

The New NSW Battery Incentives

JULY 2026

PREPARED FOR
INSTALLATION
AND SOLAR
PARTNERS



A partner guide to BESS1–BESS5 under the Peak Demand Reduction Scheme

On 1 July 2026, the NSW Government released the most significant update to the Peak Demand Reduction Scheme since batteries first became eligible. The residential battery incentive is back for targeted sectors, the VPP incentive has been overhauled, and from 1 September 2026 three entirely new activities open the scheme to apartments, businesses and large commercial and industrial sites, batteries from 20 kWh all the way to 30 MWh.

This guide explains each activity, what it is worth, and how the certificates are calculated so you can see exactly where the opportunity sits for your business.

THE OPPORTUNITY

Five battery activities, at a glance

Every activity below creates Peak Reduction Certificates (PRCs), tradeable certificates the customer assigns to an Accredited Certificate Provider (ACP) in exchange for an upfront discount or payment. One PRC represents 0.1 kW of peak demand reduction capacity, and the certificate value flows straight into project economics: it lowers the customer's upfront cost and strengthens your quote.

Activity	Who it's for	Battery size	Starts	Indicative value*
BESS1 New battery install	Government sites & approved exempt energy programs (homes, small business)	2–28 kWh usable	Live now	≈ \$2,400–\$5,400 + federal STCs
BESS2 VPP onboarding	Existing home & small-business batteries joining a VPP	Up to 50 kWh (paid to 28 kWh)	Live now (improved)	Up to ≈ \$1,540 per battery
BESS3 Apartments	Class 2 apartment buildings, 4+ dwellings	20–200 kWh	1 Sep 2026	≈ \$14,000 typical; up to ≈ \$56,000
BESS4 Small & medium business	Business sites (not residential or data centres)	20–200 kWh	1 Sep 2026	Up to ≈ \$46,800 in PRCs (STCs stack only ≤ 100 kWh nominal)
BESS5 Large C&I	Commercial & industrial sites	200 kWh–30 MWh (paid to 10 MWh)	1 Sep 2026	Up to ≈ \$2.34M per site

How the numbers in this guide are calculated

* Indicative only. Values in this guide assume a \$2.50 PRC spot price and the Ausgrid network loss factor (1.04); Endeavour and Essential networks use 1.05. Federal STCs under the Cheaper Home Batteries Program stack only where that program's own eligibility is met, batteries of 5–100 kWh nominal capacity installed with solar, and are paid on the first 50 kWh of usable capacity at tiered factors set at the install date.

Certificates are deemed upfront using the Government's method in the PDRS Rule (effective 1 July 2026). The number of PRCs depends on four things: the battery's size (counted as 90% of its nominal capacity), whether it is paired with new solar, the activity's fixed deeming period (15 years for installations, 6 years for VPP onboarding), and the local network factor. Where a higher solar-paired rate applies, the battery must be installed within 90 days of the new solar PV.

LIVE NOW · STORE AND SHIFT

BESS1. Battery installations, reinstated for targeted sectors

The activity that built the NSW residential battery program is back in a targeted form. Suspended for the general market since 30 June 2025, BESS1 now provides upfront PRC incentives for new behind-the-meter batteries where the site is a NSW state or local government owned and managed property, or the installation is delivered through a Minister-approved Exempt Energy Program (with additional government and network-run programs expected to qualify over time).

Critically, BESS1 incentives can now be stacked with federal STCs under the Cheaper Home Batteries Program (CHBP) for these sectors, combining state and federal support on a single job and materially lifting project value. General residential customers outside these categories remain ineligible.

The essentials

Eligible sites	Residential, small business or government owned and managed sites, limited to government sites and approved exempt energy programs. Solar PV must be installed at the same NMI.
Battery	Usable capacity above 2 kWh and below 28 kWh, on the Scheme Administrator's approved product list, VPP-capable (internet connectable and controllable).
Warranty	10 years, retaining at least 70% of usable capacity, with defined normal-use conditions.
Installer & payment	Approved installer list; minimum \$200 customer co-payment (waived for low-income and exempt energy programs).
Incentive rate	0.0853 kW per usable kWh, over a 15-year lifetime.

WORKED EXAMPLE

12-DWELLING BUILDING, 55.56 KWH BATTERY + NEW 20 KW SOLAR (AUSGRID)

The battery counts as 50 kWh, comfortably inside the 5 kWh-per-dwelling cap (60 kWh for this building). Installed alongside new solar, it earns the higher solar-paired rate and creates 5,616 PRCs.

