



Demand Management Incentive Scheme Compliance Report – FY22

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1 Introduction

The AER published a new Demand Management Incentive Scheme (DMIS) in 2017 to encourage distribution businesses to adopt lower-cost non-network solutions, rather than investing solely in network solutions. The scheme provides incentive payments up to 50% of the expected costs on efficient demand management projects. This compliance report has been prepared in accordance with the requirements in section 2.4 of the scheme.

As per section 2.4 (3) of the scheme this compliance report includes two parts:

- Part A includes information on committed projects.
- Part B contains information on projects that the distributor has identified as eligible projects.

This DMIS compliance report relates to the period 1 July 2021 to 30 June 2022 (FY22) reporting period.

In FY22 UE has continued demand management for two of its committed projects with already claimed DMIS incentive payments and as reported in previous DMIS compliance reports.

- UE Summer Saver Demand Management Program 2021/22 (SSP 22); and
- UE and Aggreko Lower Mornington Peninsula (LMP) Demand Management Solution.

In FY22, UE identified one new eligible project which it also committed to under the DMIS scheme as detailed below:

- UE Summer Saver Demand Management Program 2022/23 (SSP 23).

Summer Saver Demand Management Solution 2022/23

The purpose of the Summer Saver Demand Management Program is to defer capital expenditure on UE's Distribution System Augmentation Program (known as 'DSS'). The DSS is undertaken to augment overloaded distribution substations and low-voltage circuits to maintain reliability of supply. Summer Saver is implemented in place of the DSS to achieve the same outcomes for customers, but at a lower cost than the DSS.

We can confirm that the 2022/23 Summer Saver Program is not funded by any other sources and has not had expenditure committed to it before the first application of this scheme on 1 November 2019. The summer saver non network solution is assessed annually against network augmentation (DSS program) and other non-network proposals we receive from non-network service providers via a tender process.

The decision on whether to initiate and commit to a summer saver project is made annually and independently of the previous year's project commitment. UE considers an annual approach allows for the most appropriate summer saver scheme design. A review prior to initiating and committing to the project ensures UE can economically re-evaluate the most appropriate DSS sites for inclusion, select the efficient amount of demand management based on the most recent demand forecasts, and select the most efficient partner through a tender process year on year. No budget is committed to summer saver unless it is assessed as the most technically and financially suitable option.

In FY22, UE engaged with the broader market for consultation by undertaking a request-for-proposals from non-network service providers to provide lower-cost alternative solutions to resolve identified low-voltage network constraints. In response to this consultation, UE received five proposals being the Summer Saver demand management program and four proposals from alternative parties; Intelligent Automation, Ecojoule, KrackenFlex and ShineHub. The Summer Saver Program and Intelligent Automation were identified to be the only credible options for a demand response program that would defer the proposed DSS augmentation program.

Based on individual site assessments, demand management was determined as the highest net present value option for 153 sites for augmentation deferral and traditional augmentation was the highest net present value for the remaining 76 sites. Although augmentation was identified as the highest net present value option for approximately one-third of the list of sites, the demand management solution has been selected as the preferred approach because it provides option value which is important for ensuring long term efficient outcomes. Analysis of the DSS demand management program over the past 3 years have indicated that the list of DSS sites in the program changes each year. Approximately 75% of sites are new constrained sites which have been added to the program for the upcoming summer. Since augmentation involves investment of capital expenditure with the intended benefits



realised over 20 years, it is not the preferred option in this situation given the variation to the list of sites each year. Because these sites are at risk of outages due to overload for this coming summer, it is prudent to consider alternative risk reduction measures if augmentation is not the preferred option.

A combined demand management (DM) program with Summer Saver and Intelligent Automation was identified as the preferred least-cost solution to address the low-voltage constraints for all sites and is to be deployed to 229 network-constrained sites as an alternative to DSS augmentation for summer 2022/23. The total cost of the Demand Management Program for 229 sites for summer 2022/23 is \$306,921. Based on the DMIS, UE is eligible for the full 50% incentive of the demand management costs under the scheme, being $\$306,921 * 50\% = \$153,460$.



2 Part A - Committed Projects

UE has identified and committed to one new eligible project and continued two previously committed projects under the DMIS during FY22.

Previously committed projects:

- UE Summer Saver Demand Management Program 2021/22 (SSP 22); and
- UE and Aggreko Lower Mornington Peninsula Demand Management Solution.

New eligible project:

- UE Summer Saver Demand Management Program 2022/23 (SSP23).

During FY22, UE completed the 2021/22 Summer Saver Demand Management Program which was a committed project in 2021 as per the Half Year 2021 DMIS Compliance Report.

This section outlines the required compliance information for these programs during FY22 as required under section 2.4(4) of the DMIS.

2.1 Summer Saver Program 2021/22 (SSP22)

The Summer Saver Program 2021/22 (SSP22) was deployed to 234 network constrained sites, supplying approximately 19,066 customers during 2021/22 summer with three demand management events called. A summary of the demand management delivered for the event, as required under DMIS clause 2.4(4)(a), is shown in **Error! Reference source not found.** The event performance data has been attached in Appendix 4 (Section 4.4.1).

Table 1 : Summer Saver 2021/22 (SSP22) event summary

	Event 1	Event 2	Event 3
Date of event	31/12/2021	24/01/2022	25/01/2022
Average Demand Reduction per Hour (kW)	1.1	1.0	1.2
Total Demand Reduction (MW)	0.930	0.9	1.0
Number of Participants	849	837	843
Reward per Participant	\$28	\$27	\$30

The benefits of the Summer Saver 2021/22 program (SSP22) in FY22, as required under DMIS clause 2.4(4)(b), are:

- The program addresses network constrains at the low-voltage circuits by avoiding expected outages for 19,066 customers.
- Deferral of \$12.9M of DSS augmentation capex.
- The avoided expected unserved energy due to the program for summer 2021/22 is \$841k.

