

Battery Storage Certificates and NSW Peak Demand Incentives

Canonical: <https://northmoregordon.com/technologies/battery-storage-certificates/>

Details:

PDRS and PRCs · Eligibility screening · Value streams · Evidence · Process

Battery energy storage can reduce peak demand, shift electricity purchases, support site resilience and interact with renewable generation. These benefits need separate technical and commercial assessment. In New South Wales, eligible projects may also create Peak Reduction Certificates under the Peak Demand Reduction Scheme.

Northmore Gordon works with installers, integrators, developers and asset owners to assess the activity, estimate certificates, plan evidence, manage registration and support certificate creation and sale. Eligibility should be reviewed before equipment is ordered or installation begins.

PDRS and Peak Reduction Certificates

The NSW Peak Demand Reduction Scheme rewards eligible reductions in electricity demand during specified peak conditions. Its instrument is the Peak Reduction Certificate, or PRC. This differs from measuring annual electricity savings: the activity, operating window and approved calculation determine the scheme outcome.

Business battery activities BESS4 and BESS5 commenced in September 2026. The current rule expressly excludes installations in residential buildings and data centres from these two activities. BESS4 addresses eligible smaller business batteries; BESS5 addresses larger commercial and industrial systems. Capacity is only one test, and the exact activity must be confirmed from the current PDRS rule .

Screen the whole project

| Input | Why it matters | | --- | --- | | Site and building class | Confirms jurisdiction and excluded premises | | Nominal and usable battery capacity | Supports activity selection and calculation | | Inverter and equipment models | Checks approved products and technical configuration | | Existing and proposed solar | May change the activity calculation and other certificate pathways | | Network, planning and fire approvals | Establishes whether the design can be installed and commissioned | | Aggregation and operating strategy | Shows how the system will respond during relevant periods | | Project chronology | Tests rule version, commitment and evidence timing |

Do not assume a battery qualifies from nameplate capacity or a calculator result. Model configuration, site type, installation date and scheme prerequisites can change the answer.

Keep battery value streams separate

Tariff shifting: compare charge and discharge prices, efficiency losses and operating constraints.

Demand-charge reduction: identify the billing measure and whether the dispatch strategy affects the measured peak.

Resilience: define which loads can operate, for how long and under what electrical configuration.

PRCs: state the activity, certificate quantity assumptions, rule date, fees and market price separately.

Renewable attributes: assess any solar-linked STC, LGC or other pathway independently and check overlap restrictions.

The same battery schedule may not maximise all benefits at once. Test combined operation before adding benefit estimates in the investment case.

Evidence and quotation controls

Request a quotation that identifies the governing method and rule version, eligible-capacity definition, calculation assumptions, price date, fees, evidence responsibilities and conditions outstanding. A market value is not a guaranteed customer payment. Keep calculated, submitted, issued and sold certificates as separate stages.

The project file may need equipment specifications, product-list evidence, network and development approvals, safety and fire documentation, installation records, commissioning results, operating or aggregation agreements and proof that no conflicting claim has been made.

A practical process

Assess the site, activity, configuration and current rule.

Compare technical and commercial scenarios, including a case without unconfirmed certificate value.

Register the pathway and assign evidence responsibilities before installation.

Collect installation, commissioning and operating evidence.

Calculate and submit eligible certificates through the authorised provider process.

Record issuance, sale, fees and payment separately.

See the battery calculator , certificate guide , government schemes and commercial solar support for related planning.

Contact Northmore Gordon with the site, battery capacity, inverter, solar configuration, approvals, installation date and intended operating strategy.

What is a Peak Reduction Certificate for a battery project?

A Peak Reduction Certificate, or PRC, is the tradeable instrument of the NSW Peak Demand Reduction Scheme. An authorised certificate provider creates PRCs from eligible activities that reduce electricity demand during specified peak conditions. This is different from simply reducing annual electricity consumption.

What are BESS4 and BESS5?

BESS4 and BESS5 are NSW business-battery activities that commenced in September 2026. BESS4 covers eligible smaller business battery configurations and BESS5 covers larger commercial and industrial configurations. The exact capacity definitions, calculation and requirements must be checked against the current PDRS rule.

Are residential buildings and data centres eligible under BESS4 or BESS5?

No. The 2026 PDRS rule expressly excludes equipment installed in or at a residential building or data centre from BESS4 and BESS5. Other battery activities may address different premises, but they have their own conditions and should not be confused with these business activities.

Does battery capacity alone determine PRC eligibility?

No. Assessment also considers site and building class, nominal and usable capacity, inverter and equipment models, existing and proposed solar, installation date, network and planning approvals,

safety requirements, aggregation or operating arrangements and any prior conflicting claim.

How does solar affect a battery certificate assessment?

Existing or newly installed solar can affect the battery configuration, calculation and access to other certificate pathways. Any PRC, STC, LGC or other environmental attribute should be assessed under its own rules, with overlap and ownership checked before contracting. New solar does not automatically make every battery eligible.

Is a PRC calculator result a guaranteed customer payment?

No. A calculator is an early estimate based on assumed capacity, configuration, network factors and rule settings. The certificate quantity still depends on eligibility and evidence, while customer proceeds also depend on market price, fees, contractual terms and successful creation and sale. Quantity and price should be shown separately.

Can tariff savings, demand savings, resilience and PRCs all be added together?

Only after testing whether the proposed operating strategy can deliver them together. Charging and dispatch for tariff shifting may differ from peak-demand response or backup-resilience requirements. The business case should model each value stream separately, identify interactions and include efficiency losses and operating constraints.

When should Northmore Gordon review a battery project?

Before equipment is ordered or installation begins. Early review can confirm the activity, excluded premises, equipment and approval requirements, evidence responsibilities and calculation assumptions. A project already under way should use its real chronology to determine which requirements can still be met.