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Leap Comments on Proposed DSGS Modifications

Resubmitting to correct a small errata in the original comments' title.

Additional submitted attachment is included below.

February 5, 2024

California Energy Commission
Docket Unit, MS-4
715 P Street
Sacramento, CA 95814

Re: Leap Comments on Proposed DSGS Modifications

INTRODUCTION

Leapfrog Power ("Leap") is grateful for the opportunity to provide comments on the California Energy Commission's ("Energy Commission's") proposed modifications on the Demand Side Grid Support ("DSGS") program. Leap gained substantial experience participating in DSGS Option 3 this past year, enrolling 778 individual participants through that option. These enrollments represented over 60% of the 1,296 total participants in Option 3, and roughly 76% of the 10.4 MW of capacity provided to the grid via this option. Leap aims to continue expanding its participation in DSGS in 2024, and it appreciates the Energy Commission's efforts to adjust parts of the program to streamline participation going forward.

Overall, Leap is supportive of the modifications that the Energy Commission proposed for DSGS Options 1, 2 and 3. In particular, Leap supports the Energy Commission's proposal to include bidirectional charging for electric vehicles ("EVs") in Option 3, an adjustment that closely mirrors a proposal put forward by the Vehicle Grid Integration Council ("VGIC") on December 20.[1] Leap firmly believes that EVs have the potential to provide an incredibly valuable resource to the grid, and enabling compensation for EV discharges back to the grid will be key to realizing this potential.

However, Leap suggests that the Energy Commission adjust its proposed requirement that EV customers only use output from their EV Supply Equipment ("EVSE") to measure performance. This would effectively eliminate an EV customer's ability to use their vehicle's telematic communication systems to measure performance, cutting out a promising technical route for EV event performance to be tracked. Leap would encourage the Energy Commission to include telematics data as a viable way to measure performance to ensure that EV customers have the maximum amount of flexibility in how they

[1] Woogen, Zach. "Vehicle Grid Integration Council (VGIC) Comments on DSGS Enhancements for Vehicle-to-Everything Systems." Vehicle Grid Integration Council. Filed in California Energy Commission Docket 21-RENEW-01 on December 20, 2023.

participate in the program. Given that Option 3 participation will be tracked based on a customer's site address or SAID, there's very little risk that allowing measurements via either EVSE or telematics could result in double-counting of a single EV's discharges to the grid.

In addition to this suggestion, Leap offers the following feedback on the specific questions posed by the Energy Commission, below.

1. **What additional potential program modifications should be considered?**

Based on its participation in 2023, Leap would recommend a modification to the Option 3 performance measurement methodology, which currently measures performance as the weighted average discharge across all program events in a given month. Because performance is measured as an average across all events, batteries that have "negative" hourly performance in an event (i.e. by charging or by discharging less than their baseline) will reduce overall Demonstrated Capacity across the month by lowering the average against which partners are compensated. This effectively amounts to a financial penalty for batteries that discharge under their prescribed baseline.

Leap understands that the purpose of this "penalty" structure is to discourage batteries from charging during DSGS events. Leap agrees with this goal, as it's important to avoid compensating resources if they (for whatever reason) end up aggravating grid stress during emergencies rather than alleviating it. However, some batteries' participation in Option 3 (e.g. those receiving SGIP funds or a host utility's permission to operate before July 1, 2023) have positive baselines, effectively assuming they are already discharging some portion of their capacity during events. These resources would then be penalized if they fail to discharge or discharge less than what was assumed in their baseline.

It is Leap's understanding that the DSGS program does not mean to penalize batteries that don't participate in an event, or that discharge less power back to the grid than was expected in a given period. To rectify this, Leap recommends adjusting the DSGS guidelines so that only batteries actively charging during a DSGS event register negative hourly performance. Resources that fail to discharge or that discharge less than their expected baseline in any given event hour should have their hourly performance floored at zero. This will still reduce the month's overall Demonstrated Capacity but will not amount to a financial penalty for participants. The Attachment at the end of this document provides redline edits to the relevant section of the DSGS Guidelines (Second Edition)[2] for the Energy Commission's reference.

[2] 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.

2. **What are the barriers to enrollment and participation for both providers and participants?**

One of the largest barriers to enrollment that Leap has identified is uncertainty about the long-term availability of incentives following the end of the DSGS program. Given the limited timeframe and funding for DSGS, it's unclear whether the new customers DSGS has been able to engage (e.g. behind-the-meter storage customers) will continue to have access to capacity-based revenue streams once the program is closed. Leap's partners understandably do not want to engage new storage customers for a limited period, only to then tell them afterwards that they can no longer earn payments for providing services to the grid. The amount of work that goes into customer outreach and onboarding is not insignificant, and partner interest in DSGS would be increased if there were indications that longer-term revenue streams would be available for these resources.

The most natural source of this longer-term revenue would be California's capacity markets. Although Leap understands that the Energy Commission cannot provide certainty that California's capacity construct will compensate battery exports in the future, it would like to underscore the importance of ensuring there are clear pathways by which learnings from DSGS can be considered by the California Public Utilities Commission ("CPUC") and the California Independent System Operator ("CAISO") for adoption into the broader market framework. One way to achieve this would be for the Energy Commission to work with DSGS participants on a "Lessons Learned" report, published at the end of the DSGS program, that would include data and recommendations directed at regulators in other California agencies. Stakeholders and/or the Energy Commission could then reference this report in filings with those other agencies.

Leap suggests that the Energy Commission develop and publicize a plan to produce this type of report and outline the data and analysis that this report will provide. This ideally would be developed with input from stakeholders and the CAISO/CPUC to confirm that analysis will be actionable for these organizations. Establishing up-front that this report will be produced will provide greater visibility into next steps post-DSGS and ensure that participants in DSGS are actively tracking and recording the data points that will assist with this evaluation.

3. **What is a reasonable deadline for submitting incentive claims to ensure timely reporting of performance while providing sufficient time to providers and participants to gather the necessary data?**

Leap believes the rough timeline followed with this last DSGS season would work well going forward. This would mean that, with the DSGS season ending on October 31, claim packages would be submitted by mid-December and disbursements of payments would occur by the end of February.

CONCLUSION

Leap appreciates the Energy Commission's consideration of its feedback and looks forward to continuing to engage with the process to refine the DSGS guidelines in advance of the 2024 program season.

Respectfully submitted,

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Leapfrog Power
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ATTACHMENT

- *At page 25*, *Chapter 5*, *Section E:*[3] "Demonstrated capacity shall be defined as the weighted average discharge (less the baseline), where the weights are given by the relevant LMP across all program event (or test) hours in a participation month. In situations where a battery's discharge is greater than or equal to zero, but less than its baseline, its hourly performance will be zero.

[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.