≈ \$14,040 in PRCs at \$2.50 plus stacked STCs (battery under 100 kWh)

A 20 kWh nominal battery (18 kWh usable) creates 395 PRCs, ≈ \$988. Every Cheaper Home Batteries install in your book is now a BESS2 lead.

LIVE NOW · DEMAND RESPONSE

BESS2. VPP

onboarding, made significantly easier

BESS2 rewards customers whose existing battery joins a virtual power plant (VPP) under a 12-month-plus demand response contract. It is the incentive you can attach to every battery you have ever installed and every battery you sell from here. The 1 July changes remove most of the friction that previously held it back:

- Eligibility lifted from 28 kWh to 50 kWh, capturing the large modular systems now dominating the market (over 70% of NSW installs in March 2026 were above 28 kWh). Incentives remain capped at 28 kWh of capacity.
- Solar is no longer required at the site. This opens the activity to renters, apartments and shaded or constrained sites.
- Nomination forms can now be signed up to 90 days after onboarding the battery (before certificate creation), fixing a long-standing paperwork bottleneck.
- Normal-use warranty conditions removed. Two protections remain: at least 6 years of warranty left, and VPP participation must not void the warranty.
- Capacity is now calculated as 90% of nominal for all approved batteries. One consistent basis across every manufacturer.

The essentials

Eligible sites	Homes (Class 1) and small business sites with an existing battery. No site with life support equipment.
Battery	Usable capacity above 2 kWh and up to 50 kWh, on the approved product list.
Contract	Customer (the electricity account holder) signs a demand response contract of at least 12 months; certificates are created once per NMI.
Incentive rate	0.0734 kW per kWh (capped at 28 kWh) × 0.8 firmness factor, over a 6-year lifetime.

WORKED EXAMPLE

31.5 KWH (OR LARGER) BATTERY JOINS A VPP (AUSGRID)

Any battery from about 31 kWh nominal reaches the scheme's 28 kWh incentive cap. Onboarded to a VPP for 12+ months, that creates 615 PRCs, the maximum available under BESS2.

≈ \$1,538 in PRCs at \$2.50 the ceiling for any battery from ~31 kWh nominal up to 50 kWh

A 20 kWh nominal battery (18 kWh usable) creates 395 PRCs, ≈ \$988. Every Cheaper Home Batteries install in your book is now a BESS2 lead.

FROM 1 SEPTEMBER 2026 ·
NEW ACTIVITY

BESS3.

Batteries for apartments

Apartments have been the missing market. Strata governance, shared meters and upfront cost have kept battery uptake in Class 2 buildings near zero, while incentives flowed almost entirely to detached homes. BESS3 is a purpose-built activity for apartment buildings with at least 4 dwellings, using upfront deemed certificates to give owners corporations investment certainty at the point of decision.

Solar is optional, but pairing the battery with new solar PV attracts a materially higher rate (0.12 vs 0.0853 kW per kWh, roughly 40% more certificates). Federal STCs can be stacked for batteries under 100 kWh.

The essentials

Eligible sites	Class 2 apartment buildings with a minimum of 4 dwellings; no existing battery at the NMI. No maximum dwelling count.
Battery	Usable capacity above 20 kWh and up to 200 kWh, approved product list, installed outdoors, behind the meter, VPP-capable.
Incentive caps	Certificates are paid on the lesser of: usable capacity, 5 kWh per dwelling, or 4 hours × battery inverter output.
Warranty & payment	10-year / 70% capacity retention warranty; minimum \$1,000 customer co-payment; approved installer; planning and network approvals in place.
Incentive rate	0.12 kW per kWh with new solar (installed within 90 days); 0.0853 kW per kWh battery-only. 15-year lifetime.

WORKED EXAMPLE

12-DWELLING BUILDING, 55.56 KWH BATTERY + NEW 20 KW SOLAR (AUSGRID)

The battery counts as 50 kWh, comfortably inside the 5 kWh-per-dwelling cap (60 kWh for this building). Installed alongside new solar, it earns the higher solar-paired rate and creates 5,616 PRCs.

**≈ \$14,040 in PRCs at \$2.50 plus stacked STCs
(battery under 100 kWh)**

A 20 kWh nominal battery (18 kWh usable) creates 395 PRCs, ≈ \$988. Every Cheaper Home Batteries install in your book is now a BESS2 lead.

FROM 1 SEPTEMBER 2026 ·
NEW ACTIVITY

BESS4.

