

DOCKETED

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Document Title:	Notice of Consideration to Adopt Demand Side Grid Support Program Guidelines, 4th Edition, on March 17, 2025
Description:	Notice of Consideration to Adopt Demand Side Grid Support Program Guidelines, 4th Edition, at the March 17, 2025 CEC business meeting.
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CEC-70 (Revised 7/22)

**IN THE MATTER OF:***Proposed Demand Side Grid Support
Program Guidelines, Fourth Edition*

DOCKET NO. 22-RENEW-01

NOTICE OF CONSIDERATION TO ADOPT

RE: *Proposed Demand Side Grid Support
Program Guidelines, Fourth Edition*

Notice of Consideration to Adopt Demand Side Grid Support Program Guidelines, Fourth Edition, on March 17, 2025

The California Energy Commission (CEC) plans to consider for adoption the *Proposed Demand Side Grid Support (DSGS) Program Guidelines, Fourth Edition*, at the March 17, 2025, business meeting.

For a detailed agenda with instructions on how to participate in the business meeting, please visit the [event page](https://www.energy.ca.gov/event/meeting/2025-03/energy-commission-business-meeting) at <https://www.energy.ca.gov/event/meeting/2025-03/energy-commission-business-meeting>.

Background

Assembly Bill (AB) 205 (Ting, Chapter 61, Statutes of 2022) created the DSGS Program as part of the Strategic Reliability Reserve. As part of the state's Strategic Reliability Reserve established under AB 205, the DSGS Program aims to support electric grid reliability beyond normal planning standards by providing incremental load reduction during extreme events, such as heat waves. The DSGS Program provides incentives to reduce customer net load during extreme events with performance-based capacity payments and for per-unit reductions in net load achieved through reduced usage, use of backup generation, or both.

On August 10, 2022, the CEC adopted the *Demand Side Grid Support (DSGS) Program Guidelines, First Edition*, to implement the DSGS Program. Participants enrolled 315 megawatts in the program to help meet grid needs during the September 2022 heatwave. On July 27, 2023, the CEC adopted the *DSGS Program Guidelines, Second Edition*, to address lessons learned from the summer 2022 program implementation and to bring on more non-combustion resources with expanded and streamlined participation. On March 8, 2024, the CEC adopted the *Demand Side Grid Support (DSGS) Program Guidelines, Third Edition*, to refine and clarify program requirements, reduce operational complexities, and scale and grow participation from clean resources.

On October 4, 2024, CEC program staff released for public comment the initial DSGS Program Draft Guidelines, Fourth Edition. On October 18, 2024, CEC program staff conducted a workshop on the initial DSGS Program Draft Guidelines, Fourth Edition, to solicit input from stakeholders and interested members of the public. The public comment period closed on October 30, 2024. CEC program staff reviewed public comments and prepared a modified DSGS Program Draft Guidelines, Fourth Edition, that was released for additional public comment on January 14, 2025. Based on public feedback, CEC program staff have prepared the final *Proposed Demand Side Grid Support (DSGS) Program Guidelines, Fourth Edition*. A summary of proposed modifications compared to the modified DSGS Program Draft Guidelines, Fourth Edition, appears towards the end of this notice.

The *Proposed DSGS Program Guidelines, Fourth Edition*, seek to improve program effectiveness and to continue to grow participation from clean resources. Currently, the state's Strategic Reliability Reserve is largely supported by 3 GW of fossil-fueled resources that are anticipated to retire in 2026 and 2027. Additionally, in 2023, the CEC developed a statewide load flexibility goal of 7,000 MW by 2030. As California transitions to 100 percent clean energy, the modifications to the DSGS Program guidelines seek to test concepts to grow the number of clean resources supporting the Strategic Reliability Reserve that can reliably respond during both slow-moving and sudden-onset grid emergencies.

The *Proposed DSGS Program Guidelines, Fourth Edition*, are available at [Docket No. 22-RENEW-01](https://efiling.energy.ca.gov/Lists/DocketLog.aspx?docketnumber=22-RENEW-01), at <https://efiling.energy.ca.gov/Lists/DocketLog.aspx?docketnumber=22-RENEW-01>.

