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2025-03-21 CALSSA DSGS Comments

Additional submitted attachment is included below.

CALIFORNIA SOLAR + STORAGE ASSOCIATION
smart local energy

March 21, 2025

California Energy Commission
Docket Unit, MS-4
715 P Street
Sacramento, CA 95814

Re: Docket No. 22-RENEW-01—Comments on delayed approval of DSGS Guidelines, Fourth Edition

California Energy Commissioners and Staff:

The California Solar & Storage Association (CALSSA) submits these comments to express our concerns about the delay in approving the revised Demand Side Grid Support (DSGS) Program Guidelines, Fourth Edition. We have been anticipating the Energy Commission's adoption of the revised guidelines, and were disappointed by the program adoption being removed from the March 17 meeting agenda in response to a letter submitted that day by the California Public Utilities Commission (CPUC), raising concerns about DSGS Option 4.

The first draft version of the revised DSGS guidelines was released October 4, 2024, and a second draft was released on January 14, 2025. CALSSA participated in the workshop on October 18, 2024, and we submitted comments on both guidelines drafts.[1] Our comments centered on the proposed changes to Option 3 from the perspective of Option 3 providers and participants. These comments also reflect our primary focus on Option 3, while recognizing that the CPUC letter focused on Option 4.

1. DSGS providers and participants need certainty about program rules.

CALSSA and members participating in DSGS hoped that the fourth edition of the guidelines could be adopted earlier in 2025. We recognized, however, that the process of gathering input from stakeholders and the public on two rounds of draft modified guidelines meant that an earlier approval date was not possible. Members have been preparing for CEC adoption of the guidelines and then will undertake next stages of the work needed to implement the new program guidelines and be ready to participate beginning on May 1.

Both the program and the process of making changes need to be responsive to the needs of industry and customer participants. CALSSA's prior comments explained the need for program stability and certainty. Frequent program changes create uncertainty, which adds costs and customer confusion.

[1] CALSSA Comments on Draft DSGS Guidelines, Fourth Edition, submitted October 30, 2024, TN # 259811; CALSSA Comments on January 2025 Draft DSGS Guidelines, Fourth Edition, submitted January 28, 2025, TN # 261384.

The current delay in approval exacerbates our concerns about program stability and continuity, and interferes with DSGS providers' efforts to enroll customers. Continuity is critical for VPP aggregators to provide positive experiences for participating customers. Battery providers in Option 3—and other DSGS providers—need to be able to develop educational and marketing materials and provide certainty and clarity to customers about the program offering. This includes time needed for aggregators to plan and develop materials for customer engagement.

The rule changes and delays can make DSGS providers reluctant to commit to participate and to feel confident in encouraging customers to join the program, until after the rules are formally adopted and finalized.

For these reasons, we strongly urge the CEC to bring the guidelines approval to a business meeting for adoption at the earliest possible opportunity, and no later than the currently scheduled April 10 meeting—including at an earlier special meeting if possible.

2. The last-minute delay in program approval is unwarranted and concerning.

As discussed above, the delay in approving the guidelines interferes with providers' and participants' plans for program participation for 2025, raising concerns about preparing for a successful program season. It is especially concerning that the CPUC requested a delay on the date of the business meeting at which approval was to happen, given that the proposal to add Option 4 was publicly available and the CEC invited input beginning in October 2024.

The CEC's process for revising the DSGS guidelines is designed to provide input in a timely way so that concerns can be raised and addressed without delaying the approval. The CEC has demonstrated its thoughtfulness and responsiveness to stakeholder concerns since the program's inception in 2022. PG&E and the CPUC had sufficient opportunity to raise concerns about the PG&E Automated Response Technology (ART) program throughout the revision process this year.

Thus, the last-minute delay is concerning from a process standpoint as well as because of its interference with program participants' preparations and the potential success of DSGS in the 2025 season.

3. The delay is problematic and unnecessary.

The entirety of the updated DSGS guidelines is now on hold, although the CPUC and PG&E raised concerns only about Option 4. Concerns about overlap between program offerings are not a sufficient reason to impede the orderly process of DSGS program revision.[2]

From the perspective of battery VPP providers that are CALSSA members, PG&E's ART program is not well-suited program for behind-the-meter (BTM) batteries. This is primarily because, as a CAISO market-integrated program, ART requires participation through the Proxy Demand

[2] Other stakeholders have submitted comments in support of Option 4, including Renew Home, which presented reasons why Option 4 does not substantially overlap with ART.

Resource (PDR) model. PDR does not compensate for energy exported beyond the customer meter and includes baseline methodologies that undervalue the contribution of BTM battery resources during events.

It has also been extremely difficult for BTM batteries to provide capacity through the Resource Adequacy program because of a lack of a qualifying capacity value that includes exported energy. Proposals over multiple years in Resource Adequacy proceedings at the CPUC did not overcome this barrier. These and other obstacles to participation in PDR and Resource Adequacy have kept most BTM meter batteries on the sidelines rather than active in providing grid services.

California needs to develop and implement diverse offerings to engage more demand-side resources. Not all customers and DERs will be a good fit for market-integrated RA programs. We need alternatives that will appeal to those customers.

DSGS Option 3's design overcomes key barriers to participation and has enabled BTM batteries to provide substantial capacity as emergency reliability resources: nearly 250 MW of battery VPP capacity was enrolled in Option 3 in the 2024 program season. This is capacity that predominantly would not be enrolled in Resource Adequacy and market-integrated programs.

For the foregoing reasons, we support the entire DSGS program being approved on April 10, including Option 4 in its current form, or earlier through a special meeting.

We appreciate the CEC's continued dedicated and thoughtful approach to DSGS program development and implementation, and appreciate consideration of these comments.

Sincerely,

/s/ Kate Unger

Kate Unger
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California Solar & Storage Association