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ON THE DRAFT DSGS PROGRAM GUIDELINES, SECOND EDITION

Additional submitted attachment is included below.

STATE OF CALIFORNIA
CALIFORNIA ENERGY COMMISSION

IN THE MATTER OF: *Reliability Reserve Incentive Programs*	DOCKET NO. 22-RENEW-01 RE: Draft Demand Side Grid Support Program Guidelines, Second Edition

CALIFORNIA COMMUNITY CHOICE ASSOCIATION'S COMMENTS ON THE MODIFIED DRAFT DEMAND SIDE GRID SUPPORT (DSGS) PROGRAM GUIDELINES, SECOND EDITION

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July 10, 2023

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The California Community Choice Association[1] (CalCCA) submits these Comments pursuant to the *Notice of Availability and Request for Comments on the Draft Demand Side Grid Support Program Guidelines, Second Edition*, dated June 30, 2023, seeking public comment on the modified Draft Demand Side Grid Support (DSGS) Program Guidelines, Second Edition (Draft Guidelines).

I. INTRODUCTION

CalCCA appreciates the opportunity to provide comments on the Draft Guidelines for DSGS. This program implementing Assembly Bill (AB) 205[2] and AB 209[3] is key to ensuring

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[1] California Community Choice Association represents the interests of 24 community choice electricity providers in California: Apple Valley Choice Energy, Central Coast Community Energy, Clean Energy Alliance, Clean Power Alliance, CleanPowerSF, Desert Community Energy, East Bay Community Energy, Energy For Palmdale's Independent Choice, Lancaster Energy, Marin Clean Energy, Orange County Power Authority, Peninsula Clean Energy, Pico Rivera Innovative Municipal Energy, Pioneer Community Energy, Pomona Choice Energy, Rancho Mirage Energy Authority, Redwood Coast Energy Authority, San Diego Community Power, San Jacinto Power, San José Clean Energy, Santa Barbara Clean Energy, Silicon Valley Clean Energy, Sonoma Clean Power, and Valley Clean Energy.

[2] Assembly Bill 205 Budget Act of 2023: https://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=202320240AB205.

[3] Assembly Bill 209 Budget Act of 2023: https://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=202320240AB209.

that California can reliably serve customers under potentially extreme weather conditions through incentives to customers to reduce their net load.

CalCCA recommends that the document provide the following clarifications:

- Update Chapter 2 Section A.2.b.ii to limit eligibility in DSGS to the extent the customer is receiving incentives from a community choice aggregator (CCA) for the same reduction in electricity use to avoid potential dual enrollment; and

- Update Chapter 2 Section A.1.c.ii to provide CCAs with specific customer enrollments so that the objective of not allowing customers to participate in DSGS if they are already being compensated for the same reduction in electricity can be achieved and to enable CCAs to reasonably forecast load in the California Independent System Operator Corporation (CAISO) market from their customers.

These changes will be important to avoid results that are already identified as undesirable as well as ensuring that load-serving entities (LSEs) have the best information available to effectively participate in the CAISO energy market.

II. CHAPTER 2 SECTION A.2.b.ii SHOULD BE REVISED TO PREVENT DUAL ENROLLMENT WITH CCA DEMAND RESPONSE (DR) PROGRAMS

As presently written, Chapter 2 Section A.2.b.ii would not allow a customer to be eligible for DSGS if they are "[r]eceiving payment or accounting for the same reduction in use of electricity through any other utility or state program."

The Draft Guidelines do not explicitly define the term "utility," however, it does define an "Investor-owned utility (IOU)" and a "Local publicly owned electric utility (POU)" as well as a "Community choice aggregator."[4] In context, it would appear that a "utility" is either an IOU or a POU and does not include a CCA. Since there are CCAs that operate their own DR programs that compensate customers for a reduction in electricity use, there is a category of compensation that falls neither within the "utility or state program" category but that should also make the customer ineligible for DSGS.

[4] Draft Guidelines at 41-43.

