CitiPower Demand Management Innovation Allowance (DMIA) Annual Report 2011

Submitted to the AER – August 2011

CitiPower DMIA Program / Project

Inner Urban Demand Management Program (IUDM)		
1.	Description of the Project	The IUDM program involves trialling large commercial and industrial customer demand management (DM) programs in an inner urban and CBD location. The intent is to address maximum demand (MD) on very hot days.
2.	Nature and Scope	The top 150+ customers in the area served by Richmond Terminal Station were approached and offered participation in a DM program to reduce MD during the 2011/2012 Summer period. Stages involved: i) Analysis ii) Program Development iii) Marketing and customer engagement iv) Implementation A consultant was engaged to work with CitiPower to develop the program, engage customers and draft agreements.
3.	Aims and Expectations	The aim was to: • Build DM skills and capability in CitiPower • Test customer response • Trial administration of a program • Trial customer ability to respond The trial was set up to target a maximum of 4MW maximum demand if sufficient customers were willing to participate and contribute to an event.

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4.	Selection Process including Business Case and consideration of other alternatives	The project was selected as a trial and such is not intended as a firm solution to a specific network requirement. The trial was selected because demand management might be a viable alternative to network augmentation in a specific location. In terms of a demand management trial, a range of options were considered. The IUDM program was selected due to its practicality in terms of scope and achievability. It can be increased in later years. Also complexity and expenditure were a consideration so an option of least cost and least complexity was chosen.
5.	Implementation Mechanism/Plan	Contact the top 150+ customers. Test levels of interest explain the program and negotiate an agreement with interest customers for DM in response to a protocol. Each participating customer would be paid a fixed fee for participation and a fee for each DM response. Implement actual DM dispatch trial and test customer capability. DM did not commence in 2011.
6.	Any identifiable benefits that have arisen from it, including any off peak or peak demand reductions	Benefits of the program in 2011 include: • Positive responses from large customers • Learning about customer concerns • Improved understanding of practicalities in terms of setting up a protocol and contracting with large users • Customer education and understanding.
7.	Explain whether the project results in 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	The project involves shifting and curtailment of demand for standard control services through non-network alternatives. This is done using pre-arranged agreements and a communication protocol using SMS messaging.

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8.	The project includes (Insert Yes/No in bracket)	• Broad based demand management programs (No) • Peak demand management programs (Yes)
9.	Explain whether this project is targeted at particular network users	The top 150+ large commercial and industrial customers in an inner urban environment were targeted.
10.	Explain whether the project includes any energy efficiency programs	This project does not include energy efficiency programs.
11.	Explain whether the project reduces demand on network at a particular location and time of constraint	The project reduces demand on the network at a particular location and at the time of very high MD associated with extreme temperature events. There are specific program triggers which have been determined through load profile analysis pertaining to a specific network location. These triggers include parameters such as temperature, time of day, weekday/weekend, public holiday.
12.	Are the associated project costs recoverable elsewhere (under EDPR, any jurisdictional incentive scheme, government scheme etc.)	No
13.	Explain how the cost was calculated	CitiPower spent $73,803 of the Demand Management Incentive Allowance in the Relevant Regulatory Year. Consultant : $73,803 The cost was calculated by totalling consultant costs paid to Futura (consultant) for the first 3 stages of the development, marketing and consultation of the program which were carried out during 2011. The costs were incurred by a team of 3 including one administration and two with Demand Management expertise.