

<b>DOCKETED</b>	
<b>Docket Number:</b>	22-RENEW-01
<b>Project Title:</b>	Reliability Reserve Incentive Programs
<b>TN #:</b>	248858
<b>Document Title:</b>	ACWA Comments on Lead Commissioner Workshop discussing DSGS & DEBA
<b>Description:</b>	N/A
<b>Filer:</b>	System
<b>Organization:</b>	Nick Blair
<b>Submitter Role:</b>	Public
<b>Submission Date:</b>	2/17/2023 2:31:31 PM
<b>Docketed Date:</b>	2/17/2023

*Comment Received From: Nick Blair  
Submitted On: 2/17/2023  
Docket Number: 22-RENEW-01*

**ACWA Comments on Lead Commissioner Workshop discussing  
DSGS & DEBA**

*Additional submitted attachment is included below.*

February 17, 2023

Comment letter submitted via electronic commenting system

California Energy Commission  
Docket Unit, MS-4  
Docket No. 22-RENEW-01  
715 P Street  
Sacramento, California 95814

**Re: Association of California Water Agencies' Comments on Lead Commissioner Workshop on the Demand Side Grid Support Program and Distributed Electricity Backup Assets Program**

The Association of California Water Agencies (ACWA) appreciates the opportunity to provide public comments to the California Energy Commission (CEC) in response to the recent January 27, 2023 Lead Commissioner Workshop on the Demand Side Grid Support Program and Distributed Electricity Backup Assets Program (workshop) to discuss program concepts for the Demand Side Grid Support program (DSGS) and Distributed Energy Backup Assets program (DEBA). ACWA represents more than 460 public water agencies that collectively deliver approximately 90 percent of the water in California for domestic, agricultural, and industrial uses.

Public water agencies' primary mission is to provide a reliable water supply. Our member agencies are positioned to help the State meet its energy policies and support a reliable electric grid, but this can only happen when available programs align with a wide variety of public water agencies' load needs. The pathway towards driving participation by public water agencies in programs such as DSGS and DEBA is by ensuring that program implementation considers requested clarifications and flexibilities. The comments below reflect recommendations for CEC staff to consider prior to releasing draft guidelines.

**Comment 1- ACWA appreciates CEC staff taking proactive steps to receive early feedback on DSGS and DEBA.**

CEC staff proactively seeking early engagement with key participants in proposed programs like DSGS and DEBA is a good practice to enable feedback loops for better program design and enhanced participation in load reduction during peak hours.

**Comment 2- ACWA supports the proposed extension of eligibility in DSGS for public water agencies across IOU and POU service territories to participate.**

Expanded eligibility for public water agencies to participate in DSGS, as discussed on workshop slide 15, 23, and 24<sup>1</sup>, including those within publicly owned utility (POU) territory and investor-

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<sup>1</sup> January 27 CEC DEBA and DSGS Workshop Slides-  
(<https://efiling.energy.ca.gov/GetDocument.aspx?tn=248608> )

owned utility (IOU) territory is an opportunity to increase participation in load reduction efforts during peak hour events. Maintaining a suite of program options to choose from and extending eligibility within DSGS is the best approach to increasing public water agencies' participation. Public water agencies have a diverse and unique array of load management needs based upon operational needs. Whereas some public water agencies maintain a consistent energy load throughout a day, others have more highly variable loads throughout a day. Public water agencies consider their operational needs before enrolling in load reduction programs and can only enroll in load reduction programs that enable load reduction at planned outage times that do not compete with operational needs. DSGS offers incentives that differ from and are more attractive to some water agencies that do not participate in other load reduction programs including: Base Interruptible Program (BIP), Capacity Bidding Program, (CBP), Renewable Energy Self-Generation Bill Credit Transfer Program (RES-BCT), and the Emergency Load Reduction Program (ELRP).

