Decision

2011–12 DMIS assessment

April 2013

AUSTRALIAN ENERGY REGULATOR

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1 Overview

The Demand Management Incentive Scheme (DMIS) has been applied to all DNSPs in the NEM as part of the AER's current distribution determinations. The AER is required to annually assess any claims for the Demand Management Innovation Allowance (DMIA) against the criteria contained in the DMIS (Appendix A). The criteria are descriptive and allow for a wide range of projects to be approved.

DMIA reports from ActewGL, Ausgrid, Endeavour Energy, Ergon Energy and Essential Energy (the DNSPs) were provided to the AER as part of their 2011–12 RIN responses. Energex and SA Power Networks did not claim DMIA in 2011–12.

The DNSPs claimed $2.2 million in DMIA expenditures for 22 projects aimed at managing demand. The projects undertaken vary considerably in both their nature and scale. They range from those which assess customer's responses to financial incentives to the promotion of energy sustainability in new residential areas.

The AER has approved the DMIA expenditure claimed by the DNSPs as the expenditure complies with the DMIA criteria.

DMIA expenditure by the DNSPs in 2011–12 represents a two fold increase on the DMIA expenditure approved by the AER in 2010–11. AER approved DMIA expenditure from 2009–10 to 2011–12 accounts for approximately 14 per cent of the total allowance available to the non-Victorian DNSPs in their current regulatory control periods. The table below shows annual aggregate DMIA expenditure for the DNSPs in their current regulatory control periods.

Table 1.1 Annual approved DMIA expenditure by regulatory year ($Dec/$Jun 2011)^

DNSPs	2009-10*	2010-11/2011	2011-12/2012~
Non-Victorian	360 398	1 005 751	2 218 125
Victorian	N/A	551 936	–

^ Non-Victorian data in $December 2011 and Victorian data in $June 2011
* In 2009-10 only the NSW and ACT DNSPs were regulated by the AER.
~ Victorian DNSPs DMIA expenditure will be assessed upon receipt of their 2012 RIN responses by the AER.

This report and will be updated for the 2012 DMIA expenditure claims by the Victorian DNSPs in late 2013. The DMIS reports from each of the DNSPs are available on the AER's website at www.aer.gov.au.

2 Background

The Demand Management Incentive Scheme (DMIS) is a research and development fund which aims to provide incentives for Distribution Network Service Providers (DNSPs) to conduct research and investigation into innovative techniques for managing demand. The AER published its DMIS for the non-Victorian DNSPs (in October and November 2008) and Victorian DNSPs (in April 2009) in accordance with clause 6.6.3 of the National Electricity Rules (NER).

The Demand Management Innovation Allowance (DMIA) is part A of the DMIS. DMIA is provided to a DNSP in the form of a fixed amount of additional revenue at the commencement of each year of the regulatory period. As part of its distribution determination the AER has previously approved the allowances in accordance with Part A of the DMIS.

In the second year of the next regulatory control period, when results for the five years of the current regulatory control period are known, a single adjustment will be made to return the amount of any underspends or unapproved DMIA amounts to customers. This ensures that the scheme remains neutral in terms of the expenditure profile which the DNSP adopts during the regulatory control period.

Part B of the DMIS relates to forgone revenue. It allows the DNSPs to recover foregone revenue in a regulatory control period resulting from a reduction in the quantity of energy sold directly attributable to demand management projects or programs approved under Part A of the scheme.

A key objective of the DMIS is to assist in enhancing industry knowledge of practical demand management projects and programs through the annual publication of DMIS reports from DNSPs. As such, the DMIS sets out annual reporting requirements for DNSPs for the regulatory control period. DNSPs are required to submit a report to the AER on their DMIS expenditure at the end of each year. The information provided in a DNSP's annual DMIS report is used in the AER's assessment of a DNSP's compliance with the DMIA criteria and entitlement to recover expenditure under the DMIA.

3 DMIA assessment

The AER conducted its 2011–12 DMIA compliance assessments based on the DMIS reports and responses to further information requests received from the following DNSPs:

- ActewAGL
- Ausgrid
- Endeavour Energy
- Ergon Energy
- Essential Energy.

Table 2.1 shows the amount of DMIA expenditure approved by the AER for the non-Victorian DNSPs for 2011–12 and the remaining allowance for each DNSP in the current regulatory control period. Energex and South Australia Power Networks (SAPN) did not claim DMIA expenditure in 2011–12. To date (2009–10 to 2011–12) the non-Victorian DNSPs have claimed around 14 per cent of the total DMIA approved for their respective regulatory control periods.

Table 3.2 DNSP DMIA expenditures claimed, approved and remaining ($ Dec 2011)

DNSP	DMIA claimed 2011-12	DMIA approved 2011-12	DMIA approved to date	DMIA remaining	Proportion of approved DMIA spent (%)
ActewAGL	19 675	19 675	58 521	473 890	11.0
Ausgrid	661 335	661 335	715 950	4 608 155	13.4
Endeavour Energy	268 642	268 642	437 580	2 756 884	13.7
Energex	N/A	N/A	51 553	5 515 602	1.0
Ergon Energy	540 108	540 108	1 009 486	4 197 669	19.4
Essential Energy	728 365	728 365	1 311 084	1 883 380	41.0
SA Power Networks	N/A	N/A	N/A	3 124 293	0.0
TOTAL	**2 218 125**	**2 218 125**	**3 584 274**	**22 199 773**	**13.9**

3.1 ActewAGL

ActewAGL's Power Factor Correction (PFC) project is a continuation of the project commenced in 2009–10. In 2011–12 ActewAGL spent $39 349 on this project. As part of an agreement between ActewAGL and TransGrid, ActewAGL intends to claim half of the 2011–12 project costs from TransGrid. As such, ActewAGL has claimed DMIA expenditure of $19 675 for continued development work on the PFC project. The project aims to reduce demand for standard control services for large commercial customers who record 15 minute

interval consumption data across its network. ActewAGL anticipates this project will be completed in May 2014. Details about this project can be found in ActewAGL's DMIS report. The AER approved ActewAGL's claimed DMIA expenditure in 2011–12 because it meets the DMIA criteria as set out in table A.1.

3.2 Ausgrid

Ausgrid claimed DMIA expenditure of $661 335 for six projects. Of the six projects, four are new projects and two are ongoing projects (for which expenditures were approved in 2010–11).

Ausgrid's Reliability Improvements for Large Embedded Generators (RILEG) project is a continuing project from 2010–11. Ausgrid stated that its RILEG project involves the provision of network support from embedded generators. The objective of the project is to achieve satisfactory reliability which will be demonstrated if the generation delivers more than 14 MVA during all critical (or potentially critical) peak demand periods. Ausgrid claimed $434 863 in 2011–12 for its RILEG project.

Ausgrid's Dynamic Load Control (DLC) of Small Hot Water Systems project is a continuing project from 2010–11. The DLC project trials dynamic load control of small and medium sized hot water systems to turn off hot water systems for typically three to five hours which actively manage network demand. Ausgrid spent $118 102 in 2011–12 on project costs. However, Ausgrid is only seeking to claim $91 102 as it billed TransGrid for $27 000. Ausgrid intends this project will be completed in 2012–13.

Ausgrid claimed DMIA expenditure of $39 251 in 2011–12 for its CBD Embedded Generator Connection Trial. The trial aims to develop technical solutions to the key connection issues, of equipment fault level limitations and feeder imbalance for high voltage (11kV) connections to Ausgrid's triplex distribution network.

Ausgrid's Subsidised Off-peak Hot Water Connections program aims to encourage customers to connect large electric hot water systems to off peak electricity. The program includes developing and demonstrating market approaches to achieve high take up rates. In 2011–12, total project costs totalled $91 007, of which Ausgrid claimed $79 007. The remaining $12 000 has been billed to TransGrid.

