, status of the project (trial or full scale roll out), intended purposes and uses, approved cost allocation method, and a key contact for external stakeholders if they wish to discuss the project further) and any useful learnings from the battery usage that will support the battery market.
* Provide on an annual basis a comparison of the uses (volume and frequency) of the battery that confirms the different uses of the battery (e.g., that was provided in the application), and an explanation of any differences between the two. The independent assessor, as part of annual ring-fencing compliance assessment to confirm the comparison is accurate.
* If some of the cost of the battery is included in the RAB, as part of annual ring-fencing compliance assessment, the independent assessor to verify that the cost allocation method in the waiver has been applied between the services/uses.

1. AER, *Electricity Distribution Ring-fencing Guideline – Explanatory Statement (Version 3)*, p 29-31. [↑](#footnote-ref-1)
2. For information on cost allocation methods, see AER, *Electricity Distribution Ring-fencing Guideline – Explanatory Statement (Version 3)*, p 35-36. [↑](#footnote-ref-2)
3. AER, *Electricity Distribution Ring-fencing Guideline – Explanatory Statement (Version 3)*, p 34-37. [↑](#footnote-ref-3)