**Comment 3- ACWA encourages CEC to prioritize clarity in DSGS program guidelines for participation by public water agencies.**

ACWA requests the CEC clarify the draft guidelines to increase public water agencies participation, as follows:

- Clarify eligibility criteria to participate in DSGS alongside other load reduction programs: The CEC should clarify eligibility by location, and what load reduction programs that public water agencies cannot dually participate in is essential so that public water agencies can make informed decisions about whether DSGS, or other load reduction programs work best within their operations.
- Provide adequate advance communication of emergency events that trigger DSGS: Increased lead time better could enable DSGS participants to better prepare for load shifting to fulfill their needed operations during non-peak hours in preparation for emergency events. Some public water agencies, during the 2022 Labor Day Heat events, did not think that the amount of lead time given (sometimes same day) was enough lead time to participate in DSGS. For example, some public water agencies, with more lead time, can reduce load using flow equalization basins to store wastewater instead of treating it right away.
- Clarify reimbursement process similarities and differences for water agencies in POU and IOU service territories: As currently written, DSGS guidelines<sup>2</sup> specify reimbursement process efforts with CEC staff. It is unclear if seeking reimbursement for DSGS participation is the same process for public water agencies located within IOU service territory as it would be for a water agency located in POU territory, or if water agencies located in IOU service territory would need to interface with California Public Utilities Commission (CPUC) for reimbursement.

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<sup>2</sup> [Current CEC DSGS Program Guidelines](#) (Adopted 8/10/22) only reference reimbursement through CEC staff. Clarity is needed to inform processes for POU vs IOU service territories because CEC holds jurisdiction over POU, whereas CPUC holds jurisdiction over IOUs.

- Provide guidance on how net incentive payments are calculated: The concept on slide 25<sup>3</sup> acknowledges that payment will vary depending on full dispatch period. It would be helpful to know if CEC has made a determination to return to the standby payment (\$250/MWh) and energy payment (\$2000/MWh) rates provided in the 2022 DSGS Guidelines, and if certain criteria will trigger “State of Emergency” rates as seen in 2022 when Energy Payments were increased to \$2250/MWh.

**Comment 4- ACWA encourages CEC to further consider DEBA program details to drive participation.**

ACWA offers the following recommendations:

- The DEBA framework could provide more flexibility to participate in load reduction events year-round to further mitigate emergency situations that occur: ACWA has concern that the current DEBA framework to prompt investment in clean energy infrastructure, that are required to assist the grid during emergency events only will not sufficiently drive applicants to participate. Public water agencies want to make use of investments, such as Supervisory Control and Data Acquisition (SCADA) and energy infrastructure, as often as possible to recapture upfront costs. Building and maintaining additional energy infrastructure that may not be needed during non-emergency events, and then may become inaccessible to public water agencies during emergency events would be difficult to justify to local boards and to customers.
- The DEBA framework requirement to participate in all grid emergencies may disincentivize participation: Public water agencies must contend with addressing their missions to provide and maintain water operations even during emergencies. The requirement to support the grid prior to addressing the agency’s operational needs will make DEBA participation a challenge. Public water agencies must keep essential water services intact during the emergency events that DEBA seeks to address and respond to other emergencies such as Public Safety Power Shutoffs (PSPS) and wildfires.

**Conclusion**

Public water agencies are a key State partner for helping meet energy policies and in supporting a reliable electric grid. Public water agencies have quickly responded to past energy shortages to help meet the State’s demand and can be ready for future blackouts as well. Public water agencies provide this support by reducing pumping operations, adjusting water system flow, adjusting treatment time, using water from storage facilities, adjusting intake and release operations, and reducing office building facility operations during peak times. DSGS and DEBA should be developed to best enable program participation to increase power grid reliability in a cost-effective way. We thank you for the opportunity to comment and look forward to working with you and your staff. ACWA appreciates your consideration of our recommendations. Please do not hesitate to contact me at [nickb@acwa.com](mailto:nickb@acwa.com) or (916) 669-2377 if you have any questions regarding ACWA’s input.

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<sup>3</sup> January 27 CEC DEBA and DSGS Workshop Slides-  
(<https://efiling.energy.ca.gov/GetDocument.aspx?tn=248608> )

Sincerely,



Nick Blair  
Regulatory Advocate II

cc: The Honorable David Hochschild, Chair, California Energy Commission  
The Honorable Siva Gunda, Vice Chair, California Energy Commission  
Mr. Drew Bohan, Executive Director, California Energy Commission  
Ms. Deana Carrillo, Director, Renewable Energy Division, California Energy Commission  
Ms. Ashley Emery, Manager, Reliability Reserve Incentive Branch, California Energy Commission  
Mr. Dave Eggerton, Executive Director, Association of California Water Agencies  
Ms. Cindy Tuck, Deputy Executive Director for Government Relations, Association of California Water Agencies