Ausgrid claimed $863 in DMIA expenditure for its Market Research for residential air conditioner and pool pumps options. Ausgrid intends to gain an understanding of the take up rates for these products and the extent these rates can change for a range of customer incentives. Ausgrid also intends to gain an understanding of the number of households that might participate in a program and the associated costs. Ausgrid expects this program to be completed in 2012–13 with the majority of DMIA expenditure falling in that regulatory year.

Ausgrid's Dynamic Peak Rebate (DPR) for medium to large non-residential customer's trial provides an incentive for customers to reduce demand when network assets are operating at capacity. Ausgrid anticipates this peak period will be approximately 10–20 days annually. Ausgrid is seeking to determine a methodology to estimate expected customer electricity demand and rebate levels from the customer response. Ausgrid has claimed $16 248 for the DPR trial.

Further details about these projects can be found in Ausgrid's DMIS report. The AER has approved Ausgrid's claimed DMIA expenditure in 2011–12 because it meets the DMIA criteria as set out in tables A.2–A.7.

3.3 Endeavour Energy

Endeavour Energy claimed DMIA expenditure of $268 642 in 2011–12 for four demand management projects, two of which expenditure was approved by the AER in 2010–11 and two new projects which were developed and commenced in 2011–12.

In August 2010, the AER approved expenditure related to phase 1 of the Rooty Hill Residential Demand Management Program. Endeavour Energy commenced enlisting residential customers to the air conditioning cycling (Cool Saver) program and the peak time rebate (Peak Saver) program. The programs are based on providing financial reward to customers that reduce electricity consumption rather than penalising them for electricity consumed. They are paid for the quantity of electricity not consumed. Endeavour Energy claimed DMIA expenditure of $96 388 for its Rooty Hill Residential Demand Management Program in 2011-12. Expenditures sought for this project will provide for the purchase and installation of metering and communications equipment.[1]

Endeavour Energy claimed DMIA expenditure of $48 000 for its Standby Power Reporting (PowerView) project in 2011–12. The PowerView project was developed to inform customers of their standby power usage via a web portal. The trial seeks to change customers behavioural and consumption patterns by enabling them to take action to reduce their standby power consumption.

Endeavour Energy claimed DMIA expenditure of $51 749 for the first phase of its Glenmore Park Demand Response Trial. The trial will provide an insight into how smart meters can be used to reduce peak demand through time-based financial incentives, information from in-home displays and control of air conditioners. This phase involves selecting technology and testing the usability and technical performance of in-home displays (IHDs) which will educate customers on their household electricity consumption (in real time) and their historical use. The trial aims to quantify the electricity use (and associated demand reduction) and compare it with the electricity use of non-trial participants. The second and third phases will involve Glenmore Park residents with existing smart meters and expanding the pilot area, respectively.

Endeavour Energy's Data Analysis and Reporting project is a new initiative. This project is designed to provide statistical and data analytical services to continue analysis and reporting of the Blacktown Solar City project, PeakSaver and CoolSaver Residential Demand Management Programs, as well as pilots and trials of current energy and efficiency demand management programs. Endeavour Energy considered the use of expert statistical analysts will reduce the margin of error in predicting the expected demand reductions of current and future projects. Endeavour Energy also undertook this project to determine if target numbers are statistically robust to project impacts of increases in the scale of trials. Endeavour Energy claimed $72 505 in DMIA expenditure for its Data Analysis and Reporting project.

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[1] All other costs for this program are claimed through the D-Factor.

The AER approved Endeavour Energy's claimed DMIA expenditure for 2011–12 because it meets the DMIA criteria as set out in tables A.8–A.11. Further details about these projects can be found in Endeavour Energy's DMIS report.

3.4 Ergon Energy

Ergon Energy claimed DMIA expenditure of $540 108 in 2011–12 for 10 demand management projects. Of these, four projects are existing projects and had expenditure approved by the AER in 2010–11. The remaining six projects were added to the program in 2011–12 after being subject to a screening and feasibility process and a subsequent cost benefit analysis by Ergon Energy.[2]

Ergon Energy claimed DMIA expenditure of $95 148 for its Auto Demand Response trial (formerly Commercial Building Management Network project). The trial involves working with customers to reduce peak demand virtually aggregating controlled load at multiple sites for three host customers to enable critical peak demand reduction. Ergon Energy advised two events occurred during 2011–12 where the load to customer equipment was dialled back or shut down resulting in a 20 per cent demand reduction.

Ergon Energy's Residential Air Conditioning Cleaning (RACC) Trial is a continuation from the Residential Air Conditioning Cleaning and Maintenance Trial. The RACC involves Ergon Energy paying for the professional cleaning of residential participants' split system air-conditioners. Ergon Energy expects at the completion of this project, it will gain an understanding of the energy reduction achieved in cleaning split system air-conditioners. Ergon Energy stated this will reduce network demand as more efficient air conditioners will require less electricity to operate. DMIA expenditure claimed for the RACC trial is $5 040.

In 2011–12 Ergon Energy claimed $31 201 in DMIA expenditure for Phase 2 of its Grid Utility Support System (GUSS) project. GUSS addresses integration of photovoltaics (PV) into the single wire earth return network and enables the generation of PV energy to be stored. Ergon Energy expects this project will reduce peak demand in specific network constrained areas.

Ergon Energy claimed $88 489 in DMIA expenditure for the Stockland North Shore Living Display Centre project. This project aims to shift and reduce demand on the network through the promotion of energy sustainability to local builders and home buyers at a residential development in Townsville. Ergon Energy is seeking to conduct a survey to determine the impacts of marketing on builder’s attitudes and buyers attitudes. Ergon Energy advised that, to date, it has received positive responses to this project.

Ergon Energy’s Passive Air Cooling Trial (PAC) is a new project developed at installing underground cooling units in a commercial capacity. Ergon Energy’s PAC trial seeks to determine if this product can be applied to the residential market, thereby reducing network peak demand. Ergon Energy claimed $97 058 in DMIA expenditure for the PAC Trial.

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[2] Ergon Energy 2011–12 DMIA report, p. 4.

The purpose of Ergon Energy's Smart Camp Feasibility project is to develop a cost benefit model which will be used to evaluate efficiency improvements for camp load reductions.[3] Ergon Energy intends to review current and existing camp loads and customer needs to build on demand management. Ergon Energy claimed $30 125 in DMIA expenditure for its Smart Camp Feasibility project.

Ergon Energy claimed $92 526 in DMIA expenditure for its Large Statcom project. This project will trial a three phase 400 kVAr unit on Ergon Energy's network. The Large Statcom project aims to inject capacitive and inductive reactive power into the electricity network and avoid a conventional network upgrade.

Ergon Energy's Urban Statcom project seeks to assess three STATCOMs[4] units to regulate the low voltage network in residential areas which are being impacted by the increasing prevalence of residential photovoltaic systems and non linear loads. Ergon Energy noted the delivery of units was delayed due to manufacturing production schedule issues and supplier lead time on key components. Ergon Energy claimed $5 848 in DMIA expenditure for its Urban Statcom project.

Similarly, Ergon Energy's SWER Statcom project will laboratory test one and field trial two 20 kVAr single phase low voltage static compensators. Ergon Energy aims to provide reactive power support to assist with the network voltage management. Ergon Energy claimed $52 600 in DMIA expenditure for this project.

Ergon Energy claimed $42 072 in DMIA expenditure for its Smart Voltage Regulator (SVR) Validation project. The project will laboratory test the effectiveness of three phase SVRs in maintaining distribution network power quality and is focused on the low voltage network and the customers it supplies. Where laboratory testing demonstrates the SVR trial is suitable, Ergon Energy intends to undertake a cost benefit analysis against competitor technologies.

