

PDRS Rule change – 1 July 2025

13 June 2025

This is an updated version of the Quick Reference Guide dated 10 July 2025, which corrects the demand reduction factor in Equation BESS2.2 published in the previous version.

This guide will help Accredited Certificate Providers (**ACPs**) understand and prepare for changes to the *Peak Demand Reduction Scheme Rule of 2022* (**PDRS Rule**) made by the [Peak Demand Reduction Scheme \(Amendment No. 1\) Rule 2025](#) (published by the NSW Department of Climate Change, Energy, the Environment and Water (**DCCEEW**) on 10 June 2025) to:

- suspend BESS1 (Install a new behind the meter battery energy storage system)
- increase incentives and change requirements for BESS2 (Onboard a behind the meter battery energy storage system with a Demand Response Aggregator).

We will publish an updated PDRS Method Guide and other documents and update our website soon.

When the changes take effect

Changes to the PDRS Rule apply to all implementations with an implementation date on or after 1 July 2025. The current PDRS Rule dated 19 December 2024 applies to all implementations occurring before 1 July 2025.

Transitional arrangements in the new PDRS Rule allows ACPs to create certificates:

- for BESS1 implementations with an implementation date before 1 July 2025
- using the new PDRS Rule from 1 July 2025 for BESS2 implementations regardless of implementation date, provided the battery has been onboarded (the current Rule must be used when creating certificates before 1 July).

Key changes to the PDRS Rule are summarised on the next page. Details of all changes to the PDRS Rule and what ACPs need to do are set out in Table 1.

What ACPs need to do

1. Review this guide, the latest [PDRS Rule](#) and [DCCEEW's Position Paper](#).
2. Make sure you understand the changes and how to comply.
3. Inform your representatives about the changes.
4. Start updating your processes, documents and systems as needed.

Ongoing compliance

While BESS1 implementations cannot be conducted after 30 June 2025, BESS1 conditions of accreditation are still in force and our compliance activity including audits, monthly reporting and inspections will continue. Ensure you continue completing audits and complying with all requirements. Note, monthly reporting requirements will continue to apply to implementations up to 30 June 2025. This means June 2025 BESS1 Implementations will need to be reported by 15 July 2025. Monthly reporting requirements for BESS1 will not be enforced from this date while the activity is suspended.

What to do if you have a current BESS1 application

If you have a current application for BESS1 accreditation or an amendment of your BESS1 accreditation conditions we will contact you to discuss your application.

Who to contact with questions

For questions about policy changes in the PDRS Rule please contact DCCEEW at sustainability@environment.nsw.gov.au.

If you have any questions about how to comply with the new PDRS Rule please contact us at ess@ipart.nsw.gov.au.

Key changes to the PDRS Rule

Battery activities

BESS1

- ACPs cannot carry out, or create certificates from, Activity Definition BESS1 where the implementation date is after 30 June 2025.
- Transitional arrangements allow ACPs to create certificates for BESS1 implementations after 1 July 2025 where the implementation date is on or before 30 June 2025.

BESS2

From 1 July 2025:

- BESS2 implementations can be carried out at small business sites.
- The implementation date is the date the battery is onboarded with the Demand Response Aggregator (**DRA**).
- The contract to provide demand response capacity must be for at least 12 months.
- Certificates can only be created once for a BESS2 implementation at each National Metering Identifier (**NMI**).
- The lifetime, firmness factor and demand reduction factor used to calculate peak demand reduction capacity will change.
- Certificates must not be created for implementations involving a banned virtual power plant (**VPP**) or DRA.
- Transitional arrangements will allow ACPs to choose which version of the Rule they use to create certificates for BESS2 implementations from 1 July 2025. To use the new version of the Rule the battery must have been onboarded and certificates registered on or after 1 July. ACPs can still use the current version of the Rule to register certificates before 1 July if they choose.