Batteries for small and medium business

Fewer than 2% of batteries installed under the federal program in NSW have gone to businesses, and with STC factors scaling back from May 2026, the gap is widening. BESS4 gives business sites a dedicated pathway for systems between 20 and 200 kWh. Federal STCs can be stacked where the battery also meets the Cheaper Home Batteries Program's own eligibility: 5–100 kWh nominal capacity, installed with solar, with STCs paid on the first 50 kWh of usable capacity. Businesses gain on two fronts: a lower upfront cost, and a battery that cuts demand charges and shifts load away from peak prices every working day.

The essentials

Eligible sites	Any business site that is not a residential building or data centre. Once per site only (a site that has done BESS4 or BESS5 cannot do either again).
Battery	Usable capacity above 20 kWh and up to 200 kWh; CEC approved product list (modular systems qualify module-by-module); usable capacity no more than 6× inverter output; VPP-capable.
System design	Certificates are paid on the lesser of usable capacity or 4 hours × inverter output. Where paired with new solar, the new solar PV must be at least a quarter of the usable battery capacity.
Warranty & payment	10-year / 70% capacity retention warranty; minimum \$5,000 customer co-payment; approved installer; planning and network approvals.
Incentive rate	Tiered: full rate above 100 kWh; reduced constants below 100 kWh to account for STC stacking. With-solar rate 0.1, battery-only 0.067 kW per kWh. 15-year lifetime.

WORKED EXAMPLE

110 KWH BATTERY + NEW 30 KW SOLAR, 22.5 KW INVERTER (AUSGRID)

The battery is credited at 90 kWh, limited by its 22.5 kW inverter (4 hours × inverter output). Because it sits under 100 kWh, the reduced rates apply, and it creates 4,960 PRCs.

≈ \$12,400 in PRCs at \$2.50 (no federal stacking — 110 kWh nominal exceeds the CHBP's 100 kWh cap)

A 200 kWh (usable) system installed with new solar creates 18,720 PRCs ≈ \$46,800, battery-only creates 12,542 PRCs (≈ \$31,355). These top-of-range figures are PRCs only: above 100 kWh nominal there is no federal stacking, however STCs are stackable below this threshold. With around 850,000 businesses in NSW and almost no battery penetration, this is the largest untouched segment in the scheme.

FROM 1 SEPTEMBER 2026 ·
NEW ACTIVITY

BESS5

Large commercial and industrial batteries

BESS5 takes the scheme to utility-adjacent scale: behind-the-meter batteries from 200 kWh up to 30 MWh, with certificates paid on the first 10 MWh of capacity. For C&I sites exposed to demand charges and wholesale prices, the certificate revenue is created upfront on installation, which can often be the difference that brings a marginal project forward. Batteries must serve the site's own demand (behind the meter), and community or neighbourhood batteries can participate where they meet the same requirements.

The essentials

Eligible sites	Commercial and industrial sites (not residential buildings or data centres). Once per site only, shared with BESS4.
Battery	Usable capacity above 200 kWh, eligible to 30 MWh, incentives capped at the first 10 MWh. Tested to UL9540A; usable capacity no more than 6× inverter output; VPP-capable.
System design	Usable capacity above 200 kWh, eligible to 30 MWh, incentives capped at the first 10 MWh. Tested to UL9540A; usable capacity no more than 6× inverter output; VPP-capable.
Approvals	Development application and network approvals required, the scheme leans on existing planning, safety and connection frameworks rather than duplicating them. Minimal scheme-specific warranty requirements.
Incentive rate	0.1 kW per kWh with new solar (within 90 days); 0.067 kW per kWh battery-only. 15-year lifetime.

WORKED EXAMPLE

5 MWH BATTERY + NEW 2 MW SOLAR (AUSGRID)

The full 5,000 kWh is credited, well within the 10 MWh incentive cap. Paired with new solar, it earns the higher rate and creates 468,000 PRC

≈ \$1.17 million in PRCs at \$2.50

The same system battery-only creates 313,560 PRCs (≈ \$783,900). At the 10 MWh incentive cap with new solar, a project creates 936,000 PRCs, or around \$2.34 million.

YOUR PARTNER
FOR WHAT COMES NEXT

Why Electric Future?

Success under the new activities comes down to processing battery jobs accurately, at volume, and fast. It's what our whole operation was built for.

We were the largest BESS1 creator in NSW

During the NSW residential battery program, Electric Future created more BESS1 certificates than any other provider in the state. This wasn't a result of marketing, this was a result of robust, transparent, and simple process. High-volume battery work is won or lost on evidence quality, processing speed and how easy the system is for the installer. We built our entire operation around that.

