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**COMMENTS OF THE CALIFORNIA MUNICIPAL UTILITIES
ASSOCIATION ON THE DSGS 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 DEMAND SIDE GRID SUPPORT (DSGS) PROGRAM GUIDELINES, THIRD
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 Demand Side Grid Support (DSGS) Program Guidelines, Third Edition (Proposed 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 POU's 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 POU's 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.

I. INTRODUCTION

CMUA members appreciate the opportunity to collaborate with Energy Commission staff and stakeholders on potential modifications to the DSGS program. We offer the following comments on the Proposed Guidelines and potential modifications to the DSGS program:

- All DSGS program participants should be authorized to respond to an Energy Emergency Alert (EEA) issued by any California balancing authority (BA).
- If two or more California BAs issue an EEA during the same time frame, participants shall prioritize providing load reduction to the BA in which the participant is located.

II. COMMENTS ON THE PROPOSED GUIDELINES

All DSGS program participants should be authorized to respond to an EEA issued by any California BA.

Current DSGS Program Guidelines authorize participants to respond to an EEA issued by any California BA at the discretion of the DSGS provider in coordination with the balancing authority issuing the EEA and the participant's host POU.

The CEC should maintain the option in the current guidelines for load reductions under the program to be triggered by EEA conditions in a different BA, if that response is coordinated through the host BA and POU. California's POUs have had first-hand experience with how effective this can be to support California grid reliability. The Balancing Authority of Northern California (BANC) facilitated permit waivers from the Department of Energy in 2022, under emergency authorities held by the Secretary of Energy pursuant to Section 202 of the Federal Power Act. Working in conjunction with the Sacramento Municipal Utility District (SMUD) and one of SMUD's large customers, a significant load drop was initiated. The terms of the federal waiver explicitly allowed dispatch of the units which enabled the load drop in response to either BANC or California Independent System Operator (CAISO) emergency conditions. And indeed, on at least one occasion the load drop was triggered by the CAISO alone even though the units and load were in BANC/SMUD. Given BANC's participation in the Western Energy Imbalance Markets (WEIM), the increase in transfer can be accomplished through the WEIM or through BA-to-BA transactions.

However, the Proposed Guidelines would restrict the option to respond to EEAs issued by another BA solely to EEAs issued by the CAISO. If any California BA other than the CAISO were to issue an EEA, only DSGS participants within that BA would be eligible to respond. As a

program funded by all California taxpayers, the DSGS program must be equally available to all eligible participants for the benefit of all California BAs. Further, restricting compensation to transfers *to* the CAISO conflicts with the fundamental program goal of freeing up excess capacity. As such, the Energy Commission should not restrict DSGS participants from responding to an EEA issued by any California BA.

If two or more California BAs issue an EEA during the same time frame, participants shall prioritize providing load reduction to the BA in which the participant is located.

Current DSGS Program Guidelines indicate that in a situation in which two or more California BAs issue an EEA during the same time frame, participants shall prioritize providing load reduction to the balancing authority area in which the participant is located. However, the Proposed Guidelines eliminate this requirement and leave as unsettled the determination of which BA's grid needs to be served in the event that multiple EEAs are issued at the same time. As stated above, CMUA continues to support the ability of DSGS participants to respond to EEAs issued by any California BA. If multiple BAs issue EEAs in the same time frame, it is reasonable that the needs of a participant's host BA be prioritized.

III. CONCLUSION

CMUA appreciates the opportunity to offer these comments on the DSGS Workshop. 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: March 22, 2024

Respectfully submitted,



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