

DOCKETED

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February 5, 2024, Comments of Voltus, Inc, to Proposed Guideline Modifications

Additional submitted attachment is included below.

Comments of Voltus, Inc., in Response to January 23, 2024, Proposed Modifications to DSGS Program Guidelines

These comments address the proposed modifications to the Business Approved Demand Side Grid Support (DSGS) Program Guidelines, Second Edition. The modifications at issue were presented at the January 23, 2024, Staff Workshop and in posted slides. Thank you for the opportunity to provide feedback.

I. Voltus Commends the DSGS Team for Accommodating Long-Start Resources Through “Option 2: Potential Modification 1”

Voltus thanks the CEC for accommodating day-ahead resources by excluding intervals with 0MW offers for which the DAM LMP was less than \$600/MWh. This change will enable Voltus to enroll our core portfolio of C&I customers who require day-ahead notification for dispatch.

II. Voltus Raises Concerns Over “Option 2: Potential Modification 2”

This modification adjusts the current requirement of at least one dispatch per month across the season to instead concentrate required dispatches in the final four months of the season. Voltus appreciates the flexibility intended by this change.

However, the modification also introduces the requirement of at least one season dispatch of three-plus hour duration. This change will adversely affect customers who were recruited to the program under the current guidelines with the expectation of one-hour monthly test events (in addition to market events). Voltus is concerned that the change will cause near-term attrition among those customers that have provisionally committed to DSGS.

The timing and duration of required test hours are key opportunity costs that customers weigh when deciding whether to enroll in DR programs. A mid-year change in test-event duration implemented just prior to season-start will prove detrimental to customer experience and may result in loss of available capacity due to de-enrollments. Rather than implementing the three-plus hour dispatch requirement in the next revision, we suggest either (1) maintaining the one-hour monthly dispatch for the current season or else (2) implementing the new distribution of dispatches but without the three-plus hour duration requirement.

Voltus understands the CEC's motivation in introducing a longer-duration minimum test event and proposes that this design change be taken up in a future revision for potential implementation in 2025 and beyond. This timeline will

provide sufficient opportunity to communicate the expected change to all customers between the 2024 and 2025 seasons.

III. Voltus Requests That Option 2's Sunday/Holiday Bid Requirement Be Made Elective

C&I customers like those that make up Voltus' core portfolio have significantly lower load on weekends and holidays as compared to weekdays. The current requirement to bid on every day of the season thus significantly disadvantages C&I customers while undervaluing the system benefits that can be unlocked from load that is capable of substantial and reliable weekday curtailment.

Voltus recognizes that Proxy Demand Resources (PDRs) are now required to bid on Saturdays, and as such, Option 2's Saturday bid-requirement is consistent. Voltus therefore endorses Advanced Energy United's recommendation, described by Brian Turner at the January 23 meeting, that Sunday and holiday bidding should be made optional. Resources should be able to select a track under DSGS Option 2 that does not require bidding on Sunday and holidays. For resources that are able, the program should incentivize commitment to Sunday and holiday bidding by means of an adder.

IV. Voltus Recommends a 40% Increase in Option 2 Incentive Levels to Reflect Market Value

Voltus strongly agrees with Advanced Energy United that the current guidelines' incentive levels do not reflect the true market value of capacity, as shown by unprecedentedly high RA prices among other indicators.

As described by the DSGS guidelines, the purpose of the 2023/2024 30% bonus was to encourage early program enrollment. At this point, a majority of California DR providers are aware of the DSGS program and keen to participate; they do not need to be incentivized to participate "early." Rather, there is a need for increased base pricing that brings all economic resources off of the sidelines in order to fully realize the potential reliability benefits of the DSGS mechanism.

To this end, Voltus recommends that the incentive levels in Chapter 4, Section C of the current guidelines be raised by 40% for the duration of program funding. Equivalently, the 30% bonus could be increased by 10 percentage points and extended for program duration. These payment levels would better reflect the value of DSGS resources under current and expected future market conditions.

Voltus further endorses recommendations that have been made by our peers DR providers that the DSGS program should match CAISO energy payments at a one-to-one ratio in the event of dispatch.

V. Voltus Endorses Other DER Providers' Option 3 Comments

Voltus endorses the comments made by our peers, including Leap and OhmConnect, in response to the proposed modifications to the guidelines under Option 3. We further support additional changes these parties have recommended. While Voltus does not plan to participate in Option 3 in the 2024 season, we look forward to participating in future and believe that our peers' recommendations communicate the necessary conditions for robust participation by DER aggregators.

VI. Voltus Requests Expedited Release of Final Revised Guidelines

The release date of finalized guidelines is a significant concern for Voltus and other DR providers. To ensure robust participation this season, the Voltus team seeks final guidelines that allow us to prepare provisionally committed resources for market while continuing to develop our portfolio. Without a significant degree of certainty by mid-March, Voltus will need to reallocate to other programs those resources that have been provisionally recruited to DSGS.

With this in mind, we request that the amended guidelines be prepared for approval at the March 13 Business Meeting or via special interim meeting. If this is not feasible, we request that final guidelines be released by Friday, March 15, even if not officially approved until the April 10 meeting.

Thank you for your time and consideration.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Kimaya', with a large, stylized flourish extending from the end of the signature.

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