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## Derapi Inc comments to DSGS 4th ed draft guidelines

Please see attached comments from Derapi, Inc. regarding the proposed draft guidelines for the Demand Side Grid Support Program, 4th edition.

This is a resubmission of a previous submission to correct the name of the entity submitting the comments.

*Additional submitted attachment is included below.*

156 2nd Street, Suite 314
San Francisco, CA 94105

California Energy Commission
715 P Street
Sacramento, CA 95814

**Re: Docket 22-RENEW-01 Reliability Reserve Incentive Programs, proposed draft Demand Side Grid Support (DSGS) Program Guidelines, Fourth Edition**

On behalf of Derapi, Inc. I am pleased to submit the following comments regarding the proposed draft Demand Side Grid Support (DSGS) Program Guidelines, Fourth Edition. I would like to thank everyone at the Commission for their work on the draft, and look forward to our continued dialogue to improve the DSGS program and ensure its continued success.

## About Derapi

Derapi (www.derapi.com) is a California-headquartered startup that provides software data infrastructure services to the Distributed Energy industry, including solar and battery storage installers, demand flexibility providers and energy management firms. Our software application programming interface (API) streamlines communication with behind-the-meter (BTM) distributed energy resources (DER) such as solar inverters, battery storage systems, and other smart energy devices. Our goal is to accelerate electrification and decarbonization by enabling energy consumers to unlock the full value of their investments through the use of data and communication technologies. With respect to the DSGS program, Derapi provides aggregators with certain software capabilities necessary for devices within their aggregation to respond to program events and to retrieve the data necessary to meet reporting requirements of the program.

## Comments on the proposed draft

Our comments will focus on the proposed changes to Option 3: Market-Aware Storage Virtual Power Plant (VPP) Pilot, and Option 4: Emergency Load Flexibility VPP Pilot.

### Option 3

It is our view that Option 3 has been very successful thus far, as evidenced by the tremendous growth in enrollments and participation for the season that will conclude at the end of October 2024. However, given that this is the first full season of the program, Derapi feels it is premature to make major changes to requirements that would affect the eligibility of Californians to enroll, or the financial calculations of the program. The Commission has yet to provide concrete data that would support the need for the proposed changes to Option 3, and we are concerned that making such changes at this stage presents unnecessary burdens on aggregators and barriers to participation for California consumers.

Specifically, the following proposed changes are of concern:

- Calling out participation of a "partner company" in Chapter 2(D)(1)(e), without defining or describing the role of a partner company creates confusion. Furthermore, there is a note that partners must be listed "if applicable," but there is no indication as to the conditions under which partners are to be used. The proposed guidelines are unclear as to the reasoning for this distinction, which makes it difficult for providers to understand what is required to be reported, or how aggregations need to be organized. **Derapi supports removing mention of "partners" in the final draft, or at least clarifying the definition and role of a partner in the context of Option 3.**
- Establishing a new minimum aggregated capacity of 500 kW in Chapter 5(A) presents a significant barrier to entry for new participants, particularly newer battery storage system manufacturers, who may bring innovative solutions to market. This increased minimum requirement disadvantages these device manufacturers over others, stifling innovation and limiting choice for California consumers. **Derapi supports maintaining the current 100 kW minimum aggregation.**
- The emergency trigger will be a challenge for some participants, as a potential response time of 15 minutes may not give participants sufficient time to prepare (for example, by prioritizing solar to charge the battery before the event, rather than serving load.) Including these events in the performance calculation in Chapter 5(E) penalizes participants who may not be able to respond to these emergency events. While we appreciate the inclusion of a 10% bonus for participating in emergency events, we are concerned that participants may not be able to take advantage of this bonus, while also incurring a penalty for being unable to participate in these events. **Derapi supports removing the emergency trigger, or making participation in emergency events optional.**
- Establishment of a baseline for new battery systems in Chapter 5(E) will degrade the incentive and reduce participation in the program. This sort of change to the financial calculations signals an instability in the program that could also discourage new participants from enrolling and existing participants from continuing with the program. Furthermore, the Commission has not provided any data to explain their reasoning for establishing this baseline. **Derapi supports removing the baseline from the final draft.**
- The requirement in Chapter 2(D)(3)(a) to produce performance reports within 3 business days of the end of the month is onerous for providers. **Derapi supports providing ongoing reports if they can be valuable to the Commission, but requests a more reasonable timeline for providing the reports.**

Option 4

We appreciate the Commission including Option 4 in the draft guidelines and providing a way for residential thermostats, HVAC, and water heaters to participate in the program. However, we believe that certain requirements have the potential to impede participation, and that these impediments should be removed for Option 4 to be a successful pilot.

- The minimum aggregation of 500 devices of a single resource type in Chapter 6(A) presents a significant barrier to entry for new providers bringing innovative solutions to market. A minimum requirement at this level disadvantages these solutions over others, stifling innovation and limiting choice for California consumers. **Derapi supports reducing the minimum aggregation to a more reasonable size.**
- The requirement in Chapter 6(A) to provide in the enrollment process for Option 4 an optional step to enroll in a market-integrated DR program, which disqualifies the participant from enrolling in Option 4, will cause confusion for consumers. This will result in a poor user experience and low enrollment. While Derapi supports the Commission's goal of encouraging residential thermostats, HVAC, and water heaters to enroll in market-integrated programs, we believe this aim is best served by using Option 4 as a standalone pilot in order to understand the preferences, needs, and motivations of participants using these resources. The learnings from this pilot can then be used to design future market-integrated programs for these resources. To clarify, **Derapi supports removing the requirement to provide an option to enroll in a market-integrated program.**
- The requirement in Chapter 2(D)(4) to provide a performance report within 5 business days of an event is onerous, especially if events are called on consecutive days. **Derapi supports a requirement for periodic reporting where performance for multiple events can be reported together.**

We thank the Commission for their work on the DSGS program, and for the opportunity to comment on the proposed draft guidelines. We thank you for considering these comments, and look forward to working with the Commission toward the continued success of the DSGS program for the benefit of Californians.

Sincerely,

Thomas Lee
Founder & President
Derapi, Inc.