

DOCKETED

Docket Number:	22-RENEW-01
Project Title:	Reliability Reserve Incentive Programs
TN #:	254322
Document Title:	Nicole Looney - SMUD Comments Re Staff Workshop on the Demand Side Grid Support Program
Description:	N/A
Filer:	System
Organization:	Nicole Looney
Submitter Role:	Public Agency
Submission Date:	2/5/2024 2:17:19 PM
Docketed Date:	2/5/2024

*Comment Received From: Nicole Looney
Submitted On: 2/5/2024
Docket Number: 22-RENEW-01*

SMUD Comments Re Staff Workshop on the Demand Side Grid Support Program

SMUD Comments Re: Staff Workshop on the Demand Side Grid Support Program - 22-RENEW-01

Additional submitted attachment is included below.

**STATE OF CALIFORNIA
BEFORE THE CALIFORNIA ENERGY COMMISSION**

In the matter of:)	Docket No. 22-RENEW-01
)	
<i>Demand Side Grid Support Program</i>)	SMUD Comments Re: Staff Workshop on the Demand Side Grid Support Program
)	
)	February 5, 2024
)	

Comments of SACRAMENTO MUNICIPAL UTILITY DISTRICT on the Staff Workshop on the Demand Side Grid Support Program

The Sacramento Municipal Utility District (SMUD) appreciates the opportunity to comment on potential changes to the Demand Side Grid Support (DSGS) program as presented at the California Energy Commission’s January 23, 2024, staff workshop (Workshop).¹ SMUD is embracing load flexibility as a key strategy to meet the goals in our 2030 Zero Carbon Plan² and offers multiple programs and pilots that can help save customers money while helping us manage and operate our electric system. SMUD also has participated in DSGS since it was launched, including facilitating direct customer participation in 2022 and enrolling as a DSGS provider in 2023.

SMUD offers the following recommendations as the CEC considers additional updates to the *Demand Side Grid Support Program Guidelines, Second Edition*³ (DSGS guidelines):

- Clarify the CEC’s goals for the DSGS program, including the objective of enabling clean, load flexibility resources to contribute to resource adequacy where feasible, within the DSGS guidelines.
- Continue allowing compensation for DSGS Option 1 participants that reduce net load, as directed by their host utility and balancing authority area (BAA), in response to Energy Emergency Alerts (EEAs) issued by other California BAAs.
- Establish payment claim submission deadlines, if determined necessary by the CEC, no earlier than May 1 following the program season.
- Consider updating the administrative cost reimbursement caps for publicly owned electric utilities (POUs) to reflect existing cost structures.

¹ <https://www.energy.ca.gov/event/workshop/2024-01/staff-workshop-demand-side-grid-support-dsgs-program>.

² SMUD’s 2030 Zero Carbon Plan is available at <https://www.smud.org/-/media/Documents/Corporate/Environmental-Leadership/ZeroCarbon/2030-Zero-Carbon-Plan-Technical-Report.ashx>.

³ Emery, Ashley and Erik Lyon. July 2023. Demand Side Grid Support Program Guidelines, Second Edition, California Energy Commission. Publication Number: CEC-300-2023-003-CMF, available at <https://efiling.energy.ca.gov/GetDocument.aspx?tn=251195>.

Our recommendations are further detailed below. SMUD also supports the comments of the California Municipal Utilities Association (CMUA) submitted on February 5, 2024.⁴

Recommendations

- i. *Clarify the CEC's goals for the DSGS program, including the objective of enabling clean, load flexibility resources to contribute to resource adequacy where feasible, within the DSGS guidelines.*

A fundamental purpose of the DSGS program is to develop emergency resources to support California's grid reliability. AB 205 and AB 209 describe the purpose of the DSGS program as incentivizing dispatchable customer load reduction and backup generation as on-call emergency supply during extreme events. CEC staff have also identified DSGS as a mechanism for growing clean load flexibility resources across the state and enabling participation for customers that do not have a pathway to participate in resource adequacy or CAISO markets (or that face integration barriers).⁵ This perspective is reflected, in part, in Chapter 2, Section B of the DSGS guidelines, which describe Options 2 and 3 as pilot pathways intended to test new program designs. However, as CEC staff recognized at the Workshop, enabling clean, load flexibility resources to provide additional resource adequacy capacity, whether as a supply-side or load-modifying resource, is more beneficial to state reliability than participation in emergency programs.

