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Additional submitted attachment is included below.

STATE OF CALIFORNIA
BEFORE THE
CALIFORNIA ENERGY COMMISSION

In the Matter of: Reliability Reserve Incentive Programs	)))	Docket No. 22-RENEW-01 RE: Demand Side Grid Support Program

COMMENTS OF ENERWISE GLOBAL TECHNOLOGIES, LLC AND AUTOGRID SYSTEMS, INC, REGARDING PROPOSED DRAFT PROGRAM GUIDELINES, 2ND EDITION, FOR THE DEMAND SIDE GRID SUPPORT PROGRAM

Pursuant to the Notice of Staff Workshop on the Demand Side Grid Support Program on April 26, 2023 in the above, Enerwise Global Technologies, LLC, d/b/a CPower Energy Management ("CPower")and AutoGrid Systems, Inc. ("AutoGrid"), hereby submit comments regarding the Demand Side Grid Support ("DSGS") Draft Program Guidelines, 2nd Edition ("Draft DSGS Guidelines").

CPower is a distributed energy resources ("DER") aggregator operating throughout California and the United States, managing approximately 6.3GW of customers' demand side flexibility from over 17,000 customer sites in more than 60 wholesale and retail programs nationwide. CPower participates as an aggregator in programs ranging from emergency capacity demand response to load shifting to fast response frequency regulation.

AutoGrid offers a suite of flexibility management applications allowing utilities, electricity retailers, and energy service providers to deliver cheap, clean, and reliable energy by managing networked distributed energy resources (DERs) in real-time and at scale. AutoGrid is also a DER aggregator and scheduling coordinator in California, managing over 6 GW of DERs globally. AutoGrid has participated in California's Demand Response Auction Mechanism ("DRAM"), Emergency Load Reduction Program ("ELRP"), and Capacity Bidding Program ("CBP") across the state of California.

Summary

The California Energy Commission ("CEC") has an opportunity to make incredible advances in grid reliability in California, building upon the initial efforts approved for 2022. On the other hand, if the requirements do not carefully consider the needs and expectations of customers, utilities, and DSGS providers, the program may not achieve its goals.

In the main, most provisions of the Draft DSGS Guidelines are well thought out and serviceable. However, these comments highlight three areas that will dramatically undermine the success of the program in 2023 if changes are not adopted. Although the CEC is nearing final approval of its guidelines, CPower requests consideration of modest changes to the Draft DSGS Guidelines that can be adopted and will increase the potential for success to grow the DSGS program.

In order to resolve the unintended barriers erected in the Draft DSGS Guidelines, the CEC will need to address the following changes:

1) The proposal to require aggregators to require written approval by Community Choice Aggregators ("CCAs") and Publicly Owned Utilities ("POUs") should be modified to require aggregators to comply with any appropriate local requirements established by CCAs or POUs. This should be subject to minimal CEC oversight of such requirements to ensure that they do not become a barrier to participation and success of the DSGS Program.
2) The calculation of Incremental Market-Integrated DR Capacity under Option 2 must be further simplified to make it understandable to customers and DSGS providers alike.
3) DSGS Providers should be required to submit updated participant enrollment information to the CEC at manageable intervals, such as annually, quarterly, or at most monthly.

Beyond addressing the barriers listed above and discussed below, there are additional refinements to the Draft DSGS Guidelines that are needed and should be adopted to help ensure the success of the program. The identified issues, related to reimbursement for demand charge increases and POU discretion to make non-conforming changes to the DSGS dispatch requirements, are discussed in more detail below.

Comments on Barriers to Participation in the Draft DSGS Guidelines

I. The CCA and POU written approval requirement for aggregators should be modified to allowing reasonable local requirements, subject to minimal CEC oversight.