Further details about the projects can be found in Ergon Energy's DMIS report. The AER approved Ergon Energy's DMIA expenditure in 2011–12 because it meets the DMIA criteria set out in tables A.12–A.21.

3.5 Essential Energy

Essential Energy claimed DMIA expenditure of $728 365 for its Grid Interactive Inverter (GII) program, a continuation and expansion on Essential Energy's DMIA program from 2010–11. The GII program is aimed at developing cost effective, flexible, low voltage four quadrant inverters, used to address specific network constraints by reducing demand on (including demand for generation export capacity) or providing reactive support to the network. Details about the project can be found in Essential Energy's DMIS report. The AER approved Essential Energy's claimed DMIA expenditure in 2011–12 because it meets the DMIA criteria set out in table A.22.

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[3] Camp loads refer to a construction or mining camp which comprises multiple demountable buildings for accommodation.

[4] STATCOM stands for "static synchronous compensator".

3.6 Conclusion

The AER conducted the 2011–12 DMIA compliance assessments based on the annual DMIS reports it received from the DNSPs, excluding Energex and SAPN who did not claim DMIA expenditure in 2011–12. The DNSPs sought approval of 22 DMIA projects totalling $2 218 125. This is more than double the DMIA expenditure spent by the non-Victorian DNSPs in 2010–11 which totalled $1 005 751 for 12 projects. The DNSPs have claimed DMIA expenditure for a variety of projects aimed at managing demand in 2011–12. The projects undertake vary considerably in both their nature and scale. They range from those which assess customer's responses to financial incentives to the promotion of energy sustainability in new residential areas. The AER has approved the DMIA expenditure claimed by the DNSPs as the expenditure complies with the DMIA criteria. To date, approved expenditure accounts for approximately 14 per cent of the total DMIA allowance available to the non-Victorian DNSPs in their current regulatory control periods.

Appendix A

Table A.1 AER assessment of ActewAGL's DMIA expenditure 2011–12

Project 1: Power Factor Correction Equipment

DMIS Criterion	Reason for approval
Demand management projects or programs are measures undertaken by a DNSP to meet customer demand by shifting or reducing demand for standard control services through non–network alternatives or the management of demand in some other way rather than increasing supply through network augmentation.	ActewAGL's PFC project is consistent with this criterion because it is a measure undertaken by ActewAGL to reduce peak apparent demand on commercial feeders. The project aims to reduce demand for standard control services by identifying customers for whom suitable power correction equipment may be installed.
Demand management projects or programs may be: a. broad–based demand management projects or programs—which aim to reduce demand for standard control services across a DNSP's network, rather than at a specific point on the network. These may be projects targeted at particular network users, such as residential or commercial customers, and may include energy efficiency programs, and/or b. peak demand management projects or programs—which aim to address specific network constraints by reducing demand on the network at the location and time of the constraint.	ActewAGL's PFC project is consistent with this criterion because it is a broad based demand management project targeting large commercial customers.
Demand management projects or programs may be innovative, and designed to build demand management capability and capacity and explore potentially efficient demand management mechanisms, including but not limited to new or original concepts.	ActewAGL's PFC project is consistent with this criterion because it will explore potentially efficient demand management mechanisms in terms of power factor correction equipment installation in existing premises.
Recoverable projects and programs may be tariff or non-tariff based.	ActewAGL's PFC project is non-tariff based.
Costs recovered under this scheme: a. must not be recoverable under any other jurisdictional incentive scheme b. must not be recoverable under any other state or Australian Government scheme c. must not be included in forecast capital or operating expenditure approved in the distribution determination for the next regulatory control period, or under any other incentive scheme in that determination.	ActewAGL's DMIA report for the PFC project contains a statement to this effect.
Expenditure under the DMIA can be in the nature of capex or opex.	ActewAGL has claimed expenditure for the PFC project as opex.

Table A.2 AER assessment of Ausgrid's DMIA expenditure 2011–12

Project 1: Reliability Improvements for Large Embedded Generators

DMIS Criterion	Reason for approval
Demand management projects or programs are measures undertaken by a DNSP to meet customer demand by shifting or reducing demand for standard control services through non–network alternatives or the management of demand in some other way rather than increasing supply through network augmentation.	Ausgrid's RILEG project involves the use of network support provided by embedded generators to manage demand in peak demand periods avoiding the need for network augmentation.
Demand management projects or programs may be: a. broad–based demand management projects or programs—which aim to reduce demand for standard control services across a DNSP's network, rather than at a specific point on the network. These may be projects targeted at particular network users, such as residential or commercial customers, and may include energy efficiency programs, and/or b. peak demand management projects or programs—which aim to address specific network constraints by reducing demand on the network at the location and time of the constraint.	Ausgrid's RILEG project is consistent with this criterion because it is a peak demand management project which aims to reduce demand on the network during the winter peak period.
Demand management projects or programs may be innovative, and designed to build demand management capability and capacity and explore potentially efficient demand management mechanisms, including but not limited to new or original concepts.	Ausgrid's RILEG project is consistent with this criterion because it will explore potentially efficient demand management mechanisms.
Recoverable projects and programs may be tariff or non–tariff based.	Ausgrid's RILEG project is non-tariff based.
Costs recovered under this scheme: a. must not be recoverable under any other jurisdictional incentive scheme b. must not be recoverable under any other state or Australian Government scheme c. must not be included in forecast capital or operating expenditure approved in the distribution determination for the next regulatory control period, or under any other incentive scheme in that determination.	Ausgrid's DMIA report for the RILEG project contains a statement to this effect.
Expenditure under the DMIA can be in the nature of capex or opex.	Ausgrid has claimed DMIA expenditure for the RILEG project as opex.

Table A.3 AER assessment of Ausgrid's DMIA expenditure 2011–12

Project 2: Dynamic Load Control (DLC) of Small Hot Water Systems

DMIS Criterion	Reason for approval
Demand management projects or programs are measures undertaken by a DNSP to meet customer demand by shifting or reducing demand for standard control services through non–network alternatives or the management of demand in some other way rather than increasing supply through network augmentation.	Ausgrid's DLC project is consistent with this criterion because it is a measure undertaken by Ausgrid to manage network demand by implementing dynamic load control of small and medium sized hot water systems.
Demand management projects or programs may be: a. broad–based demand management projects or programs—which aim to reduce demand for standard control services across a DNSP's network, rather than at a specific point on the network. These may be projects targeted at particular network users, such as residential or commercial customers, and may include energy efficiency programs, and/or b. peak demand management projects or programs—which aim to address specific network constraints by reducing demand on the network at the location and time of the constraint.	Ausgrid's DLC project is a broad based demand management program which aims to reduce demand for standard control services across the network.
Demand management projects or programs may be innovative, and designed to build demand management capability and capacity and explore potentially efficient demand management mechanisms, including but not limited to new or original concepts.	Ausgrid's DLC project is consistent with this criterion because it will explore potentially efficient demand management mechanisms.
Recoverable projects and programs may be tariff or non–tariff based.	Ausgrid's DLC project is non-tariff based.
Costs recovered under this scheme: a. must not be recoverable under any other jurisdictional incentive scheme b. must not be recoverable under any other state or Australian Government scheme c. must not be included in forecast capital or operating expenditure approved in the distribution determination for the next regulatory control period, or under any other incentive scheme in that determination.	Ausgrid's DMIA report for the DLC project contains a statement to this effect.
Expenditure under the DMIA can be in the nature of capex or opex.	Ausgrid has claimed DMIA expenditure for the DLC project as opex.

