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## **Leap Comments on Modified DSGS Guidelines**

*Additional submitted attachment is included below.*

## Leap Comments on Modified DSGS Guidelines

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Leap would like to express its gratitude to the California Energy Commission (CEC) for their decision to create enhanced incentive opportunities for Options 2 and 3, as well as for removing the requirement for Customer Choice Aggregator (CCA) permission. Additionally, Leap commends the CEC's promptness in releasing the guidelines by the end of June. These actions demonstrate the CEC's commitment to facilitating the adoption of Demand Side Grid Support program (DSGS) and will help ensure meaningful levels of demand response are brought online to support the grid in this coming summer and beyond.

Regarding the incentive rate, Leap supports the Council's position that further work should be done to increase it over time. While the changes made are commendable, a higher incentive rate would provide stronger motivation for customers to embrace DSGS and contribute to the growth of renewable energy generation in California. This is particularly true given the current ambiguity around whether the 30% incentive bonus will continue past 2024. It is crucial for the program to have stable incentive levels over time to provide the level of revenue certainty that DSGS providers require for long-term participation.

The modified guidelines also provided additional details that gave more clarity around certain components of the program. However, there are still some areas where small changes to language could help streamline implementation. Leap has listed these below. Please note: when referencing specific sections or pages of the DSGS Draft Guidelines, Leap is referencing the July 3 ADA Strikethrough & Underline Version.<sup>1</sup>

1. In Section A of Chapter 5 ("Aggregator and Participant Responsibility"), the modified guidelines state that DSGS providers will be required to "verify, *provide*, and comply with the participants' interconnection agreements (for example, a Rule 21 tariff) if the participant plans to export under the DSGS Program."<sup>2</sup>

Although third party aggregators currently take steps to verify that their customers are complying with interconnection agreements, they do not always readily track the agreement, or have access to the agreement, particularly in the case where the aggregator and battery installer are different entities. As a result, asking DSGS providers to provide these agreements is a substantial administrative burden that would slow down customer enrollment significantly. Should the CEC require the agreements to verify compliance, they should contact the customers' Utility Distribution Company (UDC) with whom the agreement is signed. The UDC should have this information readily accessible, and can claim administrative costs if, and when, they are asked for this information.

Leap has experience with this issue through our participation and dispatch in the 2022 Emergency Load Reduction Program (ELRP). Similar to DSGS, ELRP credits exports from

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<sup>1</sup> <https://www.energy.ca.gov/publications/2023/demand-side-grid-support-dsgs-program-guidelines-second-edition>

<sup>2</sup> DSGS Draft Guidelines, Chapter 5, Section A, "Aggregator and Participate Responsibility," p. 22 (emphasis added).

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batteries so long as they are compliant with their interconnection agreements. Unfortunately, the settlement for last year's ELRP participation has been delayed by over four months due to differences in how utilities are verifying compliance. Some have the data internally to verify while others originally requested the interconnection data outright. After working with Leap and understanding the difficulties in sourcing that data, all utilities have now committed to providing it themselves.

It is important that systems are compliant with interconnection agreements such that distribution grid reliability is maintained. It is also important that participants in the DSGS program are compensated for their services in a reasonable timeframe. To ensure the success of the DSGS program, Leap strongly recommends that aggregators not be required to provide the interconnection agreements and instead that information is sourced from the UDC directly.

2. In Section A of Chapter 5 ("Aggregator and Participant Eligibility") Leap appreciates the CEC's decision to strike the undefined term "Customer Agreement Form."<sup>3</sup> However, Leap recommends a slight edit to the new language such that Leap's partners can utilize the existing Terms and Conditions they already have with their end customers that authorize their participation in grid services and demand response programs - specifically, rephrasing the requirement in that bullet to read, "Receive authorization from the participant allowing for the use of their device for the purposes of program participation" Notably, the proposed redline mimics the phrasing for customer data authorization under Section B of Chapter 5 ("Participant Enrollment").<sup>4</sup>

The specific language of the sections addressed above has been copied at the bottom of these comments, with redlines detailing exactly what changes Leap is proposing. In addition to these redlines, Leap also suggests a few other small programmatic adjustments/additions to fine-tune the guidelines before final adoption:

1. In Section B of Chapter 5, the modified guidelines state that attestations from participants be submitted "under penalty of perjury."<sup>5</sup> Although it's important to establish consequences if attestations are incorrect, "perjury" is often penalized by jail time, an extremely punitive legal response that is far beyond the penalties established in most other demand response programs. It's easy to imagine that many customers, if facing the possibility of jail time by submitting information that isn't "accurate or complete," would simply choose to avoid this risk by choosing not to participate in the program.

