

DOCKETED	
Docket Number:	22-RENEW-01
Project Title:	Reliability Reserve Incentive Programs
TN #:	261360
Document Title:	Generac Power Systems Comment On Revised DSGS Guidelines, 4th Edition
Description:	N/A
Filer:	Carrie Bentley
Organization:	Generac Power Systems
Submitter Role:	Other Interested Person
Submission Date:	1/28/2025 2:28:46 PM
Docketed Date:	1/28/2025



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January 28, 2025

California Energy Commission
Docket Unit, MS-4
715 P Street
Sacramento, CA

Via docket submission

Re: Docket No. 22-RENEW-01—Generac Power Systems Comments on Modified Proposed Draft Program Guidelines for the Demand Side Grid Support Program, Fourth Edition

Dear Vice Chair Gunda and Energy Commission Staff,

Generac Power Systems (Generac) appreciates the opportunity to comment on the Modified Proposed Demand Side Grid Support (DSGS) Program Draft Guidelines, Fourth Edition (“Modified Draft Guidelines”).¹ Generac has participated in this docket since its inception in 2022 and has been consistent in our advocacy for the program to include a statewide smart thermostat virtual power plant (VPP) program.² We are confident that the statewide VPP programs developed in DSGS can provide real value to the electric grid during times of stress, can reduce emissions, and will prove that VPPs are both reliable and cost-effective alternatives to relying upon polluting peaker plants.

We commend the California Energy Commission (CEC) for their continued innovation and significant expansion of the program over the past two years. We appreciate the CEC Staff’s reception to and incorporation of feedback from our prior comments on the draft 4th Edition Guidelines into these Modified Draft Guidelines. Further, we thank the CEC Staff for continuing to engage directly with Generac and for providing another opportunity to submit written feedback. Our comments on the Modified Draft Guidelines are intended as a follow-up to our direct engagement with CEC Staff.

Generac’s subsidiary, ecobee, is a leading smart thermostat original equipment manufacturer (OEM) that provides grid services experience across the nation. In the aggregate, ecobee has significant smart thermostat capacity in California (equivalent to the output of a small power plant) available for load flexibility. Generac also manufactures battery energy storage systems (BESS) for commercial and residential customers. Therefore, while we have been engaged in the comprehensive design of the DSGS program since its inception, our comments at this stage focus on ensuring that the new “Option 4” program can be implemented as effectively and efficiently as possible. Consequently, we are primarily concerned with the rules for eligibility and enrollment.

Generac is excited for the opportunity to provide our smart thermostat capacity in California to this program. However, unless addressed, the Modified Draft Guidelines’ language around eligibility and enrollment may significantly hinder our ecobee thermostats from participating in Option 4. We have

¹ “Modified DSGS Program Draft Guidelines- Demand Side Grid Support Program Guidelines, Fourth Edition,” published January 14, 2025, in 22-RENEW-01.

² See “Generac Power Systems Comments on Draft DSGS Program Guidelines 4th Edition,” filed October 29, 2024, in 22-RENEW-01. See also previous comments of Generac Power System in Docket 22-RENEW-01.



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commented on similar issues in prior drafts of the Guidelines.³ We therefore propose minor redlines in our comments below and respectfully urge the CEC to consider them.

I. Recommendations on Enrollment Process (Chapter 2) to ensure maximum participation in 2025

Generac appreciates the CEC’s commitment to launching Option 4 in 2025 but believes the new participation timing requirement as currently delineated could negatively impact full season participation in Option 4 (section C.1.a.iv). The Legislature’s intended purpose of the DSGS program is to support the reliability of the electric grid during times of greatest stress.⁴ The CEC can most effectively achieve this objective by maximizing capacity enrollment during the first summer of the expanded DSGS and the new “Option 4” implementation. Assuming this program is adopted in March for a May 1st start date, it may not be feasible to enroll all customers in less than 45 days. While Generac plans to submit our provider applications as soon as possible, we caution that more flexibility may be required this year. We therefore recommend the following revision to emphasize the urgency for DSGS providers to apply to offer Option 4 programs as soon as possible, while still ensuring maximum participation in 2025:

Applications to enroll as a DSGS provider for Incentive Option 4 will be accepted on an on-going, first-come, first-served basis, but participation must start at **the later of:**

(1) the program season (on May 1st) or (2) the first day of the month following application acceptance. ~~the beginning of the program season on May 1st, or on August 1st if not enrolled in time for May 1st~~

II. Recommendations on Chapter 6 Eligibility and Enrollment Requirements, and Program Glossary

Overall, Generac appreciates the CEC’s changes to DSGS Option 4 program design in the modified guidelines as they will better enable smart thermostat participation. However, we believe the ability of smart thermostats to deliver significant capacity via Option 4 will be limited without further minor adjustments to Chapter 6, Sections A and B. We offer the following amendment requests to best enable the participation of smart thermostats in Option 4.

