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Comments of Nostromo Energy Inc in Response to Demand Side Grid Support (DSGS) Program Proposed Draft Guidelines, Third Edition

See Attached Document.
Please note that the email field does not accept my email boaz@nostromo.energy

Additional submitted attachment is included below.

March 22, 2024

California Energy Commission
Docket Unit,
Re: Docket No. 22-RENEW-01
715 P Street
Sacramento, CA 95814-5512

Comments of Nostromo Energy Inc. in Response to *Demand Side Grid Support (DSGS) Program Proposed Draft Guidelines, Third Edition* CEC Docket Number 22-RENEW-01

Nostromo Energy Inc ("Nostromo") respectfully submits these comments on the Demand Side Grid Support (DSGS) Program Guidelines, Third Edition ("Guidelines") that were released on March 6, 2023, under Docket Number 22-RENEW-01.

Nostromo appreciates CEC efforts to build a program and constantly improve it which provides incentives to reduce customer net load during extreme events with upfront capacity commitments.

Nostromo appreciates most of DSGS current structure and proposed modifications as presented in the guidelines. However, as detailed herein, Nostromo has some important concerns about specific issues in the guidelines that currently make the program not inclusive to Thermal Energy Storage and as a result runs the risk of not materializing significant potential loads across California.

Thermal Energy Storage should be eligible to participate in all options of DSGS

Nostromo recommends opening the DSGS program, including option 3, to Thermal Energy Storage and any other type of storage that could be directly measured. Thermal Energy Storage directly responds to the program goals of "reductions in net energy load during extreme events (as defined in Public Resources Code [PRC] Section 25790.5[b]) achieved through reduced usage or use of backup generation or both".

Nostromo recommends adopting similar language from the Distributed Electricity Backup Assets (DEBA) GFO regarding types of Energy Storage allowed - "Energy storage. Batteries, thermal energy storage, bi-directional EV chargers, etc".

With respect to how Thermal Energy Storage should be directly measured, similarly using language from the DEBA GFO - "Resources with electric output (for example, fuel cells and batteries) must be measured directly at the device sub-meter or inverter. **Proposals using thermal energy storage resources may be converted from cooling load (for example, in Ton-hours) to electric energy** (kWh) if the applicant provides conversion assumptions, or if a site-level counterfactual approach to estimate load impacts from a pre-installation baseline is applied. The applicant must provide details on the proposed methodology, including but not limited to assumptions regarding chiller efficiency."

Whenever energy storage or other loads provided can be measured directly that measurement should be used instead of a Baseline

With the advancement of trusted submetering and communications, Nostromo encourages the DSGS program to move to direct measurement of resources where possible instead of baselines as quotes above from the DEBA GFO solicitation). By doing so, CEC and CAISO will have access to accurate, and undisputable information that can be available in realtime. This will also unlock the potential for highly variable facilities that traditionally have issues with a baseline (like hotels, event venues and more) to participate in the program.

Direct measurement of the dispatched load is the most accurate method (measured in real time), especially compared to counterfactual baselines which rely on statistical interpolation of previous day loads and predictions of what would the customer otherwise do. Day of Adjustments are mechanisms that attempt to correct some of the known issues with the baseline methodologies but still have limited accuracy. It is important to note that baselines cannot work for highly variable facilities such as Hotels, Event Venues and even factories with variable production since the load is not correlated to weather. In addition baselines require expensive M&V; the calculation of the reduction is typically not available in real time for both the customer and the regulator / market / CAISO. **For all these reasons, in any case where a direct measurement of the load reduction is available it should be preferred over the baseline methodology.**

Option 1 energy payments are calculated based on Baselines and Day of Adjustments (DOAV). If the resource can be measured directly then there is no reason to use the baseline methodology which is less accurate.

Specifically page 43 of the guidelines includes the following definition: **Load reduction -** A decrease in electric demand as measured at a customer site relative to a counterfactual baseline. Load reductions include behind-the-meter generation or storage discharge that result in negative demand (i.e., exports) except where otherwise prohibited.

Nostromo suggests modifying this definition to be: **Load reduction -** A decrease in electric demand as measured at a customer site relative to a counterfactual baseline. *Alternatively, establishing the Load Reduction by a validated direct measurement of the energy dispatched* in the case of behind-the-meter generation or storage discharge (whether or not it results in negative demand, i.e., exports) except where otherwise prohibited.

Conclusion

Nostromo appreciates the opportunity to submit these comments on the proposed DSGS guidelines. As a central program incentivizing the building and operation of BTM Energy Storage assets in California, DSGS should enable the participation of Large Thermal Energy Storage.

In addition, with the advancement of trusted submetering and communications, Nostromo encourages the CEC to move to direct measurement of resources where possible instead of baselines. By doing so, CEC and CAISO will have access to accurate, and undisputable information that can be available in realtime. This will also unlock the potential for highly

variable facilities that traditionally have issues with a baseline (like hotels, event venues and more) to participate in the program.

Respectfully,

Boaz Ur

Chief Business Development Officer
Nostromo Energy Inc