

DOCKETED

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Project Title:	Business Meeting Agendas, Transcripts, Minutes, and Public Comments
TN #:	244388
Document Title:	Presentation Slide Deck for Item #6 - Demand Side Grid Support Program
Description:	Business Meeting presentation from the Demand Side Grid Support program for the proposed program guidelines.
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Item 6: Demand Side Grid Support (DSGS) Program Guidelines

August 10, 2022, Business Meeting

Ashley Emery, Manager

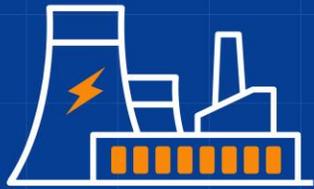
Renewable Energy Division, Reliability Reserve Incentives Branch



Strategic Electricity Reliability Reserve



Strategic Electricity Reliability Reserve



\$2.2 Billion

Strategic Reliability Infrastructure Assets



\$550 Million

Distributed Electricity Backup Assets



\$200 Million

Demand Side Grid Support



\$2.95 BILLION TOTAL

*As of June 30, 2022

- Legislature considering additional funding in August:
 - SRIA \$2.05 B
 - DEBA \$400 M
 - DSGS \$95 M



Benefit to Californians

AB 205: DSGS Program

- Support grid reliability by enhancing load capacity during extreme events
- Increase visibility into resource capacity
- Prioritize dispatch of clean resources first



Source: Microsoft stock photo



Phased Approach to Program Development for Summer 2022

- Solicit initial feedback on proposal
- Prepare draft guidelines & release for comment
- **Workshop 7/25**
- Bring final guidelines targeted **for approval 8/10**

Phase 1: Summer 2022

Phase 2: 2023

- Evaluate lessons learned from 2022
- Revise guidelines based on lessons learned
- Ensure infrastructure is in place for full participation.

- Continue to evaluate program effectiveness and address lessons learned

Phase 3: On-going



DSGS Program Statutory Authority

Authority	2022-23 California State Budget (AB 205)
Budget	\$200 million
Purpose	Incentivize dispatchable customer load reduction and backup generation operation as on-call emergency supply and load reduction for the state's electrical grid during extreme events
Eligibility	Energy customers in the state, <u>except</u> those that are eligible to participate in demand response or emergency load reduction programs offered by entities under the jurisdiction of the Public Utilities Commission



Dispatch Loading Order

1. Demand-response resources,
including batteries

2. Renewable and zero-
emission resources

3. Near zero-emission
resources

4. Biomethane and fossil
gas resources

5. Conventional diesel and
gas resources



DSGS Program Overview



Enrollment	Program Event	Payment
<ol style="list-style-type: none">1. DSGS providers (POUs) enroll with CEC2. Electric customers enroll with DSGS providers3. DSGS providers report participation to CEC	<ol style="list-style-type: none">1. Balancing authority issues an energy emergency alert (EEA)2. DSGS providers notify customers3. Customers reduce load	<ol style="list-style-type: none">1. DSGS provider pays incentives to customers for incremental load reduction2. CEC reimburses DSGS providers <p>\$\$\$ = Incentive Payments + Administrative Costs – (Value of Load Reduction)</p>



Incentive Structures

Option 1: Energy Payment Only

- \$2,000 per MWh energy payment

Option 2: Standby and Energy Payment

- \$250 per MWh standby payment
- \$2,000 per MWh energy payment

Option 3: Capacity Payment and Bid Structure

- Noncombustion resources only
- Monthly capacity payment (up to \$19,500 per MW)
- CAISO & Non-CAISO Approaches



Program Events: Energy Emergency Alerts



EEA Watch

- Standby (all resources)



EEA 1

- Standby (backup generation)
- Dispatch (non-backup generation)



EEA 2

- Dispatch all resources



EEA 3

- Dispatch all resources





Resource Availability

- 2022: August through October 31
- Future: June 1 through October 31 each year
- 4pm-9pm, 7 days a week

	Options 1 & 2 (Energy Payments)	Option 3 (Capacity Payments)
Minimum dispatch per event	1 hour	1 hour
Maximum dispatch length	5 hours	4 hours
Maximum number of starts per day	1	1
Maximum dispatch per month	None	24 hours
Maximum dispatch per year	None	60 hours



Accelerated Public Workshop & Comment Period: Examples of Stakeholder Feedback

Topic	Comment	Staff Response
Eligibility	Expand to CCAs and IOUs	Not allowed per statute (some commenters agreed with excluding CCAs and IOUs)
Eligibility	Allow third-party aggregators to be DSGS providers	<ul style="list-style-type: none">• Will explore in Phase 2• Can enroll as a participant
Eligibility	Allow dual participation in POU DR and DSGS	Allowed; restricts dual payment
Loading Order	prioritize near-zero emission and natural gas resources prior to diesel combustion	Addressed
Enrollment Process	Simplify enrollment for third-party aggregators	Addressed

Workshop attendees (over 100), Public Commenters (23), Number of Comments (139)



Roadmap to DSGS Launch

2022	Milestone
June 30	<ul style="list-style-type: none">• AB 205 Enacted
July 20	<ul style="list-style-type: none">• Proposed Draft Guidelines published
July 25	<ul style="list-style-type: none">• Public workshop
July 29	<ul style="list-style-type: none">• Public comments due
August 1 – 4	<ul style="list-style-type: none">• Staff consideration of public comments
August 8	<ul style="list-style-type: none">• Post final guidelines for consideration for adoption by the CEC
August 10	<ul style="list-style-type: none">• CEC consideration of guidelines adoption at business meeting• DSGS Phase 1 : Program launch
Fall 2022	<ul style="list-style-type: none">• Public Workshop to Review Lessons Learned & Inform Future Guidelines



Program Launch & Enrollment

- General Email: dsgs@energy.ca.gov
- Applications can be found on the DSGS website at <https://www.energy.ca.gov/programs-and-topics/programs/demand-side-grid-support-program>



Staff Recommendation

- Approve DSGS Program Guidelines
- Adopt staff's determination that action is exempt from CEQA