The total financial incentive for this committed project under DMIS clause 2.4(4)(c) and in accordance with clauses 2.2, 2.3 and 2.5 of the scheme, was previously approved for FY22.



2.2 Lower Mornington Peninsula Demand Management Program

The Lower Mornington Peninsula Demand Management Program was established for five years commencing in summer 2021/22 with 13MVA of demand response provided from a combination of Aggreko generators installed and commissioned in December across the 5 customer sites on the Lower Mornington Peninsula (11MW), demand management agreements with C&I customers in the region (1MW), and support from residential demand management in the region (1MW). Response is provided in a manner determined by hierarchy of risk, where the residential demand management is the first to be dispatched, followed by C&I customers and finally Aggreko generators if required.

Three demand management events were called during FY22 which only required the dispatch of the residential demand management support. A summary of the demand management delivered for each event, as required under DMIS clause 2.4(4)(a), is shown in Table 2. The event performance data has been attached in Appendix 4 (Section 4.4.2).

Table 2: Lower Mornington Peninsula 2021/22 (LMP22) event summary

	Event 1	Event 2	Event 3
Date of event	31/12/2021	26/01/2022	27/01/2022
Average Demand Reduction per Hour (kW)	1.1	0.8	0.9
Total Demand Reduction (MW)	0.155	0.1	0.2
Number of Participants	148	182	182
Reward per Participant	\$28	\$25	\$24

The benefits of the program for FY22, as required under DMIS clause 2.4(4) (b), are:

- Deferral of \$31.5M of augmentation capex for the establishment of a new 54km sub-transmission line from Hastings (HGS) to Rosebud (RBD) zone substations.
- The program addresses the voltage collapse risk which could lead to supply interruption to approximately 50,000 customers across the Mornington Peninsula.
- The avoided expected unserved energy due to the program for summer 2021/22 is \$715k.

2.3 Summer Saver Program 2022/23 (SSP23)

The Summer Saver Program 2022/23 (SSP23) is currently being deployed to 229 low-voltage constrained sites, supplying approximately 19,725 customers. SSP23 events shall be dispatched from December 2022 to March 2023.

The selected low-voltage circuits were predominantly residential customers. The SSP23 summer saver sites are graphically shown in Figure 1.

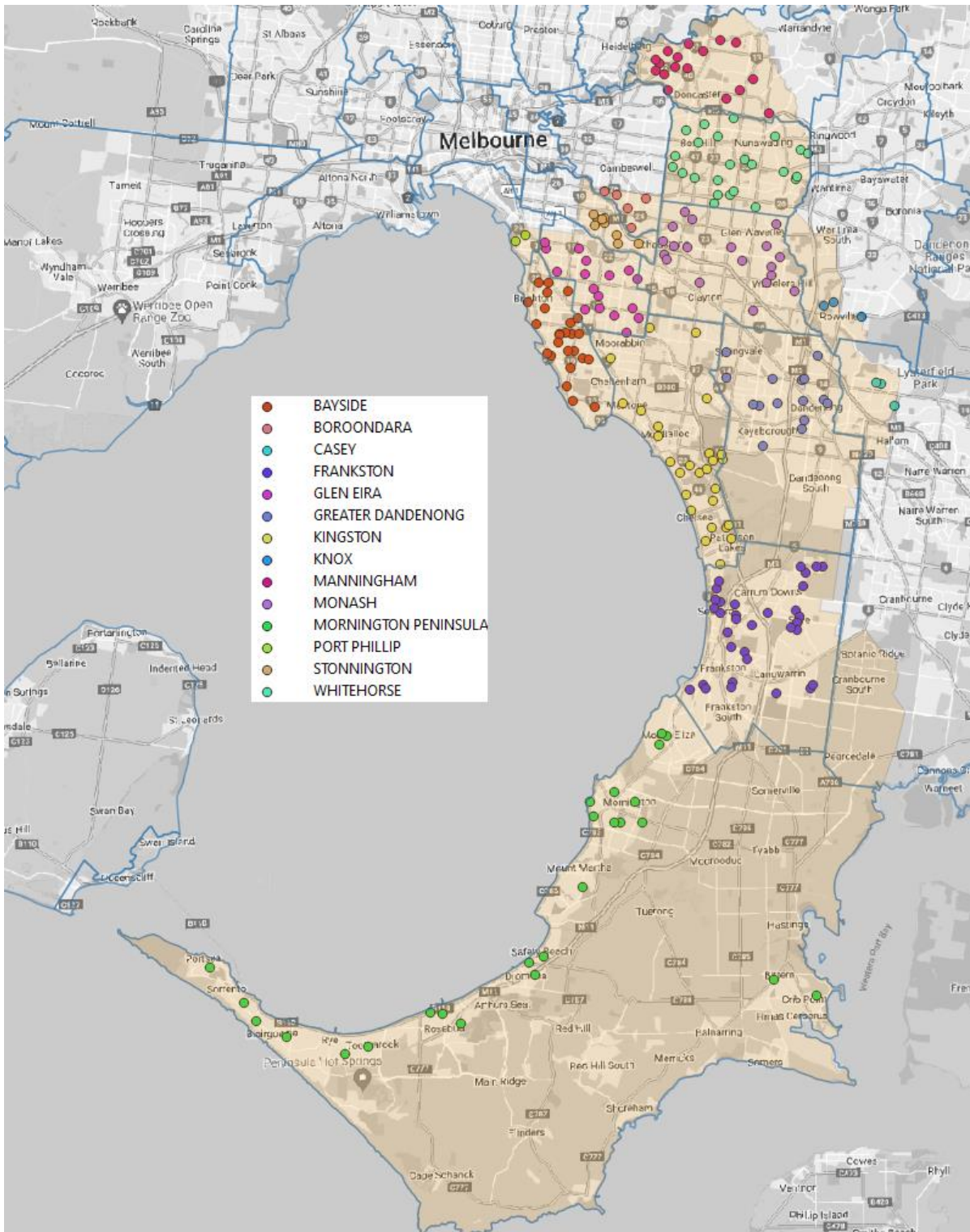


Figure 1 : Summer Saver 2022/23 selected sites

The benefits of the program for summer 2022/23, as required under DMIS clause 2.4(4) (b), are:

