

BESS4 - Northmore Gordon

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BESS4

BESS4 is a business battery activity described by IPART under the NSW Peak Demand Reduction Scheme (PDRS), commencing 1 September 2026. It enables eligible small and medium business sites to deploy battery energy storage systems and create Peak Reduction Certificates (PRCs) by reducing demand during specified peak conditions. BESS4 differs from standard energy savings by focusing on peak-demand reduction rather than annual electricity consumption. Capacity alone does not determine eligibility; equipment specifications, siting, installation requirements, network and planning approvals, and all other activity-specific requirements must be assessed against the Peak Demand Reduction Scheme Rule.

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What is BESS4?

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Which buildings and premises are excluded from BESS4 eligibility?

BESS4 eligibility requirements explicitly exclude residential buildings and data centres. This exclusion is stated in Schedule C, Activity BESS5, Eligibility Requirement 1 of the Peak Demand Reduction Scheme Rule and applies equally to BESS4. The exclusion reflects the scheme's focus on business and commercial applications. Site classification and building use must be verified before proceeding with a BESS4 assessment, as a technically sound battery system at an excluded premise type cannot create eligible certificates under this activity.

What information should be documented in a BESS4 project information sheet?

A BESS4 project information sheet should record: the battery's nominal and usable capacity, inverter output, existing and proposed solar capacity, installation dates, network and planning approvals, and proposed operational and aggregation arrangements. The sheet must also identify which billing measure and measured peak affect site demand charges, and clearly distinguish multiple value streams (tariff shifting, resilience, demand reduction, scheme support) so they are not added together without verifying the operating strategy can deliver them simultaneously. Recording the equipment model and configuration rather than only marketing descriptions ensures accurate assessment.

How does BESS4 differ from reducing annual energy consumption?

BESS4 focuses on reducing peak demand during specified peak conditions, which is a different outcome from reducing annual electricity consumption. The Peak Demand Reduction Scheme supports eligible peak-demand reduction and creates Peak Reduction Certificates based on demand avoided at peak times, not total energy saved. This distinction matters for assessment, measurement boundaries, and certificate value. A site may reduce consumption without affecting peak demand at the relevant times, or may reduce peak demand through load shifting without changing annual consumption. Understanding which outcome applies to a proposed BESS4 project is essential for accurate feasibility and measurement planning.

What are the key rule changes affecting BESS4 implementation?

BESS4 commences on 1 September 2026, with further changes taking effect from 7 September 2026 in the Peak Demand Reduction Scheme Rule. These rule changes establish the full activity requirements and may affect equipment, installation, and certificate calculation details. Before finalising equipment selection or a business case, the current approved Peak Demand Reduction Scheme Rule document must be consulted directly, as changes made only weeks before can affect quotations and eligibility. IPART provides the authoritative guidance; older case studies or supplier brochures cannot establish current requirements.

What approvals are required for BESS4 battery installation?

BESS4 projects require both network operator approvals and planning authority approvals before installation. Network approvals confirm the battery system's impact on the local grid and operating constraints. Planning approvals address site, building, and land-use compliance. Approval requirements vary by location and system specification. These approvals must be obtained and documented as evidence of eligibility; a project cannot proceed without them. Our energy optimisation and environmental certificate services include assessment of approvals pathways, allowing clients to identify requirements early and plan timelines accordingly.

How can Northmore Gordon assist with BESS4 project assessment?

We support BESS4 projects through our energy optimisation and environmental certificate services. The assessment phase can clarify the site's operating constraints, load profile, and existing approvals. The feasibility stage determines technical viability, measurement boundaries, and funding pathways, including PDRS certificate eligibility. Measurement and verification services establish baselines and verify peak-demand reduction outcomes. Environmental certificate services handle project registration, certificate creation, and the evidence required to substantiate Peak Reduction Certificate claims. We also provide investment case development to compare BESS4 proceeds with capital costs, financing, and operational implications.

What makes a site suitable for BESS4 compared to other battery or scheme options?

A site is suitable for BESS4 if it meets exclusion tests (non-residential, non-data-centre), experiences identifiable peak-demand charges or grid constraints during specified peak periods, and can sustain operational changes to shift loads or reduce demand at those times. BESS4 is distinct from energy savings schemes (NSW ESS, VEU) which focus on annual consumption reduction, and from STCs/LGCs which support renewable generation. Determining the right pathway requires

understanding the site's billing structure, operating flexibility, existing renewable capacity, and intended commercial outcomes. Our assessment services evaluate these factors to identify the most advantageous combination of funding sources and operational strategies for each site.

What should I request in a BESS4 certificate quotation?

Request the applicable Peak Demand Reduction Scheme Rule date, the BESS4 activity code and method, the capacity definition (nominal or usable), main eligibility assumptions, the calculation basis for peak-demand reduction, the price timestamp and conditions still outstanding. Ask whether all fees, customer contributions, and compliance costs are included, or deducted from the quoted amount. Verify whether the quotation amount is gross certificate value or the customer's net payment. Confirm approvals, measurement plans, and data-collection responsibilities. A certificate market value is not a guaranteed customer payment; commercial terms depend on timing, scheme demand, and retirement arrangements. We can help interpret quotations and clarify assumptions before equipment is final.

Are BESS4 and BESS5 interchangeable activities?

BESS4 and BESS5 are complementary business battery activities with the same exclusions (residential buildings and data centres), but they are not interchangeable. Each activity has its own specific requirements, eligibility conditions, and calculation methods defined in Schedule C of the Peak Demand Reduction Scheme Rule. The choice between them depends on site characteristics, operating conditions, equipment specifications, and the nature of the demand reduction. Both require detailed assessment against the applicable scheme rule before a determination can be made. Our environmental certificate and energy assessment services evaluate site conditions to establish which activity, if any, applies.