While it is understandable that the CEC would want to ensure coordination and information sharing between aggregators and CCAs and POUs, the written approval requirement is an inappropriate blunt instrument that will undermine the statewide expansion of DSGS. The written approval requirement is not benign and will erect barriers to customer participation, the misuse of which may and will likely restrict access to the DSGS program by customers. In short, although cooperation between CCAs and POUs and aggregators is essential, an explicit written permission requirement will balkanize California and lead to customers without viable options to participate in DSGS at all, or without the ability to participate with their preferred provider/aggregator.

A written permission requirement inappropriately delegates to CCAs and POUs the ability to restrict or exclude customers represented by aggregators from participating in the program. The proposed written permission requirement includes the ability to deny permission to any aggregator or restrict participation exclusively through CCA or POU or its designee. A written permission requirement would also necessarily include the ability for a CCA or POU to revoke permission or alter requirements, which presents an untenable business risk to aggregators due to the cost of acquisition of customers. Even where permission may be granted, “stroke of the pen” risk will be a major barrier to aggregators seeking to work with customers served by CCAs and POUs.

Such inappropriate customer restrictions imposed by CCAs or POUs would be inconsistent with Assembly Bill 209, which is precisely why the CEC should not use the ill-suited tool of written permission requirement to ensure cooperation between aggregators, CCAs and POUs. There is a better way forward that can achieve the CEC goals of ensuring cooperation without risking the success of the DSGS Program.

In lieu of a written permission requirement for CCAs and POUs, the CEC should instead give these entities the ability, if they choose to do so, to create reasonable registration requirements or business rules for aggregators working with CCA or POU customers. The CEC does not need to be particularly prescriptive on the types of requirements that CCAs or POUs may impose upon aggregators, but rather offer guidance that any such requirements:

1) Be consistent with DSGS program goals,

2) Reasonable in scope and not overly burdensome,

3) Not erect customer barriers to participation with an aggregator, and

4) Not be anticompetitive.

Respectfully, it would be the decision of the CEC whether to require such requirements to be approved by the CEC. In the interest of time and recognizing that DSGS is a new program, it may be sufficient to require only that any CCA or POU seeking to impose requirements submit proposed local aggregator requirements to the CEC, which may become effective unless the CEC rejects the proposed requirements. As far as possible, the CEC should encourage any CCAs or POUs seeking to adopt requirements to make such requirements that are consistent or similar as far as is practicable. This approach would balance the interests of customers, aggregators, CCAs and POUs, and importantly, encourage all stakeholders to work together to develop reasonable requirements, as necessary. An "approved unless rejected" approach would also conserve resources at the CEC by focusing attention only on any proposed requirements that are objectionable.

II. Performance Measurement Incentive Option 2 must be simplified in order to make it comprehensible by customers considering voluntarily participating in DSGS.

Vital to the success of any demand side program is the ability of customers to understand the value proposition to them and the benefits that participation will bring to the programs in terms of improved reliability. Performance measurement must not only be credible and unbiased, but it must also be reasonably easy to understand. Customers must understand how they will receive credit not only to promote strong performance, but also to avoid friction and disputes if and when customer expectations are not met due to confusion or misunderstanding of hyper-technical performance metrics. While many DSGS Program rules and requirements may be regarded as “behind the curtain” issues for DSGS Providers to worry about, performance measurement is one that all customers who seek to participate have a need to understand.

Respectfully, the proposed model for performance measurement in the Draft DSGS falls well short of being easy to understand even for industry professionals. The CEC deserves kudos for a model that seeks a precise definition of incremental capacity. Unfortunately, the effort at precision means that *the perfect has become the enemy of the good*.

The CEC should consider simplifying Performance Measurement of Option 2 as far as possible, or possibly reconsider some of the proposals of stakeholders submitted with comments. For example, the February 17, 2023 comments of Joint Parties in the present docket offers a substantially simplified way of measuring incremental capacity that is straight forward and easy to understand.