Table A.4 AER assessment of Ausgrid's DMIA expenditure 2011–12

Project 3: CBD Embedded Generator Connection Trial

DMIS Criterion	Reason for approval
Demand management projects or programs are measures undertaken by a DNSP to meet customer demand by shifting or reducing demand for standard control services through non–network alternatives or the management of demand in some other way rather than increasing supply through network augmentation.	Ausgrid's CBD Embedded Generator Connection Trial is consistent with this criterion because it is a measure undertaken by Ausgrid to reducing demand for standard control services through identifying fault level and feeder imbalance issues.
Demand management projects or programs may be: a. broad–based demand management projects or programs—which aim to reduce demand for standard control services across a DNSP's network, rather than at a specific point on the network. These may be projects targeted at particular network users, such as residential or commercial customers, and may include energy efficiency programs, and/or b. peak demand management projects or programs—which aim to address specific network constraints by reducing demand on the network at the location and time of the constraint.	Ausgrid's CBD Embedded Generator Connection Trial is a peak demand management project which aims to reduce specific network constraints by reducing demand on the network at the location and time of the constraint.
Demand management projects or programs may be innovative, and designed to build demand management capability and capacity and explore potentially efficient demand management mechanisms, including but not limited to new or original concepts.	Ausgrid's CBD Embedded Generator Connection Trial is consistent with this criterion because it will explore potentially efficient demand management mechanisms.
Recoverable projects and programs may be tariff or non–tariff based.	Ausgrid's CBD Embedded Generator Connection Trial is non-tariff based.
Costs recovered under this scheme: a. must not be recoverable under any other jurisdictional incentive scheme b. must not be recoverable under any other state or Australian Government scheme c. must not be included in forecast capital or operating expenditure approved in the distribution determination for the next regulatory control period, or under any other incentive scheme in that determination.	Ausgrid's DMIA report for the CBD Embedded Generator Connection Trial contains a statement to this effect.
Expenditure under the DMIA can be in the nature of capex or opex.	Ausgrid has claimed DMIA expenditure for the CBD Embedded Generator Connection Trial as opex.

Table A.5 AER assessment of Ausgrid's DMIA expenditure 2011–12

Project 4: Subsidised Off-peak Hot Water Connections program

DMIS Criterion	Reason for approval
Demand management projects or programs are measures undertaken by a DNSP to meet customer demand by shifting or reducing demand for standard control services through non–network alternatives or the management of demand in some other way rather than increasing supply through network augmentation.	Ausgrid's Subsidised Off-peak Hot Water Connections program is consistent with this criterion because it is a measure undertaken by Ausgrid to reduce demand for standard control services through encouraging customers to connect hot water systems to off peak electricity supply.
Demand management projects or programs may be: a. broad–based demand management projects or programs—which aim to reduce demand for standard control services across a DNSP's network, rather than at a specific point on the network. These may be projects targeted at particular network users, such as residential or commercial customers, and may include energy efficiency programs, and/or b. peak demand management projects or programs—which aim to address specific network constraints by reducing demand on the network at the location and time of the constraint.	Ausgrid's Subsidised Off-peak Hot Water Connections program is a peak demand management project which aims to reduce specific network constraints by reducing demand at a specific point on the network.
Demand management projects or programs may be innovative, and designed to build demand management capability and capacity and explore potentially efficient demand management mechanisms, including but not limited to new or original concepts.	Ausgrid's Subsidised Off-peak Hot Water Connections program is consistent with this criterion because it will explore potentially efficient demand management mechanisms.
Recoverable projects and programs may be tariff or non–tariff based.	Ausgrid's Subsidised Off-peak Hot Water Connections program is non-tariff based.
Costs recovered under this scheme: a. must not be recoverable under any other jurisdictional incentive scheme b. must not be recoverable under any other state or Australian Government scheme c. must not be included in forecast capital or operating expenditure approved in the distribution determination for the next regulatory control period, or under any other incentive scheme in that determination.	Ausgrid's DMIA report for the Subsidised Off-peak Hot Water Connections program contains a statement to this effect.
Expenditure under the DMIA can be in the nature of capex or opex.	Ausgrid has claimed DMIA expenditure for the Subsidised Off-peak Hot Water Connections program as opex.

Table A.6 AER assessment of Ausgrid's DMIA expenditure 2011–12

Project 5: Market research for residential air conditioner and pool pump options program

DMIS Criterion	Reason for approval
Demand management projects or programs are measures undertaken by a DNSP to meet customer demand by shifting or reducing demand for standard control services through non–network alternatives or the management of demand in some other way rather than increasing supply through network augmentation.	Ausgrid's market research for residential air conditioner and pool pump options program is consistent with this criterion because it is a measure undertaken by Ausgrid to better understand the number of households who are willing to participate in control options and product parameters.
Demand management projects or programs may be: a. broad–based demand management projects or programs—which aim to reduce demand for standard control services across a DNSP's network, rather than at a specific point on the network. These may be projects targeted at particular network users, such as residential or commercial customers, and may include energy efficiency programs, and/or b. peak demand management projects or programs—which aim to address specific network constraints by reducing demand on the network at the location and time of the constraint.	Ausgrid's market research for residential air conditioner and pool pump options program is a broad based demand management project which aims to reduce demand for standard control services across Ausgrid's network.
Demand management projects or programs may be innovative, and designed to build demand management capability and capacity and explore potentially efficient demand management mechanisms, including but not limited to new or original concepts.	Ausgrid's market research for residential air conditioner and pool pump options program is consistent with this criterion because it is exploring potentially efficient and effective demand management mechanisms.
Recoverable projects and programs may be tariff or non–tariff based.	Ausgrid's market research for residential air conditioner and pool pump options program is non-tariff based.
Costs recovered under this scheme: a. must not be recoverable under any other jurisdictional incentive scheme b. must not be recoverable under any other state or Australian Government scheme c. must not be included in forecast capital or operating expenditure approved in the distribution determination for the next regulatory control period, or under any other incentive scheme in that determination.	Ausgrid's DMIA report for the market research for residential air conditioner and pool pump options program contains a statement to this effect.
Expenditure under the DMIA can be in the nature of capex or opex.	Ausgrid has claimed DMIA expenditure for the market research for residential air conditioner and pool pump options program as opex.

Table A.7 AER assessment of Ausgrid's DMIA expenditure 2011–12

Project 6: Dynamic Peak Rebate (DPR) for medium to large non-residential customers

DMIS Criterion	Reason for approval
Demand management projects or programs are measures undertaken by a DNSP to meet customer demand by shifting or reducing demand for standard control services through non–network alternatives or the management of demand in some other way rather than increasing supply through network augmentation.	Ausgrid's DPR trial is consistent with this criterion because it is a measure undertaken by Ausgrid to better understand demand level responses at peak periods in summer and winter.
Demand management projects or programs may be: a. broad–based demand management projects or programs—which aim to reduce demand for standard control services across a DNSP's network, rather than at a specific point on the network. These may be projects targeted at particular network users, such as residential or commercial customers, and may include energy efficiency programs, and/or b. peak demand management projects or programs—which aim to address specific network constraints by reducing demand on the network at the location and time of the constraint.	Ausgrid's DPR trial is consistent with this criterion because it is a broad based demand management project targeting medium to large, low voltage, non-residential customers.
Demand management projects or programs may be innovative, and designed to build demand management capability and capacity and explore potentially efficient demand management mechanisms, including but not limited to new or original concepts.	Ausgrid's DPR trial is consistent with this criterion because it is exploring potentially efficient and effective demand management mechanisms.
Recoverable projects and programs may be tariff or non–tariff based.	Ausgrid's DPR trial is non-tariff based.
Costs recovered under this scheme: a. must not be recoverable under any other jurisdictional incentive scheme b. must not be recoverable under any other state or Australian Government scheme c. must not be included in forecast capital or operating expenditure approved in the distribution determination for the next regulatory control period, or under any other incentive scheme in that determination.	Ausgrid's DMIA report for the DPR trial contains a statement to this effect.
Expenditure under the DMIA can be in the nature of capex or opex.	Ausgrid has claimed DMIA expenditure for the DPR trial as opex.