- The program addresses network constraints at the low-voltage circuits by avoiding expected outages for 19,725 customers
- Deferral of \$12.32M of DSS augmentation capex.
- The avoided expected unserved energy due to the program for summer 2022/23 is \$790k.



As required under DMIS clause 2.4(4)(c), the total financial incentive that UE has assessed that it is able to claim for this committed project in accordance with clauses 2.2, 2.3 and 2.5 of this scheme, for the FY23 regulatory period is calculated as follows:

- Expected total present value of the demand management costs is \$307k as detailed in Part B - [*PV DMcost*] in Section 3.1.3.
- Expected net economic benefit of the project is \$483k as detailed in Part B - [*NPV*] in Section 3.1.3.
- Since $50\% * [PV DMcost] \leq [NPV]$, UE are eligible for the full 50% incentive of the demand management costs of $\$306,921 * 50\% = \$153,460$ under the scheme.



3 Part B - Eligible Projects

As described in Section 2, UE identified one eligible project under the new DMIS scheme in FY22 which also became committed:

- UE Summer Saver Demand Management Program 2022/23.

This section outlines the required compliance information for this eligible project as required under section 2.4(4) of the DMIS.

3.1 Summer Saver Demand Management Program 2022/23

The Summer Saver Program 2022/23 (SSP23) was identified as an 'efficient non-network' option relating to demand management for the DSS augmentation program as required under the scheme. UE has met all the minimum project evaluation and eligibility criteria as per Section 2.2 and 2.2.1 of the DMIS for an efficient project under the scheme, including a request for quotes via its Demand Side Engagement Register and undertaking a net present value (NPV) economic benefit assessment (or a consumer benefit assessment). The request for proposal and template response has been attached in Appendix 1 (Section 4.1.1 and Section 4.1.2).

3.1.1 Proposals Overview

In response to a request for non-network proposals to address constraints in the low-voltage network during summer 2022/23, UE received five non-network proposals (four of which were from external third parties). Two of the five proposals were considered to be credible, namely UE's Summer Saver Program and Intelligent Automation's Demand Management Solution, to address the low-voltage circuit thermal constraints. A summary of the proposals are listed in the following sections.

3.1.1.1 Summer Saver Program

The Summer Saver Program is a behavioural demand response program that incentivises customers to reduce their power usage during times of maximum demand. The program targets constrained areas with highly utilised distribution transformers and low-voltage circuits that are at an elevated risk of overload outages during summer to defer network augmentation.

The Summer Saver Program utilises the capabilities of the Advanced Metering Infrastructure to encourage customer participation and engagement whilst lowering implementation costs.

Once registered, participants are requested to voluntarily reduce their power usage during a three-hour event window on a small number of hot weather 'event days' which typically are on weekdays over the summer period.

Customers are notified at least two days in advance of an 'event day' so they could plan how to reduce their energy consumption. Customers who successfully lower their energy consumption below their allocated baseline during the event are rewarded. SSP23 is based on a voluntary usage reduction program utilising high-frequency AMI data.

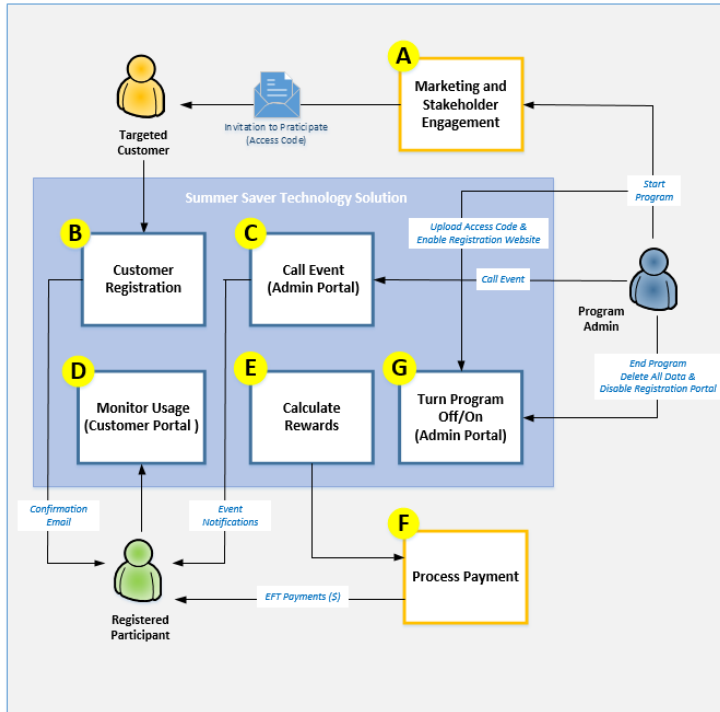
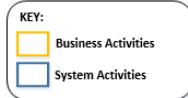
SSP23 includes the following features:

- Digital customer web and mobile enrollment
- Web and mobile utility customer portals
- Demand response management system
- Electronic Fund Transfer (EFT) after each event
- Pre-event tips and alerts
- Digital email/SMS engagement
- Customer reporting.

