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**COMMENTS OF THE ALLIANCE FOR RETAIL ENERGY MARKETS
AND THE DIRECT ACCESS CUSTOMER COALITION ON THE
JANUARY 27, 2023, LEAD COMMIS**

COMMENTS OF THE ALLIANCE FOR RETAIL ENERGY MARKETS AND THE
DIRECT ACCESS CUSTOMER COALITION ON THE JANUARY 27, 2023, LEAD
COMMISSIONER WORKSHOP ON THE DEMAND SIDE GRID SUPPORT PROGRAM
AND DISTRIBUTED ELECTRICITY BACKUP ASSETS PROGRAM

Additional submitted attachment is included below.

**STATE OF CALIFORNIA ENERGY RESOURCES
CONSERVATION AND DEVELOPMENT COMMISSION**

In the Matter of:
Reliability Reserve Incentive Programs

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DIRECT ACCESS CUSTOMER COALITION ON THE JANUARY 27, 2023, LEAD
COMMISSIONER WORKSHOP ON THE DEMAND SIDE GRID SUPPORT
PROGRAM AND DISTRIBUTED ELECTRICITY BACKUP ASSETS PROGRAM**

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May 11, 2023

**STATE OF CALIFORNIA ENERGY RESOURCES
CONSERVATION AND DEVELOPMENT COMMISSION**

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PROGRAM AND DISTRIBUTED ELECTRICITY BACKUP ASSETS PROGRAM**

The Alliance for Retail Energy Markets (“AReM”)¹ and the Direct Access Customer Coalition (“DACC”) respectfully provide the following comments to the California Energy Resources Conservation and Development Commission (“Energy Commission”) regarding the Demand Side Grid Support (“DSGS”) program, the Energy Commission’s Proposed Draft Program Guidelines and the eligibility requirements provided therein.

I. INTRODUCTION

AReM is a California non-profit mutual benefit corporation formed by electric service providers (“ESPs”) that are active in California’s direct access (“DA”) market. For over twenty years, AReM has been the leading voice for the ESP community. DACC is the leading voice for DA customers. Our educational, governmental, commercial and industrial customer members utilize DA for either all or portions of their respective electrical energy requirements. In the aggregate, DACC members represent over 1,900 MW of demand that is met by both DA and bundled utility service and about 11,500 GWH of statewide annual usage. DACC members are served by ESPs.

¹ This filing represents the position of AReM, but not necessarily that of a particular member or any affiliates of its members with respect to the issues addressed herein.

II. COMMENTS

A. **The Eligibility Requirements for the Demand Side Grid Support Program Should Include Direct Access Customers**

Assembly Bill (“AB”) 205² created a new emergency demand response program, the Demand Side Grid Support (“DSGS”) program. AB 205 provided that, “Eligible recipients shall include all energy customers in the state, except those that are eligible to participate in demand response or emergency load reduction programs offered by entities under the jurisdiction of the Public Utilities Commission”³ [emphasis added].

This wording, specifically the phrase “that are eligible to participate,” essentially eliminated all customers of the investor-owned utilities, whether they be on bundled service, DA or served by community choice aggregators (“CCAs”) as generally speaking, all are eligible to participate in such programs. Basically, it restricted participation to customers of municipal or publicly owned utilities not under the jurisdiction of the California Public Utilities Commission.

This imprecise wording was remedied in AB 209⁴, which changed the wording to “Eligible recipients may include all energy customers in the state, except those enrolled in demand response or emergency load reduction programs offered by entities under the jurisdiction of the Public Utilities Commission” [emphasis added]. The substitution of the word “enrolled” in place of “that are eligible to participate” opened the DSGS program to all customers, whether they be bundled customers that purchase power directly from electrical corporations, or DA and CCA customers that purchase power from non-utility suppliers, so long as they are not already enrolled in the specified programs.

² Chapter 61, Statutes of 2022.

³ Article 3. Demand Side Grid Support Program, Public Resources Code Section 25792(b).

⁴ Chapter 61, Statutes of 2022.

The Energy Commission’s Proposed Draft Program Guidelines⁵ provides that ESPs are eligible suppliers as it states that Eligible DSGS Providers include “Retail suppliers as defined in Public Utilities Code (PUC) Section 398.2.” P. U. Code Section 398.2 states that, ““Retail supplier” means an entity that offers an electricity product for sale to retail consumers in California, including an electrical corporation, local publicly owned electric utility, **electric service provider**, and community choice aggregator” [emphasis added].

However, the Guidelines do not include DA customers in its list of eligible customers, as indicated in this excerpt from Section A.2:

A. DSGS Program Eligibility

1. Eligible DSGS Providers

Eligible DSGS providers include:

- a. Retail suppliers as defined in Public Utilities Code (PUC) Section 398.2.
- b. Federal power marketing administrations.
- c. Aggregators of customers.
 - i. Before enrolling customers in the service territory of a local publicly owned electric utility (POU) or community choice aggregator (CCA), aggregators of customers must receive written permission from each applicable POU or CCA to participate in the DSGS Program.
 - ii. Aggregators of customers must notify IOUs in writing of their intent to enroll customers within the electrical corporation’s service territory.

2. Eligible Participants

- a. Eligible participants are:
 - i. All customers of POUs.
 - ii. All customers of federal power marketing administrations.
 - iii. The following customers of CCAs and electrical corporations:**
 - Customers participating with backup generators.
 - Customers participating through incentive Option 2 or Option 3 described in Chapter 4 and Chapter 5.
 - Water agencies, which include water utilities, wastewater facilities, and irrigation districts.

⁵ Demand Side Grid Support (DSGS) Program Guidelines, Second Edition (Assembly Bill 205, 2022), April 2023 | CEC-300-2022-008-CMF.

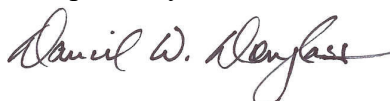
The list of Eligible Participants fails to include the DA customers of ESPs. This omission should be corrected, in accordance with the directives provided in AB 209 and the definition of ESPs as retail suppliers under P. U. Code Section 398.2. Subsection 2.a.iii should be modified to read “The following customers of CCAs, ESPs and electrical corporations.”

It can be argued that DA participants are customers of electrical corporations as they take transmission and distribution service from them. However, the same is true of CCA customers. By having the list of Eligible Participants call out customers of CCAs and electrical corporations while omitting a reference to ESPs, it raises doubt as to DA customers’ eligibility. This doubt can be resolved easily with the modification suggested above.

III. CONCLUSION

AReM and DACC appreciate the opportunity to offer these comments on the DSGS program and the Proposed Draft Program Guidelines. We welcome the opportunity to continue to collaborate with the Energy Commission and other stakeholders as the DSGS program is further developed and refined.

Respectfully submitted,



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ALLIANCE FOR RETAIL ENERGY MARKETS**

May 11, 2023