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Comments of Advanced Energy United on draft revised DSGS Guidelines

Additional submitted attachment is included below.



California Energy Commission
715 P Street
Sacramento, CA 95814

March 16, 2026

**Comments of Advanced Energy United
On draft revised Guidelines for the
Demand Side Grid Support Program**

Introduction

Advanced Energy United (United) appreciates the opportunity to submit these comments regarding the Draft Demand Side Grid Support (DSGS) Program Guidelines issued on February 27, 2026, and discussed during the March 9, 2026 workshop.

United is a trade association comprised of over 100 companies both large and small across the technology spectrum, including energy efficiency, demand response, solar and wind generation, next generation geothermal, energy storage, clean fuel generation, electric vehicles and charging equipment, advanced metering infrastructure, transmission and distribution equipment, distributed energy resource (“DER”) aggregators and enabling software, and large load customers. Our members include companies manufacturing equipment leveraged in the DSGS program, aggregators participating in the program, as well as companies hosting DERs enrolled in the program.

In general, Advanced Energy United appreciates the continued commitment of the CEC staff and the Commission to preserving and enhancing the DSGS program, to proving the ability of aggregated DERs to provide a substantial resource to ensure grid reliability in stressed conditions, and to innovating in program design to encompass a broad range of device participation. In these comments, we focus on a few provisions of the draft revised Guidelines that we recommend be revised to better reflect the intent of CEC staff to strengthen participation options and ensure program continuity under limited budget constraints. Specifically, we recommend:

- **The draft revised Guidelines should remove the prohibition on new devices and participants**
- **The proposed Measured Baseline approach for Option 3 should eliminate the Step 2 selection of highest dispatch and instead adopt a more standard methodology**

- **The proposed language regarding Dual Compensation is overly broad and confusing, contrary to dual compensation principles, and unnecessary, and should be deleted.**
- **The funds allocation process should ensure that equity is maintained within and between Options if the funds allocated to each Option are not fully subscribed.**

Comments

1. The draft revised Guidelines should remove the prohibition on new devices and participants

United has significant concern with the current Guidelines' prohibition on new devices with a PTO after 12/31/25, and the limitation of Option 3 to those participants that were participating in October 2025.

We understand the intent of these prohibitions may be to reduce budget pressure by limiting the entrance of new participants, or growth in participants' fleets. We understand the intent may be to maintain support for existing customers and participants, to avoid the boom-and-bust cycle which we agree would be damaging to the market and to future state efforts to recruit the significant resources from participating in capacity programs, either emergency or resource adequacy.

However, limiting new devices – which in effect means prohibiting the participation of new customers that are installing batteries in 2026 – may have the effect of damaging the participation of current aggregators, and future efforts and goals. First, aggregators may and likely will need to add new devices simply to maintain their capacity commitment in the face of natural attrition, which may be exacerbated by the uncertainty of funding and program stability.

Second, aggregators rely on DSGS program availability – even with limited funding – to maintain momentum in their program offerings and to engage customers. Making the DSGS program essentially closed to new customers fails to maintain the existing marketplace and customer interest.

Third, policymakers at all levels – including the CEC and CPUC, the Legislature, and the Governor – have indicated their desire to see the DSGS program transition to more permanent and stable funding and program structure, including the potential transition to the CPUC's Emergency Load Reduction Program (ELRP) or successor program. Limiting the entrance of new participants in 2026 undermines this goal, as it creates at least a one-year hiccup in new customer enrollment, communicates not a pause but a cessation of new enrollees, and ensures that DSGS would transition a fleet with diminished capacity and damaged reputation.



2. The proposed Measured Baseline approach for Option 3 should eliminate the Step 2 selection of highest dispatch and instead adopt a more standard methodology

United continues to believe that a prescriptive baseline can be an accurate and efficient baseline methodology for the vast majority of devices to both capture average baseline activity across a device fleet, while reducing cost and complexity and perverse outcomes.

However, we recognize CEC’s desire to move to a measured baseline for this program and request that, instead of creating a new and unnecessarily conservative and punitive baseline methodology, that the Guidelines simply adopt existing best practice of other programs. This would promote consistency, ease of implementation, and ability to transition over time.