Figure 2 illustrates an overview of the SSP23 program. It describes the relationship between the operational components of the program and the interface between the technology system, program managers, and the participating household.



Summer Saver Program - Overview



- A Marketing and Stakeholder Engagement**
 - 1) Identify targeted customers.
 - 2) Update Marketing Content
 - 3) Engage External Stakeholders
 - 4) Invitation to Participate
- B Registration**
 - 1) Customer uses the Access Code to initiate the registration process.
 - 2) Customer is asked to provide the following key details:
 - Email & Phone number so that UE can notify the customer of an event
 - Bank Account details so that UE can process their rewards
 - 3) SSP system sends an email to the Customer upon successful registration.
- C Call Summer Saver Event**
 - 1) UE Event Manager creates/call an Event in the system.
 - 2) Registered Customer will be notified by Email and/or SMS when an Event will start with their baseline and maximum reward; 24 hours prior to the Start of the Event, On the day of the Event, Start of the event, End of the Event and Post Event Performance.
- D Monitor Usage**
 - 1) Customer logs into the SSP Application and see Events information including: Date, Time, and baseline (kWh)
 - 2) During an event, customer can log into the SSP system and see their current energy usage against their baseline over 3 hours block
 - 3) After an event, customer can log into the SSP system and see their results; a) met their requirement or failed, b) rewards (\$) for achieving the target
- E Calculate Reward**
 - 1) Rewards are calculated after each hour and updated on the customer portal
 - 2) Post Event Performance Report sent to Customer either via email and/or SMS after the event ends.
- F Calculate Reward**
 - 1) UE calculate the rewards for each Customer after Each Event
 - 2) UE pays customer through bank cheques / PayID
- G End of Summer (April)**
 - 1) UE removes all customer record and Bank details
 - 2) Disable Registration Portal

Figure 2 : Overview of Summer Saver Program 2022/23

Figure 3 and Figure 4 show the Summer Saver Program Customer Portal before, during and after a demand response event.

Tomorrow
▼

To reach your daily goal and maximise your rewards, keep your electricity below the baseline during the specified 3 hour timeslot. If you are successful for the full 3 hours, you will receive a 50% bonus on your maximum reward.

The next event starts in: **4h 36m**

🕒 TIME

3PM
to
6PM

⚡ BASELINE

<4.3kWh

🏆 REWARD

\$64.60
+
50% bonus



Well done:

You met all your hourly goals and received a 50% bonus. You saved 10.03kWh and earned \$75.30!

Your will receive your payment within 15 business days.

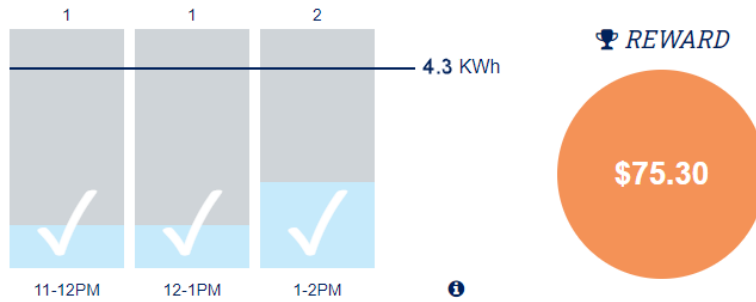


Figure 3 : Summer Saver Program customer portal before and after an event

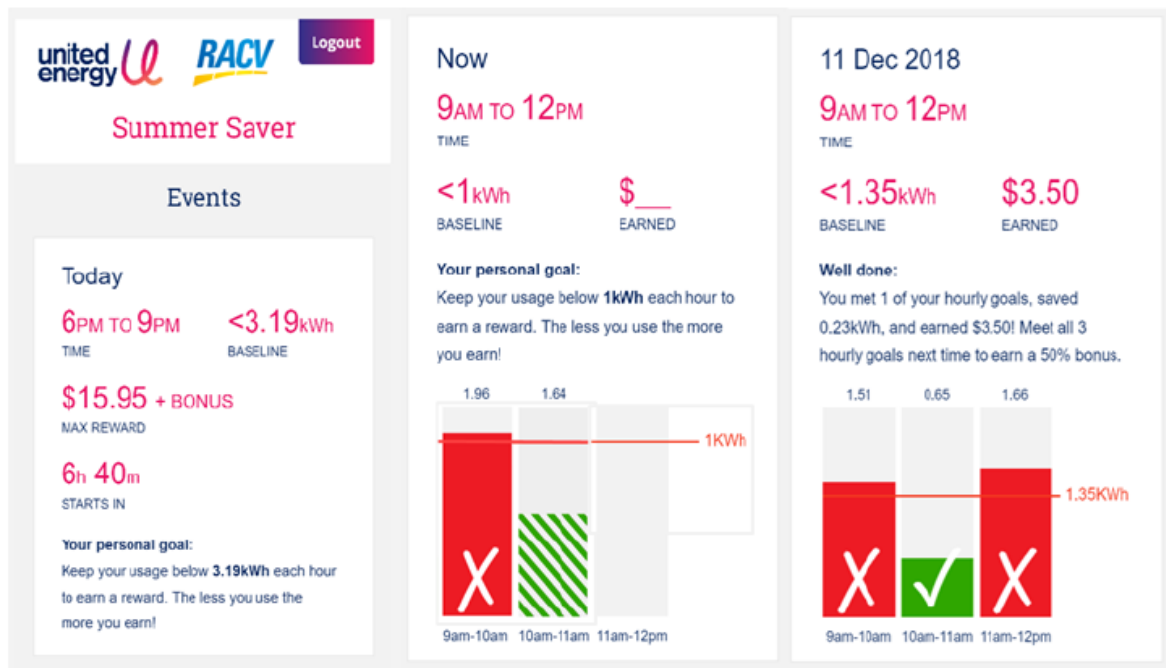


Figure 4 : Summer Saver Program Mobile Application before, during and after an event



3.1.1.2 Intelligent Automation

Intelligent Automation offered a non-network Home Energy Management System (HEMS) - an alternative to the Summer Saver Program. Intelligent Automation's proposal offered an end-to-end solution that included event dispatch, the provision of a web portal, marketing, recruitment and rewards incentive payments for customers within the constrained sites.

