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**Advanced Energy United Comments on Adoption of the Proposed
Draft DSGS Program Guidelines, 4th Ed**

Additional submitted attachment is included below.



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

March 31, 2025

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

Advanced Energy United (United) submits these comments in support of the Proposed Demand Side Grid Support (DSGS) Program Guidelines, 4th Edition as written by California Energy Commission (CEC) staff and proposed on March 6, 2025. United urges the Commission to move forward with consideration and adoption of the Guidelines as proposed at the earliest opportunity.

On March 17, the CPUC requested that the Commission hold consideration of the DSGS Guidelines for an indefinite period of time to explore potential duplication of programs between DSGS Option 4 and PG&E's Automated Response Technology (ART) program. The CPUC's request cites concerns that DSGS could "undermine the resource adequacy benefits and other goals of the market-integrated ART program." United's comments below address the mistaken assumptions underpinning this concern.

DSGS is a complement to resource adequacy programs, not a competitor.

Other commenters¹ detail the many technical, financial, and functional differences between the ART and DSGS programs that make direct competition unlikely, if not impossible. Most glaringly, ART is only available in PG&E territory, serving roughly 40% of state households while DSGS is a consistent statewide program.

Where there is actual overlap, the DSGS program may well serve as a gateway into ART (or other RA) participation. Incentive payments under ART are nearly twice as valuable as DSGS while penalties are lower, making ART significantly more financially attractive. At the same time, the ART requirements are more expansive, meaning that customers that choose to participate in DSGS are likely unable or unwilling to perform to the ART requirements. In other

¹ See Comments of Renew Home (March 21, 2025), Generac (March 21, 2025); CalSSA (March 21, 2025); VGIC (March 21, 2025); and Leap (March 26, 2025).

words, these are customers that would not have participated in ART anyway. However, after experience with the lower reward DSGS program, these customers may be more easily upgraded to ART or other RA participation.

There is an important timing element to the lack of program competition as well. ART began program recruitment on March 24, and even with next-available approval of April 10, the DSGS Option 4 marketing is not likely to begin before May. Put simply, ART has a running head start, further increasing the odds that customers that are ready and willing to adopt its higher compensation for higher performance will do so, and DSGS will be addressing those customers that have specifically not responded to the ART program.

Finally, DSGS is a complement to RA programs in that DSGS' innovation is an invaluable sandbox for RA expansion. DSGS is piloting several innovative program designs testing both technologies and methodologies, accruing invaluable experience into how these technologies and methodologies may be adopted in the resource adequacy context. Examples among Options 1-3 include incremental supply-side demand response (DR), battery export, and vehicle-to-grid (V2G) pathways. Similarly, Option 4's testing of smart thermostat runtime data to measure DR event performance will provide crucial experience into device-level telemetry that can be built upon to improve future RA accreditation, which can in turn dramatically expand the pool of available RA resources.

DSGS provides substantial ratepayer benefit at zero ratepayer cost.

United appreciates and applauds the careful attention the CEC staff and Commissioners have given the DSGS program since its inception. The DSGS program is widely supported by load-serving entities (LSEs), DER aggregators, and customers. The program has been broadly successful, with over 500 MW² enrolled under the existing options in 2024 to provide grid capacity under conditions of stress, helping to avoid unacceptable emergency actions.

DSGS has also quickly gained national attention both for its innovative designs and its rapid scaling. DSGS is demonstrating how Virtual Power Plants can quickly tap into the substantial distributed resources and load flexibility that are already, and increasingly, in Californians' homes and garages, like battery storage, smart thermostats and electric vehicles. As electrification progresses, VPPs will be a crucial strategy to manage system impacts and reduce costs for both participating and non-participating customers.

The Legislature continues to dedicate general fund and bond funding to this program because of its value in preventing grid emergencies and because of its success and further potential

² Presentation slides for DSGS Program Staff Workshop held on October 18, 2024.



with LSEs and customers. DSGS provides near-term grid insurance and longer-term resource development, with significant ratepayer benefit, at no cost to ratepayers.

The failure to approve the DSGS Guidelines is a black eye to the development of flexible load in California.

A last-minute, opaque, and indefinite suspension of program approval shakes confidence not only in this program but across California DR, VPP, and load flexibility programs. LSEs and third-party providers are less likely to invest in developing offerings and in recruiting customers. Customers are less likely to enroll in uncertain, changeable, or rushed offerings. The uncertain environment undermines the very programs CPUC hopes to support.

Further, there is no time for such indecision if DSGS is to serve its purpose of helping to avert grid emergencies during the 2025 peak load season. DSGS providers need program certainty ASAP to design offerings, develop educational and marketing materials, and implement recruitment campaigns. It appears this issue arises within CPUC staff and was communicated at the last minute. Whatever the background, summer reliability should not be a casualty of failures in interagency coordination.

United and other parties have supported a DSGS program offering like Option 4 since the inception of the DSGS program. Option 4 has been in development for over a year and has been sought after by aggregators partly because there is no other product serving those customers and they were unlikely to use RA-qualifying programs. Ironically, the DSGS suspension is ostensibly to support one of the few remaining DR programs at the CPUC, where traditional utility-run DR programs have been significantly curtailed or eliminated in recent years.

Conclusion

DSGS is a bright spot of success and innovation in developing California's critical load flexibility resources. DSGS Option 4 either physically cannot, or financially and operationally will not, cannibalize ART or other RA resources. Instead, DSGS is more likely in the near term to glean customers and resources left behind by ART; in the medium term to act as a "gateway" to more RA participation by RA-eligible resources, and in the long-term learnings from DSGS innovation will help mitigate regulatory barriers to broader RA resources. Any further delay in approval of the DSGS Guidelines not only threatens the state's ability to ensure safe grid operation this summer but undermines state efforts to develop load flexibility programs of any stripe, including RA-integrated programs.



Signed,

Brian Turner, Director
Advanced Energy United

