

Decision

2011–12 and 2012 DMIA assessment

July 2013

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Inquiries about these guidelines should be addressed to:

Australian Energy Regulator

GPO Box 3131

Canberra ACT 2601

Tel: (02) 6243 1233

Fax: (02) 6243 1205

Email: [AERInquiry@aer.gov.au](mailto:AERInquiry@aer.gov.au)

AER reference: 50362

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* + 1. Overview

The Demand Management Incentive Scheme (DMIS) aims to provide incentives for Distribution Network Service Providers (DNSPs) to conduct research and investigation into innovative techniques for managing demand. It also aims to enhance industry knowledge of practical demand management projects and programs through the publication of annual DMIS reports. The DMIS has been applied to all DNSPs in the NEM as part of our current distribution determinations. We are required to annually assess any claims for the Demand Management Innovation Allowance (DMIA) against the criteria contained in the DMIS. 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 non-Victorian DNSPs) were provided to us as part of the DNSPs’ 2011–12 RIN responses. Energex and SA Power Networks did not claim DMIA expenditure in 2011–12. DMIA reports for CitiPower, Jemena Energy Networks, Powercor, SP AusNet and United Energy (the Victorian DNSPs) were provided to us as part of their 2012 RIN responses.[[1]](#footnote-1) No DNSPs sought forgone revenue as part of their DMIA expenditure. This report has been updated to include the Victorian DNSPs DMIA expenditure for the 2012 regulatory year.

The non-Victorian DNSPs claimed $2.2 million in DMIA expenditures for 22 projects aimed at managing demand. In comparison, the Victorian DNSPs claimed $564,515 in DMIA expenditure for six demand management projects. The projects undertaken vary considerably in both their nature and scale. They range from those which assess customers’ responses to financial incentives to the promotion of energy sustainability in new residential areas to testing residential battery storage.

We have approved the DMIA expenditure claimed by all of the DNSPs as the expenditure complies with the DMIA criteria. The DMIA expenditure we have approved to date (within current regulatory periods) accounts for approximately 14 per cent and 11 per cent of the total allowance available to the non-Victorian DNSPs and Victorian DNSPs respectively. Table 1.1 shows annual approved DMIA expenditure for the DNSPs by regulatory year.

Annual approved DMIA expenditure by regulatory year\*

|  |  |  |  |
| --- | --- | --- | --- |
| **DNSPs** | **2009–10\*\*** | **2010–11/2011** | **2011–12/2012** |
| Non-Victorian (2009–10 to 2014–15) | 360 398 | 1 005 751 | 2 218 125 |
| Victorian (2011–2016) | N/A | 567 165 | 564 515 |

\* Non-Victorian data in December 2011 dollars and Victorian data in June 2012 dollars.

\*\* In 2009-10 only the NSW and ACT DNSPs were regulated by the AER.

The DMIS reports from each of the DNSPs are available on our website at [www.aer.gov.au](http://www.aer.gov.au).

* + 1. 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. We published the 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 our distribution determination we have 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 us on their DMIS expenditure at the end of each year. The information provided in a DNSP’s annual DMIS report is used in our assessment of a DNSP’s compliance with the DMIA criteria and entitlement to recover expenditure under the DMIA.

* + 1. DMIA assessment

We conducted our 2011–12 and 2012 DMIA compliance assessments based on the DMIS reports and responses to further information requests received from the following DNSPs:

* ActewAGL
* Ausgrid
* CitiPower
* Endeavour Energy
* Ergon Energy
* Essential Energy
* Jemena Electricity Networks
* Powercor
* SP AusNet
* United Energy.

Table 3.1 shows the amount of DMIA expenditure we approved for the non-Victorian DNSPs for 2011–12 and the remaining allowance for each DNSP in their current regulatory control periods. 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 periods.

Non-Victorian DNSPs DMIA expenditure claimed, approved and remaining   
($ December 2011)

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| DNSP | DMIA claimed 2011–12 | DMIA approved 2011–12 | DMIA approved  to date (inclusive of 2011–12) | DMIA remaining for the period | 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** | **3 584 174** | **22 199 873** | **13.9** |

Table 3.2 shows the amount of DMIA expenditure we approved for the Victorian DNSPs for 2012 and the remaining allowance for each DNSP in the current regulatory period. All of the Victorian DNSPs claimed DMIA in 2012. To date (2011 and 2012) the Victorian DNSPs have claimed approximately 11 per cent of the total DMIA approved for their current regulatory period.