The proposal included the installation of a switching device called the Gswitch at the customer's premise and integration into the Intelligent Automation Power Platform.

Figure 5 illustrates an overview of Intelligent Automation's proposal.

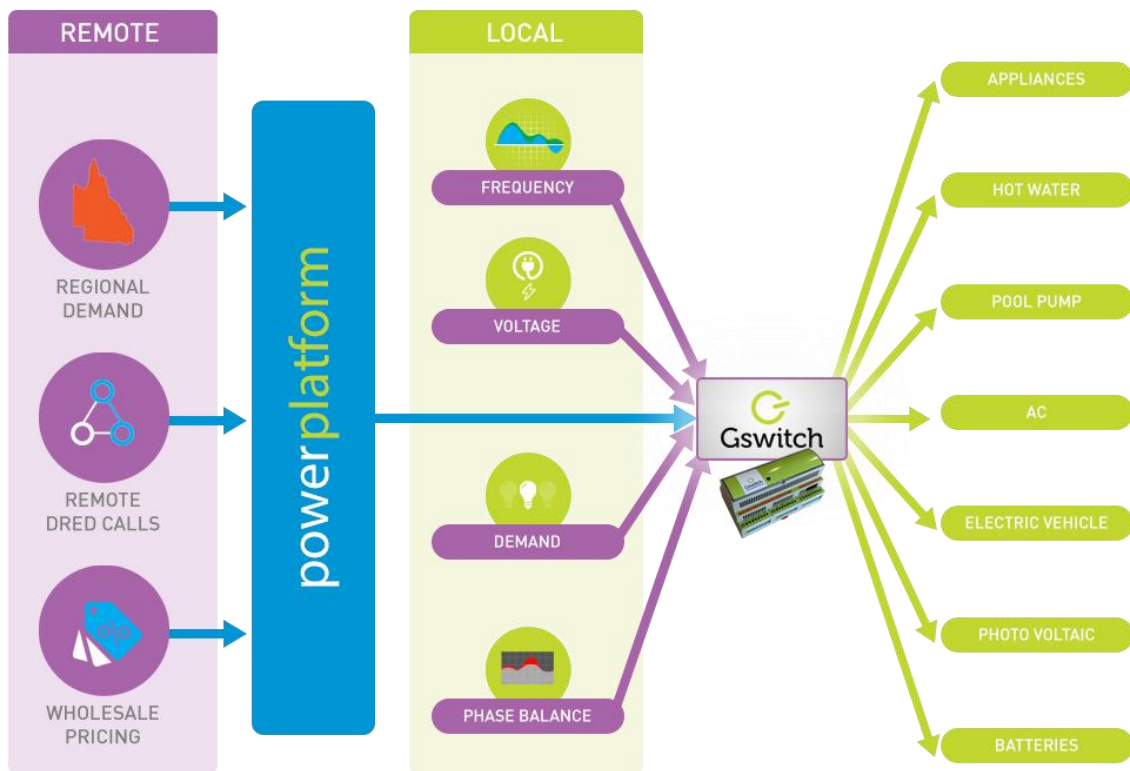


Figure 5: Overview of Intelligent Automation's proposal

According to Intelligent Automation's proposal:

The Gswitch is installed in line with the customers appliances and acts as a link between the user and their appliances. Software communicates to the user or subscribed remote agents. The software makes smart decisions for the end user on when to run certain appliances, whilst guaranteeing the required runtimes at minimum cost. The smart decisions can be managed by the customer through the easy to use local or remote web portal.

The purpose of the Gswitch is to protect the end user against high tariff pricing, and to increase return on investment (ROI) on asset value. This allows the customer to set their comfort levels and giving them control over their power bills.

The system DR command can be activated with notice as little as 10 minutes prior to the event but better results can be achieved with 24 hours' notice. This will allow the customer to create behavioural changes as well as priming appliances to coordinate improved outcomes. For example: starting of air conditioning early in low peak times and precooling the homes.



IA's experience has shown that offering monthly incentives for participation has maintained high customer retention and interest in demand response programs. Education is a key component for success and keeping in touch with updates, providing event times and duration help guide the engagement process. End users have the option to opt out of any event, however, history has shown a 99% successful participation rate.

3.1.1.3 Ecojoule

Ecojoule offered a range of battery units in its proposal and assumed that the distribution business will install and commission the batteries on their network. This proposal was not a complete solution to address the possible energy at risk at the constrained sites and defer the DSS augmentation program. Therefore, this proposal was considered to be technically unacceptable.

3.1.1.4 KrackenFlex

KrackenFlex offered a software system which enables control and management of assets. It can be partnered with another company to provide a demand management solution however this proposal was offering the software component only and was not a complete solution to defer the DSS augmentation program. Therefore, this proposal was considered to be technically unacceptable.

3.1.1.5 ShineHub

ShineHub offered Virtual Power Plants (VPP) using battery storage. This proposal was incomplete and did not provide details of the solution or the costs associated with the constrained sites. Therefore, this proposal was considered to be technically unacceptable.