Although it is understandable and appropriate that the CEC wants to limit compensation to DSGS participation under Option 2 to truly incremental capacity, there must be a balance struck for how such incremental capacity is defined. If DSGS providers are unable to explain fundamental DSGS Program terms to customers in reasonable language they can understand, customers will simply decline to participate.

III. DSGS Providers should submit updated participant information on an annual basis.

Under proposed Chapter 2, Section D, relatively tight timeframes are envisioned for informing the CEC of new enrollments or updated enrollment. Such requirements within tight timeframes can create an excessive and unnecessary administrative burden that can substantially raise operational costs for DSGS providers. The need for this level of time sensitivity has not been demonstrated. Moreover, while the details of load-reduction resources and details of customers participating in a DSGS Program should be shared with the CEC, end users may enroll and unenroll in programs and a not infrequent cadence or predictable manner. The time frames proposed in the draft guidelines will create unnecessary and unwarranted paperwork for both the CEC and DSGS providers. The full list of participants are likely to change on a monthly, or even weekly or even a daily basis. While the DSGS provider will keep track of the current participants that make up the larger portfolio, it is unduly burdensome and simply unnecessary to share the updated data points for each end participant as soon as possible, as proposed in the guidelines. The CEC should modify the periodicity of updated information to an annual or quarterly basis, or not more frequently than monthly

Comments on Other Necessary Refinements to the DSGS Guidelines

In addition to the barriers discussed in the preceding comments section herein that require changes to improve the chance of success of the DSGS, there are some additional refinements that can and should be considered for adoption into the final guidelines. Certainly, the DSGS program will undergo many refinements as experience is gained with the program. That said, for any such areas where a need for refinement can be identified before adoption of the final guidelines, it is advisable that the CEC fix the matter now. Below are two elements where refinements to the Draft DSGS Guidelines are advisable now.

The first necessary refinement relates to customers' eligibility for reimbursement for increases in demand charges referenced in Chapter 3.A.3. This is an important provision to have clarity around because it will impact customers' decision to participate. Unfortunately, the Draft DSGS Guidelines are devoid of specificity as to how increased demand charges can be demonstrated. This is a particularly important consideration for storage participation, where a predefined baselining methodology must be determined. When the final guidelines are adopted, the CEC should provide more details and clarification on the methodology that will be used to determine the increase in the customer's demand charges that is eligible for reimbursement.

The second necessary area of refinement concerns allowing POUs outside the California ISO to develop new dispatch requirements that differ from the standard Option 2 requirements, as discussed in Chapter 4.A. While this is not a problem *per se,* substantive and procedural concerns arise from opening up DSGS dispatch requirements by POUs. From a substantive perspective, while it understandable that the CEC may want to leave some flexibility for the POUs outside of California ISO, the guidelines should state that there is value in consistency in program design, and that any such changes should be the minimum necessary to achieve the reliability objectives of the DSGS program. From a procedural standpoint, there is also a timing concern. The Draft DSGS Guidelines are very clear that participants may not enroll until the CEC has approved the dispatch requirements. This approval process will likely create delays in enrollment because DSGS Providers seeking to represent customers served by the POU will not be able to credibly describe program terms to customers.

WHEREFORE, consistent with these comments, the CEC is requested to amend the Draft DSGS guidelines to:

1) Replace the written permission requirement in Chapter 2.A.1.c with a provision that will permit CCAs and POUs to impose reasonable local requirements that are consistent with the objectives of the DSGS Program and subject to minimal CEC oversight.
2) Simplify the performance measurement calculation under Option 2 in Chapter 4.D as far as is practicable, and/or reconsider other options with lower complexity as proposed previously by stakeholders.
3) Require DSGS Providers to submit updated participant information on an annual, quarterly, or at most monthly basis.

4) Adopt necessary refinements discussed herein to clarify demand charge impacts eligible for reimbursement as an incentive, and direct that any proposed changes to dispatch requirements by POUs outside of the California ISO be consistent with the DSGS guidelines as far as practicable.

Respectfully submitted,

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