Table A.8: AER assessment of Endeavour Energy's DMIA expenditure 2011–12

Project 1: Rooty Hill Residential Demand Management Program

DMIS Criterion	Reason for approval
Demand management projects or programs are measures undertaken by a DNSP to meet customer demand by shifting or reducing demand for standard control services through non–network alternatives or the management of demand in some other way rather than increasing supply through network augmentation.	Endeavour Energy's Rooty Hill Residential Demand Management (DM) program is consistent with this criterion because it is a measure undertaken by Endeavour Energy to meet demand by reducing peak demand from air conditioning loads. Endeavour Energy's DM program aims to reduce demand for standard control services through non-network alternatives by introducing a peak time rebate which rewards the customer for energy reduction below their calculated baseline during the peak period.
Demand management projects or programs may be: a. broad–based demand management projects or programs—which aim to reduce demand for standard control services across a DNSP's network, rather than at a specific point on the network. These may be projects targeted at particular network users, such as residential or commercial customers, and may include energy efficiency programs, and/or b. peak demand management projects or programs—which aim to address specific network constraints by reducing demand on the network at the location and time of the constraint.	Endeavour Energy's DM program is consistent with this criterion because it is a peak demand program which aims to reduce specific network constraints by reducing demand on the network at the location and time of the constraint.
Demand management projects or programs may be innovative, and designed to build demand management capability and capacity and explore potentially efficient demand management mechanisms, including but not limited to new or original concepts.	Endeavour Energy's DM program is innovative and explores potentially efficient demand management mechanisms.
Recoverable projects and programs may be tariff or non–tariff based.	Endeavour Energy's DM program is non-tariff based.
Costs recovered under this scheme: a. must not be recoverable under any other jurisdictional incentive scheme b. must not be recoverable under any other state or Australian Government scheme c. must not be included in forecast capital or operating expenditure approved in the distribution determination for the next regulatory control period, or under any other incentive scheme in that determination.	Endeavour Energy's DMIA report for the DM program contains a statement to this effect.
Expenditure under the DMIA can be in the nature of capex or opex.	Endeavour Energy has claimed DMIA expenditure for the DM program as capex.

Table A.9 AER assessment of Endeavour Energy's DMIA expenditure 2011–12

Project 2: Standby Power Reporting: PowerView

DMIS Criterion	Reason for approval
Demand management projects or programs are measures undertaken by a DNSP to meet customer demand by shifting or reducing demand for standard control services through non–network alternatives or the management of demand in some other way rather than increasing supply through network augmentation.	Endeavour Energy's PowerView project is consistent with this criterion because it is a measure undertaken by Endeavour Energy to meet customer demand by reducing standby power consumption. Endeavour Energy's PowerView project aims to reduce demand for standard control services through non-network alternatives by informing customers of their standby power usage and allowing them to monitor their energy consumption via a web portal.
Demand management projects or programs may be: a. broad–based demand management projects or programs—which aim to reduce demand for standard control services across a DNSP's network, rather than at a specific point on the network. These may be projects targeted at particular network users, such as residential or commercial customers, and may include energy efficiency programs, and/or b. peak demand management projects or programs—which aim to address specific network constraints by reducing demand on the network at the location and time of the constraint.	Endeavour Energy's PowerView project is consistent with this criterion because it is a broad based demand management project which aims to reduce demand for standard control services for residential customers.
Demand management projects or programs may be innovative, and designed to build demand management capability and capacity and explore potentially efficient demand management mechanisms, including but not limited to new or original concepts.	Endeavour Energy's PowerView project is designed to build demand management capability and capacity by reducing standby power consumption.
Recoverable projects and programs may be tariff or non–tariff based.	Endeavour Energy's PowerView project is non-tariff based.
Costs recovered under this scheme: a. must not be recoverable under any other jurisdictional incentive scheme b. must not be recoverable under any other state or Australian Government scheme c. must not be included in forecast capital or operating expenditure approved in the distribution determination for the next regulatory control period, or under any other incentive scheme in that determination.	Endeavour Energy's DMIA report for the PowerView contains a statement to this effect.
Expenditure under the DMIA can be in the nature of capex or opex.	Endeavour Energy has claimed DMIA expenditure for the PowerView project as opex.

Table A.10: AER assessment of Endeavour Energy's DMIA expenditure 2011–12

Project 3: Glenmore Park Demand Response Trial

DMIS Criterion	Reason for approval
Demand management projects or programs are measures undertaken by a DNSP to meet customer demand by shifting or reducing demand for standard control services through non–network alternatives or the management of demand in some other way rather than increasing supply through network augmentation.	Endeavour Energy's Glenmore Park Demand Response Trial is consistent with this criterion because it is a measure undertaken by Endeavour Energy to reduce demand for standard control services through information acquired from smart meters to reduce peak demand through information from in-house displays.
Demand management projects or programs may be: a. broad–based demand management projects or programs—which aim to reduce demand for standard control services across a DNSP's network, rather than at a specific point on the network. These may be projects targeted at particular network users, such as residential or commercial customers, and may include energy efficiency programs, and/or b. peak demand management projects or programs—which aim to address specific network constraints by reducing demand on the network at the location and time of the constraint.	Endeavour Energy's Glenmore Park Demand Response Trial is consistent with this criterion because it aims to address specific network constraints by reducing demand at the location and time of the constraint.
Demand management projects or programs may be innovative, and designed to build demand management capability and capacity and explore potentially efficient demand management mechanisms, including but not limited to new or original concepts.	Endeavour Energy's Glenmore Park Demand Response Trial is consistent with this criterion because it builds upon Endeavour Energy's PeakSaver program.
Recoverable projects and programs may be tariff or non–tariff based.	Endeavour Energy's Glenmore Park Demand Response Trial is non-tariff based.
Costs recovered under this scheme: a. must not be recoverable under any other jurisdictional incentive scheme b. must not be recoverable under any other state or Australian Government scheme c. must not be included in forecast capital or operating expenditure approved in the distribution determination for the next regulatory control period, or under any other incentive scheme in that determination.	Endeavour Energy's DMIA report contains a statement to this effect for the Glenmore Park Demand Response Trial.
Expenditure under the DMIA can be in the nature of capex or opex.	Endeavour Energy has claimed DMIA expenditure for the Glenmore Park Demand Response Trial as opex and capex.