3.1.2 Expected Demand Management Proposal Costs

Unlike previous years, this year's tenderers have provided costs for each individual site rather than a summary of the cost estimate and customer participation assumptions. The total customer base to be targeted over the 229 economic SSP sites is 19,725 customers. The summary of the costs for the combined DM program for 229 sites is provide in Table 3.

Table 3 : 2022/23 Combined DM cost for 229 sites

Item	Summer Saver and Intelligent Automation
Total Cost per year	\$306,921

To meet the committed project requirements, a declaration for Summer Saver was required to approve the proposal and to demonstrate that their cost estimations were reasonable¹. For IA, a signed contract has been provided. The declaration and contract are provided in Appendix 2 Section 4.2.1 and Section 4.2.2 respectively. The cost comparison summary is provided in Table 4.

Table 4 : 2022/23 Expected cost of proposals for 229 sites

Item	Summer Saver Program	Intelligent Automation	SS & IA (229 sites)
Total Cost per year (\$)	\$320,821	\$91,130	\$306,921

¹ Australian Energy Regulator, Demand Management Incentive Scheme – Electricity network service providers, December 17, cl. 2.2.2(1)(b).



Item	Summer Saver Program	Intelligent Automation	SS & IA (229 sites)
Demand Reduction delivered (kW)	2,411	828	2,318
Cost per kW	\$133	\$110	\$132

3.1.3 Net Market Benefit Assessment

Four options were assessed to address the identified need for the DSS sites as below:

- Do Nothing – Status quo (reference case)
- Option 1 – Distribution Substation or LV circuit Augmentation (DSS)
- Option 2 – Summer Saver Demand Management Program (SSP)
- Option 3 – Intelligent Automation Demand Management Program (IA)
- Option 4 – Combined SSP and Intelligent Automation Demand Management Program.

The NPV assessment of the net economic benefits is presented relative to the 'do-nothing' scenario over a 20-year assessment period (to enable a comparison with the capital solution) using a real discount rate of 2.66%. The benefits are based on the reduced expected unserved energy, valued at the value of customer reliability², from avoiding outages in the peak loading periods. A summary of the net economic benefits of each option for the 229 sites is summarised in Table 5.

Table 5 : Summary of net economic benefits (\$ 000, 2022)

Option	Description	Present value costs	Present value benefits	Net economic benefits	Rank
Do-nothing	Maintain the status-quo	-	-	-	5
1	Distribution Substation and LV circuit Augmentation (DSS)	-\$12,320	\$18,702	\$6,382	3
2	Summer Saver Demand Management	-\$5,057	\$12,539	\$7,482	2
3	Intelligent Automation	-\$1,436	\$5,475	\$4,038	4
4	SS & IA (229 sites)	-\$4,838	\$12,449	\$7,611	1

As illustrated in Table 5, the preferred option (which maximises the net economic benefits) was Option 4 – undertaking a combined demand management program with Summer Saver and Intelligent Automation. This allows each constrained site to adopt the most economical demand management option available. Refer to Appendix 3 (Section 4.3.1) for the market assessment model.

UE reassesses and recommits to addressing low-voltage network constraints annually which also provides option value over the augmentation option. The annual reassessment also ensures the scheme is well targeted and tailored to the networks needs with the most recent information and allows for new market participants to offer solutions. The demand management program 2022/23 costs and benefits, for the 229 sites is shown in Table 6.

² Based on a \$2022 VCR of \$21.39 per kWh.



This demonstrates that UE is eligible for the maximum incentive under the scheme since the net customer benefit exceeds greater than 50% of the expected demand management cost.

Table 6 : Summary of demand management 2022/23 costs and benefits (\$ 000, 2022)

Option	Description	Costs	Benefits	Net benefit
4	SS & IA (229 sites)	-\$307	\$790	\$483



4 Attachments

4.1 Appendix 1 – Request for Proposals and Response Template

Ref	File Name	Description
4.1.1	2022_23 Summer DSS - Request for NNS – Invitation to tender	2022/23 Summer Distribution System Augmentation Program (DSS) – Non Network Proposal Request.
4.1.2	2022_23 Summer DSS - Request for NNS – tender response template	2022/23 Summer Distribution System Augmentation Program (DSS) – Non Network Response Template

4.2 Appendix 2 – Cost Declarations and Contracts

Ref	File Name	Description
4.2.1	2022_23 Summer Saver Cost Declaration - signed	2022/23 Summer Saver Program cost declaration.
4.2.2	Intelligent Automation for Summer Saver Program – signed – CONFIDENTIAL	Intelligent Automation and UE contract for Summer Saver Program

4.3 Appendix 3 – Market Assessments

Ref	File Name	Description
4.3.1	SSP23 Market Assessment	2022/23 Summer Saver Program (SSP23) market assessment.

4.4 Appendix 4 – Event Performance Data

Ref	File Name	Description
4.4.1	SSP22 Event Data	2021/22 Summer Saver Program (SSP22) Event Performance Data
4.4.2	LMP22 Event Data	2021/22 Lower Mornington Peninsular (LMP22) Event Performance Data



4.5 Appendix 5 – Deloitte Audit Report

Ref	File Name	Description
4.5.1	Deloitte Audit Report.	Deloitte Audit Report.

4.6 Appendix 6 – AER DMIS (2017) Annual Compliance Report – Information requirements checklist

Demand Management Incentive Scheme (DMIS) (2017) – information requirements		
DMIS clause	Description	DNISP's summary response
Compliance reporting:		
2.4(1)	For each regulatory year, the distributor must submit a demand management compliance report to the AER no later than 4 months after the end of that regulatory year to which the reported data pertains.	DMIS Compliance Report submitted.
2.4(2)	The compliance report must be reviewed in accordance with the assurance requirements set out in the annual reporting regulatory information notice applicable to the distributor, at the distributor's expense and by a person permitted to conduct such a review under that regulatory information notice.	Deloitte audit assurance provided in Appendix 5 (Section 4.5.1).
2.4(3)	Each compliance report must include two parts—Part A and Part B. Part A includes information on committed projects and Part B contains information on projects that the distributor has identified as eligible projects.	Refer to Section 2 for Part A and section 3 for Part B.