To assist parties in their review, two versions of the proposed guidelines are available:

1. The first document presents the clean version of the *Proposed DSGS Program Guidelines, Fourth Edition*, without highlighting text changes relative to earlier versions. This document is identified as TN# 262115. This is the version that is proposed for consideration and adoption at the March 17, 2025, CEC business meeting.
2. The second document shows changes relative to the *DSGS Program Guidelines, Third Edition*, adopted on March 08, 2024 (TN# 256254), in underline/strikeout, with new text underlined and deleted text in strikeout (for example, underline/~~strikeout~~). This document is identified as TN# 262116.

Public Comment: Comments will be accepted at the March 17, 2025, CEC business meeting. Public comments may be limited to two minutes or less per speaker and one person per organization. Further instructions can be found in the business meeting agenda. If you need assistance making a comment at the business meeting, please contact the CEC's Public Advisor at the email or phone number below.

Public Advisor: The CEC's Public Advisor assists the public with participation in CEC proceedings. To request assistance, interpreting services, or reasonable modifications and accommodations, call (916) 957-7910 or email publicadvisor@energy.ca.gov as soon as possible but at least five days in advance. The CEC will work diligently to meet all requests based on availability.

Media Inquiries: Email mediaoffice@energy.ca.gov.

Technical Subject and General Inquiries: Email DSGS@energy.ca.gov

Availability of Documents: Notices, documents, and presentations for this proceeding are available at [Docket No. 22-RENEW-01](#), at <https://efiling.energy.ca.gov/Lists/DocketLog.aspx?docketnumber=22-RENEW-01>.

When new information is posted, an email will be sent to those subscribed to the Demand Side Grid Support (DSGS) subscription topic. To receive these notices or notices of other email subscription topics, visit [Subscriptions](#), at <https://www.energy.ca.gov/subscriptions>.

Summary of Proposed Modifications.

As compared to the *Modified Draft DSGS Program Guidelines, Fourth Edition* (referred to below as “modified draft”), the final *Proposed DSGS Program Guidelines, Fourth Edition* (“proposed guidelines”) contain the substantive changes described below. Please see the proposed guidelines to view all proposed changes.

Chapter 2: Eligibility and Participation

- The proposed guidelines clarify that Option 3 providers must indicate whether the host service account is enrolled in a proxy demand resource and whether the resource is consequently participating as an export-only resource.
- The proposed guidelines clarify that Option 4 providers must indicate that each participant device was not enrolled in a resource adequacy program in the 2024 or 2025 calendar years.
- The modified draft required enrolled Option 4 providers to begin participation by May 1st, or August 1st if not enrolled by May 1st. The proposed guidelines remove this restriction.
- The proposed guidelines extend the due date for Option 3 performance reports to 15 business days after the end of each program month.

Chapter 5: Incentive Option 3: Market-Aware Storage Virtual Power Plant (VPP) Pilot

- The proposed guidelines clarify the definition of a storage virtual power plant aggregation.
- The proposed guidelines clarify how day-ahead events and day-of events are treated if they overlap one another.
- The modified draft proposed a limit of one test event per month and required Option 3 providers to notify the CEC of test events in advance. The proposed guidelines continue to allow multiple test events each month but provide that only the most recent test event will be used to calculate demonstrated capacity.

Chapter 6: Incentive Option 4: Emergency Load Flexibility VPP Pilot

- The modified draft defined Option 4 minimum aggregation sizes by number of devices. The proposed guidelines define the minimum aggregation sizes as minimum capacity commitments, represented in kW.
- The proposed guidelines change the due date for per-device average load reduction nominations to no later than three business days before the start of program participation

and the due date for the number of devices enrolled to no later than three business days prior to the start of each program month, consistent with the due date for participation reports.

- The proposed guidelines clarify the definitions of “core event hours” and “shoulder hours,” and how these may be adjusted depending on the notice issued time relative to the start of the highest price hours.
- To allow for flexibility to begin participation after May 1 but ensure that load flexibility VPPs participate in the minimum number of events to demonstrate capacity, the proposed guidelines provide that if no events (including test events) occur in the program quarter (May–July and August–October) after the aggregator begins participation, then the payment for the months in the program quarter that participation began is set to zero.

Glossary

- The proposed guidelines clarify that virtual net metering (VNEM) systems may be considered “behind-the-meter” for the purposes of DSGS Option 3 and incorporate a definition of VNEM.

Dated: March 6, 2025, at Sacramento, California.

Deana Carrillo

Director of the Reliability, Renewable Energy & Decarbonization Incentives Division

Subscriptions: Demand Side Grid Support (DSGS)