| DOCKETED | |
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| **Docket Number:** | 22-RENEW-01 |
| **Project Title:** | Reliability Reserve Incentive Programs |
| **TN #:** | 262608 |
| **Document Title:** | California Efficiency + Demand Management Council Comments in Support of the Fourth Edition of Demand Side Grid Support Program |
| **Description:** | N/A |
| **Filer:** | Megan Myers |
| **Organization:** | California Efficiency + Demand Management Council |
| **Submitter Role:** | Other Interested Person |
| **Submission Date:** | 4/8/2025 10:50:27 AM |
| **Docketed Date:** | 4/8/2025 |

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April 8, 2025

**California Efficiency + Demand Management Council Comments in Support of the Fourth Edition of Demand Side Grid Support Program Guidelines**

**Case Number 22-RENEW-01**

The California Efficiency + Demand Management Council ("Council") submits these comments in support of the proposed Fourth Edition of the Demand Side Grid Support ("DSGS") Program Guidelines.

On March 17, the day the California Energy Commission ("CEC") was scheduled to vote on the revised DSGS Program Guidelines, the California Public Utilities Commission ("CPUC") submitted a one-page letter ("CPUC Letter") asserting that Option 4 "overlaps substantially with PG&E's [Automated Response Technology ("ART")] program, targeting the same market segments and devices, and is likely to undermine the new resource adequacy benefits and other goals of the market-integrated ART program."[1] On this basis, the CPUC requested the CEC hold its vote "to provide time to explore the impact of and solutions for any possible duplication of programs, specifically Option 4."[2] The CEC subsequently held its vote until April 10.

The Council is concerned by the CPUC's last-minute request to the CEC on the day of the vote. The decision of any regulatory agency should be based on evidence so it is critical to note that the CPUC Letter provided no evidentiary basis for the assertion that Option 4 would undermine the ART program. Every party that has submitted comments in response to the CPUC Letter has provided justification for why the CPUC's assertions are incorrect.[3] Therefore, in the absence of any evidence

[1] CPUC Letter, at p. 1.
[2] *Id*.
[3] Renew Home Comments, dated March 21, 2025; Peninsula Clean Energy Comments, dated March 21, 2025; Vehicle-Grid Integration Council Comments, dated March 21, 2025; California Large Solar & Storage Association Comments, dated March 24, 2025; Generac/ecobee Comments, dated March 24, 2025; Leapfrog Power, Inc. Comments, dated March 26, 2025; Advanced Energy United Comments, dated April 1, 2025; and EnergyHub Comments, dated April 1, 2025.

that the CPUC's assertion is correct and in light of the extensive evidence that it is not, the CEC can only conclude that Option 4 does not undermine the ART program.

The Council commends the CEC's openminded and proactive stewardship of the DSGS Program, which has provided the opportunity to test new types of demand response ("DR") and distributed energy resources ("DER") models to a far greater extent than has been possible in a CPUC proceeding. Incentive Option 4 represents another critical new model to test because it would implement device-level measurement, something no other existing CPUC- or CEC-jurisdictional program allows. As parties have already stated, that the CPUC can stop a CEC program that it opposes has a chilling effect on DR/DER provider investment decisions. Many customers, providers, and load-serving entities ("LSEs") have been active in the DSGS Program since its inception, and the CEC should continue to support it. The Council urges the CEC to maintain its leadership role in the DR/DER space by declining to accept the CPUC request and retain the proposed Incentive Option 4.

If the CPUC is concerned about the DSGS Program undermining the Resource Adequacy ("RA") benefits and goals of its own jurisdictional programs, it should make available more opportunities that reflect the growing diversity of DR/DER program participants and technologies. Examples of recently-proposed policies to this end include 1) allowing DR providers to provide RA outside of the Availability Assessment Hours, 2) allowing for two-hour dispatches to qualify for RA capacity, 3) equal access to enabling technologies for third-party provider customers, and 4) equal DR testing treatment for third-party DR providers and investor-owned utilities ("IOUs").

The CPUC's concerns are puzzling in light of the rate affordability benefits of the DSGS Program being funded by taxpayers rather than CPUC-jurisdictional ratepayers. With recent calls by entities like the Public Advocates Office and others to fund customer programs through tax base rather than rates, the DSGS Program should be viewed more favorably.

The Council strongly supports the benefits of customer choice. DR/DER participant preferences will always vary based on a wide range of factors. The CEC's flexibility and willingness to consider and accommodate such a variety of customer preferences is the reason the DSGS Program has been highly successful so far. The Council respectfully requests the CEC to approve the proposed Fourth Edition of its DSGS Program Guidelines, including Incentive Option 4.

Thank you for your consideration.

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