

7. DEMAND MANAGEMENT INCENTIVE ALLOWANCE MECHANISM		
7.1	Identify each demand management eligible project (DMIAM) for which CitiPower seeks approval.	Low voltage (LV) distributed energy resource management system (LV DERMS) and flexible exports trial These projects are closely related and jointly costed. However we have described them separately for the purposes of this report. 1. LV DERMS refers to the procurement, mapping and installation of a utility server to support flexible export customers 2. The flexible exports trial refers to the recruitment and testing of dynamic operating envelopes (DOE) with customers who have been curtailed.
7.2	For each demand management eligible project (DMIAM) identified in the response to paragraph 7.1: (a) explain how it complies with project criteria detailed at section 2.2.1 of the demand management innovation allowance mechanism;	1. LV DERMS The project involves researching, developing, and implementing new demand management capability to effectively manage distributed energy resources (DER). This initiative will provide real-time control of DER, a first of its kind for our business. The proposed trial will serve as the foundation for expanding to all DER, including energy storage and electric vehicles (EVs). Currently the project is in its solution architecture design phase, evaluating platforms to connect DER at scale and managing minimum demand. The project is innovative in several ways. First, it introduces new concepts into our demand management tools and secondly, delivers it through the use of advanced technology and systems. Finally, the project targets new markets, starting with rooftop solar and later expanding to a wider set of DER. The work is industry leading in that there is no LV DERMS platform in the market today. The trial is unique, evaluating in near real-time control, taking a closed-loop approach to optimise exports whilst effectively managing network capability and delivered improved customer outcomes. LV DERMS will reduce long-term network charges. Utilising flexible services, we can postpone the need for network upgrades avoiding the need to recover these costs from customers. Additionally, the knowledge gained will contribute to the ongoing development of an efficient and functional LV DERMS platform. Not only will LV DERMS reduce network charges, it will enable us to provide our customers enhanced service offerings. 2. Flexible exports trial The flexible exports trial focuses on engaging a specific type of rooftop solar customer that has previously been constrained and seeking to increase the capacity available to them through the use of flexible exports limits which provide better value to our customers.

		Allowing the energy transition to gather momentum requires us to have a deep understanding of rooftop solar inverter compliance. This is supported by this trial. The project is presently in its design phase, where we are identifying eligible customers, undertaking design and system work and engaging with regulators. The project is an innovative approach to demand management, trialling new approaches to managing rooftop solar exports. Such a trial necessitates the use of advanced technology and techniques to deliver the flexible export limits. For the first time, customers will be engaged in real-time flexible export limits, allowing for a better understanding and customisation of future flexible export service offerings. The project allows trialling and testing of new technologies that allow management of both minimum and maximum demand.
7.2	(b) submit a compliance report in accordance with section 2.3 of the demand management innovation allowance mechanism.	1. LV DERMS For an outline of this project and how it meets the DMIAM criteria, please see 7.2(a). The aim of LV DERMS is to develop an industry leading, dynamic demand management tool, delivering significant improvements to customers' ability to export to the network. The success of the project will be measured by its technical feasibility and ability to deliver flexible export limits, its impact on network operations and the value it delivers to customers. The approach taken to implementation includes project management, developing of technical capability, stakeholder engagement, regulatory support and oversight through a governance framework. This project will continue into the next regulatory year. Further research and analysis are underway to ensure a successful outcome. The team remains committed to learning from these early findings and refining the project plan accordingly. Outcomes and learnings from the project are still being gathered as it remains in its design phase. However, some preliminary learnings have already been achieved. The team has gained valuable insights into the requirements and challenges of the technology. They have identified potential risks and opportunities which will be managed through the ongoing implementation of the technology. 2. Flexible exports trial For an outline of this project and how it meets the DMIAM criteria please see 7.2(a).

		The flexible exports project has undergone initial design, development and scoping, with expected delivery occurring in the next regulatory year. The aim of the trial is to deliver improved customer outcomes, and better network performance through the delivery of flexible export limits to customers enrolled in the trial. Implementation is closely aligned with the LV DERMS capability, which is being proactively managed through project management, developing of technical capability, stakeholder engagement, regulatory support and oversight through a governance framework. Success will be measured through the customer value and network benefits delivered through the project as it moves into the delivery phase. <u>Cost overview</u> The costs of the (1) LV DERMS and (2) flexible exports trial for 2022-23 are shown below: <table><tr><th>LV DERMS & flexible export trials</th></tr><tr><td>\$193,056.16</td></tr></table>	LV DERMS & flexible export trials	\$193,056.16
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7.3	Provide an overview of developments in relation to projects or programs completed in previous years of the regulatory control period, and of any results to date.	A residential demand management project was undertaken in 2021-22. The program uncovered several learnings for future demand management programs. The trial enabled us to understand there is minimal variance in uptake to demand management programs and outputs across different geographic territories. In addition, we found educational engagement critical to the success of future demand management programs. In the 2021-22 period a trial tariff project was undertaken. By the end of 2022-23, 59 customers had opted into this tariff via a retail product. This included 49 customers with no hot water and no rooftop solar, 2 with roof top solar, and 8 with hot water.		
7.4	Provide any other required information as specified by the demand management innovation allowance mechanism	Not applicable		

Note: Information provided in response to paragraph 6 of Schedule 1 to this Notice will constitute the provision of an annual report for the purposes of paragraph 3.1.4.1 of the Demand Management Incentive Scheme applying to CitiPower (as set out in the 2016-20 Distribution Determination)