

**DOCKETED**

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## **EnergyHub Comments re 2026 Draft DSGS Program Guidelines**

*Additional submitted attachment is included below.*



VIA E-FILING

March 16, 2026  
California Energy Commission  
Docket No. 22-RENEW-01

**Re: Comments on Proposed Draft Demand Side Grid Support (DSGS) Program Guidelines, Fifth Edition**

Dear Commissioners and Staff,

EnergyHub respectfully submits these comments in support of the Proposed Draft DSGS Program Guidelines, Fifth Edition, with recommendations for amendments. We greatly appreciate the continued funding allocated to Participation Option 4 for the 2026 program season. Option 4 represents a crucial pathway to monetize distributed energy resources that cannot otherwise participate in existing demand response programs due to data access requirements or technology restrictions. This program enables hundreds of thousands of customer-owned devices to contribute to grid reliability during critical periods, and we remain committed to delivering incremental emergency capacity to California's grid this summer.

In these comments, we share several recommendations for changes to Participation Option 4 in the Fifth Edition guidelines as written: (1) opening PG&E territory to participation given current barriers to enrollment in the PG&E ART program; (2) implementing an allocation methodology similar to Option 3 that protects capacity from returning providers; (3) adjusting performance calculation thresholds to align with industry standards; and (4) ensuring timely publication of final program requirements and data formats ahead of the May 1st enrollment deadline. Furthermore, to accommodate the inclusion of PG&E territory and the natural growth of existing portfolios, we recommend increasing the total Option 4 budget allocation, particularly in the event that additional or unallocated funding is identified within the broader DSGS program.

**1. Opening PG&E Territory to Option 4 Participation**

We respectfully request that the California Energy Commission reconsider the exclusion of PG&E distribution service customers from Participation Option 4. We understand that the broader goal of the Strategic Reliability Reserve is to develop

resources that are incremental to Resource Adequacy, and we acknowledge that the CPUC raised concerns in March 2025 regarding potential overlap between Option 4 and PG&E's market-integrated Automated Response Technology (ART) program.

However, since January 2026, PG&E's ART program has effectively been closed to new enrollments as PG&E works to design and institute a new meter data authorization process for end customers. Once this authorization process is designed, participating aggregators will need to incorporate these changes into their customer enrollment flow, which we expect will require several weeks for technical implementation. Given the uncertainty regarding these requirements, it is unlikely that we could recruit customers into ART ahead of May 1st. Opening PG&E territory to Option 4 participation would therefore allow customers to access demand-side grid support incentives and contribute to grid reliability while ART enrollment remains suspended. We estimate that we could enroll between 15 and 25 MW of capacity this summer in DSGS within PG&E territory.

## 2. Allocation Methodology for Returning Providers

EnergyHub recommends that the CEC adopt an allocation methodology for Option 4 similar to the approach used for Option 3, which offers some level of protection for existing providers given the overall budget caps affecting the DSGS program.

Under the proposed Option 4 capacity allocation methodology, capacity would initially be allocated equally among all providers. With an overall cap of 75 MW or 100 MW, it would not take many providers participating in Option 4 to drive the initial MW allocation per provider into the low single digits. Instead, we recommend a tweak to the methodology in which providers who participated in the previous program year are guaranteed to receive the maximum of a) the capacity successfully delivered in the prior year, or b) the capacity allocation under the current proposed rules. We propose the following redlines:

*All providers (P1) with offered nominated committed capacity (ONCCs) less than or equal to the Available Capacity Per Provider in Round 1 (RIACPP), where  $RIACPP = \text{Max}CG/PO$ , are allocated nominated committed capacities (NCCs) equal to their ONCCs, resulting in total committed capacity at the end of Round 1 (referred to as RICC, where  $RICC = \text{sum of NCCs across the P1 providers}$ ).*

*Where for existing providers, RIACPP = 2025 Delivered Capacity.*

*For all Providers, RIACPP = (MaxCC - Capacity allocated to existing providers)/PO.*

*For existing providers, RIACPP will be the greater of the two methodologies.*

This approach would protect existing resources that were monetized under Option 4 in 2025 from being stranded due to funding constraints or over-subscription in 2026. Providers have made significant investments in enrolling customers and developing operational capabilities to support DSGS participation. An allocation methodology that prioritizes returning capacity would provide stability for returning participants and avoid stranding resources that contributed to grid reliability in 2025 from being able to participate in 2026.

### **3. Performance Calculation Thresholds**

We recommend that the performance scaling methodology for Option 4 be modified such that performance-based payment reductions do not begin until demonstrated performance falls below 80% of nominated capacity, rather than applying proportional reductions at any performance level below 100%. Specifically, we recommend that the 'Pro-Rata' performance range be updated to  $80\% \leq P < 120\%$ , and the 'Derated' performance range be updated to  $50\% \leq P < 80\%$ , with Derated performance adjusted capacity payment being updated to  $80\% - 2(80\% - P)$ .

This 80% threshold is consistent with the performance requirements in other DR programs, including PG&E's ART program. The purpose of a performance scale should be to incentivize providers to nominate as accurately as possible at a level they can deliver; however, baseline conditions create inherent variability in weather-sensitive demand response resources that are outside the ability for providers or their customers to control. Under the current guidelines, payments are scaled down by a factor of 2 once performance falls below 100%, requiring providers to take an overly conservative approach to nominations. This proposed adjustment would align DSGS Option 4 with comparable California programs and would help provide aggregators with more reasonable performance expectations.

### **4. Timely Publication of Program Requirements**



Finally, we respectfully ask the CEC to publish final program requirements, including updated data submission formats and templates, as quickly as possible following approval of the Fifth Edition guidelines. With the start of the program season rapidly approaching on May 1st, aggregators have limited time to finalize operational systems, complete customer enrollments, and ensure compliance with any updated program requirements. Timely publication of final requirements is essential to enable providers to deliver the maximum possible capacity for Summer 2026 and avoid operational challenges that could undermine program enrollments and performance.

We greatly appreciate CEC staff's responsiveness and collaboration throughout the DSGS program's development and look forward to working together to ensure a successful 2026 season. We appreciate the Commission's consideration of these comments and are willing to provide any additional information that may be helpful as the guidelines are finalized.

Sincerely,

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