Demand Management Incentive Scheme (DMIS) (2017)		
– information requirements		
DMIS clause	Description	DNISP’s summary response
Compliance reporting:		
2.4(4)	<p>Each compliance report must include the following information in Part A:</p> <p>(a) The volume of demand management delivered by committed projects in that regulatory year (that is, the kVA per year of demand that a distributor controlled (either directly or indirectly) by means of committed projects in that regulatory year)</p> <p>(b) The distributor's estimate of the benefits realised from the demand management delivered by committed projects in that regulatory year</p> <p>(c) The total financial incentive that the distributor has assessed that it is able to claim in accordance with clauses 2.2, 2.3 and 2.5 of the scheme, for that regulatory year.</p>	<p>Requirements a), b) and c) are addressed for each of the three committed projects in sections 2.1, 2.2, 2.3</p>



<p>2.4(5)</p>	<p>For each eligible project that a distributor identifies as a preferred option in a regulatory year, Part B of the compliance report relating to that regulatory year must include the following information about that eligible project:</p> <p>(d) In present value terms, the expected costs and benefits that the distributor determined, in accordance with clause 2.2 of DMIS, that the eligible project would deliver to electricity consumers</p> <p>(e) A description of the responses that the distributor received to either its RIT-D or its request for demand management solutions under the minimum project evaluation requirements (as relevant) including, for each response:</p> <ul style="list-style-type: none"> i. a short description of the proposed project ii. the proposed costs and deliverables put forward in the response to the request for demand management solutions; and iii. for any response that proposed a potential credible option, the distributor's estimate of that project's relevant net benefit. <p>(f) Identify whether, if the distributor decides (or has decided) to proceed with the project as a committed project, it is likely that this will occur via a demand management contract, or whether this is likely to occur via a demand management proposal. If the former, the compliance report must also identify the proposed party or parties to the demand management contract.</p> <p>(g) The expected costs of delivering demand management, by means of the eligible project, that the distributor used as an input into its assessment, under clause 2.2, that the project is an efficient non-network option in relation to demand management.</p> <p>(h) the kVA per year of network demand that the distributor:</p> <ul style="list-style-type: none"> i. would be able to call upon, influence, dispatch or control if the project is implemented (that is, the kVA per year of demand management capacity); and ii. expects to call upon, influence, dispatch or control, based on its probabilistic assessment of future demand, if the project is implemented. 	<p>Relevant sections can be referenced in the content of this reports as follows:</p> <p>(d) Section 3.1.3</p> <p>(e)(i) Section 3.1.1</p> <p>(e)(ii) Section 3.1.2</p> <p>(e)(iii) Section 3.1.3</p> <p>(f) Section 3.1</p> <p>(g)(h) Section 3.1.2</p> <p>Also refer to Market Assessment and Cost Benefit Analysis of the eligible projects provided in Appendix 3 (Section 4.3.1) for all items from (d) to (h).</p>
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Demand Management Incentive Scheme (DMIS) (2017)		
– information requirements		
DMIS clause	Description	DNISP’s summary response
Compliance reporting:		
2.4(6)	Where a distributor decides, in a regulatory year, to defer or not proceed with an eligible project that it has previously decided (either in that regulatory year or in a previous regulatory year) to proceed with as a committed project, the distributor must identify that decision and project in its compliance report for that regulatory year.	Not Applicable.
2.4(7)	Where a distributor decides, in a regulatory year, to proceed with a network option to meet an identified need that it had previously decided to meet by means of a project that was a committed project, the distributor must identify that network option and committed project in its compliance report for that regulatory year.	Not Applicable.
2.4(8)	If the distributor's compliance report contains confidential information, the distributor must also provide a non-confidential version of the report in a form suitable for publication. The AER may publish the compliance report (or the non-confidential version of the compliance report, if applicable) on its website.	Not Applicable.
For each identified eligible project:		
2.2(1)	Name and description of the eligible project	Refer to Section 3.1.1.1
2.2(3)	State whether the distributor identified the project as an efficient non-network option through: (a) a RIT-D, or (b) the minimum project evaluation requirements.	This project was identified via minimum project evaluation requirements. Refer to Section 3.1.



Demand Management Incentive Scheme (DMIS) (2017) – information requirements		
DMIS clause	Description	DNISP’s summary response
Compliance reporting:		
2.2(4)	<p>Demonstrate that, in determining by means of the minimum project evaluation requirements whether a project is an efficient non-network option, including when estimating the NPV of the net economic benefit of a project as part of that process, the distributor included:</p> <p>(a) Costs and benefits of a kind that accrue to consumers via the distribution network, and</p> <p>(b) To the extent they exist and may affect the distributor’s identification of the preferred option:</p> <p>i. costs and benefits of a kind that accrue to consumers via parts of the relevant market other than the distribution network, and</p> <p>ii. benefits that consist of option value.</p>	Refer to Market Assessment and Cost Benefit Analysis of the eligible projects provided in Sections 3.1.3 and Appendix 3 (Section 4.3.1).
Minimum project evaluation requirements:		
2.2.1(2)	<p>Where an identified need on its distribution network could be fully or partly addressed by a demand management solution, state whether the distributor issued a request for demand management solutions to the following parties:</p> <p>(a) Persons registered on its demand side engagement register</p> <p>(b) Any other parties the distributor may identify as having or potentially having the capabilities to provide a demand management product, service or solution to either fully or partly form a credible option to address the identified need on the distribution network.</p>	Refer to Request for Proposals provided in Appendix 1 (Section 4.1.1) and Section 3.1.
2.2.1(3)	State whether the request for demand management solutions in accordance with clause 2.2.1(2) included a request for a quote.	Refer to Request for Proposals provided in Appendix 1 (Section 4.1.1).



