

# AusNet

## Demand Management Innovation Allowance Mechanism Annual Report

FY2022

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# 1. Introduction

This annual report has been prepared pursuant to the Demand Management Innovation Allowance Mechanism (DMIAM) applied to AusNet by the AER in the 2021-26 Victorian Electricity Distribution Price Determination (the 2021-26 Price Determination). The DMIAM provides revenue designed to encourage innovation in demand side participation and non-network solutions.

The DMIAM requires AusNet to submit a report on expenditure attributed to DMIAM for each regulatory year, where the expenditure must fulfil the DMIAM criteria. The expenditure for the period from 1 July 2021 to 30 June 2022, for which we are claiming under the DMIAM, is \$80,118. This amount wholly relates to **EV Charge Management**, where the aim is to design an end-to-end intelligent EV charge management system to allow high adoption of EVs while maintaining the increased demand within the constraints of the network. The trial will establish a comms path between smart chargers and the DNSP via an EV management platform.

We note that while we have not sought funding for DER Marketplace (EDGE) in this annual report, we may seek funding for it at the next annual report, for the period from 1 July 2022 to 30 June 2023.

DMIAM related expenditure for the twelve-month reporting period (in nominal dollars) is summarised in the following table.

**Table 1 DMIAM expenditure in FY22 reporting period**

Name of project	Operating expenditure	Capital expenditure	Total expenditure
EV Charge Management	\$80,118	\$0	\$80,118
<b>Total</b>	<b>\$80,118</b>	<b>\$0</b>	<b>\$80,118</b>

## 2. EV Charge Management

### 2.1. Project Overview

AusNet has partnered with Jemena (project lead), United Energy, Evoenergy, TasNetworks, and Jet Charge (EV charging equipment supplier/installer) for this trial.

The project consortium will collaborate to design an end-to-end intelligent EV charge management system to allow high adoption of EVs while maintaining the increased demand within the constraints of the network. The trial will establish a comms path between smart chargers and the DNSP via an EV management platform. The DNSP will send forecast and near real time data indicating network state to the smart chargers to disperse the charging demand to times where spare capacity is available.

The DNSPs will work together with inputs from the DER API working groups to establish a standardised interface to charging platforms that could then be published and replicated for use by other platforms in the future.

The 12-month trial will test the effectiveness of dynamic EV charge management of 175 EV customers across a wide variety of geographic regions. Participating in this project enables AusNet to participate and share knowledge with a retailer led ARENA trial with over 500 EV customers to gain insights into customer behaviour and preferences.

This trial is partially but not fully funded by ARENA. The costs outlined in this report are distinct from ARENA-funded costs.

### 2.2. Nature and Scope

This project aims to demonstrate that managed EV charging is possible, which will benefit networks and its customers by:

- Monitoring available network capacity in real time and proving technologies that can automatically control charging including time delay as well as throttling. This means that by monitoring network loading in real time, and by having a capability to predict non-EV loads in the short term, EV charging can be accommodated by:
  - Initiating EV charging
  - Delaying EV charging
  - Varying EV charging rates (throttling)
  - Understanding customer behaviour during the recruitment process and through customer surveys during and after demand response events.
  - Building capabilities to forecast the real household EV charging load associated with managed charging. This will avoid unnecessary network augmentation in the future, reducing costs for all customers in the form of reduced network charges compared to a scenario without managed charging.
  - Once this is established through this trial, DNSPs will have the certainty to align network infrastructure costs over both EV and non-EV electricity consumers.

### 2.3. Aims and Expectations

The key objectives of this study are to prove the concept of managing EV charging load dynamically with a real-time assessment of available network capacity to accommodate more EVs without the need for network augmentation.

The project will deliver the following:

- estimate the impact of EV charging on future network infrastructure investment i.e., calculating the value of the network support;
- obtain customer insights and preferences on multiple charge management initiatives and incentives;
- obtain charging data for 175 privately owned EVs with and without intervention;
- demonstration of control boxes being used successfully to manage EV charging of Tesla cars, and smart chargers to manage other makes of EV; and

- demonstration of an aggregator as an intermediary between DNSPs and the charge points to orchestrate EV charging.

## 2.4. Process of Project Selection

AusNet undertook a pilot EV trial with 2019 Free Electrons winner, *ev.energy*. The small number of customers in the pilot trial gave a preliminary insight into the potential benefits and methods of control that can be used to help manage charging and limit network constraints.

Having undertaken this pilot trial, AusNet identified the need to understand the impact of electric vehicles more broadly and on a larger group of customers to better inform future augmentation and asset upgrades/replacements.