SMUD agrees with the CEC's view that resource adequacy should be prioritized, to the extent feasible. SMUD recognizes the important role that load flexibility, including demand response, virtual power plants, and managed charging, will serve in reliably and efficiently managing our system as we work to achieve our zero-carbon goals, and we are testing different use cases for load flexibility within our pilots and programs. SMUD also agrees that DSGS can serve as a bridge to develop and promote load flexibility where programs do not exist, or integration barriers preclude participation. For clarity, we encourage the CEC to include its vision for the use of load flexibility beyond emergency programs, and how DSGS can further that vision, within Chapter 1 of the DSGS guidelines.

- ii. *Continue allowing compensation for DSGS Option 1 participants that reduce net load, as directed by their host utility and balancing authority area (BAA), in response to Energy Emergency Alerts (EEAs) issued by other California BAAs.*

SMUD strongly recommends that the CEC reconsider the proposal to stop compensating customers for reducing load, as directed by their host utility and BA, when another BA issues an EEA. This approach, in SMUD's experience, has proven effective and has the ability to contribute to increased reliability across the state.

⁴ <add link to docketed comments if/when available>

⁵ See, for example, slide 4 of the April 26, 2023 CEC DSGS workshop [presentation](#).

During the summer 2022 program season, SMUD, in close coordination with BANC, dispatched incremental customer load reductions on several occasions based on CAISO EEAs. Resources were dispatched in a manner that allowed us to increase emergency support to the CAISO while still managing our own system reliability under challenging circumstances. Multiple factors contributed to this success, including upfront planning and coordination; real-time visibility and control of load reduction resources; strong BA-to-BA communications; and DSGS's ability to unlock new emergency resources and, in some cases, extend participation of existing load reduction resources beyond SMUD's program windows.

SMUD is interested to learn more about the "stakeholder confusion" cited during the Workshop as the rationale for this change. SMUD agrees that significant planning and coordination is required to determine under which circumstances resources can be dispatched in response to EEAs in other BAs. However, that complexity can be managed for participating customers, who simply receive direction from their host utility or BA on when to dispatch regardless of which BA is in an EEA situation. More broadly, SMUD is concerned that removing this BA-to-BA program functionality will not only negatively impact system reliability, but also remove compensation options for customers that can reduce net load, which is contrary to the DSGS program goals of increasing the state's on-call emergency supply during extreme events.

iii. Establish payment claim submission deadlines, if determined necessary by the CEC, no earlier than May 1 following the applicable program season.

SMUD questions whether it is necessary to establish a payment claim submission deadline for DSGS providers or non-provider POU's that are reimbursed for facilitating customer participation. The first-come, first-served approach that the DSGS guidelines set forth for processing payment claims provides sufficient incentive for timely submission of claims. However, should the CEC determine such a deadline is necessary, SMUD recommends that it be set no earlier than May 1 following the program year. This timing would minimize the overlap with resource-intensive year-end audits that occur during the first quarter.

iv. Consider updating the administrative cost caps to reflect POU cost structures.

SMUD requests the CEC consider whether the administrative reimbursement structure for Option 1 is sufficient to allow POU's to recover the costs associated with program delivery. SMUD bills for staff hours at full-cost rates, which include all direct and indirect costs. Indirect costs far exceed 10% of our direct payroll costs; however, based on the indirect cost cap in the DSGS guidelines, SMUD would not be eligible for full reimbursement. SMUD welcomes further discussion with the CEC on potential adjustments to the administrative cost cap to better align with existing POU cost structures.

Conclusion

SMUD thanks the CEC for consideration of the above comments and looks forward to continued collaboration with staff on the DSGS program.

/s/

KATHARINE LARSON
Regulatory Program Manager
Government Affairs
Sacramento Municipal Utility District
P.O. Box 15830, MS B404
Sacramento, CA 95852-0830

/s/

JOSHUA STOOPS
Government Affairs Representative
Government Affairs
Sacramento Municipal Utility District
P.O. Box 15830, MS B404
Sacramento, CA 95852-0830

/s/

ANDREW MEDITZ
Senior Attorney
Sacramento Municipal Utility District
P.O. Box 15830, MS B406
Sacramento, CA 95852-0830

cc: Corporate Files (LEG 2024-0018)