

<b>DOCKETED</b>	
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<b>Project Title:</b>	Reliability Reserve Incentive Programs
<b>TN #:</b>	255312
<b>Document Title:</b>	Generac Comments on DSGS Draft Guidelines
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<b>Organization:</b>	Generac Power Systems
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March 27, 2024

California Energy Commission  
Docket Unit, MS-4  
715 P Street  
Sacramento, CA  
*Via docket submission*

**Re: Docket No. 22-RENEW-01 - Comments on Proposed Draft Demand Side Grid Support (DSGS) Program Guidelines, Third Edition**

**Dear Vice Chair Gunda and Energy Commission Staff,**

Generac Power Systems (Generac) appreciates your consideration of the following comments. Generac has participated in this docket since the inception of the Distributed Supply Grid Support (DSGS) program. We respectfully submit these comments on the DSGS revised Guidelines as a follow up to multiple rounds of feedback provided in this docket. Generac extends our appreciation to the Energy Commission (CEC) and Staff for their significant time and effort dedicated to the development of these revised guidelines. Generac also echoes the comments of Advanced Energy United (AEU), and the California Solar and Storage Assn. (CALSSA). In particular we echo their comments with regard to: timing of rule approval to accommodate a full program year, extension of the bonus payments for program years through 2025, as well as a continued request for increased incentive levels to fully support program enrollment and growth and appropriately value the grid benefit from distributed resources.

**I. Introduction**

Generac is a leading resiliency provider with over 60 years of experience manufacturing and deploying solutions for residential and commercial needs. With our range of product offerings, Generac is supporting a cleaner, more resilient grid that is nimble in responding to real-time conditions and resilient in all circumstances. Generac provides batteries, smart thermostats, EV chargers and software applications that can augment the existing asset base and make DERs work better together. Generac looks forward to launching expanded program offerings for the summer of 2024 after the Commission's approval of the DSGS revised Guidelines, and we also urge the Commission to continue development of DSGS so that it can reach its full, intended, potential.

**II. The final DSGS guidelines should be approved as soon as possible to provide certainty for a full program year in 2024. We recommend Reversions to prior Guidelines and/or Minor Adjustments to the modified Guidelines**

The revised guidelines as proposed provide necessary adjustments that should be approved, with minor modifications, at the May business meeting so that providers can enroll the maximum amount of customers for a full program year. To achieve the full potential of DSGS, Generac recommends that Staff continue to work with stakeholders after the approval of these proposed

guidelines to pursue additional improvements, with the benefit of another program year of experience, and with an objective to finalize an expanded program for use in program year 2025.

#### A. Recommended Reversions to Prior Guidelines

##### Do Not Adopt EEA Triggers for Option 3

The Draft Guidelines propose a change to the event triggers for DSGS Option 3 behind-the-meter (BTM) battery storage virtual power plants (VPPs), to include EEA events (including EEA Watch) beginning with the 2025 program year. In the January 23 workshop, CEC staff said they were considering adding both EEA and Flex Alert events to Option 3 beginning in 2024. Multiple stakeholders, including CALSSA expressed concerns about this change. Generac agrees it would add complexity without parallel benefit. We find the addition of EEA events is still problematic and should be reconsidered. A price trigger will capture times of grid stress, and sending two signals to program aggregators would be very confusing without providing an additional reliability benefit. Resources should be triggered *more often* under a price-sensitive dispatch, which will also have a direct benefit of reducing ratepayers' energy costs when prices are near the market ceiling.

##### Concern over New Option 3 Test Events

Generac concurs with the comments of CalSSA on Option 3 test events: where the Draft Guidelines would require a full-duration event in every program month, regardless of the grid need. If there are only shorter-duration events in a given month, the guidelines would now require a separate test event or the extension of a shorter-duration program event to the resource's nominated duration.

Generac echoes concerns regarding increasing the burden on customers when grid needs do not call for battery discharge. To encourage participation, the CEC should aim to make DSGS participation customer friendly. Generac urges the CEC to minimize additional requirements for discharges when grid conditions do not require them.

##### Concern over Unintended Consequences of Dual-Enrollment Review

Generac echoes the comments of AEU that the revised guidelines should aim to reduce dual participation barriers, not increase barriers to participation. There is opportunity to clarify intent and revise language to more broadly capture customers' rate structures (not only including "critical peak pricing" but other similar rate designs). We echo the request of AEU for clarification to avoid any implicit suggestion that concurrent optimization against other rate structures (e.g., TOU, NBT, NEM 2, current dynamic rate pilots and potential future dynamic rates) would not be allowed.