The project was justified by assessing the potential areas of the network and assets most at risk of high EV adoption and would likely require near term augmentation or replacement. The benefits of undertaking this trial far outweighed the BAU scenario.

## 2.5. Project Implementation

Detailed project plans were developed and submitted to ARENA for funding by Jemena on behalf of AusNet and the other DNSPs. ARENA approved \$1.6M funding for this trial in January 2021.

Once the trial was approved by ARENA, customer recruitment commenced. Several methods were employed such as the creation of the brand name "EV GRID" along with a new dedicated website and supporting marketing documentation. The website explained the intended purpose of the trial and promoted the key Customer Value Proposition (CVP) – a free smart charger. The website also detailed the project partners, FAQs, and a Call to Action (CTA) - to register your interest.

To drive traffic to the website and promote the trial, a brochure was created that was distributed through various channels (including industry contacts, local councils, and EV groups). The project team actively targeted social media channels like the Tesla Owners Club of Australia (TOCA), Nissan LEAF Owners Australia, Hyundai EV Enthusiasts Australia, Electric Vehicles Australia to name a few. Furthermore, state-based media releases were also done in ACT, VIC and TAS after the Minister and ARENA had announced the trial.

The EVGRID website went live on February 26th, 2021 and had 3,000 unique visitors to the site over a 3-month period. From this, 595 people registered to participate in the trial. AusNet had 100 registered participants who were ultimately filtered down to the target recruitment number of 35.

Since the project go-live to the time of writing, AusNet have successfully recruited 33 trial participants who have all had hardware smart chargers installed at their premises. A hardware transformer monitor has also been installed at the distribution substation of 11 of these participants to monitor the substation in real-time and feed data back into AusNet's cloud platform and charge management algorithm developed for this project. A total of 5 demand response events (either demand response or solar soak) have been conducted to date.

### Milestone 1

The first milestone was delivered on 31 May 2021. The key deliverables were related to the selection of hardware and software development of the relevant DNSP smart charging platform and customer acquisition.

### Milestone 2

The second milestone was delivered on 31 May 2022. The key deliverables were customer acquisition and installation of hardware to support the trial, including the installation of hardware transformer sensors on the distribution substations of some of the trial participants, and the installation of the smart chargers at each trial participants premises.

### Milestone 3

The third milestone is due on 30 November 2022. The key deliverables are running demand response events and customer surveys. AusNet Services has undertaken 5 demand response events at the time of writing, with surveys conducted after the events to gain insight into the customer experience.

## Milestone 4

The fourth milestone is due on 30 March 2023. The key deliverables are the project completion and final report outlining the trial findings and recommendations.

## 2.6. Implementation Costs

The costs of \$80,118 that were incurred in the twelve-month period from July 2021 to June 2022 were mainly spent on software delivery including algorithm development, vendor procurement, and requirements and installation of the transformer monitors. These costs are distinct from ARENA funding.

Our overall estimate for EV charge management is \$809,200 (both opex and capex) where a portion of this will be funded by ARENA.

## 2.7. Benefits

Managed charging will allow AusNet to:

- Minimise network augmentation by deferring charging during high demand periods when the network is constrained.
- Mitigate voltage and system security issues (reverse power flow) arising from the variability of existing rooftop solar PV generation by initiating charging during low demand periods.
- Increase network efficiency by increasing asset utilization and network energy throughput (the amount of energy transported through the network of existing poles and wires), which leads to a reduction in the cost of network charges to all customers.
- Increase the overall hosting capacity of DER.
- Identify new value streams and value stacking mechanisms to meet network, customer and market requirements.

## 2.8. External Communications Undertaken

The project was announced by the Energy Minister in February 2021. Since then, the EV Grid website went live to allow customers express interest in the trial. To promote the trial and drive traffic to the website, we created a flyer that we used through various channels (including industry contacts, local councils, and EV groups). The CTA for the flyer was to visit the EV Grid website. We actively targeted EV owners' groups on social media channels, like the Tesla Owners Club of Australia (TOCA), Nissan LEAF Owners Australia, Hyundai EV Enthusiasts Australia (Ioniq & Kona), Electric Vehicles for Australia, and members of the Australian Electric Vehicle Association (AEVA).

AusNet received 100 expressions of interest. We were successfully able to sign up our target of 33 EV customers for the trial. The 100 EOIs were received by end of March and initial screening was done during April. During this initial screening stage, further customer comms was undertaken to receive more information from the customers. After initial screening, further filtering was done based on the information received from the customers and the final 33 were selected by end of June 2021.

