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**CMUA Comments on the Demand Side Grid Support Program
Revised Draft Guidelines**

Additional submitted attachment is included below.

STATE OF CALIFORNIA ENERGY RESOURCES CONSERVATION
AND DEVELOPMENT COMMISSION

In the Matter of:

Reliability Reserve Incentive Programs

Docket No. 22-RENEW-01

**COMMENTS OF THE CALIFORNIA MUNICIPAL UTILITIES ASSOCIATION
ON THE MODIFIED PROPOSED DRAFT PROGRAM GUIDELINES, DEMAND SIDE
GRID SUPPORT PROGRAM (DSGS) PROGRAM GUIDELINES, SECOND EDITION**

The California Municipal Utilities Association (CMUA) respectfully provides the following comments to the California Energy Resources Conservation and Development Commission (Energy Commission) regarding the Modified Proposed Draft Program Guidelines, Demand Side Grid Support (DSGS) Program Guidelines, Second Edition¹ (Draft Revised Guidelines).

CMUA is a statewide organization of local public agencies in California that provide essential public services including electricity, water, and wastewater service throughout California. CMUA membership includes publicly owned electric utilities (POUs) that operate electric distribution and transmission systems that serve approximately 25 percent of the electric load in California, and public water and wastewater agencies that serve approximately 75% of California's water customers. California's POUs and public water and wastewater agencies are committed to, and have a strong track record of, providing safe, reliable, affordable, and sustainable electric, water, and wastewater service. During the September 2022 grid emergency, California's POUs and public water and wastewater agencies provided approximately 400 megawatts (MW) of net load reduction. CMUA members stand ready to help maintain reliable, affordable, and sustainable electric service to help moderate the grid impacts of future extreme events.

¹ Emery, Ashley and Erik Lyon, July 2023. *Demand Side Grid Support Program: Proposed Draft Guidelines Second Edition*, California Energy Commission. Publication Number: CEC-300-2023-003-D2.

I. INTRODUCTION

CMUA members appreciate the opportunity to collaborate with Energy Commission staff and stakeholders on potential modifications to the Demand Side Grid Support (DSGS) program. We offer the following comments on potential modifications to the DSGS program, including key issues to be addressed related to emergency dispatch of backup generation resources and Resource Adequacy (RA) eligibility.

Previous CMUA comments include comments on the DSGS Program Draft Guidelines, submitted on July 29, 2022², comments on the DSGS Program and Distributed Energy Backup Assets Program (DEBA) development, submitted on February 23, 2023³, and comments on the April 26, 2023, Workshop and Proposed Draft Guidelines, submitted on May 11, 2023.⁴ CMUA submits the following feedback to the Energy Commission on the Draft Revised Guidelines:

- CMUA supports the eligibility language in the Draft Guidelines requiring aggregators to receive written consent from the host POU and seeks the following clarifications:
 - The Energy Commission should clarify that the host POU can rescind consent if the aggregator fails to honor any conditions that are part of the original consent agreement.
 - The Energy Commission should clarify that any data sharing by the host POU be subject to customer approval.
- CMUA agrees that net load reductions created under the DSGS program should prioritize host balancing area authority (BAA) needs. In order to ensure this, the Energy Commission should clarify that any cross BAA transfers be approved by the host BAA, including transfers initiated by an aggregator, and transfers initiated pursuant to Options 2 and 3.
- CMUA appreciates the clarification that DSGS participants are eligible for administrative cost reimbursement for increased demand charges. The Energy Commission should further clarify that administrative costs associated with obtaining any federal waivers also be eligible for reimbursement.

² Energy Commission Docket #22-RENEW-01, Document #244148, <https://efiling.energy.ca.gov/GetDocument.aspx?tn=244263&DocumentContentId=78195>.

³ Energy Commission Docket #22-RENEW-01, Document #248929, <https://efiling.energy.ca.gov/GetDocument.aspx?tn=248929&DocumentContentId=83479>.

⁴ Energy Commission Docket # 22-RENEW-01, Document #250106, <https://efiling.energy.ca.gov/GetDocument.aspx?tn=250106&DocumentContentId=84824>.

II. COMMENTS ON DSGS Draft Revised Guidelines

CMUA supports the eligibility language in the Draft Revised Guidelines requiring aggregators to receive written consent from the host POU.

The Draft Revised Guidelines establish that a DSGS program aggregator must receive written approval from a local POU in order to serve as a DSGS program administrator for the local POU's customers. Draft Revised Guidelines recognize that prior consent is necessary to ensure that any aggregation within a POU's service territory does not adversely impact the ability of the POU to provide essential services or result in increased energy costs for the POU's customers. The Energy Commission should also clarify that such consent may be rescinded in the event that the aggregator fails to honor any element of the consent agreement. Such a requirement is key to ensure that all requirements stipulated in the consent agreement are honored. Further, the Energy Commission should clarify that, data-sharing with third parties is contingent on customer authorization and may require an agreement between the third party and the POU, consistent with the state's existing confidentiality laws.

CMUA agrees that any net load reductions created under the DSGS program should prioritize host BAA needs.

The Draft Revised Guidelines for Option 1 establish trigger rules to call a DSGS event based on a California BAA declaration of an Energy Emergency Alert (EEA) Watch, or EEA levels 1, 2, or 3. The Draft Revised Guidelines clarify that DSGS participants are able to provide net load reduction to aid a different BAA, while also assuring that in the event of EEAs being issued by multiple BAAs, net load reduction in a specific BAA would be prioritized for that BAA. Such an approach can act to increase customer participation while ensuring that local load reduction can serve local BAA needs in the event that multiple BAAs issue EEAs. In order to ensure such prioritization, the Energy Commission should clarify that any cross BAA transfers be approved by the host BAA and coordinated with the host POU, including transfers initiated by an aggregator, and transfers initiated pursuant to Options 2 and 3.

CMUA supports the requirement that owners of generation indicate whether they require a federal waiver.

The Draft Revised Guidelines should clearly state that administrative costs associated with obtaining any federal waivers also be eligible for reimbursement. Obtaining such a waiver may be time consuming and result in the POU, BAA, or generator incurring additional costs. Such cost reimbursement is critical to increasing the availability of generation requiring a federal waiver.

III. CONCLUSION

CMUA appreciates the opportunity to offer these comments on the Draft Revised Guidelines. The changes established in the Draft Revised Guidelines improve the ability of the DSGS program to serve as an important tool to maintain grid reliability throughout the state during extreme events, such as the heat emergency experienced in September of 2022. CMUA welcomes the opportunity to continue to collaborate with the Energy Commission and other stakeholders as the DSGS program is further developed and refined.

Dated: July 10, 2023.

Respectfully submitted,



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