Table 1 Detailed changes to the PDRS Rule

Change	Impacts	What ACPs need to do
All activities		
Activities that are not a Recognised Peak Activity – Clauses 5.4(a)(i) and (ii)	Clarifies that Peak Demand Savings and Peak Demand Shifting activities that reduce safety, production or service levels, and Peak Demand Response activities that reduce safety levels or <u>permanently</u> reduce production or service levels, are not recognised peak activities.	Ensure that activities do not reduce safety, production and service levels, except for temporary reductions in production or service levels resulting from demand response (such as a VPP operator accessing a customer's battery).
When applying to register PRCs, the number of PRCs must be rounded down to the nearest whole PRC – Clause 6.4	No impact – clarifying change only. TESSA already correctly calculates PRCs.	Ensure your systems and processes are correctly calculating PRCs
You must not create PRCs for an implementation that involves onboarding a battery with a VPP or DRA that is the subject of a ban notice published by the Scheme Administrator – Clauses 6.6(b) and 10.1, Definitions of Ban Notice, Banned Demand Response Aggregator, Banned End User Equipment and Banned VPP in Section 10.1	If the Scheme Administrator bans a VPP or DRA, you will not be able to register certificates for implementations involving that VPP or DRA, even if the implementation date is before the date of the ban notice.	Ensure you can readily identify any banned VPP or DRA. No VPPs or DRAs are currently banned – read our communications to ensure you are aware of any ban notices published by the Scheme Administrator. Ensure you do not register certificates for banned VPPs or DRAs. .
Activity Definition BESS1		
Implementations cannot be carried out, or PRCs created from, Activity Definition BESS1 where the implementation date is after 30 June 2025 – Clauses 6.10 and 11.9	ACPs cannot carry out BESS1 implementations or create PRCs from Activity Definition BESS1, where the implementation date is after 30 June 2025. Certificates can be created for BESS1 implementations with an implementation date on or before 30 June 2025 where the implementation requirements in the Rule have been met	Ensure you do not register certificates for BESS1 activities where the implementation date is after 30 June 2025. If you have a current application for BESS1 accreditation or for an amendment of your BESS1 accreditation conditions we will contact you to discuss your application.
Transitional arrangements allowing ACPs to register certificates where a proper application to register the battery installation on the DER Register that will lapse on 19 June 2025 are deleted. – Clauses 11.6 and 11.7	From 20 June 2025, ACPs must have evidence that battery installations have been registered on the DER Register when registering PRCs.	Inform your installers and representatives of the requirements. Ensure you have evidence that battery installations are registered on the DER Register when creating PRCs on or after 20 June 2025.
Activity Definition BESS2		
Eligible sites for BESS2 implementations expanded to include small business sites – Clause 9.1.1 (a)	PRCs can be created for BESS2 implementations at small business sites.	Ensure any BESS2 implementations at small business sites from 1 July 2025 meet all requirements before registering PRCs.

Change	Impacts	What ACPs need to do
Minimum demand response contract length reduced to 12 months – Clause 9.1.1 (f) and 9.1.3.	PRCs can be created for BESS2 implementations where the contract length is at least 12 months.	Ensure the demand response contract signed by the account holder is for at least 12 months
Implementation date is the date the battery is onboarded with the DRA, not the date the contract is signed – Clause 9.1.2	ACPs no longer need to evidence the date the contract is signed but need to evidence the date of onboarding with a DRA when creating PRCs.	Update your systems and processes to collect evidence of the date the battery is onboarded.
Incentives are available only once for each NMI – Clause 9.1.4	PRCs may only be created once for a BESS2 implementation at a NMI. ACPs can only create PRCs where there has been no previous BESS2 implementation at the NMI.	Ensure that PRCs have not previously been created for a BESS2 implementation at the NMI.
"Onboarded" definition added – Clause 10.1	A battery has been onboarded when the End-User Equipment has been demonstrated to respond to remotely provided commands from the DRA	Ensure the onboarding process is completed. Collect evidence demonstrating the EUE responds to remotely provided commands by the DRA before creating PRCs.
Transitional arrangements for BESS2 implementations before 1 July 2025 – Clause 11.10	Transitional arrangements will allow ACPs to choose which version of the Rule they use to create certificates for BESS2 implementations from 1 July 2025. To use the new version of the Rule the battery must have been onboarded and certificates registered on or after 1 July. ACPs can still use the current version of the Rule to register certificates before 1 July if they choose.	Understand the transitional arrangements and ensure you comply when creating PRCs for BESS2 implementations with an implementation date on or before 30 June 2025. Consider delaying certificate creation for BESS2 implementations until customers are onboarded with the DRA and the new Rule has commenced.
Name of Activity changed to 'Onboard a Behind the Meter Battery Energy Storage System with a Demand Response Aggregator' – Schedule D	The activity name has changed to reflect the new implementation date.	Update your documentation to reflect the new activity name if required.
Changes to factors used to calculate peak demand reduction capacity: <ul style="list-style-type: none"> reducing the firmness factor to 0.8 – Table A6 increasing the demand reduction factor to 0.0734 kW/kWh – Schedule D, Equation BESS2.2 increasing the deemed lifetime to 6 years – Schedule D 	Increase in the peak demand reduction capacity (and PRCs that can be created) for BESS2 implementations.	Understand the factor changes and update internal systems and processes to correctly calculate peak demand reduction capacity. Ensure you use the correct factors when registering PRCs from 1 July 2025 if using the new version of the Rule.
Other minor changes		
Implementation date changed from 1 November 2024 to 1 July 2025 – Clause 9.1.1(g)	Requirements in the new PDRS Rule apply where the implementation date is on or after 1 July 2025.	Note new requirements. Transitional arrangements apply for BESS1 and BESS2 implementations with an implementation date on or before 30 June 2025 (see above).
Schedule C and D added to "Lifetime" definition – Clause 10.1	No impact – editorial change	No action needed
Class 13 (RRH) changed to (RFH) – Activity Definition RF2, Table RF2.1	No impact - editorial change	No action needed