Table A.11: AER assessment of Endeavour Energy's DMIA expenditure 2011–12

Project 4: Data Analysis and Reporting

DMIS Criterion	Reason for approval
Demand management projects or programs are measures undertaken by a DNSP to meet customer demand by shifting or reducing demand for standard control services through non–network alternatives or the management of demand in some other way rather than increasing supply through network augmentation.	Endeavour Energy's Data Analysis and Reporting project is consistent with this criterion because it is a measure undertaken by Endeavour Energy to meet customer demand through reducing the margin of error in predicting the demand reductions for future demand management projects where reported data and statistics will act as an input into the design of current and future demand management programs.
Demand management projects or programs may be: a. broad–based demand management projects or programs—which aim to reduce demand for standard control services across a DNSP's network, rather than at a specific point on the network. These may be projects targeted at particular network users, such as residential or commercial customers, and may include energy efficiency programs, and/or b. peak demand management projects or programs—which aim to address specific network constraints by reducing demand on the network at the location and time of the constraint.	Endeavour Energy's Data Analysis and Reporting project is consistent with this criterion because it is a broad based demand management project which aims to reduce demand for standard control services for residential customers
Demand management projects or programs may be innovative, and designed to build demand management capability and capacity and explore potentially efficient demand management mechanisms, including but not limited to new or original concepts.	Endeavour Energy's Data Analysis and Reporting project is consistent with this criterion because it builds upon Endeavour Energy's Blacktown Solar City project and PeakSaver and CoolSaver demand management programs.
Recoverable projects and programs may be tariff or non–tariff based.	Endeavour Energy's Data Analysis and Reporting project is non-tariff based.
Costs recovered under this scheme: a. must not be recoverable under any other jurisdictional incentive scheme b. must not be recoverable under any other state or Australian Government scheme c. must not be included in forecast capital or operating expenditure approved in the distribution determination for the next regulatory control period, or under any other incentive scheme in that determination.	Endeavour Energy's DMIA report contains a statement to this effect for the Data Analysis and Reporting project.
Expenditure under the DMIA can be in the nature of capex or opex.	Endeavour Energy has claimed DMIA expenditure for the Data Analysis and Reporting project as opex.

Table A.12: AER assessment of Ergon Energy's DMIA expenditure 2011–12

Project 1: Auto Demand Response Trial

DMIS Criterion	Reason for approval
Demand management projects or programs are measures undertaken by a DNSP to meet customer demand by shifting or reducing demand for standard control services through non–network alternatives or the management of demand in some other way rather than increasing supply through network augmentation.	Ergon Energy's Auto Demand Response trials increased customer participation to reduce peak demand or reduce consumption when the network is under constraint. Ergon Energy's Auto Demand Response trial will empower customers to make better choices, better utilise network assets and reduce the need for network augmentation.
Demand management projects or programs may be: a. broad–based demand management projects or programs—which aim to reduce demand for standard control services across a DNSP's network, rather than at a specific point on the network. These may be projects targeted at particular network users, such as residential or commercial customers, and may include energy efficiency programs, and/or b. peak demand management projects or programs—which aim to address specific network constraints by reducing demand on the network at the location and time of the constraint.	Ergon Energy's Auto Demand Response trial is a broad based management program because it aims to reduce demand for standard control services across Ergon Energy's network.
Demand management projects or programs may be innovative, and designed to build demand management capability and capacity and explore potentially efficient demand management mechanisms, including but not limited to new or original concepts.	Ergon Energy's Auto Demand Response trial is consistent with this criterion because it is designed to build demand management capability and capacity.
Recoverable projects and programs may be tariff or non–tariff based.	Ergon Energy's Auto Demand Response trial project is non-tariff based.
Costs recovered under this scheme: a. must not be recoverable under any other jurisdictional incentive scheme b. must not be recoverable under any other state or Australian Government scheme c. must not be included in forecast capital or operating expenditure approved in the distribution determination for the next regulatory control period, or under any other incentive scheme in that determination.	Ergon Energy's DMIA report for the Auto Demand Response trial contains a statement to this effect.
Expenditure under the DMIA can be in the nature of capex or opex.	Ergon Energy has claimed DMIA expenditure for the Auto Demand Response trial as opex.

Table A.13: AER assessment of Ergon Energy's DMIA expenditure 2010–11

Project 2: Residential Air Conditioning Cleaning (RACC) Trial

DMIS Criterion	Reason for approval
Demand management projects or programs are measures undertaken by a DNSP to meet customer demand by shifting or reducing demand for standard control services through non–network alternatives or the management of demand in some other way rather than increasing supply through network augmentation.	Ergon Energy's RACC Trial is consistent with this criterion because it is a measure undertaken to reduce demand for standard control services through non-network alternatives.
Demand management projects or programs may be: a. broad–based demand management projects or programs—which aim to reduce demand for standard control services across a DNSP's network, rather than at a specific point on the network. These may be projects targeted at particular network users, such as residential or commercial customers, and may include energy efficiency programs, and/or b. peak demand management projects or programs—which aim to address specific network constraints by reducing demand on the network at the location and time of the constraint.	Ergon Energy's RACC Trial is consistent with this criterion because it is a broad based demand management program aiming to reduce network demand, as more efficiently operating air conditioners will require less electricity.
Demand management projects or programs may be innovative, and designed to build demand management capability and capacity and explore potentially efficient demand management mechanisms, including but not limited to new or original concepts.	Ergon Energy's RACC Trial is consistent with this criterion because it is exploring potentially different demand management systems.
Recoverable projects and programs may be tariff or non–tariff based.	Ergon Energy's RACC Trial is non-tariff based.
Costs recovered under this scheme: a. must not be recoverable under any other jurisdictional incentive scheme b. must not be recoverable under any other state or Australian Government scheme c. must not be included in forecast capital or operating expenditure approved in the distribution determination for the next regulatory control period, or under any other incentive scheme in that determination.	Ergon Energy's DMIA report for the RACC Trial contains a statement to this effect.
Expenditure under the DMIA can be in the nature of capex or opex.	Ergon Energy has claimed DMIA expenditure for the RACC Trial as opex.

Table A.14: AER assessment of Ergon Energy's DMIA expenditure 2011–12

Project 3: Grid Utility Support System – Phase 2

DMIS Criterion	Reason for approval
Demand management projects or programs are measures undertaken by a DNSP to meet customer demand by shifting or reducing demand for standard control services through non–network alternatives or the management of demand in some other way rather than increasing supply through network augmentation.	Ergon Energy's GUSS project – Phase 2 is consistent with this criterion because it is a measure undertaken by Ergon Energy to meet customer demand by reducing peak demand through non-network alternatives, such as renewable energy and storage.
Demand management projects or programs may be: a. broad–based demand management projects or programs—which aim to reduce demand for standard control services across a DNSP's network, rather than at a specific point on the network. These may be projects targeted at particular network users, such as residential or commercial customers, and may include energy efficiency programs, and/or b. peak demand management projects or programs—which aim to address specific network constraints by reducing demand on the network at the location and time of the constraint.	Ergon Energy's GUSS project – Phase 2 meets this criterion because it is a peak demand management project which aims to reduce the impact peak demand has on specific network constrained areas.
Demand management projects or programs may be innovative, and designed to build demand management capability and capacity and explore potentially efficient demand management mechanisms, including but not limited to new or original concepts.	Ergon Energy's GUSS project – Phase 2 is designed to build demand management capability and capacity.
Recoverable projects and programs may be tariff or non–tariff based.	Ergon Energy's GUSS project – Phase 2 is non-tariff based.
Costs recovered under this scheme: a. must not be recoverable under any other jurisdictional incentive scheme b. must not be recoverable under any other state or Australian Government scheme c. must not be included in forecast capital or operating expenditure approved in the distribution determination for the next regulatory control period, or under any other incentive scheme in that determination.	Ergon Energy's DMIA report for the GUSS project – Phase 2 contains a statement to this effect.
Expenditure under the DMIA can be in the nature of capex or opex.	Ergon Energy has claimed DMIA expenditure for the GUSS project – Phase 2 as opex