By changing "penalty of perjury" to a more fitting penalty (such as forfeiting incentive payments or being disenrolled from the program), the CEC would avoid this potentially

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<sup>3</sup> DSGS Draft Guidelines, Chapter 5, Section A, "Aggregator and Participant Eligibility," p. 22.

<sup>4</sup> DSGS Guidelines, Chapter 5, Section B, "Participant Enrollment," p. 24.

<sup>5</sup> DSGS Guidelines, Chapter 5, Section B, "Participant Enrollment," p. 24.

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negative consequence and bring the DSGS program in line with standard procedures that have worked to enforce accurate attestations in countless similar DR programs. Ultimately, DSGS is a voluntary program meant to encourage electricity customers to support the grid, and those customers should not feel they're opening themselves up to future incarceration by participating in it.

2. The CEC should establish a mechanism or limit on how much time Publicly Owned Utilities (POUs) can take to respond to DSGS providers' requests for permission to engage with their customers. This would help avoid undue delays as DSGS providers work with POUs to enroll their customers in the program. Leap recommends that the CEC give guidance that POUs should provide the written statement as described in Chapter 2 Section A ("DSGS Program Eligibility")<sup>6</sup> within ten business days of the aggregator requesting permission to engage their customers.
3. The CEC should allow some leniency in enrollment deadlines in this initial season, considering the late start in getting the revised DSGS program up and running and that the program is expected to be approved five calendar days before the first day of August. By extending the enrollment period until August 15 and ensuring that dispatched customers in August still receive the full incentive amount, we can accommodate a smoother transition and facilitate greater participation. This flexibility will enable a more inclusive approach, benefiting both customers and DSGS providers.
4. In Section B of Chapter 5 ("Participant Enrollment"), the language currently states that when enrolling with an aggregator, the LSE information, including the customer identification number, phone number on file with the LSE, or any other information necessary to verify participant eligibility, should be provided.<sup>7</sup> Leap has reservations about this requirement, as its partners may not always have access to the most up-to-date LSE information for a given customer. Customers have the freedom to switch LSEs periodically, and our partners are not always aware of these changes in real-time.

Should the LSE be required in order to enroll, it will create a friction point whereby the end customer must open an email, click into a form, and provide the name of their LSE. The end customer may also need to locate a recent utility bill in order to identify their current LSE. Although this is generally a lower friction process than the existing ShareMyData data sharing for market participation, it would still greatly reduce the number of customers participating in DSGS - and therefore the amount of controllable load available to the state.

To mitigate this enrollment friction Leap recommends that the CEC instead collect a customer's UDC as opposed to the LSE. A customer's UDC is static and is information

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<sup>6</sup> DSGS Guidelines, Chapter 2, Section A, "DSGS Program Eligibility," p. 2.

<sup>7</sup> DSGS Guidelines, Chapter 5, Section B, "Participant Enrollment," p. 24.

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— generally collected by Leap’s partners. As mentioned above, the UDC would also be the appropriate entity to verify compliance with interconnection agreements.

In summary, Leap appreciates the CEC's efforts in implementing changes to the incentive levels and streamlining the authorization process. These modified guidelines address the majority of Leap’s initial comments and concerns, and with the final adjustments outlined above (and detailed in the redlined language below), Leap is confident that the DSGS will be set up for success in the coming summer season.

### Redlined Changes

Chapter 5, Section A (p. 22):

- Verify, ~~provide,~~ and comply with the participants’ interconnection agreements (for example, a Rule 21 tariff) if the participant plans to export under the DSGS Program. The CEC reserves the right to withhold incentive payments for resources found to be in violation of the interconnection agreement.
- ~~Receive authorization to participate in the DSGS Program from each participating customer.~~ Receive authorization from the participant allowing for the use of their device for the purposes of program participation