Demand Management Incentive Scheme (DMIS) (2017)		
– information requirements		
DMIS clause	Description	DNISP’s summary response
Compliance reporting:		
2.2.1(4)	<p>Demonstrate that, as part of the request for demand management solutions, the distributor provided the following information:</p> <p>(a) A description of the identified need that the distributor is seeking to address</p> <p>(b) Technical information about the identified need, including the load at risk, energy at risk, duration and load curves, the annual probability and frequency of relevant events, and the expected value of energy at risk. The expected value of energy at risk must be based, as a minimum, on the average volume of energy at risk, the weighted probability of the energy at risk event occurring, and the relevant value of customer reliability for a given regulatory year</p> <p>(c) The location of the identified need and a description of the affected classes of customers and network area</p> <p>(d) If the distributor has already identified an initial preferred option to meet the identified need on the distribution network, a description of its initial preferred option</p> <p>(e) Other information that is sufficient to enable the parties receiving the request for demand management solutions to provide an informed response in presenting an alternative potential credible option, including, to the extent relevant, the information that a distributor is required under the NER to provide in a non-network options report.</p>	Refer to Request for Proposals provided in Appendix 1 (Section 4.1.1).



Demand Management Incentive Scheme (DMIS) (2017)		
– information requirements		
DMIS clause	Description	DNISP’s summary response
Compliance reporting:		
2.2.1(5)	<p>Demonstrate that, in the request for demand management solutions, the distributor required the provision of the following information from responding parties:</p> <p>(a) A description of the proposed demand management product, service or solution that is put forward as a credible option, or as part of a credible option, to address the identified need on the distribution network</p> <p>(b) Where the proposed demand management product, service or solution is put forward as part of a credible option (but not as the whole of a credible option), a description of the other elements of the credible option.</p> <p>(c) A reasonable estimate of:</p> <p>i. The proposed product, service or solution's expected outputs, including the amount of network demand (based on a specified kVA per year) that the party responding to the request for demand management solutions expects to be able to manage (either at its influence, request or control).</p> <p>ii. The expected payments that the distributor would be required to make to the responding party if the distributor were to enter into a contract with the responding party for the responding party to provide that product, service or solution to the distributor.</p> <p>(d) Any other information relevant to determining whether the proposed product, service or solution would be a credible option, or part of a credible option, to address the identified need on the distribution network.</p>	Refer to Request for Proposals provided in Appendix 1 (Section 4.1.1).
Committed projects:		



Demand Management Incentive Scheme (DMIS) (2017)		
– information requirements		
DMIS clause	Description	DNISP’s summary response
Compliance reporting:		
2.2.2(1)	For each committed project, provide a copy of the demand management contract or the demand management proposal in accordance with clause 2.2.2.	Refer to Cost Declaration and Contract provided in Appendix 2 (Section 4.2.1, 4.2.2)
Determining project incentives:		
2.3(1)	For each committed project, the distributor must calculate the project incentive that the committed project (referred to in clause 2.3 as 'project <i>i</i> ') can receive.	Refer to Section 2.1, 2.2, 2.3
2.3(2)	<p>The distributor must calculate project <i>i</i>'s project incentive in accordance with equation 1, which caps the project incentive to the lower of the following two values:</p> <p>(a) the higher of:</p> <p>i. the expected present value at time <i>t</i> of project <i>i</i>'s demand management costs, minus the value of subsidies the distributor will receive to provide or procure the demand management component of project <i>i</i>, multiplied by the cost multiplier; and</p> <p>ii. zero</p> <p>and</p> <p>(b) the expected present value at time <i>t</i> of the relevant net benefit under project <i>i</i>.</p>	Refer to Section 2.1, 2.2, 2.3



Demand Management Incentive Scheme (DMIS) (2017) – information requirements		
DMIS clause	Description	DNISP’s summary response
Compliance reporting:		
2.3(4)	<p>Demonstrate that the expected value of project <i>i</i>'s demand management costs used for the purposes of clause 2.3(2)(a) and equation 1 are consistent with:</p> <p>(a) The payments, or potential payments, for the demand management solution under the demand management contract or in the demand management proposal (as relevant); and</p> <p>(b) The distributor's reasonable expectation of the frequency and duration on which it will call on or utilise the capability to control network demand under the demand management proposal or the demand management contract (as relevant). In order to determine this expectation, the distributor must probabilistically determine the amount of network demand that it expects to request, control or influence.</p>	Refer to Market Assessment and Cost Benefit Analysis of the eligible projects provided in Appendix 3 (Section 4.3.1).
2.3(5)	<p>Demonstrate that the distributor carried out a cost–benefit analysis to calculate the expected relevant net benefit for project <i>i</i> referred to in clause 2.3(2)(b) and equation 1. As part of this cost–benefit analysis, the distributor must estimate project <i>i</i>'s net benefit relative to 'the base case', being, in most cases, where the distributor does not implement a credible option to address the identified need. The exception to this 'base case' is that, where the identified need is for reliability corrective action, the distributor will use a credible option that has the second highest net benefit as the base case.</p>	Refer to Market Assessment and Cost Benefit Analysis of the eligible projects provided in Appendix 3 (Section 4.3.1).