Victorian DNSPs DMIA expenditure claimed, approved and remaining   
($ June 2012)

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| DNSP | DMIA claimed 2012 | DMIA approved 2012 | DMIA approved  to date (inclusive of 2012) | DMIA remaining for the period | Proportion of approved DMIA spent (%) |
| CitiPower | 45 290 | 45 290 | 121 129 | 924 392 | 11.5 |
| Jemena Electricity Networks | 223 925 | 223 925 | 704 240 | 341 281 | 67.3 |
| Powercor | 19 180 | 19 180 | 19 180 | 3 117 384 | 0.6 |
| SP AusNet | 188 760 | 188 760 | 199 771 | 2 936 793 | 6.3 |
| United Energy | 87 360 | 87 360 | 87 360 | 2 003 683 | 4.1 |
| **TOTAL** | **564 515** | **564 515** | **1 131 680** | **9 323 533** | **10.8** |

* 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. We approved ActewAGL's claimed DMIA expenditure in 2011–12 because it meets the DMIA criteria as set out in table A.1.

* 1. 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. We have approved Ausgrid's claimed DMIA expenditure in 2011–12 because it meets the DMIA criteria as set out in tables A.2–A.7.

* 1. CitiPower

CitiPower claimed DMIA expenditure of $45 290 for its Inner Urban Demand Management (IUDM) program, a continuation on the program from 2011. The IUDM program intends to address maximum demand on very hot days. The program involved trialling large commercial and industrial customer demand management programs in the area served by Richmond Terminal Station in order to reduce maximum demand during the summer period, through shifting and curtailing demand. CitiPower established the trial to target a maximum of 4MW of maximum demand if a sufficient number of customers were willing to participate.

CitiPower sought to achieve this by testing customers’ level of interest in the program and trialling their ability to respond using pre-arranged agreements and a communication protocol. Each participating customer is paid a fixed fee for participation and a fee for each demand management response. CitiPower advised that a combination of generation agreements and demand management agreements from the IUDM program resulted in potential 8.3MW of curtailment in the summer period of 2011-12. CitiPower expects the IUDM program to conclude in 2014.

Details about this program can be found in CitiPower’s DMIA report. We approved CitiPower’s claimed DMIA expenditure in 2012 because it meets the criteria as set out in table B.1.

* 1. Endeavour Energy

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

In August 2010, we approved 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.[[2]](#footnote-2)

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.

We have 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.

* 1. 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 us 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.[[3]](#footnote-3)

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.

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.[[4]](#footnote-4) 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 trail 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[[5]](#footnote-5) 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. We approved Ergon Energy's DMIA expenditure in 2011–12 because it meets the DMIA criteria set out in tables A.12–A.21.

* 1. 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. We approved Essential Energy's claimed DMIA expenditure in 2011–12 because it meets the DMIA criteria set out in table A.22.

* 1. Jemena Electricity Networks

Jemena Electricity Networks (JEN) has claimed DMIA expenditure of $223 925 for its Energy Portal project, a continuation of the project from 2011. JEN noted that the Energy Portal project is a joint project with United Energy Distribution, with an agreed cost split between the two DNSPs.

The Energy Portal project is a demand management initiative designed to enhance electricity consumers’ demand management capability. The project intends to provide better information on electricity usage, empowering consumers to make informed decisions about when and how much energy they consume. It uses advanced metering infrastructure (AMI) to provide near real-time electricity consumption information.[[6]](#footnote-6) It also allows binding of Home Area Network appliances to the AMI meter, allowing customers to control appliances in order to shift and/or reduce electricity consumption.

JEN stated that it is still too early to quantify the demand side benefits that have arisen from the Energy Portal, because the project’s consumer base is continually increasing as more households utilise AMI technology. However, JEN noted that the initial assessment and customer feedback indicates that this program is beneficial and some consumers have been able to consider ways to reduce their electricity bills. JEN intends to provide a further update on this project in its 2013 DMIA report.

Details about the project can be found in JEN’s DMIS report. We approved JEN’s claimed DMIA expenditure in 2012 because it meets the DMIA criteria set out in table B.2.

