5. DEMAND MANAGEMENT INCENTIVE ALLOWANCE		
5.1	Identify each demand management project or program which Powercor seeks approval of.	Boundary Bend Generation 2012/13 Summer
5.2	For each demand management project or program identified in the response to paragraph 5.1:	**(a) Explanation** (i) The project has the effect of deferring capital expenditure, providing

	(a) explain: (i) how it complies with the Demand Management Incentive Allowance criteria set out at section 3.1.3 of the *demand management incentive scheme*; (ii) its nature and scope; (iii) its aims and expectations; (iv) the process by which it was selected, including its business case and consideration of any alternatives; (v) how it was/is to be implemented; (vi) its implementation costs; and (vii) any identifiable benefits that have arisen from it, including any off peak or peak demand reductions. (b) state whether its associated costs are: (i) not recoverable under any other jurisdictional incentive scheme; (ii) not recoverable under any other Commonwealth or State Government scheme; and (iii) not included in the forecast capital or operating expenditure approved in the 2011–15 Distribution Determination or recoverable under any other incentive scheme in that determination (such as the D–factor scheme for NSW); and (c) explain any assumptions and/or estimates used in the calculation of forgone revenue, demonstrating the reasonableness of those assumptions and/or estimates in calculating forgone revenue, including the reasons for Powercor's decision to adjust or not to adjust for other factors and the basis for any such adjustments.	operational and planning learning and can be redeployed in other locations and times (ii) The project is a network support project which was deployed to inject electrical power into the BBD 21 22kV feeder in the Boundary Bend Network in North Western Victoria. The project included 2x1250kVA and 2x350kVa portable generators and included supply and lease of equipment, labour and fuel. (iii) The aims and expectations of the project were to gain experience and operational capability. The Feeder was subjected to unusually high and unpredictable loading due the ending of the drought conditions in the area. Irrigators who had been very constrained from lack of water were allocated large amounts of water following excess rain. Their response was to pump at full capacity whenever they were allocated and this put a once off high demand on the feeder. The project was initiated to enable deferment of the requirement of a $6.8M augmentation enabling transfer of load between BBD 14 and BBD 21 by 6-12 months. It should be noted that the nature of the demand on this part of the network can be very low for several years when rainfall is at or below normal and this makes the trend volatile. (iv) the process for selection involved consideration of options over a short period of time including demand management, network augmentation and network support. The demand management option was considered against customer requirements and previous experience and considered that irrigation was a very high priority and DM at this point would be inflexible and difficult to coordinate. Augmentation in the short term was more expensive and compared with rapidly deployable portable generation a cost and completion scenario favoured network support. (v) Project was implemented in January to March 2014 with 2x1250kVA and 2x350kVa portable generators. Remote control techniques and remote monitoring was tested to reduce fuel and labour costs while improving response. (vi) The implementation costs were $189,000 and spent during the summer months (vii) Benefits included deferral of the augmentation of $6.8M by 6-12 months, remote control techniques and remote monitoring was tested to reduce fuel and labour costs while improving response. The deployment and decommissioning time was rapid and set standards and guidelines for future deployments. **(b) statement as to whether its associated costs are:** (i) the costs were not recoverable under any other jurisdictional incentive scheme;

		(ii) the costs were not recoverable under any other Commonwealth or State Government scheme; and (iii) the costs were not not included in the forecast capital or operating expenditure approved in the 2011–15 Distribution Determination or recoverable under any other incentive scheme in that determination (such as the D–factor scheme for NSW); and **(c) explain any assumptions and/or estimates used in the calculation of forgone revenue:** The location of the connection point of the project is on the network side of customers' meters. Therefore there was no need for consideration of foregone revenue.
5.3	State the total amount of the Demand Management Incentive Allowance spent in the Relevant Regulatory Year and explain how it was calculated	The Demand Management Incentive Allowance amount spent in the 2013 Regulatory Year was $189,000 and was calculated based on actual costs of supply and lease of equipment, labour and fuel.