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PG&E Comments on DSGS and DEBA

Additional submitted attachment is included below.

Pacific Gas and Electric Company

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California Energy Commission
Energy Research and Development Division
Deana Carrillo - Deputy Director
Reliability Reserve Incentive Programs
Docket Number 22-RENEW-01
715 P Street
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Re: Pacific Gas and Electric Company's Comments on Commissioner Workshop on the Demand Side Grid Support Program and Distributed Energy Backup Assets Program (Docket Number 22-RENEW-01)

Pacific Gas and Electric Company (PG&E) supports the California Energy Commission's (CEC) efforts to develop Demand Side Grid Support (DSGS) program guidelines and the development of the new Distributed Energy Backup Assets (DEBA) Program, pursuant to Assembly Bill (AB) 205, and appreciates the opportunity to provide feedback on the development of these programs as a response to the January 27, 2023, workshop led by Vice Chair Siva Gunda.

After attending the workshop and reviewing the CEC's list of questions for consideration, PG&E provides the following comments related to the DSGS and DEBA programs:

1. PG&E Agrees that DSGS and DEBA Should Complement, Not Detract from Existing Programs

During the workshop, there was broad agreement that DSGS should be complementary to existing California Public Utilities Commission (CPUC) jurisdictional demand response (DR) programs. PG&E supports the public comments that call for the CEC to include measures to prevent unintended negative consequences for DR programs that are part of the existing resource adequacy program and the California Independent System Operator (CAISO) wholesale market frameworks. To the extent that the CEC establishes new DR programs, PG&E believes it is critical that these programs fill gaps in existing CPUC programs or test new, innovative designs instead of mirroring existing program designs with only minor modifications. One concern in this regard is that the suggestion that DSGS could include an expansion of the existing Base Interruptible Program (BIP) may inadvertently encourage customers to simply shift participation from one program to another rather than maximizing incremental capacity and load reduction.

To ensure that DSGS achieves its goals, PG&E recommends that the CEC incorporate a section in its program guidelines which details a clear problem statement that DSGS-funded programs are aiming to address as well as a discussion of how the activity supports each of the ten policy goals and considerations identified by the CEC:[1]

1. Ensure Resource Adequacy and CAISO wholesale market participation over emergency programs;
2. Maximize incremental capacity and load reduction from demand-side resources;
3. Ensure high performance under peak & critical conditions;
4. Promote regular and active participation of clean resources in wholesale energy markets;
5. Provide alternative pathway for non-ISO customers and customers facing integration barriers;
6. Grow DR and DER markets;
7. Provide incentive parity between resource types;
8. Simplify administration during and after emergencies;
9. Reduce ratepayer impacts; and
10. Minimize combustion resource use outside of emergency conditions.

PG&E believes that incorporating this information in the program guidelines will ensure that DSGS-funded programs are complementary to existing programs and that it will provide greater clarity on the justification for any proposed modifications to DSGS eligibility, which was a frequently asked question in the January 27 workshop.

Similarly, DEBA could potentially provide a complimentary resiliency benefit to California, in addition to assisting with grid reliability needs. All things equal, California receives greater benefits if participating customers can not only provide grid benefits, but also provide greater societal value through weathering an outage. These benefits can be more pronounced when pairing storage with existing solar. For example, many facilities like schools, emergency services, healthcare, or water treatment facilities already have solar, and pairing storage with those customers could provide a higher return on investment and greater resilience to outages versus storage alone. This supports points 8 and 9 above by delivering two state goals via one program, and it also supports point 10 because it could minimize or obviate combustion-based backup generation.

2. If the CEC Expands DSGS Eligibility to Include IOU Customers, Coordination with the IOUs is Needed to Prevent Potential Double Payment and Counting of Capacity

The DSGS Program Guidelines specify the eligibility criteria[2] for customers in that they are **not**:

a. Eligible to participate in supply-side demand response, or emergency load reduction programs offered by entities under the jurisdiction of the California Public Utilities Commission.
b. Receiving payment or account for the same reduction in use of electricity through any other utility or state program.

PG&E notes that there is currently no mechanism in place for the CEC to verify the enrollment status of customers in CPUC jurisdictional programs and vice versa. As such, PG&E believes that it will be critical for the CEC to coordinate with the CPUC and IOUs to ensure customers are in compliance with any dual participation restrictions either from the DSGS or the CPUC jurisdictional program.

[1] Workshop Slide 22.
[2] Demand Side Grid Support (DSGS) Program Guidelines, First Edition. p.2

PG&E appreciates the opportunity to provide comments and recommends that the CEC incorporate the recommendations included above in the draft DSGS and DEBA program guidelines.

Please reach out to me with any questions.

Sincerely,

Licha Lopez