* 1. Powercor

Powercor claimed DMIA expenditure of $19 180 for its Water Treatment Business Demand Management (WTBDM) trial. The WTBDM trial addresses the maximum demand of a commercial customer at specific parts of the network, with a view to communicating the initiative to customers with similar demand management opportunities. The WTBDM trial involves the integration of current network monitoring capability with the process management system in water treatment plants. These water treatment plants typically have high maximum demand events during backwashes[[7]](#footnote-7) and at other times during the process. The WTBDM trial enables the automatic control of processes to shift or reduce demand, and provides analytical data that enables operators to improve or adjust sequences. This has the effect of shifting and reducing demand for standard control services including the potential for shifting processes to off-peak periods on peak demand days, and identifying contributing factors to overall demand.

Details about the project can be found in Powercor’s DMIS report. We have approved Powercor’s claimed DMIA expenditure in 2012 because it meets the DMIA criteria set out in table B.3.

* 1. SP AusNet

SP AusNet claimed DMIA expenditure of $188 760 in 2012 for two demand management projects, both of which are new projects that commenced in 2012.

SP AusNet’s Residential Battery Storage trial will use stationary batteries connected to residential homes to simulate the potential characteristics of a demand management enabled electric vehicle. The trial will deliver an integrated residential storage solution to ten customers, half of which are provided with batteries and the remaining half provided with a battery and solar photovoltaic cells. The storage systems will have internet connectivity where control signals will instruct the battery to commence charging/discharging and to retrieve measurement data. The objective of the Residential Battery Storage trial is to explore how battery storage at the residential level can be used for peak demand management, in addition to developing key insights into how electric vehicles may interact in future networks. SP AusNet claimed $148 760 in DMIA expenditure for its Residential Battery Storage trial.

SP AusNet claimed $40 000 in DMIA expenditure for its Grid Energy Storage System (GESS) trial. The GESS trial involves installing a large (1MW / 1MWhr) battery system to support the peak load at Watsonia. The system includes a 1MW diesel generator set to extend the MWh rating of the battery system to provide full coverage of the peak demand period. The trial is also expected to improve the supply of electricity and network voltage stability during network disturbances.

Further details about the projects can be found in SP AusNet’s DMIS report. We approved SP AusNet’s DMIA expenditure in 2012 because it meets the DMIA criteria set out in tables B.4‑B.5.

* 1. United Energy

United Energy claimed $87 360 in DMIA expenditure for the District Energy Service Scheme (DESS) project. United Energy formalised a Memorandum of Understanding (MoU) with Manningham City Council in providing support for jointly planned initiatives within the Doncaster Hill Smart Energy Zone. The MoU provides for United Energy to assist the Council to explore and facilitate projects which promote sustainable energy development and demand management opportunities within Doncaster Hill Smart Energy Zone. United Energy is also providing in-kind labour and financial support to the Council through the DMIA allowance where external consulting resources were required for the development of the project.

The DESS project aims to establish a working, commercially feasible district energy services scheme in the Doncaster Hill Smart Energy Zone. The project will combine tri-generation and demand management (thermal storage) facilities to allow a shift and reduction in peak demand. The DESS project focuses on meeting both the Council’s objective of reducing greenhouse gas emissions and United Energy’s objective to defer network augmentation.

Further details about the project can be found in United Energy’s DMIS report. We approved United Energy’s DMIA expenditure in 2012 because it meets the DMIA criteria set out in table B.6.

* + 1. Conclusion

We conducted the 2011–12 and 2012 DMIA compliance assessments based on the annual DMIS reports we received from DNSPs, excluding Energex and SAPN who did not claim DMIA expenditure in 2011–12.

The DNSPs have claimed DMIA expenditure for a variety of projects aimed at managing demand. The projects undertaken vary considerably in both their nature and scale. They range from those which assess customers’ responses to financial incentives to the promotion of energy sustainability in new residential areas to testing residential battery storage.

The non-Victorian DNSPs sought approval of 22 DMIA projects totalling $2 218 125. This is more than double the DMIA expenditure spent in the previous regulatory year. The Victorian DNSPs claimed $564 515 in DMIA expenditure for six projects. This is about the same level of expenditure claimed in 2011. However, the number of DMIA projects increased from three projects in 2011 to six in 2012. In the current regulatory control period, the Victorian DNSPs have claimed $1 131 680 in DMIA expenditure.