## 2.9. Next Steps

AusNet will be conducting the following activities in the near term:

- Conducting a further 5 demand response or solar soak events with the participant and project cohort
- Analysis of collected EV smart charger data, transformer monitor data and AMI smart meter data to determine the impacts of the demand response events and operation of 32A EV chargers on the network
- Conducting and analysing data collected from customer surveys about the customer experience using a controlled smart charger
- Evaluating the performance of the charge algorithm developed for the project

### 3. Certification of Costs

Appendix-1 of this report contains a statement signed by a director of AusNet confirming that the costs of the above demand management projects:

- a. are not recoverable under any other jurisdictional incentive scheme,
- b. are not recoverable under any other state or Commonwealth government scheme, and
- c. are not included in the forecast capex or opex approved in the AER's distribution determination for the regulatory control period under which the DMIAM applies, or under any other incentive scheme in that determination.

## 4. Developments in previous DMIA/M projects

The project to manage peak demand at Mallacoota (manage hot water peak) claimed against the DMIA in 2011 was completed in the same year and resulted in the net peak reduction of 0.5MW as reported. There are no further developments from this project to report.

The project to improve solar uptake forecasting claimed against the DMIA in 2013 was completed in the same year and resulted in updates to the forecasting model that continues to be used by AusNet. There are no further developments from this project to report.

The Mallacoota Sustainable Energy Study claimed against the DMIA in 2013 and 2014 and was completed in 2014. This study has put AusNet on a better footing to capture the benefits that mini-grids offer in improving customer reliability, both for Mallacoota and other locations, through:

- Increased technical and commercial knowledge of options to locally supply remote communities through local embedded generation and islanded mini-grids.
- Increased corporate awareness of the potential reliability benefits of non-network alternatives to remote power supplies.

The project and the feasibility study have served as a point of engagement with several stakeholders including non-network providers. Options to improve supply at Mallacoota are still being investigated and the Feasibility Study is being leveraged in these investigations.

The Residential Battery Storage Trial has come to a formal conclusion after the publication of the public version final report. Eight of the ten storage systems were removed from service in 2015. The two remaining units are still in operation for general observation. The running costs of the two additional units have been absorbed by AusNet over 2016. Further DMIA funded expenditure for this project is not currently planned.

After the Mooroolbark Mini grid trial concluded, the stabiliser was upgraded and continued to support the lv network for two years. It was decommissioned in October 2021 and is in interim storage. Work is underway to assess suitable sites across the network to relocate the stabiliser to a weaker part of the network where it can be fully utilised and provide greater value to customers and the network.

The Dynamic LV Phase Balancing trial has concluded after the publication of the trial's final report. On the AusNet Services network, the project found that optimising the phase positions of customers with the Phase Switching Devices (PSDs) could help the network host 58% more DER, and up to 87% more DER when used in conjunction with the Power Compensation Device (PCD). This is in contrast to 29% without introducing any grid side technologies. Whilst the results are promising technically, cost-benefit analysis showed that significant cost reductions would be required (to 30% of nominal costs), for a positive NPV for a wider rollout over a 20-year period. Nonetheless, there are specific use cases where the technologies can be deployed economically. The equipment remains installed on the distribution substation where the trial was conducted however has been turned off whilst AusNet are evaluating the future of the trial equipment.

The EDGE project (formerly DER Marketplace) has begun the testing of dynamic operating envelopes with the backend infrastructure and integrations and by 30 June 2022, had 18 customers receiving a DOE. The current and future phases of the trial will continue to onboard more customers and additional aggregators and test the design principles and operations of the market and relevant supporting systems.



## 5. DMIAM Criteria




The expenditure recoverable under the DMIAM must satisfy the following DMIAM criteria:

1. 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.
2. 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.
3. Demand management projects or programs may be innovative, designed to build demand management capability and capacity and explore potentially efficient demand management mechanisms, including but not limited to new or original concepts.
4. Recoverable projects and programs may be tariff or non-tariff based.
5. Costs recovered under the DMIAM:
  - a. must not be recoverable under any other jurisdictional incentive scheme
  - b. must not be recoverable under any other Commonwealth or State/Territory Government scheme and
  - c. must not be included in forecast capital or operating expenditure approved in the distribution determination for the regulatory control period under which the DMIAM applies, or under any other incentive scheme in that determination.
6. Expenditure under the DMIAM can be in the nature of capital or operating expenditure.

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