

BESS5 - Northmore Gordon

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BESS5 is a business battery activity described by IPART (the Independent Pricing and Regulatory Tribunal) as part of the Peak Demand Reduction Scheme (PDRS), beginning 1 September 2026, with further amendments from 7 September 2026. It covers battery energy storage systems deployed to reduce demand during specified peak conditions in New South Wales. BESS5 creates Peak Reduction Certificates (PRCs), which are distinct from energy-efficiency or renewable certificates. The activity applies to eligible commercial and industrial sites, excluding residential buildings and data centres. We assess BESS5 eligibility, develop project information sheets, interpret certificate quotations, and advise on integration with other operational value streams such as tariff shifting, resilience improvement, and demand-charge reduction.

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What is BESS5?

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Which types of buildings are excluded from BESS5 eligibility?

Residential buildings and data centres are expressly excluded from BESS5 eligibility under Schedule C, Activity BESS5, Eligibility Requirement 1 of the Peak Demand Reduction Scheme Rule effective 7 September 2026. This exclusion applies regardless of battery capacity, configuration, or other technical specifications. Businesses must verify their site classification and intended use against the specific eligibility requirements before committing to equipment procurement or installation. We recommend checking the full activity requirements in the current Peak Demand Reduction Scheme Rule document to ensure all conditions are met, as rule changes can affect eligibility assessments prepared weeks

earlier.

Does battery capacity alone determine BESS5 eligibility?

No. Capacity alone does not decide BESS5 eligibility. A comprehensive assessment must examine equipment specifications and model/configuration details, siting and installation requirements, network and planning approvals, and all other activity requirements specified in the scheme rules. The Peak Demand Reduction Scheme Rule contains detailed prescriptions beyond megawatt or megawatt-hour ratings. We recommend building a project information sheet that documents site and building classification, battery nominal and usable capacity, inverter output, existing and proposed solar capacity, installation dates, approvals, and proposed operational arrangements. This structured approach ensures that technical feasibility, regulatory compliance, and commercial viability are assessed together before final equipment selection.

How should I structure the benefits analysis for a BESS5 project?

A BESS5 project often delivers multiple benefits: scheme support (PRC revenue), demand-charge reduction, tariff-period shifting, and resilience improvement. Each must be assessed separately using different operating assumptions and metrics. For example, reducing site demand charges depends on which billing measure and measured peak are affected; tariff shifting requires analysis of prices, operating schedule, and losses; resilience improvement requires verification of which loads can actually be supplied in the proposed configuration. Our approach is to distinguish these value streams in the project information sheet, then verify that the proposed operating strategy can deliver them together without conflict. Do not add overlapping estimates or assume that one certificate quotation accounts for all benefits.

What should I ask when requesting a BESS5 certificate quotation?

Request the method and rule date, capacity definition (nominal versus usable), calculation assumptions, price timestamp and conditions still outstanding. Ask which fees and customer contribution requirements are included in the quoted amount. A certificate market value is not a guaranteed customer payment. Before equipment selection is final, verify the current approved activity and installation requirements directly with the Peak Demand Reduction Scheme Rule document, since recently changed rules can affect quotations prepared only weeks earlier. We recommend treating a preliminary estimate as a screening tool until our assumptions and evidence have been checked against the operative scheme requirements.

When should I start planning measurement and verification for BESS5?

Planning should begin while the project is being scoped, not after installation. Early measurement planning preserves evidence and funding options. Define the project boundary, baseline operating conditions, relevant performance variables, and data collection responsibilities before equipment is selected or installed. The project information sheet should specify what must be recorded before works, during installation, and after commissioning, along with who gathers the evidence and who can make relevant scheme applications. We emphasise that raising funding and measurement questions early prevents later eligibility disputes and ensures that baseline data can still be obtained when meaningful. Timing is particularly important because scheme rules change, and new rules can invalidate assumptions made under previous rules.

How does BESS5 differ from annual energy-savings schemes like NSW ESS?

BESS5 is part of the Peak Demand Reduction Scheme, which focuses on reducing electricity demand during specified peak conditions. This is a different outcome from reducing annual electricity consumption, which is the focus of the NSW Energy Savings Scheme (ESS). Peak demand reduction targets the maximum rate of energy consumption during specified periods, whereas energy savings reduce total consumption over time. These schemes operate under different rules, create different

certificate types (PRCs versus ESCs), and have different eligibility activities, boundaries, and measurement requirements. A battery system might be eligible under both schemes, but the certificate quantities, pricing, and revenue timing would differ. We assess which scheme pathways are available for a given site and advise on the commercial and technical implications of each.

What is the rule commencement date and what changed?

BESS5 is described by IPART beginning 1 September 2026, with further changes in the rule applying from 7 September 2026. The Peak Demand Reduction Scheme Rule: 7 September 2026 document specifies the full activity requirements and supersedes earlier versions. The transition from the initial description to the amended rule means that quotations, eligibility assessments, and evidence requirements must reference the correct rule date. We recommend using the operative Peak Demand Reduction Scheme Rule document dated 7 September 2026 in all eligibility and commercial assessments. An older case study, supplier brochure, or preliminary estimate cannot establish today's requirements, making it essential to verify current rules directly with the administering authority before committing to equipment or installation.

What role does Northmore Gordon play in BESS5 project assessment?

We provide technical and commercial support across the project lifecycle. Services include screening battery projects by activity and site eligibility, developing project information sheets that document equipment, site classification, approvals, and operational arrangements, interpreting certificate quotations against current scheme rules, assessing multiple value streams (scheme support, tariff savings, resilience, demand reduction) separately, and advising on measurement and verification planning. We also help clients distinguish certificate revenue from energy savings and maintenance benefits, compare funding pathways, and prepare investment cases that show project viability with and without conditional support. Our structured six-stage approach - Assess, Build the Case, Capture Value, Deliver, Procure, Perform - provides a framework for coordinating evidence, decisions, and ongoing performance tracking.

What information should I prepare before requesting BESS5 assessment?

Prepare the site location, existing and proposed equipment details, battery capacity (nominal and usable), inverter output, existing and proposed solar capacity, installation dates, network and planning approvals status, and proposed operational and aggregation arrangements. Identify the business problem and decision required - whether you need a feasibility study, measurement plan, certificate support, or investment-case comparison. Disclose any prior incentives, certificate claims, or energy-attribute arrangements. Distinguish estimates from measured data. Include information about competing uses of the battery (demand reduction, tariff shifting, resilience, market participation) and operational constraints such as network limits or load requirements. We recommend submitting a short project brief with this information rather than waiting for a perfect dataset. This allows early assessment of feasibility, timing, eligible pathways, and evidence gaps.