We have approved the DMIA expenditure claimed by the DNSPs as the expenditure complies with the DMIA criteria. This expenditure accounts for approximately 14 per cent of the total DMIA allowance available to the non-Victorian DNSPs, and 11 per cent available to the Victorian DNSPs, in their respective regulatory periods.

In general the businesses have not made significant use of the DMIA, however, it is noted that the DMIS allows the businesses to spend their allowances in any profile they chose subject to the constraint that they cannot recover more than the approved allowance.

Appendix A

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

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 2011–12 DMIA expenditure

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 2011–12 DMIA expenditure

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 2011–12 DMIA expenditure

Project 3: CBD Embedded Generator Connection Trial

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| 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 2011–12 DMIA expenditure

Project 4: Subsidised Off-peak Hot Water Connections program

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| 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 2011–12 DMIA expenditure

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

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| 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 2011–12 DMIA expenditure

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

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| 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 2011–12 DMIA expenditure

Project 1: Rooty Hill Residential Demand Management Program

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| 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 2011–12 DMIA expenditure

Project 2: Standby Power Reporting: PowerView

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| 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 2011–12 DMIA expenditure

Project 3: Glenmore Park Demand Response Trial

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| 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 2011–12 DMIA expenditure

Project 4: Data Analysis and Reporting

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| 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 2011–12 DMIA expenditure

Project 1: Auto Demand Response Trial

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| 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 2011–12 DMIA expenditure

Project 2: Residential Air Conditioning Cleaning (RACC) Trial

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| 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 2011–12 DMIA expenditure

Project 3: Grid Utility Support System – Phase 2

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| 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 2011–12 DMIA expenditure

Project 4: Stockland North Shore Living Display Centre

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| 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 2011–12 DMIA expenditure

Project 5: Passive Air Cooling Trial

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| 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 2011–12 DMIA expenditure

Project 6: Smart Camp Feasibility project

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| 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 2011–12 DMIA expenditure

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 2011–12 DMIA expenditure

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 2011–12 DMIA expenditure

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 2011–12 DMIA expenditure

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 2011–12 DMIA expenditure**

Project 1: Grid Interactive Inverter (GII)

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| --- | --- |
| 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). |

Appendix B

Table B.1: AER assessment of Citipower’s 2012 DMIA expenditure

Project 1: Inner Urban Demand Management Program (IUDM)

|  |  |
| --- | --- |
| 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. | Citipower’s IUDM project is consistent with this criterion because it is a measure undertaken by Citipower to shift and curtail large customers’ demand for standard control services by implementing network or embedded generation alternatives in return for a payment. |
| 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. | Citipower’s IUDM project is consistent with this criterion because it is a peak demand management project which aims to address specific network constraints by reducing maximum 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. | Citipower’s IUDM 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. | Citipower’s IUDM 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. | Citipower’s DMIA report for the IUDM project contains a statement to this effect. |
| Expenditure under the DMIA can be in the nature of capex or opex. | Citipower has claimed DMIA expenditure for the IUDM project as opex. |

Table B.2: AER assessment of JEN’s 2012 DMIA expenditure

Project 1: Energy Portal 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. | JEN’s Energy Portal project is consistent with this criterion because it is a measure undertaken by JEN to reduce demand for standard control services through the provision of information to empower customers to respond to price signals. The Energy Portal project also allows binding of Home Area Network appliances to the AMI meter, allowing the consumer to develop a smart home that is ‘energy aware’. |
| 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. | JEN’s Energy Portal project is consistent with this criterion because it is a broad-based demand management project 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. | JEN’s Energy Portal project is consistent with this criterion because it builds upon JEN’s AMI and explores customer responses to smart metering information and price signals. |
| Recoverable projects and programs may be tariff or non–tariff based. | JEN’s Energy Portal 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. | JEN’s DMIA report for the Energy Portal project contains a statement to this effect. |
| Expenditure under the DMIA can be in the nature of capex or opex. | JEN has claimed DMIA expenditure for the Energy Portal project as capex. |