The processes are already built and proven at scale

- High-volume throughput: our compliance engine was forged processing the state's largest BESS1 workload, and now runs across HVAC, heat pump and battery activities at thousands of jobs a year.
- Fast turnaround: Quick Pass review and a same-day processing standard, with fast payment and no blanket, no-notice job rejections.
- Systems that scale: our Partner Portal and Rebate Calculator give your team live job tracking and instant incentive quoting. Onboarding is measured in days, and the tools are simple enough to use from a ute.
- Exceptional service across the board: dedicated account management, transparent pricing, and a knowledge base built from real scheme experience. Partners switch to us for the service and say so.

Positioned ahead of 1 September

We track every rule change, consultation and product-list update as it lands. This guide is drawn directly from the July 2026 Rule and the Department's position paper, including the Government's worked examples. We are preparing accreditation, evidence templates and partner tooling for BESS3, BESS4 and BESS5 now.

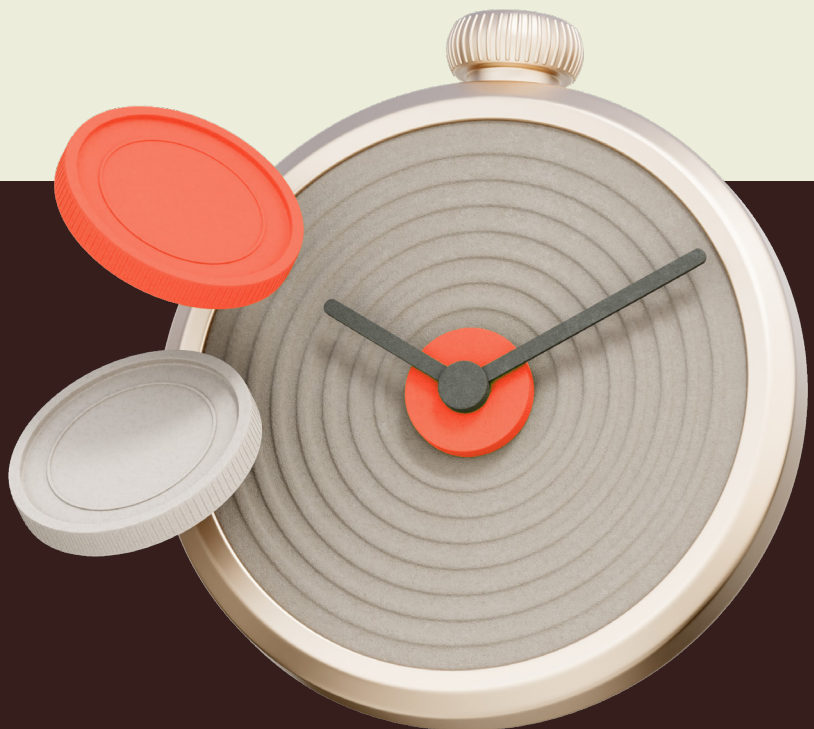
GETTING STARTED

What to do now

Important: All certificate volumes and dollar values in this guide are indicative only, based on a \$2.50 PRC spot price and the Ausgrid network loss factor (1.04). Certificate prices move with the market, and eligibility for every activity depends on the requirements of the Peak Demand Reduction Scheme Rule of 2022 (as amended, effective 1 July 2026), the Scheme Administrator's approved product and installer lists, and site-specific circumstances. STC values under the Cheaper Home Batteries Program depend on battery size and the applicable factor at the installation date. This guide is general information, not advice on any specific project.

- Attach BESS2 to every battery you sell and to your existing install base. It is live today, solar is no longer required, and batteries up to 50 kWh qualify.
- Map your BESS1 pipeline. Council facilities, government sites and program-delivered installs are eligible now, with state and federal incentives stacked.
- Qualify your strata and commercial leads for 1 September. Implementation dates must be on or after 1 September 2026, but design, approvals and strata decisions take months, so the sales conversations start now.
- Design for the higher rate. Pairing the battery with new solar (installed within 90 days) lifts the certificate rate by roughly 40–50% under BESS3, BESS4 and BESS5 and sizing the inverter to at least a quarter of usable capacity protects the full incentive.
- Talk to us early. We'll model the certificates on your live quotes, set up your portal access, and make sure your evidence capture is right the first time.

Let's build your battery pipeline.



Angus Taylor ·
National Business Development Manager

angus@electric-future.com.au

Electric Future is a service-first Accredited Certificate Provider operating across the NSW ESS and PDRS, the Victorian Energy Upgrades program and the federal Cheaper Home Batteries Program.