Table A.15: AER assessment of Ergon Energy's DMIA expenditure 2011–12

Project 4: Stockland North Shore Living Display Centre

DMIS Criterion	Reason for approval
Demand management projects or programs are measures undertaken by a DNSP to meet customer demand by shifting or reducing demand for standard control services through non–network alternatives or the management of demand in some other way rather than increasing supply through network augmentation.	Ergon Energy's Stockland North Shore project is a measure undertaken by Ergon Energy to shift and reduce demand for standard control services through non-network alternatives by promoting energy sustainability in a new residential development.
Demand management projects or programs may be: a. broad–based demand management projects or programs—which aim to reduce demand for standard control services across a DNSP's network, rather than at a specific point on the network. These may be projects targeted at particular network users, such as residential or commercial customers, and may include energy efficiency programs, and/or b. peak demand management projects or programs—which aim to address specific network constraints by reducing demand on the network at the location and time of the constraint.	Ergon Energy's Stockland North Shore project is a broad based demand management program which aims to reduce demand for standard control services for residential customers by promoting energy conservation to local builders and prospective home buyers.
Demand management projects or programs may be innovative, and designed to build demand management capability and capacity and explore potentially efficient demand management mechanisms, including but not limited to new or original concepts.	Ergon Energy's Stockland North Shore project is consistent with this criterion because it is designed to explore potentially efficient demand management mechanisms.
Recoverable projects and programs may be tariff or non–tariff based.	Ergon Energy's Stockland North Shore project is non-tariff based.
Costs recovered under this scheme: a. must not be recoverable under any other jurisdictional incentive scheme b. must not be recoverable under any other state or Australian Government scheme c. must not be included in forecast capital or operating expenditure approved in the distribution determination for the next regulatory control period, or under any other incentive scheme in that determination.	Ergon Energy's DMIA report for the Stockland North Shore project contains a statement to this effect.
Expenditure under the DMIA can be in the nature of capex or opex.	Ergon Energy has claimed DMIA expenditure for the Stockland North Shore project as opex and capex.

Table A.16 AER assessment of Ergon Energy's DMIA expenditure 2011–12

Project 5: Passive Air Cooling Trial

DMIS Criterion	Reason for approval
Demand management projects or programs are measures undertaken by a DNSP to meet customer demand by shifting or reducing demand for standard control services through non–network alternatives or the management of demand in some other way rather than increasing supply through network augmentation.	Ergon Energy's PAC trial is consistent with this criterion because it is a measure undertaken by Ergon Energy to reduce demand for standard control services through non-network alternatives by using underground cooling units within cool commercial properties aimed at reducing air-conditioning load.
Demand management projects or programs may be: a. broad–based demand management projects or programs—which aim to reduce demand for standard control services across a DNSP's network, rather than at a specific point on the network. These may be projects targeted at particular network users, such as residential or commercial customers, and may include energy efficiency programs, and/or b. peak demand management projects or programs—which aim to address specific network constraints by reducing demand on the network at the location and time of the constraint.	Ergon Energy's PAC trial is consistent with this criterion because it aims to reduce demand for standard control services across Ergon Energy's network for commercial customers with the aim of extending to residential customers.
Demand management projects or programs may be innovative, and designed to build demand management capability and capacity and explore potentially efficient demand management mechanisms, including but not limited to new or original concepts.	Ergon Energy's PAC trial is consistent with this criterion because it is designed to build demand management capability and capacity and explore potentially efficient demand management technology.
Recoverable projects and programs may be tariff or non–tariff based.	Ergon Energy's PAC trial is non-tariff based.
Costs recovered under this scheme: a. must not be recoverable under any other jurisdictional incentive scheme b. must not be recoverable under any other state or Australian Government scheme c. must not be included in forecast capital or operating expenditure approved in the distribution determination for the next regulatory control period, or under any other incentive scheme in that determination.	Ergon Energy's DMIA report for the PAC trial contains a statement to this effect.
Expenditure under the DMIA can be in the nature of capex or opex.	Ergon Energy has claimed DMIA expenditure for the PAC trial as opex.

Table A.17 AER assessment of Ergon Energy's DMIA expenditure 2011–12

Project 6: Smart Camp Feasibility project

DMIS Criterion	Reason for approval
Demand management projects or programs are measures undertaken by a DNSP to meet customer demand by shifting or reducing demand for standard control services through non–network alternatives or the management of demand in some other way rather than increasing supply through network augmentation.	Ergon Energy's Smart Camp Feasibility project is consistent with this criterion because it is a measure undertaken by Ergon Energy to reduce demand for standard control services through non-network alternatives by evaluating opportunities to improve energy efficiency and reduce demand in camp loads.
Demand management projects or programs may be: a. broad–based demand management projects or programs—which aim to reduce demand for standard control services across a DNSP's network, rather than at a specific point on the network. These may be projects targeted at particular network users, such as residential or commercial customers, and may include energy efficiency programs, and/or b. peak demand management projects or programs—which aim to address specific network constraints by reducing demand on the network at the location and time of the constraint.	Ergon Energy's Smart Camp Feasibility project is consistent with this criterion because it aims to reduce demand for standard control services across Ergon Energy's network for Greenfield and Brownfield applications.
Demand management projects or programs may be innovative, and designed to build demand management capability and capacity and explore potentially efficient demand management mechanisms, including but not limited to new or original concepts.	Ergon Energy's Smart Camp Feasibility project is consistent with this criterion because it is designed to build demand management capability and capacity and explore potentially efficient demand management technology.
Recoverable projects and programs may be tariff or non–tariff based.	Ergon Energy's Smart Camp Feasibility project is non-tariff based.
Costs recovered under this scheme: a. must not be recoverable under any other jurisdictional incentive scheme b. must not be recoverable under any other state or Australian Government scheme c. must not be included in forecast capital or operating expenditure approved in the distribution determination for the next regulatory control period, or under any other incentive scheme in that determination.	Ergon Energy's DMIA report for the Smart Camp Feasibility project contains a statement to this effect.
Expenditure under the DMIA can be in the nature of capex or opex.	Ergon Energy has claimed DMIA expenditure for the Smart Camp Feasibility project as opex.

Table A.18 AER assessment of Ergon Energy's DMIA expenditure 2011–12

Project 7: Large Statcom project

DMIS Criterion	Reason for approval
Demand management projects or programs are measures undertaken by a DNSP to meet customer demand by shifting or reducing demand for standard control services through non–network alternatives or the management of demand in some other way rather than increasing supply through network augmentation.	Ergon Energy's Large Statcom project is consistent with this criterion because it is a measure undertaken by Ergon Energy to manage demand through injecting capacitive and inductive reactive power into the electricity networks which are stressed by increasing demand.
Demand management projects or programs may be: a. broad–based demand management projects or programs—which aim to reduce demand for standard control services across a DNSP's network, rather than at a specific point on the network. These may be projects targeted at particular network users, such as residential or commercial customers, and may include energy efficiency programs, and/or b. peak demand management projects or programs—which aim to address specific network constraints by reducing demand on the network at the location and time of the constraint.	Ergon Energy's Large Statcom project is consistent with this criterion because it aims to reduce demand for standard control services across Ergon Energy's extensive network of long rural and remote feeders.
Demand management projects or programs may be innovative, and designed to build demand management capability and capacity and explore potentially efficient demand management mechanisms, including but not limited to new or original concepts.	Ergon Energy's Large Statcom project is consistent with this criterion because it is designed to explore potentially efficient demand management technology.
Recoverable projects and programs may be tariff or non–tariff based.	Ergon Energy's Large Statcom project is non-tariff based.
Costs recovered under this scheme: a. must not be recoverable under any other jurisdictional incentive scheme b. must not be recoverable under any other state or Australian Government scheme c. must not be included in forecast capital or operating expenditure approved in the distribution determination for the next regulatory control period, or under any other incentive scheme in that determination.	Ergon Energy's DMIA report for the Large Statcom project contains a statement to this effect.
Expenditure under the DMIA can be in the nature of capex or opex.	Ergon Energy has claimed DMIA expenditure for the Large Statcom project as opex.