Table B.3: AER assessment of Powercor’s 2012 DMIA expenditure

Project 1: Water Treatment Business Demand Management Trial (WTBDM 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. | Powercor’s WTBDM trial is consistent with this criterion because it is a measure undertaken by Powercor to test ways to reduce maximum demand at specific locations with a view to communicate the initiative to customers with similar demand management opportunities. |
| 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. | Powercor’s WTBDM trial is consistent with this criterion because it is a peak demand management project which aims to address specific network constraints by reducing maximum 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. | Powercor’s WTBDM trial is consistent with this criterion because it is an innovative approach for an existing process, which is designed to build demand management capability and capacity and explore potentially efficient demand management mechanisms. |
| Recoverable projects and programs may be tariff or non–tariff based. | Powercor’s WTBDM 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. | Powercor’s DMIA report for the WTBDM trial contains a statement to this effect. |
| Expenditure under the DMIA can be in the nature of capex or opex. | Powercor has claimed DMIA expenditure for the WTBDM trial as opex. |

Table B.4: AER assessment of SP AusNet’s 2012 DMIA expenditure

Project 1: Residential Battery Storage 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. | SP AusNet’s Residential Battery Storage project is consistent with this criterion because it is a measure undertaken by SP AusNet to manage demand for standard control services by installing battery storage systems in residential homes, which can be charged or discharged by SP AusNet to flatten peak 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. | SP AusNet’s Residential Battery Storage project is consistent with this criterion because it is a peak demand management project which aims to reduce specific network constraints 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. | SP AusNet’s Residential Battery Storage project is consistent with this criterion because it is designed to build demand management capability and capacity and explore potentially efficient demand management mechanisms. |
| Recoverable projects and programs may be tariff or non–tariff based. | SP AusNet’s Residential Battery Storage 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. | SP Ausnet’s DMIA report for the Residential Battery Storage project contains a statement to this effect. |
| Expenditure under the DMIA can be in the nature of capex or opex. | SP Ausnet has claimed DMIA expenditure for the Residential Battery Storage project as capex ($118 560) and opex ($30 200). |

Table B.5: AER assessment of SP AusNet’s 2012 DMIA expenditure

Project 2: Grid Energy Storage System (GESS) 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. | SP AusNet’s GESS project is consistent with this criterion because it is a measure undertaken by SP AusNet to manage peak demand by installing a large battery storage system to provide demand levelling and voltage support services to defer network augmentation and improve the quality of supply to consumers. |
| 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. | SP AusNet’s GESS project is consistent with this criterion because it is a peak demand management project which aims to address 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. | SP AusNet’s GESS project is consistent with this criterion because it is an innovative measure designed to build demand management capability and capacity and explore potentially efficient demand management mechanisms. |
| Recoverable projects and programs may be tariff or non–tariff based. | SP AusNet’s GESS 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. | SP AusNet’s DMIA report for the GESS project contains a statement to this effect. |
| Expenditure under the DMIA can be in the nature of capex or opex. | SP AusNet has claimed DMIA expenditure for the GESS project as capex. |

Table B.6: AER assessment of United Energy’s 2012 DMIA expenditure

Project 1: District Energy Services Scheme (DESS) 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. | United Energy’s DESS project is consistent with this criterion because it is a measure undertaken by United Energy to shift or reduce demand for standard control services to defer network augmentation 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. | United Energy’s DESS project is consistent with this criterion because it is a peak demand management project which aims to address 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. | United Energy’s DESS project is consistent with this criterion because it is designed to explore potentially efficient demand management mechanisms using original concepts. |
| Recoverable projects and programs may be tariff or non–tariff based. | United Energy’s DESS 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. | United Energy’s DMIA report for the DESS project contains a statement to this effect. |
| Expenditure under the DMIA can be in the nature of capex or opex. | United Energy has claimed DMIA expenditure for the DESS project as opex. |

1. Non-Victorian DNSPs’ regulatory years align with financial years, whereas Victorian DNSPs regulatory years align with calendar years. [↑](#footnote-ref-1)
2. All other costs for this program are claimed through the D-Factor. [↑](#footnote-ref-2)
3. Ergon Energy 2011–12 DMIA report, p. 4. [↑](#footnote-ref-3)
4. Camp loads refer to a construction or mining camp which comprises multiple demountable building for accommodation. Camp loads share common areas. [↑](#footnote-ref-4)
5. STATCOM stands for “static synchronous compensator” [↑](#footnote-ref-5)
6. JEN has not received funding for its web portal project as part of its advanced metering infrastructure project. [↑](#footnote-ref-6)
7. In water treatment plants, backwashing can be an automated process that is run by local programmable logic controllers or by centralized SCADA systems. [↑](#footnote-ref-7)