### Concern with Option 3 Dual-Program Enrollment

Current DSGS Guidelines (2nd Edition) specify that for customers to participate in both Proxy Demand Response (PDR) and Option 3 through different assets behind the same utility meter, customers must have a PDR “energy baseline [that] reflects total gross consumption (that is, consumption independent of any energy produced or consumed by behind-the-meter battery storage) consistent with California ISO tariff Section 4.13.4..” Many customers have their energy storage device controlled by an aggregator that is not the registered Demand Response Provider with CAISO. We are concerned that storage resources operated by existing PDR customers will be excluded from the program unless this is fixed.

### B. Recommended Minor Adjustments & Incentive Levels

Generac applauds Staff for recommending that the 30% bonus be extended, since the program had barely launched in 2023. We echo the comments of others who agree with the extension of the 30% bonus through 2025, as the base incentive level without the bonus is too low to provide an effective incentive. However, for reasons stated in prior comments, the CEC should increase the incentive level through 2027 to provide greater certainty and increase program participation, consistent with the legislative goals in creating the program. Generac remains concerned that it will be difficult to recruit and retain participants without higher incentives, and the overall program will fall short of its goals.

Generac agrees with CalSSA and AEU that DSGS should apply the 100 kW minimum size to all aggregations, including in IOU territory. Consistency across utilities and LSEs will streamline participation. The 100 kW size is appropriate because it is used as a minimum aggregation size across the nation, including because FERC Order No. 2222 sets a 100 kW minimum size requirement for DER aggregations as a category of market participant.

### **III. Generac Renews our Previous Advocacy for Statewide Access to DSGS program through Option 1 or a New Option 4 as consistent with Legislative Intent**

California has an extreme shortfall of capacity that the CAISO needs for reliability, and DERs are the only resource that the state can truly bring online immediately. They have a proven track record of being able to modify peak demand during grid emergencies. This is the reason the legislature put its faith in the CEC to create new statewide programs quickly that can immediately and impactfully support reliability. As such, the CEC should expand Option 1 to all residential IOU customers, creating an extremely cost-effective statewide program in accordance with the legislative intent of AB209, rather than relying on a varied mix of programs offered by individual LSEs that have historically left significant capacity on the table.

As we have previously offered in our comments, for ecobee smart thermostats alone, the difference means that under the current structure, only 4MW are available in POU territories versus a potential capacity of up to 50MW if the program was open statewide. Generac again renews our request for full consideration of a statewide program under Option 1. We suggest that the CEC consider this issue on a separate track from the minor revisions noted above to the

Guidelines. We believe a focused review of current LSE emergency response offerings will show they are not capturing all the statewide potential to prevent grid emergencies during times of extreme grid stress. Generac stands ready to work with staff and other stakeholders to develop a workable statewide program that can provide much more to help the grid, reduce emergencies, and control capacity and energy market costs.

#### DSGS could Alternatively Offer an “Option 4”

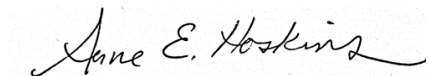
If a statewide expansion for Option 1 is not adopted for summer 2024, Generac renews our request for CEC Staff to develop a new option (Option 4) for 2025 to include device level telemetry for a statewide smart device option modeled after Option 3. This option would provide market aware capacity payments with settlement based on device level telemetry. As also suggested by AEU, this would provide the opportunity for a multitude of devices to contribute to overall grid stability, while still providing high visibility to the grid operator and performance commitments.

#### **IV. Conclusion**

Generac's engagement in the DSGS stakeholder process has been driven by our vision of a more resilient, efficient, and sustainable energy future for California. We have consistently advocated for an approach that addresses the current barriers to DER deployment, emphasizing the need for flexibility, inclusivity, and efficiency in program design.

Generac appreciates the opportunity to contribute to the development of the DSGS program and looks forward to continuing our engagement with the CEC and other stakeholders. We are excited about the potential of this program to transform California's energy landscape, and we are eager to contribute our technologies and expertise towards realizing this potential. We look forward to the Commission's adoption of modified guidelines in May. Going forward, working together, we can ensure that the DSGS program achieves its ambitious goals, serving as a cornerstone of California's energy resilience and sustainability strategy. Please do not hesitate to contact me at [Anne.Hoskins@generac.com](mailto:Anne.Hoskins@generac.com) with any questions about our recommendations.

Thank you for your consideration of our comments.



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*Via electronic submission.*