

7. DEMAND MANAGEMENT INCENTIVE ALLOWANCE MECHANISM		
7.1	Identify each demand management eligible project (DMIAM) for which Powercor seeks approval.	1. Tarneit neighbourhood battery The installation of a 120kW/360kWh neighbourhood battery in Tarneit to address local network constraints. 2. Electrification modelling project Modelling of the impacts of electrification.
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. Tarneit Neighbourhood Battery The Tarneit neighbourhood battery involved the installation of a 120kW/360kWh battery in Tarneit, targeting the Parkway-Gleneagles distribution substation and its associated low voltage (LV) circuit. The project enhances the network's ability to mitigate constraints and provides an example for future value stacking. Additionally, it provided a test case on how batteries can effectively support increased residential solar output. The project has been delivered and is operating on the Powercor network. Overall performance – both electrical and amenity related will continue to be monitored to enhance overall insights in the deployment of grid-side, distributed storage trials and projects. The project makes use of approaches new to our network and within the National Electricity Market (NEM). This battery, being the first of its kind in the Powercor network, represents a breakthrough in supporting solar hosting capability and the emergence of community energy projects. The trial aims to reduce network charges through deferring network augmentation and enhancing solar hosting capacity. For more information on this project, see - https://www.citipower.com.au/network-planning-and-projects/network-innovation/electric-avenue/electric-avenue-tarneit/. 2. Electrification modelling project The electrification modelling project involves researching, developing, and implementing demand management capability through modelling the impacts of increasing levels of electrification. Its objective is to analyse the effects of gas distribution customers transitioning to full electrification and how this shift will impact the demand across the network. By gaining insights into gas transition, we will be able to understand how to effectively manage future demand. Understanding the load profiles of customers who have fully electrified will assist in developing future load and demand management capabilities and

		preparation arising from the Victorian Gas Substitution Roadmap. Modelling has now been successfully completed. The project takes a significant problem and applies an innovative approach to consider future needs. The modelling focuses on a new market segment of customers which are now being asked to transition from gas to electric. To ensure success, new technology was modelled, allowing for the testing of different scenarios through the utilisation of planning tools and varying degrees of demand management. One of the new concepts introduced is scenario planning of uptake rates, which helps us model and understand the impact of uptake rate for full electrification. This project has the potential to reduce network charges. By forward planning, and understanding network impacts, the modelling will support minimising future augmentation costs.
7.2	(b) submit a compliance report in accordance with section 2.3 of the demand management innovation allowance mechanism.	1. Tarneit neighbourhood battery For an outline of this project and how it meets the DMIAM criteria please see 7.2(a). The DMIAM costs included here are eligible, not recoverable under any other scheme and are not included in our forecast capital or operating expenditure approved for the 2021-2026 regulatory period. An IT infrastructure and communication model were developed, which can be utilised for future battery projects, either owned by Powercor or third parties. Project artifacts such as technical specifications were created, which can be used as a reference for future battery projects. These artifacts will contribute to the overall knowledge base and facilitate smoother project execution in future. 2. Electrification modelling project For an outline of this project and how it meets the DMIAM criteria please see 7.2(a). The costs for this project are not accounted for in forecast capital or operating expenditure for the regulatory period spanning from 2021 to 2026. This project is completed and has determined that the transition of gas customers to full electrification will have significant consequences for the Powercor network. We have gained a better understanding of how this demand affects the uptake rates of full electrification on the network. Additionally, we have developed new modelling capabilities that will assist us in scenario planning for augmentation strategies.

		These capabilities will enable us to make better informed decisions about how to enhance and expand our networks to meet the growing demand for electrification. <u>Cost overview</u> The costs of the (1) Tarneit neighbourhood battery and (2) Electrification modelling project for 2022-23 are shown below: <table border="1"> <tr> <th>Tarneit Neighbourhood Battery</th><th>Electrification Modelling Project</th><th>Total DMIA</th></tr> <tr> <td>\$ 566,320.49</td><td>\$ 49,700.00</td><td>\$ 616,020.49</td></tr> </table> The total is \$616,020.49.	Tarneit Neighbourhood Battery	Electrification Modelling Project	Total DMIA	\$ 566,320.49	\$ 49,700.00	\$ 616,020.49
Tarneit Neighbourhood Battery	Electrification Modelling Project	Total DMIA						
\$ 566,320.49	\$ 49,700.00	\$ 616,020.49						
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 success in demand management. The trial helped us to understand that there is minimal variance in uptake to demand management programs and outputs across different geographies. In addition, it highlighted the importance of educational engagement as a critical element for engagement of new customers which has formed a key pillar across future demand management programs. In the 2021-22 period a trial tariff project was undertaken. By the end of 2022-23, 129 customers had opted into this tariff via a retail product. This included 104 customers with no hot water and no rooftop solar, 14 with rooftop solar, and 11 for 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 Powercor (as set out in the 2016-20 Distribution Determination)