- a. Generac recommends replacing “DSGS Program” with “demand response program and event” in Chapter 6 Section A to bring participation ready smart thermostat fleets into Option 4 as swiftly as possible.

The terminology used in Chapter 6 is overly specific, which could confuse customers and lead to unintended consequences. Specifying energy market program names introduces unnecessary jargon to residential customers, which may cause confusion as far as the allowed use of their device. DSGS is categorically a demand response (DR) program, and DR is a term, product, and service that residential customers are more familiar and comfortable with. Therefore, we suggest the following redline:

³ *Id* at 1.

⁴ See Assembly Bill 205 (Ting, 2022), Chapter 61, Statutes of 2022.



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To be eligible to serve as a load flexibility VPP aggregator of Incentive Option 4, the load flexibility VPP aggregator must:

1. *Receive authorization from participants allowing for the use of their device for ~~DSGS Program~~ demand response program participation.*

Removing program specific terms and using language that residential customers are more familiar with to describe the permitted use of their device is important for increasing enrollments in Option 4. Beyond offering clarity to residential customers, this change offers the added benefit of making Option 4 and the services that smart thermostat providers offer more consistent with each other.

- b. Generac recommends minor clarifications to Chapter 6, Section B to assign the acknowledgement and agreement responsibility to the most appropriate party, and recommends an addition to the program’s glossary.

A minor language addition to section B will clear up unnecessary confusion. Simply adding the word “direct” in front of “participant” will clarify who bears the responsibility under this section:

*Acknowledgement and agreement from the **direct** participant that:*

- *The participant meets the eligibility requirements of the DSGS Guidelines and is not enrolled or participating in a conflicting program to the best of their knowledge.*
- *The participant will allow the CEC access to all documentation to verify compliance with the program and program performance.*
- *The information submitted is accurate and complete.*
- *The participant agrees to terms and conditions of the program.*

It is most appropriate for the party directly coordinating participation in the program to give the required acknowledgement and agreement. For residential customers, we believe the commercial entity ultimately providing both the customer and program grid services (i.e. original equipment manufacturer) should bear this responsibility, given such entity would have both individual and collective visibility into the items being agreed to. Adding “direct” in front of “participant” most appropriately assigns the acknowledgement and agreement responsibility to the appropriate entity, and makes the language consistent with the amended “Flow Down” requirements contained in section S of Chapter 8: “DSGS providers shall flow down in their agreements with subcontractors and DSGS direct participants and shall ensure subcontractors flow down in their subcontracts.”

For further clarity, Generac recommends also mirroring this language in the Guidelines “Glossary”. Adding the term “Direct participant” and defining it as “An Original Equipment Manufacturer (OEM) that organizes and coordinates involvement of Participants” will further remove ambiguity.

III. Generac Echoes Recommendations of CALSSA on Option 3 (Chapter 5)

California has shown itself to be a leader in advancing VPPs through the design and implementation of Option 3, the “Market Aware Virtual Power Plant Pilot.” Generac has participated in residential aggregations under Option 3 and plans to continue growing its enrollment and participation. As a member of the California Solar and Storage Association (CALSSA), Generac echoes the suggestions and concerns expressed by CALSSA in their written comments submitted concurrently on the Modified Guidelines. Specifically, we agree that making changes to fundamental aspects of program design



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decreases program stability and continuity, which are necessary over a multi-year timeframe to support customers and providers in building and maintaining reliable DSGS resources.

The experience of 2024 demonstrated the potential for DSGS Option 3 to grow quickly, and 2025 can build on that early growth. Maintaining key program elements like the current baseline approach is critical to that continued momentum and program success.

IV. Conclusion

Generac appreciates the opportunity to provide these comments on the Modified Draft Guidelines, and thanks the CEC for its commitment to advancing demand-side solutions that enhance grid reliability and promote clean energy. We are enthusiastic about Option 4 and believe that, with the suggested modifications, it can effectively leverage the flexibility of smart thermostats and deliver a novel, statewide VPP program for California.

We respectfully urge the CEC to consider our simple recommendations for Option 4 regarding eligibility and enrollment, and the timing of participation, to maximize participation and therefore provide maximum capacity to the grid during emergencies and times of stress.

Generac has been honored that CEC staff have consistently sought our input since the beginning of the DSGS program. The development of Option 4 is extremely significant for the CEC, and for VPP programs more broadly. By addressing Generac's concerns, we believe the DSGS program can better achieve its goals of increasing VPP adoption and participation, ensuring grid reliability during emergency events, and appropriately valuing the contributions of distributed energy resources. We look forward to continued collaboration with the CEC and stand ready to support the implementation of these expanded programs to create a more resilient and sustainable grid in California. Thank you for your thoughtful consideration of our comments.

Sincerely,

A handwritten signature in blue ink that reads "Meredith Roberts".

Meredith Roberts
Director, Policy and Regulatory Affairs
Generac Power Systems, Inc.
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