For this reason, Chapter 2 Section A.2.b.ii should be revised to read:

> Receiving payment or accounting for the same reduction in use of electricity through any other utility, <u>CCA</u>, or state program.

This revision is important to ensure that resources are not dually enrolled in both a CCA DR program and the DSGS program.

III. CHAPTER 2 SECTION A.1.c.ii SHOULD BE REVISED TO ALLOW FOR THE IDENTIFICATION OF CUSTOMERS THAT COULD REPRESENT UNINTENDED DUAL ENROLLMENT AND TO ENABLE MEANINGFUL FORECASTING AND SCHEDULING OF LOAD IN THE CAISO MARKET BY LSES

As modified, Chapter 2 Section A.1.c.ii only provides a CCA with an aggregator's intent to enroll customers and not the actual enrollment information. In addition, the aggregator must only describe the types of customers (e.g., residential, commercial, industrial etc.) and load reduction resources and not inform the CCA about the actual customers enrolled or the expected load reduction amounts per customer under the aggregator's DSGS program. This is problematic for two reasons.

First, it is clearly the intent of the California Energy Commission (CEC) to compensate a customer only once for a reduction in demand as specified in Chapter 2 Section A.2.b. However, as discussed in section II, there are instances where a CCA provides customer incentives to reduce demand that should make CCA program participants ineligible for DSGS participation. As drafted, the Draft Guidelines provide no mechanism for CCAs to check if the customer is being enrolled in a DSGS program that will compensate them twice for the same load reduction. In order to prevent this double compensation, the CCA should be provided with specific customer enrollment information such that the CCA can notify the CEC of any dual enrolled customers and the CEC can then determine DSGS eligibility.

Second, it is very important, particularly under stressed grid conditions, that LSEs accurately forecast the amount of load that they expect to serve through the CAISO market. During stressed grid conditions, prices in the market are typically very high. If an LSE is not aware that customers are enrolled in DSGS, the LSE may over-schedule its load in the CAISO market and pay higher total costs when that load is reduced due to a DSGS event. Without knowing which customers are participating and the expected load reductions of those customers, the LSE and its customers are likely to be subject to purchasing a higher quantity of energy from the CAISO than was needed to satisfy their customers' energy needs. This will impact the LSE directly by increasing the quantity that they will bid for and buy in the CAISO market. It will also impact the CAISO market as this will artificially increase energy demand by pushing the demand curve higher up the supply curve, resulting in a higher market clearing price for all customers.

For these reasons, Chapter 2 Section A.1.c.ii should be modified as follows:

> Aggregators of customers must notify investor-owned utilities (IOUs) and community choice aggregators (CCAs) in writing of the~~ir intent to~~ enrollment of customers within ~~the electrical corporation's~~ their service territory. The notice shall include:
>
> - The aggregator's name.
> - Which DSGS incentive option(s) the DSGS provider will offer to participants.
> - ~~A description of t~~The ~~types of~~ customers ~~(such as residential, commercial, industrial, and so forth)~~ and targeted load reductions ~~resources~~ the aggregator plans to enroll in each incentive option.
>
> Aggregators must provide the CEC evidence of this notice within 5 business days of sending to the IOU or CCA.

IV. CONCLUSION

CalCCA encourages the CEC to modify the guideline to prevent unwarranted dual participation, and to provide important information to LSE to ensure an effective DSGS program and efficient CAISO energy market by:

- Updating Chapter 2 Section A.2.b.ii to limit eligibility in DSGS to the extent the customer is receiving incentives from a CCA for the same reduction in electricity use to avoid potential dual enrollment; and

- Updating Chapter 2 Section A.1.c.ii to provide CCAs with specific customer enrollments so that the objective of not allowing customers to participate in DSGS if they are already being compensated for the same reduction in electricity can be achieved and to enable CCAs to reasonably forecast load in the CAISO market from their customers.

CalCCA looks forward to further collaboration on this topic.

Respectfully submitted,

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July 10, 2023