



Jemena Electricity Networks (Vic) Ltd

Response to the Price Reset Regulatory Information Notice

Written Response

Information for the 2021-2026 Regulatory RIN



7. Non-Network Alternatives

- 7.1 Identify the *policies and strategies* and *procedures* in the response to *Workbook 1 – Regulatory determination, regulatory template 7.1* which relate to the selection of efficient *non-network* solutions.

The documents in use that relate to the selection of efficient non-network solutions are outlined in the table below.

Document	Description
<i>JEN - RIN - Support - JEN - Network Augmentation Planning criteria paper - 20200131 - Public</i>	<ul style="list-style-type: none">Outline the probabilistic planning methodology that JEN applies to assess the costs of network constraints and benefits of network and non-network alternative solutions to manage or mitigate identified network constraints
<i>JEN - RIN - Support - 2019 Distribution Annual Planning Report - 20200131 - Public - Section 2.4</i>	
<i>JEN - RIN - Support - 2019 Distribution Annual Planning Report - 20200131 - Public - Section 5.3</i>	<ul style="list-style-type: none">Further policy, strategy and procedural information specific to our demand management and demand side engagement approach
<i>Demand Side engagement document (JEN PL 0140) - 20200131 - Public.</i>	
<i>JEN - RIN - Support - Demand Management Options Analysis Report- 20200131 - Confidential</i>	

All documents listed above are provided as part of JEN's RIN response supporting documents.

- 7.2 Explain the extent to which the provision for efficient *non-network* alternatives has been considered in the development of the *forecast capex* and *forecast opex* proposals.

Section 5 of our *JEN - RIN - Support - 2019 Distribution Annual Planning Report - 20200131 - Public* identifies network constraints and quantifies risks associated with these constraints. The DAPR is an essential part of the network development consultation process and is a platform for engaging potential non-network support providers to help identify solutions to manage network loading.

A summary of the non-network options assessed against proposed 2021-2026 demand driven augmentation projects is provided in the *JEN - RIN - Support - Demand Management Options Analysis Report - 20200131 - Confidential* included as part of JEN's RIN response supporting documents.

- 7.3 Identify each *non-network* alternative that *Jemena* has:
- commenced during the *current regulatory control period*; and
 - selected to commence during, or will continue into, the *forthcoming regulatory control period*.

7.3 (a)

JEN commenced one non-network alternative project during the current regulatory control period, which was a 2 MW demand response program for customers supplied via the Flemington (FT) Zone Substation. The

demand response program was established prior to summer 2017/18, and enabled augmentation works at FT to be deferred by one year.

7.3 (b)

JEN has identified that there are no non-network alternatives to commence in the forthcoming regulatory control period, as detailed in the *JEN - RIN - Support - Demand Management Options Analysis Report-20200131 - Confidential*.

7.4 For each *non-network* alternative identified in the response to paragraph 7.3, provide a description, including cost and location.

During the current regulatory control period, the 2 MW demand response program in the FT supply area, provided by an external demand management service provider, was established for a total cost of \$508,346, which includes both internal JEN project costs and external payments to the service provider.

JEN has no planned non-network alternatives commencing in the forthcoming regulatory control period.

7.5 Provide, for each year of the *current regulatory control period*, and for the *forthcoming regulatory control period*, details of each payment made, or expected to be made, by Jemena to an *Embedded Generator* in reflection of any costs avoided by deferring *augmentation* of:

- (a) Jemena's distribution *network*; or
- (b) the relevant transmission *network*.

7.5 (a)

JEN does not make payments towards avoided distribution use of system (**DUOS**) charges.

7.5 (b)

JEN does pay 100% of avoided transmission use of system (**TUOS**) to embedded generators.

We currently make avoided TUOS payments to two existing embedded generators; Somerton Power Station and Melbourne Water's Preston Hydro Generator. The tables below present the actual and forecast payments made by JEN to embedded generators in the current and forthcoming regulatory periods.

Avoided TUOS payments – current period

	CY16 \$ nominal	CY17 \$ nominal	CY18 \$ nominal	CY19 \$ June 2021	CY20 \$ June 2021
Preston					
Somerton					
Total	\$267,288.81	\$934,089.67	\$ 947,027.15	\$ 764,867.64	\$ 764,867.64

Avoided TUOS payments – forthcoming period

	FY22 \$ June 2021	FY23 \$ June 2021	FY24 \$ June 2021	FY25 \$ June 2021	FY26 \$ June 2021
Preston					
Somerton					
Total	\$ 764,867.64	\$ 764,867.64	\$ 764,867.64	\$ 764,867.64	\$ 764,867.64

There are currently no new embedded generator proposals to our network that are expected to impact TUOS charges in the forthcoming regulatory control period.

Please refer to Basis of Preparation provided for details of how current period data was prepared, and how Avoided TUOS payments are calculated (per requirement 1.6.b.iii).