Table A.19 AER assessment of Ergon Energy's DMIA expenditure 2011–12

Project 8: Urban Statcom project

DMIS Criterion	Reason for approval
Demand management projects or programs are measures undertaken by a DNSP to meet customer demand by shifting or reducing demand for standard control services through non–network alternatives or the management of demand in some other way rather than increasing supply through network augmentation.	Ergon Energy's Urban Statcom project is consistent with this criterion because it is a measure undertaken by Ergon Energy to manage demand through regulating the low voltage network in residential areas with high penetration areas of solar photovoltaic systems and non-linear loads.
Demand management projects or programs may be: a. broad–based demand management projects or programs—which aim to reduce demand for standard control services across a DNSP's network, rather than at a specific point on the network. These may be projects targeted at particular network users, such as residential or commercial customers, and may include energy efficiency programs, and/or b. peak demand management projects or programs—which aim to address specific network constraints by reducing demand on the network at the location and time of the constraint.	Ergon Energy's Urban Statcom project is consistent with this criterion because it aims to reduce demand for standard control services across Ergon Energy's urban residential network.
Demand management projects or programs may be innovative, and designed to build demand management capability and capacity and explore potentially efficient demand management mechanisms, including but not limited to new or original concepts.	Ergon Energy's Urban Statcom project is consistent with this criterion because it is designed to explore potentially efficient demand management technology.
Recoverable projects and programs may be tariff or non–tariff based.	Ergon Energy's Urban Statcom project is non-tariff based.
Costs recovered under this scheme: a. must not be recoverable under any other jurisdictional incentive scheme b. must not be recoverable under any other state or Australian Government scheme c. must not be included in forecast capital or operating expenditure approved in the distribution determination for the next regulatory control period, or under any other incentive scheme in that determination.	Ergon Energy's DMIA report for the Urban Statcom project contains a statement to this effect.
Expenditure under the DMIA can be in the nature of capex or opex.	Ergon Energy has claimed DMIA expenditure for the Urban Statcom project as opex.

Table A.20 AER assessment of Ergon Energy's DMIA expenditure 2011–12

Project 9: SWER Statcom project

DMIS Criterion	Reason for approval
Demand management projects or programs are measures undertaken by a DNSP to meet customer demand by shifting or reducing demand for standard control services through non–network alternatives or the management of demand in some other way rather than increasing supply through network augmentation.	Ergon Energy's SWER Statcom project is consistent with this criterion because it is a measure undertaken by Ergon Energy to assess the unit's performance and ability on SWER networks to provide reactive power support and assist with network voltage management.
Demand management projects or programs may be: a. broad–based demand management projects or programs—which aim to reduce demand for standard control services across a DNSP's network, rather than at a specific point on the network. These may be projects targeted at particular network users, such as residential or commercial customers, and may include energy efficiency programs, and/or b. peak demand management projects or programs—which aim to address specific network constraints by reducing demand on the network at the location and time of the constraint.	Ergon Energy's SWER Statcom project is consistent with this criterion because it aims to reduce demand for standard control services across Ergon Energy's SWER network.
Demand management projects or programs may be innovative, and designed to build demand management capability and capacity and explore potentially efficient demand management mechanisms, including but not limited to new or original concepts.	Ergon Energy's SWER Statcom project is consistent with this criterion because it is designed to explore potentially efficient demand management technology.
Recoverable projects and programs may be tariff or non–tariff based.	Ergon Energy's SWER Statcom project is non-tariff based.
Costs recovered under this scheme: a. must not be recoverable under any other jurisdictional incentive scheme b. must not be recoverable under any other state or Australian Government scheme c. must not be included in forecast capital or operating expenditure approved in the distribution determination for the next regulatory control period, or under any other incentive scheme in that determination.	Ergon Energy's DMIA report for the SWER Statcom project contains a statement to this effect.
Expenditure under the DMIA can be in the nature of capex or opex.	Ergon Energy has claimed DMIA expenditure for the SWER Statcom project as opex.

Table A.21 AER assessment of Ergon Energy's DMIA expenditure 2011–12

Project 10: Smart Voltage Regulator Validation project

DMIS Criterion	Reason for approval
Demand management projects or programs are measures undertaken by a DNSP to meet customer demand by shifting or reducing demand for standard control services through non–network alternatives or the management of demand in some other way rather than increasing supply through network augmentation.	Ergon Energy's Smart Voltage Regulator Validation project is consistent with this criterion because it is a measure undertaken by Ergon Energy to improve the voltage experienced by customers on the network in light of increased renewable generation.
Demand management projects or programs may be: a. broad–based demand management projects or programs—which aim to reduce demand for standard control services across a DNSP's network, rather than at a specific point on the network. These may be projects targeted at particular network users, such as residential or commercial customers, and may include energy efficiency programs, and/or b. peak demand management projects or programs—which aim to address specific network constraints by reducing demand on the network at the location and time of the constraint.	Ergon Energy's Smart Voltage Regulator Validation project is consistent with this criterion because it aims to ....
Demand management projects or programs may be innovative, and designed to build demand management capability and capacity and explore potentially efficient demand management mechanisms, including but not limited to new or original concepts.	Ergon Energy's Smart Voltage Regulator Validation project is consistent with this criterion because it is designed to explore potentially efficient demand management technology.
Recoverable projects and programs may be tariff or non–tariff based.	Ergon Energy's Smart Voltage Regulator Validation project project is non-tariff based.
Costs recovered under this scheme: a. must not be recoverable under any other jurisdictional incentive scheme b. must not be recoverable under any other state or Australian Government scheme c. must not be included in forecast capital or operating expenditure approved in the distribution determination for the next regulatory control period, or under any other incentive scheme in that determination.	Ergon Energy's DMIA report for the Smart Voltage Regulator Validation project contains a statement to this effect.
Expenditure under the DMIA can be in the nature of capex or opex.	Ergon Energy has claimed DMIA expenditure for the Smart Voltage Regulator Validation project as opex.

Table A.22: AER assessment of Essential Energy's DMIA expenditure 2011–12

Project 1: Grid Interactive Inverter (GII)

DMIS Criterion	Reason for approval
Demand management projects or programs are measures undertaken by a DNSP to meet customer demand by shifting or reducing demand for standard control services through non–network alternatives or the management of demand in some other way rather than increasing supply through network augmentation.	Essential Energy's GII project is consistent with this criterion because it is a measure undertaken by Essential Energy to reduce demand for standard control services through non-network alternatives by developing enabling technology aimed at reducing demand on, or providing reactive support to, the network.
Demand management projects or programs may be: a. broad–based demand management projects or programs—which aim to reduce demand for standard control services across a DNSP's network, rather than at a specific point on the network. These may be projects targeted at particular network users, such as residential or commercial customers, and may include energy efficiency programs, and/or b. peak demand management projects or programs—which aim to address specific network constraints by reducing demand on the network at the location and time of the constraint.	Essential Energy's GII project is consistent with this criterion because it aims to address specific network constraints by reducing demand on (including demand for generation export capacity), or providing reactive support to, the network at the time and location of the constraint.
Demand management projects or programs may be innovative, and designed to build demand management capability and capacity and explore potentially efficient demand management mechanisms, including but not limited to new or original concepts.	Essential Energy's GII project is consistent with this criterion because it is exploring potentially efficient demand management technology.
Recoverable projects and programs may be tariff or non–tariff based.	Essential Energy's GII project is non-tariff based.
Costs recovered under this scheme: a. must not be recoverable under any other jurisdictional incentive scheme b. must not be recoverable under any other state or Australian Government scheme c. must not be included in forecast capital or operating expenditure approved in the distribution determination for the next regulatory control period, or under any other incentive scheme in that determination.	Essential Energy's DMIA report for the GII project contains a statement to this effect.
Expenditure under the DMIA can be in the nature of capex or opex.	Essential Energy has claimed DMIA expenditure for the GII project as opex ($231 738) and capex ($496 627).