



Demand Management Innovation Step Change

Demand Management Innovation Allowance (updated forecast)

This is an update to the proposed demand management innovation allowance forecast for 2014/15 to 2017/18.

Item	2015 (\$m)	2016 (\$m)	2017 (\$m)	2018 (\$m)	Total (\$m)	Description of Item
Collaboration					2.22	
> Expanded DM collaborative forum to wider stakeholder group	0.02	0.10	0.10	0.10	0.32	Reduced cost in 2015, due to more accurate estimates from recent experiences and reduced scope. Later costs include online collaboration and sharing.
> Large consumer education (incorporating Top Customers engagement)	0.02	0.21	0.29	0.30	0.82	See note 2
> Options to incentivise DM (including policy makers)	0.00	0.16	0.16	0.16	0.48	
> Other collaboration	0.00	0.20	0.20	0.20	0.60	Collaboration in data sharing and dissemination of relevant recent projects also included.
Market understanding and development					6.21	
> Geospatial integration of demand response and network constraints	0.20	0.35	0.35	0.35	1.25	TransGrid's recent partnership Institute for Sustainable Futures (ARENA-funded Network Opportunity Maps project) similar to what we envisaged has resulted in greatly reduced cost in implementing this project from TransGrid, with the amended cost reflecting largely TransGrid's intention to contribute additional funding to the project for extra functionality.
> Primary data sourcing for DM	0.20	0.60	0.40	0.26	1.46	The scope of works now includes collecting data on small and medium sized industrial, commercial, agricultural and residential load, to assist with better understanding of DM potential and peak demand drivers
> Understanding the peak	0.30	1.20	1.10	0.40	3.00	End use modelling, development of regional-level peak demand breakdowns and forecasts, customer segmentation at times of peak demand. This project has been expanded to reflect importance of understanding peak demand breakdown drivers.
> Other market understanding and development	0.00	0.20	0.20	0.10	0.50	This item can include projects with universities and researchers in topics that need further investigation. A past example would be the "co-managing home energy demand" project with RMIT.

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Technology trialling					5.97	
> Energy efficiency (auditing) with large customers (targetted at peak demand) (potentially including co-implementation of effective interventions)	0.07	0.51	0.40	1.19	2.17	Audits with top NSW energy consumers, and potentially using the recommendations to reduce peak demand for large energy users. TransGrid considers that it is advantageous to work with a variety of large electricity consumers rather than restricting activities to the consumers directly connected to the transmission network
> Large scale innovative DM systems (incorporating iDemand, microgrids)	0.10	0.10	0.10	0.10	0.40	Reduction due to timing of iDemand implementation and accruals
> Automated Demand Response technology trialling	0.05	0.42	0.63	0.85	1.95	Trial automated demand response with industrial customers in various regions currently relevant for implementing DM in NSW, with test dispatches undertaken. This item has emerged as a result of recent identification of a gap in executing complex demand response portfolios
> Broad-based trials with distribution businesses	0.00	0.23	0.30	0.39	0.92	Fund as a joint stakeholder for NSW DNSP DMIA projects in which TransGrid has interest.
> Other technology trialling	0.00	0.20	0.25	0.08	0.53	Funding increased marginally, to allow for small trial projects.
Total (\$m 2014)	0.96	4.48	4.48	4.48	14.40	

Changes since TransGrid's Revenue Proposal in May 2014

1. Residential Consumer education was removed, partly because the AER did not agree that residential sector should be such a large area of focus for TransGrid. There has been a shift of focus to understanding the end user peak demand data more, so some of the \$0.8M budget has been reallocated to that category.
2. Large consumer engagement: in the revised submission, TransGrid is planning to work together with large energy users in reducing their demand via the audit process and subsequent works. Some of the large consumer engagement will be done organically as part of that process.
3. Energy storage project was removed, as there is a similar project under NCIPAP, and CSIRO decided not to proceed with the project.
4. Understanding impact of variable generation was removed as CSIRO decided not to proceed with the project.
5. The 2014/15 projects were deferred as it has not yet commenced the activities that would be funded by the step change, due to uncertainty around whether the AER would approve the additional allowance.