Specifically, United believes the draft revised Guidelines’ proposed “Step 2” in the measured baseline methodology that requires aggregators to use “*n* days with the highest hourly Discharge” creates a unique, and uniquely punitive, measurement. In effect, Step 2 requires aggregators to use a customer’s “worst days” as their baseline, rather than an average of performance over representative days. To a large extent, this seems in contrast and at odds with the traditional and plain English meaning of “baseline” which suggests average or typical usage.

Instead of instituting a new and uniquely punitive baseline methodology, United requests that CEC adopt more traditional and accepted baseline methodology. Not only will this reduce the administrative burden for aggregators (and CEC in its program administration and oversight), it will enhance the compatibility of DSGS with other similar programs, including any future transition of DSGS to other programs like ELRP. In fact, we recommend that ELRP’s baseline methodology – which does not include the punitive “highest days” baseline – would be an appropriate baseline methodology for CEC to adopt.

3. The proposed language regarding Dual Compensation is overly broad and confusing, contrary to dual compensation principles, and unnecessary, and should be deleted.

Advanced Energy United has and remains supportive of the principle that customers should not be compensated twice for the same grid service. However, we are concerned that the language in Chapter 2, section A.2.b.ii. regarding “Dual-compensation prohibition” is overly broad. Specifically, the language prohibiting DSGS eligibility if a customer receives compensation including, “incentives, bill savings, bill credits, or other forms of compensation or credits,” is overly broad and confusing, contrary to the dual compensation principle, confusing, and unnecessary, and should be struck.

This language is overly broad and confusing in that is unclear what it is referencing and whether and how it would be implemented. For instance, of course any reduction in energy use could



result in bill savings and even load shifting under time-of-use rates could result in bill savings - but should still be compensated if it would not otherwise occur.

The plain language of this provision suggests that any bill savings would categorically exclude those customers. Since this would exclude virtually all customers from participation, it appears facially absurd. In addition, the language is so broad as to encompass a huge range of potential incentives. For instance, would a customer that received a federal tax credit for the purchase of an electric vehicle be excluded from participation in DSGS?

This language is contrary to the principle of not compensating twice for the same grid service because a centrally-dispatched load reduction – that would not otherwise occur – is clearly a different service than simple customer-initiated rate arbitrage.

Finally, this language is unnecessary because the imposition of a measured baseline in the draft revised Guidelines implements a measurement change that accounts for and deducts any “bill savings or credits” that the customers already generally experiences.

From discussion at the workshop, it appears that CEC intends the Dual Compensation language to provide the conceptual justification for the measured baseline, or that the measured baseline is the implementation for the Dual Compensation prohibition. However, this linkage is not made anywhere in the draft revised Guidelines. Therefore, United recommends and requests that CEC either remove Section A.2.b.ii in Chapter 2, or alternatively add language that specifies that the provision is operationalized by the Measured Baseline framework, and that no further “exclusion” is contemplated.

4. The funds allocation process should ensure that equity is maintained within and between Options if the funds allocated to each Option are not fully subscribed.

United recommends that the CEC revise the language regarding the funds available within each Option, and any re-allocation of funding between Options, to ensure equity between participants in each Option, and to not assume the relative subscription of each Option.

The draft revised Guidelines’ current language says that unspent Option 2 and 4 funds may go to Option 3. First, it is not clear from the existing language whether each funding “bucket” will be fully expended for existing eligible participants before being re-allocated to other Options. United suggests that unspent monies from each Option should go to eligible participants in that Option first.

Secondly, we strongly recommend that the revised Guidelines ensure parity in the re-allocation process by clarifying that any unspent funds from *each* Option may flow to other Options as



necessary. Specifically, if any funds are unspent for Option 3 participants, the revised Guidelines should specify that those funds may also go to Option 2 or 4.

Conclusion

Advanced Energy United appreciates the opportunity to submit these comments and looks forward to continuing to engage in the DSGS program

Signed,

Brian Turner
Senior Director
Advanced Energy United

